



Memorandum



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To: Hon. Mayor Carlos A. Gimenez
Hon. Chairwoman Rebeca Sosa
and Members, Board of County Commissioners, Miami-Dade County

From: Mary T. Cagle, Inspector General

Date: June 20, 2014

Subject: Transmittal and Abstract of the OIG's Final Report on the *Audit of the Building Better Communities General Obligation Bond Program Not-for-Profit Community Organization Capital Fund – Project 223 – Bay Point Schools, Inc.*; Ref. IG11-54-3

Attached please find the above-captioned final audit report issued by the Office of the Inspector General (OIG). This audit report is one in a series of reports that address the Not-for-Profit Community Organization Capital Fund – Project 223. Specifically, this report addresses Bay Point Schools, Inc., a not-for-profit entity that was awarded a not-to-exceed \$1,000,000 grant to construct a new facility. The report contains three findings and six recommendations.

This report, as a draft, was provided to Bay Point Schools, Inc., the Ethel and W. George Kennedy Family Foundation (owner/landlord of the property where the Facility was built), and to the County's Office of Management and Budget (OMB) for their discretionary written responses. Some form of response was received from each of these parties, and they are included in our final report in Appendices A through C.

Lastly, the OIG would like to thank OMB for its continued cooperation in this ongoing review. We would also like to thank Bay Point Schools and the Kennedy Family Foundation for making available their records and their time for our site visits. For reading convenience, a one-page abstract of the report follows.

Attachment

cc: Ed Marquez, Deputy Mayor
Jennifer Moon, Director, Office of Management and Budget
Cathy Jackson, Director, Audit and Management Services Department
Charles Anderson, Commission Auditor
Bay Point Schools, Inc.
Ethel and W. George Kennedy Family Foundation

ABSTRACT — FINAL AUDIT REPORT No. 2 (IG11-54-3)

This report presents the results of a continuing audit by the Miami-Dade County Office of the Inspector General (OIG) of grants awarded under the County's Building Better Communities (BBC) General Obligation Bonds (GOB) Program for the Not-For-Profit (NFP) Community Organization Capital Fund – Project 223. Specifically, this report presents the results of our audit of the grant received by Bay Point Schools, Inc. (Bay Point Schools), a not-for-profit (NFP), to build a vocational trade school on its main campus (the Project), which is located in the Town of Cutler Bay. The GOB grant amount was not-to-exceed \$1 million and was matched with a \$1 million grant pledge from the Lennar Foundation.

The OIG is satisfied that the \$1,000,000 of funds granted to Bay Point Schools appear to have been used for the purpose of the grant award—to construct a new educational facility; however, our foremost finding is that the County/public has not yet received this grant's intended value, i.e., educational services are not being provided at this facility. The new facility has been vacant and unused, since being completed in 2011. Moreover, the grantee, Bay Point Schools, after losing all of its operational funding from the State of Florida Department of Juvenile Justice, effectively shut down its entire operation in June 2010 and discontinued being a legal entity in September 2013. All this was complicated by the fact that Bay Point Schools only held a land lease to utilize the property, and that upon ceasing to operate any programs on that location, Bay Point Schools was evicted and its lease terminated.

Thus, there are important issues needing to be resolved between the stakeholders—Bay Point Schools (grantee), the Kennedy Family Foundation (landlord/property owner), Miami-Dade County (grantor), and the Town of Cutler Bay (municipality where the Project is located) before such services will be provided. Until the issues are resolved, the intended benefits of \$1,000,000 in GOB funds remain at-risk.

Our second finding is that approximately \$831,000 in taxpayer grant funds were expended after stakeholders were put on notice of the Project's lack of viability. Our third finding is that the County disbursed \$121,680 (net of retainage) in grant funds, as contained in the grantee's reimbursement requests nos. 17 through 21, without adequate supporting documentation. These disbursements were made at the end of Project (the last five disbursements prior to the release of retainage) when it was well known that Bay Point Schools was no longer operational.

Beyond the summary information included in the first sixteen reimbursement requests submitted to the County, OIG auditors were unable to verify any of the actual Project costs. Moreover, our work was hindered because Bay Point Schools failed to safeguard its records. We were informed that during the time that Bay Point Schools was being evicted from the premises, records related to its handling of the \$1 million of GOB funds that it received were inadvertently destroyed. This action deprived the OIG (the County or any other oversight agency) of the ability to audit critical aspects of how the grantee administered and expended GOB funds. The impact of this end-of-project mishap, in part, would have been mitigated had the Miami-Dade County Office of Capital Improvements (OCI) been more vigilant during this Project's active stage. Lastly, without these records we could not verify Bay Point School's use of the \$1 million that had been pledged by the Lennar Foundation.

Miami-Dade County

Office of the Inspector General



Final Audit Report

**Audit of the Building Better Communities General Obligation Bonds Program
Not-For-Profit Community Organization Capital Fund – Project 223
Bay Point Schools, Inc.
OIG Report No. 3**

**IG11-54-3
June 20, 2014**

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Building Better Communities General Obligation Bonds Program
Not-for-Profit Community Organization Capital Fund – Project 223
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I. INTRODUCTION

This report presents the results of a continuing audit by the Miami-Dade County Office of the Inspector General (OIG) of grants awarded under the County's Building Better Communities (BBC) General Obligation Bonds (GOB) Program for the Not-For-Profit (NFP) Community Organization Capital Fund – Project 223. Specifically, this report presents the results of our audit of the grant received by Bay Point Schools, Inc. (Bay Point Schools), a not-for-profit (NFP), to build a vocational trade school on its main campus (the Project), which is located in the Town of Cutler Bay. The GOB grant amount was not-to-exceed \$1 million and was matched with a \$1 million grant pledge from the Lennar Foundation.

II. RESULTS SUMMARY

This Project is not meeting any of the principal objectives established for the BBC GOB NFP Program. The County has expended \$1 million in taxpayer funds towards the completion of a 13,000 plus square foot, one-story building (Facility) that has been vacant and un-utilized since being completed in 2011. The grantee, Bay Point Schools, after losing all of its operational funding from the State of Florida Department of Juvenile Justice, effectively shut down its entire operation in June 2010 and discontinued being a legal entity in September 2013. However, operational funding for the grantee's Cutler Bay school (the Kennedy Campus) was discontinued even earlier—March 1, 2009 (ten months after the grant agreement was executed).

Thus, at present, the Grantee does not exist; the Facility paid for with taxpayer funds is not being used and sits empty; and the future operation of any program using the Facility is in question. One million dollars of GOB spending will continue to be at-risk, until stakeholders and the property owner can agree on a plan to put the Facility into operation for any purpose (albeit not likely the original purpose) that meets the intent of the GOB NFP fund. In sum, the County is not receiving value for its \$1 million investment in this Project.

Moreover, approximately \$831,000 in taxpayer grant funds were expended after stakeholders were put on notice of the Project's lack of viability. All this was complicated by the fact that Bay Point Schools only held a land lease to utilize the property, and that upon ceasing to operate any programs on the Kennedy Campus, Bay Point Schools was evicted and its lease terminated.

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Additionally, the OIG audit found that the County disbursed \$121,680 (net of retainage) in grant funds, as contained in the grantee's reimbursement requests nos. 17 through 21, without adequate supporting documentation. Moreover, these disbursements were made at the end of Project (the last five disbursements) when it was well known that Bay Point Schools was no longer operational. As such, beyond the summary information included in the first sixteen reimbursement requests submitted to the County, OIG auditors were unable to verify any of the actual Project costs.

Moreover, our work was hindered because Bay Point Schools failed to safeguard its records. We were informed that during the time that Bay Point Schools was being evicted from the premises, records related to its handling of the \$1 million of GOB funds that it received were inadvertently destroyed. This action deprived the OIG (the County or any other oversight agency) of the ability to audit critical aspects of how the grantee administered and expended GOB funds. The impact of this end-of-project mishap, in part, would have been mitigated had the Miami-Dade County Office of Capital Improvements¹ (OCI) been more vigilant. Lastly, without these records we could not verify Bay Point School's use of the \$1 million that had been pledged by the Lennar Foundation.

Last, similar to the other audits that the OIG has conducted pertaining to the NFP GOB grants, we have findings and other observations pertaining to the Grantee's compliance with the grant's requirements and the administration of the grant by the County. (See OIG Schedules 1A and 1B for our matrices depicting grantee and County compliance with the various requirements of the grant agreement and the Administrative Rules.)

III. AUDITEE RESPONSES & OIG REJOINDERS

A copy of this report, as a draft, was provided to Bay Point Schools, and The Ethel and W. George Kennedy Family Foundation (the owner of the property where the Project was completed), and to the County's Office of Management and Budget (OMB) for their discretionary written responses. Some form of response was received from each of these parties. While no formal written response was received from Bay Point Schools, the OIG did receive a phone call from its representative followed by a fax

¹ The GOB Program was originally managed by the Office of Capital Improvements (OCI); however, the Program was transferred to OMB during October 2011, as part of the County Mayor's Reorganization Plan. For purposes of this report, the OIG will reference the current Program's administration by OMB. Attribution for past events is made to OCI.

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correspondence that included three pages of documentation not previously provided. This documentation is attached to this final report as Appendix A. A response was received from the property owner, and it is attached to this final report as Appendix B. A response was also received from OMB and it is attached to this final report as Appendix C.

Bay Point Schools Response

Dr. Mary Louise Cole, President and CEO of Bay Point Schools, Inc., initially responded to the OIG draft report via a phone call. She stated that additional documentation pertaining to the construction of the Facility was located. Dr. Cole subsequently faxed three documents to the OIG, which provided background information of the Facility construction.

OIG Rejoinder

The OIG reviewed the documents provided and determined that they did not impact the results reported in this final audit report.

The Ethel and W. George Kennedy Family Foundation Response

An attorney for The Ethel and W. George Kennedy Family Foundation responded to the OIG draft report. The response seeks to correct and/or clarify certain draft report statements that pertain to The Ethel and W. George Family Foundation or Bay Point School Properties.

OIG Rejoinder

The OIG appreciates The Ethel and W. George Kennedy Family Foundation's timely response. Some revisions were incorporated in the final report based upon comments summarized in the response.

Office of Management and Budget Response

OMB responded to the OIG findings and recommendations. In its response, OMB stated that it has made policy and process changes that address OIG findings and recommendations. OMB also mentioned that it is in regular contact with the property owner regarding the Facility's condition and potential uses.

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OIG Rejoinder

The OIG appreciates OMB's timely response to the three findings and six recommendations. The OIG recognizes the efforts made by OMB pertaining to policy and process changes. We would like to reiterate the importance of implementing policies and processes that track ongoing operations of grant projects and provide for contingency plans in the event that a project's viability is at risk. As to its contact with the property owner, we believe that OMB should continue with this follow-up, as a means to protect the investment of GOB funds in this project and to ensure that the community benefits from placing the Facility into service.

IV. TERMS USED IN THIS REPORT

| | |
|---------|---|
| BBC | Building Better Communities |
| BCC | Board of County Commissioners |
| CAC | Citizens Advisory Committee |
| County | Miami-Dade County |
| GOB | General Obligation Bonds |
| NFP | Not-for-profit |
| OCI | Office of Capital Improvements |
| OIG | Office of the Inspector General |
| OMB | Office of Management and Budget |
| Project | Construction of a vocational training school building (the Facility) for Bay Point Schools – GOB Code 73239 |

V. OIG JURISDICTIONAL AUTHORITY

In accordance with Section 2-1076 of the Code of Miami-Dade County, the Inspector General has the authority to make investigations of County affairs; audit, inspect and review past, present and proposed County programs, accounts, records, contracts, and transactions; conduct reviews and audits of County departments, offices, agencies, and boards; and require reports from County officials and employees, including the Mayor, regarding any matter within the jurisdiction of the Inspector General.

In accordance with the BBC Administrative Rules, grant recipients are notified that the County, or any of its authorized representatives, shall have the right to access any pertinent books, documents, papers or other records to conduct such audits. Specifically, the Administrative Rules identify the OIG as an authorized authority to

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conduct audits and reviews of these grants, request records for copying and inspection, and report on the performance of the NFP.

VI. BACKGROUND

For Supplemental Background on the County's BBC GOB Program, the NFP Capital Fund, and the OIG's continuing audit, see Attachment 1.

Bay Point Schools operated residential boarding schools for at-risk youth at three facilities in Miami-Dade County. Its main campus (the Kennedy Campus) was located at 22025 SW 87th Avenue, Cutler Bay and resided on property leased from Bay Point School Properties, a non-affiliated entity that is a subsidiary of the Ethel and W. George Kennedy Family Foundation. The original lease, dating back to November 1995, allowed for the operation of a school and programs for troubled teenagers. The lease had been amended several times since to include operating a juvenile justice residential school facility on a portion of the Cutler Bay property. The lease was for a nominal charge of \$1 dollar annually.

At the time Bay Point Schools applied for the GOB NFP grant (October 2007), it was operating out of four buildings on the Kennedy Campus (three dormitories and a multi-purpose administrative building).² The GOB funding request was for constructing a one-story building consisting of 13,400 square feet located on the Kennedy Campus that would be used for a vocational trade school (see Exhibit 1) serving at-risk youth. The Lennar Foundation had pledged \$1 million toward the Project's construction, which was included in the grant proposal and later incorporated into the Project's construction budget.³ The Grant Agreement between Bay Point Schools and Miami-Dade County was executed on May 7, 2008. The Project originally was scheduled to be completed in July 2009.

Bay Point Schools' primary source of operational funding came from the Florida Department of Juvenile Justice (DJJ). In December 2008, DJJ notified Bay Point Schools, that, based on reduced levels of available funding and Bay Point Schools' (Kennedy Campus) history of non-compliance, it was about to lose its funding for operating the Kennedy Campus on March 1, 2009. After unsuccessful attempts by Bay Point Schools to enjoin the termination and/or seek an extension, DJJ terminated its arrangement for the

² In 1999, a federal VOJJ TIS grant (The Violent Offender Incarceration and Truth-in-Sentencing) grant awarded approximately \$12 million dollars to the State of Florida to build four buildings at the Bay Point Schools' Kennedy Campus location. A \$3.5 million federally funded fifth building containing classrooms was completed in October 2008.

³ In 2004, the Lennar Foundation pledged to Bay Point Schools \$1 million to be used to construct a classroom facility to prepare boys in the school for careers in the homebuilding construction trades. In 2006, the Lennar Foundation re-confirmed its \$1 million pledge.

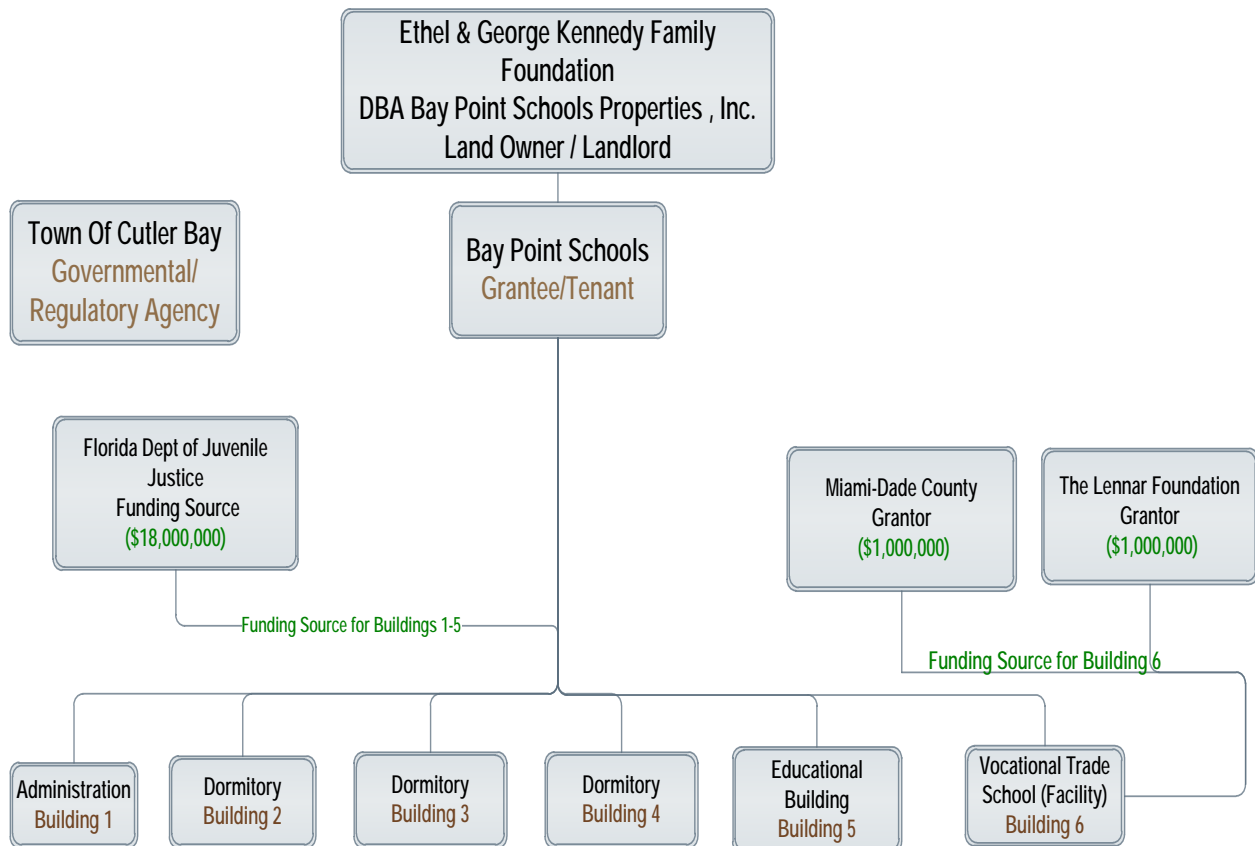
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program’s operation at the Kennedy Campus. By June 2010, Bay Point Schools ceased receiving any funding from DJJ and its entire program was shuttered.

As for the GOB Project, the Project was completed two years behind schedule and the certificate of occupancy was finally issued on July 13, 2011. The County closed the Project on November 21, 2011. All \$1 million of the grant was expended. In May 2013, Bay Point Schools was evicted from the premises where the Facility is located. Bay Point Schools has appealed the eviction and is awaiting a court hearing date. Regardless of appeal, Bay Point Schools lost its non-profit corporate status in September 2013. (See Attachment 2 for a complete timeline of events related to Bay Point Schools and this GOB Project.)

Diagram 1 (below) depicts the relationship between the parties and the funding sources for the various facilities located at 22025 SW 87th Avenue, Cutler Bay.

Diagram 1: Parties and Facilities Related to Bay Point Schools Project



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VII. OBJECTIVES, SCOPE AND METHODOLOGY

We evaluated whether BBC grant funds awarded to Bay Point Schools were expended in accordance with the terms and requirements of the grant agreement and the accompanying Administrative Rules; whether the funds were used for the purpose intended; and whether the County/public got the value of what the funds were intended for. We also evaluated whether supporting documentation for reimbursement requests was submitted and reviewed in accordance with the Administrative Rules and grant agreement terms.

The audit scope encompasses the period beginning July 2004 through present, which includes the NFP advertisement, the award of funds, the execution of the grant agreement, the usage/reimbursement of funds, the completion and closeout of the Project, and whether the building constructed with GOB funds is currently being used for its intended purpose and public benefit.

We reviewed grant records maintained by the County including, but not limited to, the NFP grant advertisements, Bay Point Schools' submittal package, County resolutions, GOB Administrative Rules, the grant agreement, and Bay Point Schools' reimbursement requests. Additionally, we reviewed public records available via the Internet (e.g., Miami-Dade County Clerk of the Courts, State of Florida Division of Corporations, and Miami-Dade County Property Appraiser). We verified the organization's Internal Revenue Service 501(c) (3) community based not-for-profit status. We also confirmed that no contractor or sub-contractor liens remained open for the Bay Point Schools' Project.

During our audit, we conducted a site visit at the Project location, and requested to review the grantee's construction and bank records to verify the usage of funds. We met with the County's project manager and we interviewed representatives from Bay Point Schools (grantee) and Bay Point Schools Properties (landlord).

Our work included testing the County's and Bay Point School's compliance with the administrative responsibilities imposed on them by the Administrative Rules and the grant agreement. For each requirement, the OIG showed its disposition in the form of a positive affirmation, "Yes," or that there was an "Exception Reported" or "Exception Noted." If the requirement was not applicable, "N/A" was used. Findings and Exceptions Reported for the NFP are summarized and collectively reported in Section VIII. (See Schedules 1A and 2B.)

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This audit was conducted in accordance with the Principles and Standards for Offices of Inspector General promulgated by the Association of Inspectors General. The AIG Principles and Standard are in conformity with the Government Auditing Standards issued by the Comptroller General of the United States (December 2011 Revision).

VIII. FINDINGS

Finding No. 1: The Project is not being used for the public benefit.

Overall, the Project has not principally met the objectives established for the BBC GOB NFP Capital Fund. If no action is taken soon to remedy the situation, then \$1 million in public monies will have been wasted on an empty and un-utilized 13,400 square foot Facility that sits on private land.

A standard provision of BBC GOB Administrative Rules and grant agreements obligates the grantee to provide services for the public benefit for at least 25 years using the facilities and equipment paid for by GOB funds.⁴ At the time Bay Point Schools had applied for and received the GOB grant, it had a lease agreement, to operate a juvenile justice residential school on a portion of the Cutler Bay property.

The grant was executed on May 7, 2008. Project construction began in September 2008 and was expected to be completed as of July 2009; however, a certificate of occupancy was not issued until July 13, 2011. Meanwhile, on or about March 1, 2009, Bay Point Schools lost its primary funding source with the DJJ for operating its residential boarding school program at its Cutler Bay location (the Kennedy Campus) and all of its students shortly thereafter were transferred to other programs or released. However, construction on the Facility continued and the grantee continued to seek, and receive, reimbursement of its construction costs from GOB funds through November 2011, when the County released its final reimbursement (retainage) to the grantee. At that point, the \$1 million in GOB grant funds was fully expended.

Fully aware that Bay Point Schools had shuttered its Kennedy Campus operation in early 2009, it was not until May 2011, when OCI provided the Citizens Advisory Committee⁵ (CAC) with a status update of the Bay Point Schools' Project. In

⁴ BBC GOB Program Administrative Rules Article III Section 2(C) states that "...evidencing that the lands and/or the Project will be utilized for the public benefit, consistent with the terms of the Ordinance, for a term of at least 25 years in duration." In addition, the grant agreement calls for the grantee to obligate itself to provide services for a 25-year term (Section 21).

⁵ Miami-Dade County has appointed a 21-member Building Better Communities Bond Program's Citizens'

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early June 2011, records show that OCI considered issuing a notice of default to Bay Point Schools. However, on June 28, 2011, OCI reported to the CAC that it recommended that funding be continued, the Project be completed, and then turned “over to the property owners for the intended use that was originally contracted.” Records show that OCI provided no other updates to the CAC before May 2011 or after June 2011.

Notwithstanding the facility’s completion, the Town of Cutler Bay, in December 2011 revoked the property’s authorized land use designation as a private school and a home for at-risk children.⁶ The revoked permission thus makes it impossible for Bay Point Schools (or any other operator) to operate a residential boarding school on the premises. Furthermore, during the intervening years to the present day, Bay Point School Properties⁷ (landlord of the Kennedy Campus location) took action to terminate its lease with Bay Point Schools and, in April 2013, was awarded final judgment for a writ of possession for the property from Bay Point Schools. In May 2013, Bay Point Schools was evicted from the Cutler Bay location and later allowed to remove its files from the site.⁸ As of September 27, 2013, the State of Florida Division of Corporations records indicate that Bay Point Schools’ non-profit corporation status was changed to inactive.

In summary, the Facility is in jeopardy of not being used for the public benefit, for a term of at least 25 years, as required by the grant agreement. It has been almost 3 years, since the Project’s construction completion, and to date, no services have been rendered at the Facility. Regrettably, the grant agreement does not contain a reverter clause,⁹ should the grantee fail to provide services as required for 25 years. However

Advisory Committee (CAC) to advise County officials on the implementation of the \$2.9 billion bond program.

⁶ The Town of Cutler Bay passed Resolution 11-81, on December 7, 2011.

⁷ Bay Point School Properties is a non-profit 501(c)(2) corporation formed by the Ethel and W. George Kennedy Family Foundation, actual owner of the Cutler Bay property where the facility is located, in connection with its charitable activities. The Ethel and W. George Kennedy Family Foundation’s mission, as stated on its website, is to support projects that principally include children’s issues such as education, therapy, counseling, rehabilitation, and welfare.

⁸ Bay Point Schools is appealing this determination but, as of the current date, no hearing date has been set.

⁹ In an attempt to protect future GOB resources from fraud, misuse, or waste, the BCC approved resolution #R-697-13, on September 4, 2013, calling for BBC GOB grant funds in excess of \$25,000 awarded to a non-governmental entity for the purpose of acquiring, improving, or paying of debt in real property to be in a form of a loan. These loans shall be secured by a mortgage or other security instrument, which shall immediately be recorded in the public records of Miami-Dade County and may be forgivable and/or defer interest and payments, so long as the obligations of the recipient are fully performed. The terms also include variations to the security instrument depending on unique factors.

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even if it had, the Facility sits on property owned by another and recent land use changes thwart the possibility that the Facility could be used as part of a residential boarding school program. The County's ability to recoup grant funds from the grantee is practically nil, as Bay Point Schools is no longer a viable entity. Another remedy might be to institute litigation or explore alternative uses of the Facility; however, the County's GOB grant of \$1 million was supplemented by funding from the Lennar Foundation, a complicating factor to the ultimate resolution of this issue.

Our concern is that, other than its perfunctory efforts in mid-2011, we are unaware of any serious effort by OCI to develop contingency plans to address the very problematic circumstances surrounding this Project. The County, of recent, has held talks with the Town of Cutler Bay and others regarding the future use of the Kennedy Campus, including the Facility but, to date, no final solution has been agreed upon. We encourage all parties to diligently work together to arrive at a solution that will fulfill, if not the specific original intent of the grant, an acceptable outcome that will be to the public benefit.

Finding No. 2: The County reimbursed \$831,000 of GOB grant funds to Bay Point Schools after it was aware of the Project's lack of viability.

Within months of the grant agreement's execution date (May 7, 2008), there were indications that the Project was in trouble. Eight months after execution and shortly after construction began on the Project, DJJ notified Bay Point Schools in December 2008, that it was terminating its funding for the program operating at the Cutler Bay location where the Project was being constructed. On or about March 1, 2009, DJJ terminated its funding. At that time, students at the Cutler Bay location were relocated to alternative facilities within the State of Florida or released.

These red flags and related issues that occurred almost since the inception of this Project, which OCI was aware of, should have prompted it to consider that there was a strong possibility that Bay Point Schools would not be able to provide services for public benefit for 25 years. During these early months, we believe that OCI should have informed the BCC and CAC of the red flags and their possible impact on Bay Point Schools' ability to comply with grant agreement terms. Notwithstanding Bay Point Schools' efforts to obtain operational funding from other sources during this time,¹⁰ OCI

¹⁰ In early 2009, there was an exchange of correspondence between OCI and Bay Point Schools regarding Bay Point Schools attempt to obtain replacement funding, including that it had obtained a letter of intent from a local training committee to enter into an agreement that would have placed a vocational trade school at the Kennedy Campus. However, this and all other such attempts failed to materialize.

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should have been actively developing a contingency plan that would have ensured that GOB funds would not be wasted on what was rapidly becoming (or had become) a failed project. More importantly, as these events were unfolding, only \$168,920 of the \$1 million grant had been reimbursed to Bay Point Schools.

At this time, OCI with knowledge of Bay Point School's demise had questionable basis to continue funding this Project; a Project for which there was no reasonable and foreseeable alternative for successfully completing. Thus, it was important for OCI to have timely informed the CAC of this Project's status, as well as the BCC to seek authorization to either continue funding this Project or to terminate funding. We acknowledge that for OCI to have stopped processing all funding reimbursements during an active construction project represents a drastic step. However, in the absence of alternative steps and/or direction from the BCC, this action would have preserved \$831,000 of GOB NFP funds for use on other projects.¹¹

It was not until May/June 2011 that OCI provided Project updates to the CAC about Bay Point Schools but, by then, OCI had reimbursed Bay Point Schools another \$741,000 of grant funds (a total of almost \$910,000 of the \$1 million grant). In the following months, after agreeing to complete the project, OCI approved funding the final \$90,000 of the grant amount. In total, \$831,000 (\$741,000 + \$90,000) was placed at substantial risk of loss by continuing to fund this Project knowing that the grantee's ability to provide services had all but disappeared years before.

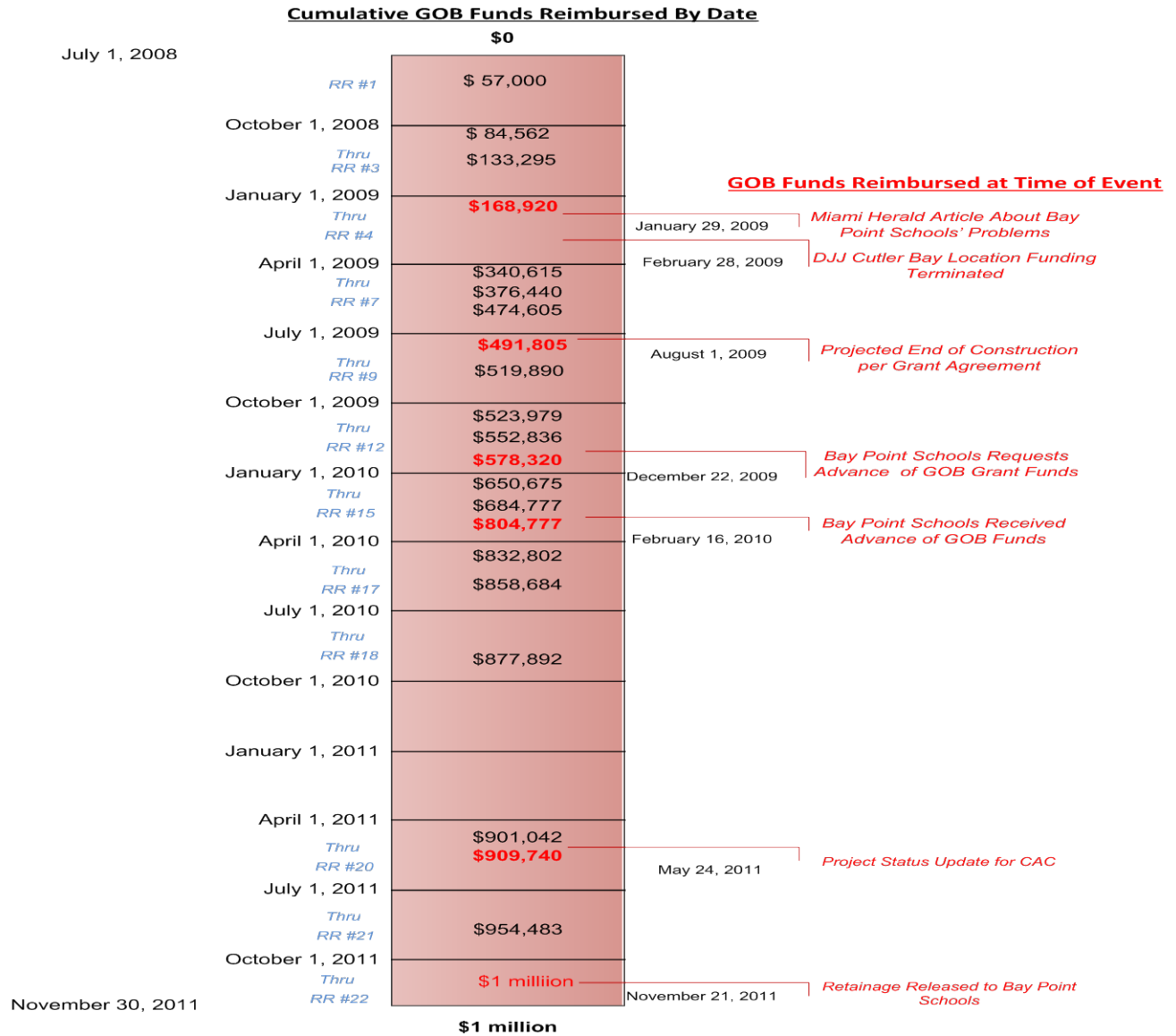
Diagram 2 (see next page) depicts a time line showing GOB grant funding reimbursement amounts and dates beginning in October 2008 and extending through October 2011, relative to some of the notable events that occurred during this time.

In conclusion, after OCI was put on notice that the DJJ was terminating its relationship with Bay Point Schools, it should have been more diligent in its efforts to assess the viability of Bay Point Schools' efforts to obtain replacement funding, while concurrently developing contingency plans, should these efforts not be successful.

¹¹ The County briefly delayed reimbursement of GOB grant funds in early 2009, while inquiries were made of Bay Point Schools regarding its operational funding and Project plans. Ultimately, the County decided to continue funding the construction of the Facility, along with the Lennar Foundation.

MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL
OIG FINAL AUDIT REPORT – REPORT NO. 3
Building Better Communities General Obligation Bonds Program
Not-For-Profit Community Organization Capital Fund – Project 223
Bay Point Schools, Inc.

Diagram 2: Timeline of GOB Funds Reimbursed to Bay Point Schools



Finding No. 3 OCI disbursed \$121,680 in grant funds to Bay Point Schools for construction related expenditures that were not supported.

OCI's records of the reimbursement requests were inconsistent and did not provide adequate details supporting expenditures for such items as, contractor labor and

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Bay Point Schools, Inc.

material costs, consultant fees, and the like. OCI's records pertaining to the Bay Point Schools grant typically (but not always) contained copies of the contractor AIA payment application form, accompanied by the Project's schedule of values that summarized construction costs on a line-item basis. These types of records, at a minimum, are necessary components of an audit trail that would have allowed verification that grant funds were used as authorized by the agreement.¹² However, because we find that these are minimum requirements, we believe that without additional support, the AIA form and schedule of values alone are still insufficient.

Nevertheless, for five out of the final six reimbursement requisitions—numbers 17 through 21, totaling \$121,680 of reimbursed funds—there were no schedule of values or other supporting documentation attached to the reimbursement requests. (The final "reimbursement request" number 22 was retainage release.) This lack of support should have been sufficient reason to deny the reimbursement requests. Moreover, OCI could have required the grantee to provide the necessary supporting documentation.

Our audit work was hindered because Bay Point Schools failed to safeguard its records.¹³ We were informed that during the time that Bay Point Schools was being evicted from the premises, records related to its handling of the \$1 million of GOB funds that it received were inadvertently destroyed. This action deprived the OIG (the County or any other oversight agency) of the ability to audit critical aspects of how the grantee administered and expended GOB funds. The impact of this end-of-project mishap, in part, would have been mitigated had OCI been more vigilant. As noted above, OCI could have made greater efforts at that time to ensure that records had been produced that were supportive of the grantee's Project costs and expenditures. Lastly, without these records we could not verify Bay Point School's use of the \$1 million that had been pledged by the Lennar Foundation.

IX. OBSERVATIONS

The audit of Bay Point Schools' GOB grant in an amount not-to-exceed \$1 million revealed many of the same issues concerning County and grantee grant administration and their compliance with the Administrative Rules and grant agreement terms and conditions that we have reported in prior OIG audit reports. The

¹² OMB personnel informed OIG auditors that as of August 2013, the Miami-Dade County Finance Department began requiring them to submit a schedule of values with the supporting documentation for reimbursement requests pertaining to construction work.

¹³ Section 9 of the grant agreement requires the grantee to maintain, and make available for audit, a broad range of financial records related to its expenditure of GOB funds.

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Bay Point Schools, Inc.

results of our audit as to these compliance issues are depicted in OIG Schedules 1A and 1B, attached to this report.

X. RECOMMENDATIONS

1. OMB should inform the BCC and update the CAC of the issues concerning the Bay Point Schools grant, such as the Facility sits empty and is not being used to provide services for public benefit, the grantee no longer has control/possession of the Facility, and the Town of Cutler Bay has revoked the land use designation for the property where the Facility is located that allowed for a residential boarding school.
2. The County should explore its legal options concerning the non-use of the Facility and the fact that the grantee is no longer in control/possession of the Facility.
3. The County should coordinate with the BCC, the Town of Cutler Bay, Bay Point School Properties, the Lennar Foundation, the CAC, and others to recommend possible solutions that will timely facilitate putting the Facility to use for public purposes. Once an acceptable alternative use has been reached, the grant agreement must be formally amended to reflect the new arrangement.
4. Prospectively, OMB should develop procedures to ensure that monitoring and accountability of this GOB Project will continue through the next two decades to assure that the (successor) entity adheres to the grant agreement's requirements regarding the continued use and operation of the Facility.
5. Prospectively, OMB should develop contingency plans when a NFP has been identified as having operational issues that put a project's viability at risk.
6. Prospectively, OMB should revise future grant agreement terms and conditions to ensure that its interest in a GOB project is secure from loss due to a grantee's inability to fulfill its obligations under its grant agreement.¹⁴

¹⁴ We note that whether a grantee owns or leases the building/property that is receiving grant funds, there could be similar problems encountered, if the not-for-profit entity becomes financially impaired or otherwise incapable of providing services. If the grantee's ownership is via financing, the lender could

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* * * * *

The OIG would like to thank OMB personnel for making themselves and their records available to us in a timely manner and for the courtesies extended to the OIG during the course of this review. The OIG would also like to thank Bay Point Schools and The Ethel and W. George Kennedy Family Foundation for their courtesies and facility access extended to OIG auditors.

potentially obtain a writ of possession judgment, if the grantee is not able to make its financing payments. As a result, the County's options, under current grant agreements, would be limited in ensuring that the subject facility will be used as intended. We reiterate our above recommendation that the County must better protect itself from loss due to grantee failures.

Miami-Dade County
Office of the Inspector General



Appendix A

Bay Point Schools, Inc.

Bay Point Schools' Response

**Audit of the Building Better Communities General Obligation Bonds Program
Not-For-Profit Community Organization Capital Fund – Project 223
OIG Report No. 3**

IG11-54-3

FAX

TO: Nadine Rogers

FROM: Mary Louise Cole-Wood

MCC-W

FAX: 305-579-2656

FAX: ~~786-250-3631~~ 305-583-7175

PHONE:

PHONE: 305-946-5719

SUBJECT: OIG Audit Bay Point Schools Voc. Ed Building DATE: 006/11/2014

COMMENTS I just found these documents which I had formerly thought were shredded.

These documents prove that the Kennedy Foundation signed permission for the building to be constructed on the Bay Point Property. They also include a report of all of the payments made by the County and the Lennar Corporation.

IMPORTANT NOTICE TO APPLICANT:
 Make check for the total Processing Fee Payable to: Board of County Commissioners.

FOR OFFICIAL USE ONLY:
 Agenda Date: _____
 Waiver No. D: _____
 Received Date: _____

| | | |
|--|-----------------------|-------------------|
| | Number of Sites : () | |
| FEEB: | | |
| Subdivision Control | ----- | \$1,872.00 |
| DERM | ----- | \$210.00 |
| AMOUNT FOR WAIVER WITHIN MUNICIPALITIES==> | | \$2,082.00 |

Concurrency Review Fee (76.00% of Sub-Total) -- \$124.92
 (not applicable within Municipalities)
 CONCURRENT WAIVER OUTSIDE MUNICIPALITIES -- \$4,206.12

APPLICATION FOR WAIVER OF PLAT

Municipality: CITY OF CUTLER BAY Sec.: 16 Twp.: 56 S. Rge.: 40 E. / Sec.: _____ Twp.: _____ S. Rge.: _____ E.

- Owner's Name: Bay Point School Prop, Inc. Phone: _____
 Address: 22025 SW 87 AVE City: Miami State: FL Zip Code: 33018
 Owner's Email Address: _____
- Surveyor's Name: Jack Mueller & Associates, Inc. Phone: (305) 889-8660
 Address: 9655 S Dixie Highway - #310 City: Miami State: FL Zip Code: _____
 Surveyor's Email Address: Nick_chrynewski@bellsouth.net
- Legal Description of Cutout Tract: 16 66 40 43.71 AC BEG 1255.43FTS & 125FTE OF NW COR OF SEC CONT E1380FT
S1415FT W1380FT N1415FT TO POB LESS S35FT FOR R/W OR 16866-4440 0695 6
- Folio No(s): 36-8015-000-0040
- Legal Description of Parent Tract: 16 66 40 43.71 AC BEG 1255.43FTS & 125FTE OF NW COR OF SEC CONT E1380FT
S1415FT W1380FT N1415FT TO POB LESS S35FT FOR R/W OR 16866-4440 0695 6
- Street boundaries: 22025 SW 87 AVE (SW 87th Avenue and SW 224 Street)
- Present Zoning: _____ Zoning Hearing No.: _____
- Proposed use of Property:
 Single Family Res. (_____ Units), Duplex (_____ Units), Apartment (_____ Units), Industrial/Warehouse (_____ Sq. Ft.),
 Business (_____ Sq. Ft.), Office (_____ Sq. Ft.), Restaurant (_____ Sq. Ft. & No. Seats _____), Other (_____ Sq. Ft. & No. of Units _____)

NOTE: List all plat restrictions zoning conditions or any other declaration, restriction, condition etc. that might affect this Waiver of Plat.
 I HEREBY CERTIFY that as the owner of the parcel(s) described herein and that the information contained in this application is true and correct to the best of my knowledge and belief. Attached is a copy of the recorded deed showing my acquisition of this land. In addition, I agree to heron additional items as may be necessary for as attached or on file to determine accurate ownership information.

Furthermore, I am aware that the use of a public water supply and/or public sewer system may be required for this development. For proposed development, engineering drawings for the extension of these utilities must be approved by the appropriate DPW, and by DERM prior to the approval of the final plat.

Pursuant to Florida Statutes 837.06, whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his or her duty shall be guilty of a misdemeanor of the second degree, punishable as provided in F.S. 775.082 or F.S. 775.083.

STATE OF FLORIDA SS: Signature of Owner: Kathleen Kennedy-Olsen
 COUNTY OF MIAMI-DADE (Print name & Title here): KATHLEEN KENNEDY-OLSEN / SECRETARY

BEFORE ME, personally appeared Kathleen Kennedy-Olsen this 29 day of October, 2017 A.D. and (he/she) acknowledged to and before me that (he/she) executed the same for the purposes therein. Personally known _____ or produce _____ as identification and who did (not) take an oath.

WITNESS my hand and seal in the County and State last aforesaid this 29 day of October, 2017 A.D.

HOPE F. PRESNELL
 Notary Public
 Ashe County, NC
 (NOTARY SEAL)

Signature of Notary Public: Hope F. Presnell
 (Print, Type name here: Hope F. Presnell)
6/19/2012 200717200017
 (Commission Expires) (Commission Number)

Note: The reverse side of this sheet may be used for a statement of additional items you may wish considered.

Vocational Educational Building
Bay Point Schools

| Payments Done By Lennar | | |
|-------------------------|--------------|---------------|
| Date | Check Number | Amount |
| 1/13/2006 | 100039 | \$ 42,000.00 |
| 3/30/2007 | 100216 | \$ 57,800.00 |
| 10/26/2007 | 100287 | \$ 13,172.00 |
| 11/26/2007 | 100301 | \$ 16,646.00 |
| 11/28/2007 | 100303 | \$ 480.00 |
| 12/14/2007 | 100307 | \$ 3,905.00 |
| 2/8/2008 | 100314 | \$ 5,200.00 |
| 5/20/2008 | 100333 | \$ 1,080.00 |
| 10/7/2008 | 100366 | \$ 107,102.67 |
| 12/2/2008 | 100382 | \$ 140,743.18 |
| 1/9/2009 | 100389 | \$ 185,000.00 |
| 2/17/2009 | 100402 | \$ 75,422.19 |
| 8/20/2009 | 100431 | \$ 10,000.00 |
| 9/24/2009 | 100434 | \$ 30,000.00 |
| 11/24/2009 | 100448 | \$ 154,125.54 |
| 3/24/2011 | 100499 | \$ 107,000.00 |

Total Paid by Lennar \$ 954,676.66

Invoices Pending

| | | |
|-----|---------------|--------------|
| #33 | \$ 27,900.00 | \$ 13,252.50 |
| #34 | \$ 108,100.00 | \$ 51,347.50 |
| #35 | \$ 23,300.00 | \$ 11,067.50 |
| | \$ 159,300.00 | \$ 75,667.50 |

| Payments Done by County | | | | |
|-------------------------|----------------|------------------|------------------|------------------|
| Date | Check Number | Approved Payment | Payment Received | Retainage Amount |
| 08/25/08 | # 02142638 | \$ 60,000.00 | \$ 57,000.00 | \$ 3,000.00 |
| 10/27/08 | #02164071 | \$ 29,013.00 | \$ 27,562.35 | \$ 1,450.65 |
| 11/13/08 | Direct Deposit | \$ 52,094.15 | \$ 48,732.24 | \$ 2,604.71 |
| | | | Signage | \$ 757.20 |
| 01/09/09 | Direct Deposit | \$ 37,500.00 | \$ 35,625.00 | \$ 1,875.00 |
| 04/08/09 | Direct Deposit | \$ 180,731.88 | \$ 171,695.29 | \$ 9,036.59 |
| 04/16/09 | Direct Deposit | \$ 37,711.09 | \$ 35,825.54 | \$ 1,885.55 |
| 05/14/09 | Direct Deposit | \$ 103,331.05 | \$ 98,164.50 | \$ 5,166.55 |
| 07/16/09 | Direct Deposit | \$ 18,104.87 | \$ 17,199.63 | \$ 905.24 |
| 09/01/09 | Direct Deposit | \$ 29,563.42 | \$ 28,085.25 | \$ 1,478.17 |
| 10/16/09 | Direct Deposit | \$ 4,304.18 | \$ 4,088.97 | \$ 215.21 |
| 10/30/09 | Direct Deposit | \$ 30,376.45 | \$ 28,857.63 | \$ 1,518.82 |
| 12/3/2009 | Direct Deposit | \$ 26,825.00 | \$ 25,483.75 | \$ 1,341.25 |
| 1/14/2010 | Direct Deposit | \$ 76,162.77 | \$ 72,354.63 | \$ 3,808.14 |
| 2/23/2010 | Direct Deposit | \$ 35,897.50 | \$ 34,102.63 | \$ 1,794.88 |
| 3/4/2010 | Direct Deposit | \$ 120,000.00 | \$ 120,000.00 | \$ - |
| 3/19/2010 | Direct Deposit | \$ 29,500.00 | \$ 28,025.00 | \$ 1,475.00 |
| 6/2/2010 | Direct Deposit | \$ 27,426.40 | \$ 25,881.87 | \$ 1,544.53 |
| 9/23/2010 | Direct Deposit | \$ 19,207.69 | \$ 20,442.38 | \$ 1,234.69 |
| 5/4/2011 | Direct Deposit | \$ 24,729.03 | \$ 23,150.01 | \$ 1,579.02 |
| 6/29/2011 | Direct Deposit | \$ 9,155.75 | \$ 8,697.96 | \$ 457.79 |

\$2,915.52 was for 1 Pay Period James Greeley not Reimbursed by County

\$352,125.54 for Check and 1,500 for 1500 Engineering

Total \$ 951,634.23 \$ 910,974.61 \$ 42,743.22

Total Paid by County

\$951,634.23
Interest Returned -173.21
Interest Returned -212.57

\$951,248.45

Money left County

\$48,365.77

BAY POINT SCHOOLS
"HOME OF THE FALCONS"
22025 SW 87TH AVENUE
MIAMI, FL 33158

SOFISA BANK OF FLORIDA
MIAMI, FL 33176
63-1459/670

20340

10/26/2007

PAY TO THE ORDER OF Board of County Commissioners

\$ 2,206.92

Two Thousand Two Hundred Six and 92/100

DOLLARS

Board of County Commissioners
Team Metro Dept. - Lien Section
Suite 1470
Stephen P. Clark Center
111 NW 1st St., FL 33128

Mary Louise Cole Wood

BAY POINT SCHOOLS / "HOME OF THE FALCONS"

20340

Board of County Commissioners
Date 10/26/2007 Type Bill Reference BC-102607

Original Amt. 2,206.92

10/26/2007
Balance Due 2,206.92
Discount
Check Amount

Payment 2,206.92
2,206.92

Sofisa Bank

2,206.92

Miami-Dade County
Office of the Inspector General



Appendix B
Bay Point Schools, Inc.

The Ethel and W. George Kennedy Family Foundation's Response

Audit of the Building Better Communities General Obligation Bonds Program
Not-For-Profit Community Organization Capital Fund – Project 223
OIG Report No. 3

IG11-54-3

LAW OFFICES
THOMAS MANICK
A PROFESSIONAL ASSOCIATION

Thomas Manick
(also admitted in N.Y.)

3059 Grand Avenue
Suite 300
Miami, Florida 33133

Telephone: (305) 856-2700
Email: tm@manicklaw.com

June 10, 2014

By email to: Liup@miamidade.gov
Patra Liu, Assistant Inspector General
Miami-Dade County Office of the Inspector General
19 West Flagler Street, Suite 220
Miami, FL 33130

Re: OIG Draft Report, IG11-54-3

Dear Patra Liu:

This is in response to your letter of May 23, 2014 addressed to the Ethel and W. George Kennedy Family Foundation (“Kennedy Foundation”) soliciting its comments on your draft report regarding the County’s “GOB grant” and “agreement” with a former Tenant, Bay Point Schools, Inc.

As your report recognizes, neither the Kennedy Foundation, nor Bay Point School Properties, Inc. (“Properties”), its affiliate which owns the property and leased it to the Tenant, has any type of contractual or other relationship with the County with respect to the grant, and the County’s agreement is solely with the Tenant. Therefore, although the Foundation and Properties wish to address a couple of items in the report, they do not intend to comment except in these limited respects. You should not take a lack of comment on a matter as agreement.

For your convenience, the comments are preceded by the page and reference in your draft to which they principally relate.

Page 7: “The Grant Agreement between Bay Point Schools and Miami – Dade County was executed on May 7, 2008.”

Page 7, note 7: “Bay Point School Properties is a subsidiary of the Ethel and W. George Kennedy Family Foundation, actual owner of the property where the facility is located.”

To further clarify, Properties is a non-profit 501(c)(2) corporation that was formed by the Kennedy Foundation, a charitable foundation, in connection with its charitable activities.

Specifically, Properties was formed for purposes of purchasing, owning and leasing real property in what is now Cutler Bay, Florida. Several buildings, including the one that is the subject of your report, are now situated on that property.

Beginning in 1995, Properties, as Owner and Landlord, leased the subject property to a school operator, ICARE, Inc., as Tenant, pursuant to a written lease agreement and the certain terms and conditions stated therein. ICARE, Inc. was an entity affiliated with Dr. Mary Louise Cole, its CEO. Sometime after the initial lease was executed, ICARE, Inc. changed its name to Bay Point Schools, Inc. (“Tenant” or “former Tenant”).

According to the draft report, the Tenant entered into an agreement with the County and received a County grant in May 2008.

The Kennedy Foundation and Properties would like to stress that neither of them was a party to that grant agreement, which is solely between the Tenant and the County.

Page 3: “The lease dating back to 1995 was for a period of 50 years and called for the operation of a school and programs for troubled teenagers. The lease had been amended several times since to include operating a juvenile justice residential school facility.”

Page 6-7: “At the time Bay Point Schools had applied for and received the GOB grant, it had a 50-year lease, beginning in 1995 to operate a school and program for troubled teenagers on the property.”

The description of the lease term is incorrect. The initial Lease dating back to 1995 was for a term of ten [10] years, expiring in 2005. It was amended several times to allow for a sublease of a portion of the property to the State of Florida Department of Juvenile Justice (“DJJ”) for its permitted use as a juvenile justice residential school. Ultimately, Properties and Tenant entered into an Amended and Restated Lease Agreement as of August 2005.

The term of the Amended and Restated Lease Agreement is stated in Section II of that agreement. As provided in Section II, the term of the Tenant’s lease expired on July 30, 2012, except as to the portion of the property that had been subleased to DJJ. And, as to the portion of the property that had been subleased to DJJ, the Tenant’s lease expired when the DJJ Sublease terminated (or in 2049), whichever was earlier.¹

¹ Section II – “Term” of the 2005 Amended and Restated Lease, states:

“As to the Subleased Premises, as such term is defined in the Restated Sublease [with DJJ], this Lease Agreement shall terminate on the earlier to occur of (a) December 31, 2049 or (b) the termination of the Restated Sublease. As to the balance of the premises exclusive of the Subleased Premises (the “ICARE Premises”) the term of this Lease Agreement shall terminate on July 30, 2012.”

DJJ itself has acknowledged in a written stipulation that its discontinuation of the permitted use of the property in February 2009 resulted in the termination of its Sublease under Section 4 of that Sublease. Therefore, under Section II of the Amended and Restated Lease Agreement, that automatically terminated the Tenant's lease as to the property that had been subleased to DJJ. And, as further provided in Section II, Tenant's lease of the balance of the property terminated on July 30, 2012.

The Amended and Restated Lease Agreement also terminated under several other of its provisions, including an automatic termination under Section XXXVI upon disallowance of the permitted use by Cutler Bay in December 2011; and a termination for failure to repair and maintain under Sections VII, XIV, XXI and XXII.

The Amended and Restated Lease Agreement further provided that the Tenant was permitted to make improvements to the property, including the erection of permanent structures [Section V]; and, that upon a "termination" of the Lease, the Tenant "shall surrender the Premises and all improvements thereon to Landlord" [Section XXXI], which "improvements" expressly "shall become the Property of the Landlord" [Section XV].

To the extent this Lease was important to the County in connection with making a GOB grant to the Tenant, the County necessarily would have requested and obtained from the Tenant a copy of the Lease and ascertained for itself its terms. The Foundation and Properties were advised by the County in 2011 that the County did, in fact, obtain a copy of the Lease at the time it made this grant to the Tenant. Regardless, since the Foundation and Properties are strangers to the grant agreement, which is solely between the County and the Tenant, they maintain that the terms of the grant agreement cannot and do not affect, in any way, Properties' rights as Landlord under the Lease or its property rights, as owner.

Page 8: "Another remedy might be to institute litigation or take possession of the facility: however, the county's GOB Grant of \$1 million was supplemented by funding from the Lennar Foundation, a complicating factor to the ultimate resolution of this issue."

Any legal remedy the County might have here necessarily would be against the Tenant, which is a party to the grant agreement with the County, or against the Tenant's CEO, who negotiated the grant agreement with the County and received, and failed to account for, the County's funds. As the draft report indicates, the "facility [was funded by the County's and Lennar's grants and] sits on property owned by another;" and, the County has no contractual or other relationship with the owner, Properties. Thus, the institution of litigation against Properties to "take possession of the facility" would be without legal basis and would constitute an unlawful taking in violation of its property rights as owner.

The Foundation and Properties advise that, after the eviction is affirmed on appeal or otherwise, they, as not-for-profit entities, will determine how the property, in its entirety, should be best used in their charitable mission. They advise that upon a resolution of the appeal, their present intention is to further pursue a potential use of the site as a location for non-profit

educational programs run by the SEED school through such means as Foundation and Properties deem necessary or appropriate. They believe in the SEED program and hope that the County, which has supported SEED, will continue to do so.

Sincerely,

s/ Thomas Manick
Thomas Manick, P.A.,
as Attorney for the Kennedy
Foundation and Properties

Copies for: Kathleen Kennedy-Olsen
Alphonso Gonzalez, Esq., Genovese,
Joblove & Battista, P.A.

Miami-Dade County
Office of the Inspector General



Appendix C
Bay Point Schools, Inc.

Office of Management and Budget's Response

Audit of the Building Better Communities General Obligation Bonds Program
Not-For-Profit Community Organization Capital Fund – Project 223
OIG Report No. 3

IG11-54-3



miamidade.gov

Management and Budget
111 NW 1st Street • 22nd Floor
Miami, Florida 33128-1926
T 305-375-5143 F 305-375-5168

June 11, 2014

Patra Liu
Assistant Inspector General
19 W. Flagler Street, Suite 220
Miami, FL 33130

Dear Ms. Liu:

Thank you for meeting with us to discuss the findings in OIG Draft Report IG11-54-3 regarding the Non-Profit Community Organization Capital Fund, specifically the grant awarded to Bay Point Schools, Inc.

In response to your three (3) findings and recommendations, it is important to note the following:

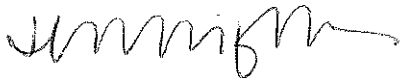
- This grant agreement was executed at the beginning of the program and since that time, the County's agreements have been revised to include restrictive covenants and/or lease restrictions as appropriate. Your office has been informed of this during this review and others.
- Prior to August 2013, GOB reimbursements were routinely submitted for payment with AIA documentation that did not always include the schedule of values. These reimbursements were reviewed/ approved and payments released with only the AIA documentation and cancelled check. Our policy has been revised and we no longer accept any AIA documentation without all the schedules of value documentation. Your office was informed of this in an interview in December 2013 and with a follow-up email.
- Review of the management of the Building Better Communities General Obligation Bond Program in prior years revealed a number of shortcomings. Under Mayor Gimenez, the responsibility was transferred to the Office of Management and Budget and these and other policy and process changes were implemented prior to your review. We appreciate very much your support of the improvements we have implemented.

It is important to note that the County is in regular contact with the Kennedy Foundation, which assumed responsibility for the facility once the grantee lost control. We have recently visited the site and it is being kept in pristine condition. There is staff there 24

hours a day and the building's air conditioning and plumbing are all working. The grounds are immaculate. Prior to receiving your draft audit report, there had been communication between the County and the Kennedy Foundation with regard to partnerships with the Miami-Dade School Board or other entities that could use the facility in the manner for which it was intended; notwithstanding the change in zoning with the Village of Cutler Bay. Those talks are ongoing as of this date.

Please call me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer Moon", with a long horizontal flourish extending to the right.

Jennifer Moon

c: Nan Markowitz, Bond Coordinator
Frank Barriga, Sr. Business Analyst

Jgm03814

Miami-Dade County
Office of the Inspector General



Attachment 1

Bay Point Schools, Inc.

Supplemental Background

**Audit of the Building Better Communities General Obligation Bonds Program
Not-For-Profit Community Organization Capital Fund – Project 223
OIG Report No. 3**

IG11-54-3

ATTACHMENT 1

SUPPLEMENTAL BACKGROUND

The Building Better Communities General Obligation Bond Fund

On July 20, 2004, the County's Board of County Commissioners (BCC) adopted *Resolution R-917-04 authorizing a Special Election regarding the issuance of \$255 million in GOB funds to construct and improve public service outreach facilities*. This resolution was one of eight companion resolutions¹ authorizing special elections for the issuance of bonds that collectively totaled \$2.9 billion and is collectively known as the Building Better Communities General Obligation Bond Fund. Included in the Public Service Facilities Resolution (R-917-04) was a designated \$30 million line item for the NFP Community Organization Capital Fund. On November 2, 2004, the electorate of Miami-Dade County approved all eight of the proposed components of the BBC program.

The Not-For-Profit Community Organization Capital Fund – Project 223

On July 28, 2006, the County's Office of Capital Improvements (OCI) advertised Request for Proposal (RFP) NFP 0607 inviting County-based NFP organizations to submit proposals consistent with the objectives of the BBC program. During November and December 2006, all proposals received by the County were reviewed by the County's RFP Review Committee, which later made its recommendations to the BCC. On July 24, 2007, the BCC adopted Resolution No. R-884-07 awarding \$30 million to 37 NFP entities. The bond proceeds were to be used for capital purposes, including the acquisition of properties, the renovation of existing properties, and construction to existing properties.

The OIG's Continuing Audit

The objective of the OIG's audit is to analyze the NFPs' usages of grant funds to determine whether the grant funds were expended in accordance with the terms of the GOB Program Administrative Rules (Administrative Rules) and their grant agreements. To facilitate our audit, the OIG divided the 37 NFPs into three groups.

- Group 1 consists of eight grants totaling \$5.2 million to be used by the NFPs to pay down existing mortgages, or to purchase property or equipment
- Group 2 consists of 14 grants totaling \$6.7 million to be used by the NFPs to renovate existing properties
- Group 3 consists of 15 grants totaling \$18.1 million to be used by the NFPs for construction of a new or extended facility

The GOB grant award to Bay Point Schools falls within the OIG's Group 3.

¹ The eight companion resolutions are: R-912-04; R-913-04; R-914-04; R-915-04; R-916-04; R-917-04; R-918-04; and, R919-04.

Miami-Dade County
Office of the Inspector General



Attachment 2

Bay Point Schools, Inc.

Timeline of Bay Point Schools Project Highlights

**Audit of the Building Better Communities General Obligation Bonds Program
Not-For-Profit Community Organization Capital Fund – Project 223
OIG Report No. 3**

IG11-54-3

ATTACHMENT 2
TIMELINE OF BAY POINT SCHOOLS PROJECT HIGHLIGHTS

Florida Department of Juvenile Justice (DJJ) Program Sublease Agreement

August 10, 1995 - Bay Point Schools (f/k/a ICARE) entered into a contract with the Florida DJJ to accept 36 moderate risk adjudicated level 6 youth offenders as a pilot program.

Master Lease Agreement for Land Use

November 22, 1995 - Agreement between Bay Point Schools and Bay Point School Properties that provides for the operation of a school and program for troubled teenagers on a location in Cutler Bay. Premises may also be used for a camp for volunteers of the post-Hurricane Andrew rebuilding effort.

First Addendum to Master Lease Agreement for Land Use

December 22, 1998 - Agreement provides for the operation of a school and program for troubled teenagers, which replicate the Glenn Mills School in Philadelphia. Premises may also be used for a camp for volunteers of the post-Hurricane Andrew rebuilding effort. There were also a second and third addendums to the master lease agreement.

Florida Department of Juvenile Justice Program Amended Sublease Agreement

December 30, 1999 - Sublease Agreement provides for Florida DJJ's use of the Bay Point School Properties premises located in Cutler Bay; (primary lease held by Bay Point Schools), for the establishment and operation of a juvenile justice residential and educational facility, which facility shall also house the youths.

Florida Department of Juvenile Justice Program Amended Sublease Agreement

January 26, 2005 - Agreement provides for DJJ's continued use of the Bay Point School Properties premises, leased by Bay Point Schools, for the establishment and operation of a juvenile justice residential and educational facility, which facility shall also house the youths. Also provides for construction of a classroom identified as building No. 6.

Amended Lease Agreement for Land Use

August 1, 2005 - Agreement provides for continuation to operate a school and program for troubled teenagers which replicates the Glenn Mills School in Philadelphia. Premises may also be used for the establishment and operation of a juvenile justice residential and educational facility

\$1 Million Pledge by The Lennar Foundation

August 29, 2006 - The Lennar Foundation sent a letter to Bay Point Schools confirming that it made a pledge in the amount of \$1 million to be used to construct a classroom facility to prepare boys in the school for careers in the homebuilding construction trades.

Letter of Commitment from The Lennar Foundation

September 28, 2006 - The Lennar Foundation sent a letter of commitment to Bay Point Schools stating that it will assist in fundraising \$360,400 for furniture, fixtures, equipment, and curriculum development materials to launch the vocational trade school at the Cutler Bay location. The letter also states that The Lennar Foundation commits to lend its support for ongoing operating costs for the first two years of operations.

Resolution No. 884-07

July 24, 2007 - Board of County Commissioners (BCC) authorizes Building Better Communities (BBC) General Obligation Bonds (GOB) Program for the Not-For-Profit (NFP) Community Organization Capital Fund – Project 223. Awards an amount not to exceed \$30 million in grants to 37 NFP entities (one grant is for Bay Point Schools) for their capital needs, such as acquiring properties, paying-down mortgages, renovating existing properties and **constructing new or extended facilities**, all to improve the services that they provide to local residents

Original Grant Agreement Executed

May 7, 2008 - Executed a grant agreement for an amount not to exceed \$1 million in funding from the BBC GOB Program for the construction of a Vocational Trade School facility (Facility). The Project Budget and Description, Exhibit 1, shows total Project costs in the amount of **\$2 million**. The Lennar Foundation committed \$1 million to the Project also. Bay Point Schools was operating its school program at the Cutler Bay location, the Facility constructed is an expansion of its capacity.

ATTACHMENT 2
TIMELINE OF BAY POINT SCHOOLS PROJECT HIGHLIGHTS

| | |
|-------------------|---|
| July 9, 2008 | <p style="text-align: center;"><u>First Grant Funds Reimbursement Request for \$60,000</u></p> <p>- Initial reimbursement request for grant funds submitted by Bay Point Schools was for \$60,000. Requested reimbursement of Project administration expenditures, some of which were incurred prior to the grant agreement execution.</p> |
| December 23, 2008 | <p style="text-align: center;"><u>DJJ Sublease Agreement Termination Notice</u></p> <p>- Notice letter forwarded by Florida DJJ terminating its funding for the program run by Bay Point Schools at the Cutler Bay location. Bay Point Schools issues a response letter, dated January 8, 2009, to Florida DJJ requesting that it reconsider its notice of termination.</p> |
| January 8, 2009 | <p style="text-align: center;"><u>Bay Point Schools' Response to DJJ Notice</u></p> <p>- Bay Point Schools sent a letter to DJJ in response to the termination letter forwarded in December 2008. The letter states that DJJ is in breach of its sublease agreement with Bay Point Schools and that it must provide at least six months notice of termination. Bay Point requests that DJJ cease and desist any activities that will disrupt the Bay Point Schools' program until after June 23, 2009.</p> |
| January 21, 2009 | <p style="text-align: center;"><u>Miami Herald Article on Bay Point School Problems</u></p> <p>- Miami Herald published an article stating that Bay Point Schools may be forced to close the main campus located in Cutler Bay due to loss funding by Florida DJJ.</p> |
| February 4, 2009 | <p style="text-align: center;"><u>Court Order Pertaining to DJJ Notice of Termination</u></p> <p>- Miami-Dade County Circuit Court enjoined (case # 09-7324-CA-27) the DJJ from removing students from the Bay Point Schools' Cutler Bay location until the court considers the motions to be made on February 5, 2009, at 5pm. On February 1, 2011, an order to dismiss for lack of prosecution was entered for this case.</p> |
| February 6, 2009 | <p style="text-align: center;"><u>Letter to County Regarding Bay Point School Problems</u></p> <p>- Bay Point Schools forwarded a letter to the County in response to a prior phone conversation regarding the future of the Facility and Bay Point Schools. The letter provides a background of DJJ's process of terminating its program at the Bay Point Schools and provides a history of court action taken to date. The letter states that there is an evidentiary hearing scheduled for February 23, 2008, in a default of lease case raised by Bay Point Schools. The letter also provides for potential alternative funding sources for Bay Point Schools. .</p> |
| February 28, 2009 | <p style="text-align: center;"><u>DJJ Sublease Agreement Termination Date - Cutler Bay location</u></p> <p>- Florida DJJ terminated its funding for the program run by Bay Point Schools at the Cutler Bay location. Admissions to the Bay Point Schools have stopped and youths were being transferred to similar programs or being released.</p> |
| February 28, 2009 | <p style="text-align: center;"><u>\$168,920 Grant Funds Reimbursed To-date</u></p> <p>- County reimbursed \$168,920 (reimbursement requests 1 through 4) out of a total grant amount of \$1 million at the time that the Florida DJJ terminated its funding to Bay Point Schools.</p> |
| March 4, 2009 | <p style="text-align: center;"><u>Letter to County Regarding Future Use of Vocational Trade School</u></p> <p>- Bay Point Schools forwarded a letter to the County about the potential future of the Facility by Bay Point Schools. The letter does not address an outcome of the evidentiary hearing scheduled for February 23, 2008, in a default of lease case raised by Bay Point Schools (see February 6). The letter also provides for potential use of the Facility for training organized by and electrical workers union. This letter is in response to an email request by the County, dated February 27, 2009.</p> |

ATTACHMENT 2
TIMELINE OF BAY POINT SCHOOLS PROJECT HIGHLIGHTS

| | |
|-------------------|---|
| | <u>Letter of Interest for Future Use of Vocational Trade School</u> |
| March 4, 2009 | - The International Brotherhood of Electrical Workers sent a letter to Bay Point Schools stating its interest in using the Facility for the Miami Joint Electrical Apprenticeship Training Committee (MJEATC). The letter states that the Facility would be used for current students of MJEATC and "to outreach to additional members of the public desiring training." This letter is response to Bay Point Schools contacting the Miami-Dade County Public School's representative regarding potential partnering for use of the Facility after the DJJ terminated its program at the Cutler Bay location. |
| | <u>Letter of Intent to Operate Vocational Trade School</u> |
| March 19, 2009 | - Miami Joint Electrical Apprenticeship Training Committee drafted a letter of intent to enter a one year renewable contract to bring staff, tools, and equipment to the Facility upon issuance of a certificate of occupancy. |
| | <u>Vocational Trade School Funding and Budget Letter</u> |
| March 25, 2009 | - Bay Point Schools sent a letter to the County summarizing the funding and expenditures projected for the vocational trade school to be run at the Facility. |
| | <u>Grant Funds Advance Requested</u> |
| December 22, 2009 | - Request for advance payment of contractually allowed 25% of the total grant fund amount (\$250,000) was made by Bay Point Schools. County approved and forwarded an advance payment of \$120,000 as of February 2010. |
| | <u>\$650,674 Grant Funds Reimbursed To-date</u> |
| January 5, 2010 | - County reimbursed \$650,674 (reimbursement requests 1 through 13) out of a total grant amount of \$1 million at the time that Bay Point Schools was no longer operating its program at the Cutler Bay location. |
| | <u>\$120,000 Advance for Facility Construction</u> |
| February 16, 2010 | - County approved and paid a \$120,000 advance to Bay Point Schools for which it requested \$250,000 to continue work in progression the Facility. |
| | <u>DJJ Agreement Termination Date - Miami Gardens (North) location</u> |
| June 30, 2010 | - Florida DJJ terminated its funding for the program run by Bay Point Schools at the Miami Gardens (North) location. |
| | <u>\$858,684 Grant Funds Reimbursed To-date</u> |
| July 1, 2010 | - County reimbursed \$858,684 (reimbursement requests 1 through 17) out of a total grant amount of \$1 million at the time that Bay Point Schools was no longer operating its program at the Cutler Bay location. This amount includes the \$120,000 advance payment. |
| | <u>Project Status Update to CAC</u> |
| May 24, 2011 | - The County and Bay Point Schools' representatives provided the Citizens Advisory Committee (CAC) with a status update pertaining to the expected completion of the Facility, the delay in GOB fund payments, and the litigation entered into between Bay Point Schools and Bay Point School Properties pertaining to its lease. Upon the CAC chair's request, the County stated that they will discuss the litigation and Project status with the County Attorney's Office then report back to the CAC |
| | <u>Notice of Failure to Perform According to Grant Agreement Terms</u> |
| June 6, 2011 | - The County drafted a letter notifying Bay Point Schools of its failure to perform in accordance with the grant agreement and GOB administrative rules. Ultimately the County decided not to forward the letter to Bay Point Schools. |
| | <u>Follow-up Meeting with CAC</u> |
| June 28, 2011 | - The County reported back to the CAC that the Facility was expected to be completed within a few weeks according to the contractor. The County stated that "The recommendation is to complete the building and then turn it over to the property owners for the intended use that was originally contracted." |
| | <u>Certificate of Occupancy</u> |
| July 13, 2011 | - County issued certificate of occupancy for Facility. |

ATTACHMENT 2
TIMELINE OF BAY POINT SCHOOLS PROJECT HIGHLIGHTS

| | |
|--------------------|--|
| | <u>Project Completion Certificate and Release of Retainage</u> |
| November 21, 2011 | - Project completion certificate submission and release of retainage in the amount of \$44,000 was approved by the County. |
| | <u>Revoked Permission for Use of Property</u> |
| December 7, 2011 | - Town of Cutler Bay revoked permission for the use of the property where the Facility was constructed partially with grant funds. |
| | <u>Bay Point Schools Evicted from Premises</u> |
| April 25, 2013 | - Bay Point School Properties awarded final judgment for writ of possession from Bay Point Schools for the Cutler Bay location, which included the facility constructed partially with grant funds. In May 2013, Bay Point Schools was evicted from its Cutler Bay location. |
| | <u>Bay Point Schools Appeals Eviction from Premises</u> |
| May 28, 2013 | - Bay Point Schools appeals the final judgment for writ of possession by Bay Point School Properties for the Cutler Bay location, no appeal hearing date set. |
| | <u>Bay Point Schools Inactive Status</u> |
| September 27, 2013 | - The date that the State of Florida Division of Corporations records indicate that Bay Point Schools' non-profit corporation was changed to inactive status. |
| | <u>Access to Grant Documents Not Provided</u> |
| December 10, 2013 | - In response to an OIG request for records, a written correspondence from Bay Point Schools' former President, states that grant documentation was not located and appears to have been shredded. |

Miami-Dade County
Office of the Inspector General



Exhibit 1

Bay Point Schools, Inc.

GOB Grant Agreement Exhibit 1 – Project Budget and Description

**Audit of the Building Better Communities General Obligation Bonds Program
Not-For-Profit Community Organization Capital Fund – Project 223
OIG Report No. 3**

IG11-54-3

Initial MC Date 4/18/08

Miami-Dade County
Building Better Communities

| Bay Point Schools, Inc. | | | | Vocational Trade School Construction | | | |
|---------------------------------|---------------------------|-----------------------------------|--------------------------------|---|----------------------------------|----------|--------------------------|
| GOB Project Number 223-73239 | | | | | | | |
| REVENUES | | | | Milestones | EXPENSES | | Total Estimated Expenses |
| FY 2007-08 GOB Allocation | Future GOB Allocations | Other Funding Allocations * | Total Estimated Revenues | | Projected Schedule Start Date | End Date | |
| | | | 0 | Project Administration | | | 0 |
| | | | 0 | Project Administration (Non-GOB) | | | 0 |
| | | | 0 | Land Acquisition | | | 0 |
| | | | 0 | Land Acquisition (Non-GOB) | | | 0 |
| | | | 0 | Pre-design, Planning, including preliminary engineering | | | 0 |
| | | | 0 | Pre-design, Planning, including preliminary (Non-GOB) | | | 0 |
| | | | 0 | A&E Selection | | | 0 |
| | | | 0 | A&E Selection (Non-GOB) | | | 0 |
| 60,000 | | | 60,000 | Design | 11/1/2005 | 5/1/2006 | 60,000 |
| | | 60,000 | 60,000 | Design (Non-GOB) | 11/1/2005 | 5/1/2006 | 60,000 |
| | | | 0 | Dry run/permit | | | 0 |
| | | | 0 | Dry run/permit (Non-GOB) | | | 0 |
| | | | 0 | Contractor Selection | | | 0 |
| | | | 0 | Contractor Selection (Non-GOB) | | | 0 |
| 940,000 | | | 940,000 | Construction On Going | 6/1/2008 | 8/1/2009 | 940,000 |
| | | 940,000 | 940,000 | Construction On Going (Non-GOB) | 6/1/2008 | 8/1/2009 | 940,000 |
| | | | 0 | Construction Substantially Complete | | | 0 |
| | | | 0 | Construction Substantially Complete (Non-GOB) | | | 0 |

Exhibit 1

Initial MLC Date 4/21/08

Exhibit 1 - Project Budget and Description

| REVENUES | | | | Milestones | EXPENSES | | |
|---------------------------------|---------------------------|-----------------------------------|--------------------------------|-----------------|---|--|--------------------------------|
| FY 2007-08 GOB Allocation | Future GOB Allocations | Other Funding Allocations * | Total Estimated Revenues | | Projected Schedule Start Date End Date | | Total Estimated Expenses |
| | | | 0 | Other | | | 0 |
| | | | 0 | Other (Non-GOB) | | | 0 |
| 1,000,000 | 0 | 1,000,000 | 2,000,000 | TOTALS | | | 2,000,000 |

* Other Funding (List sources and amounts)

| Funding Source | Amount |
|--------------------|-----------|
| Lennar Corporation | 1,000,000 |
| | |
| | |
| | |
| Total | |
| | 1,000,000 |

Project Narrative/Description

The Vocational Trade School will be a one-story building which will include concrete masonry walls, Spanish tile roof, and high impact aluminum windows. The design of the facility will accommodate five student labs representing each trade of study, two classrooms, and a technology resource center. The labs and classrooms will provide instruction in the use of tool, equipment, materials and processes found in the construction industry, with spaces planned for competency-based, individualized instruction. The projected square footage is estimated at 13,400 square feet.

GOB Total Funding Allocation Narrative/Description

GOB funding will compliment other funding to complete the 13,400 square foot Vocational Trade School located at 22025 SW 87 Avenue

GOB 2007-08 Funding Allocation Narrative/Description

GOB funding will compliment other funding to complete the 13,400 square foot Vocational Trade School located at 22025 SW 87 Avenue

**For municipalities and public agencies, this exhibit, along with the entity's resolution, conforms with Article III, Section I, 2Ae of the Building Better Communities Bond Program (GOB) Administrative Rules.

Exhibit 1

Miami-Dade County

Office of the Inspector General



Schedule 1

Bay Point Schools, Inc.

A – Grantee Compliance with Requirements

B – Administration of Grant by Miami-Dade County

**Audit of the Building Better Communities General Obligation Bonds Program
Not-For-Profit Community Organization Capital Fund – Project 223
OIG Report No. 3**

IG11-54-3

Office of the Inspector General
BBC GOB NFP Community Organization Capital Fund – Project 223
Schedule 1A - Bay Point Schools, Inc.

| | 1A - Grantee Compliance with Requirements | References | Disposition | Comments (if applicable) |
|------------------------------------|---|---|-------------|---|
| General site visit items: | | | | |
| 1 | Property/site available for inspection? | GA Section 7 | Y | Site visit provided by owner of property since Bay Point Schools was served a writ of possession notice in April 2013 (E-27.40). |
| 2 | Records made available for review? | GA Sections 9 & 14 | F | Bay Point Schools did not provide access to its files even though OIG's request was within the grant agreement's terms. Bay Point Schools said the documents appear to have been mistakenly shredded (C-5.10).. |
| 3 | Obtained access to all records requested for review (reference Project Status Summary Section C)? | GA Section 9 | F | |
| 4 | Public record search shows no outstanding liens? | OP | EN | However, refer to item #1 comments above. |
| Procurement and selection process: | | | | |
| 5 | Written procurement policy? | AR Art III Section 1 (C)(4) | F | Bay Point Schools did not provide access to its files even though OIG's request was within the grant agreement's terms. Bay Point Schools said the documents appear to have been mistakenly shredded (C-5.10)..Dr. Cole stated that The Lennar Foundation (other funding source of \$1 million for the project) handled the bid and proposal process. |
| 6 | Followed the written procurement policy for this project? | AR Art III Section 2 (E) | F | |
| 7 | Procurement policy followed is adequate according to County requirements? | AR Art III Section 1 (C)(4) | F | |
| 8 | Bid documents available for review? | AR Art III Section 2 (E) & GA Section 9 | F | |
| 9 | At least 3 bids received? | OP | F | |
| 10 | Documents showing analysis of bids available for review? | OP | F | |
| 11 | Selected the lowest bid? | AR Article III Section 1 (E) 4 (e) | F | |
| 12 | If not, documented criteria used to select winning bid? | OP | F | |
| 13 | Documentation of proposals? | AR Article III Section 1 (E) 4 (e) | F | |
| 14 | Documents showing analysis of proposals available for review? | OP | F | |
| Contractor(s) items: | | | | |
| 15 | Used a general contractor? | AR Article III Section 1 (E) (1) & Article III Section 1 (A) 2 (h) & Article III Section 1 (C) (14) & GA Section 12 | Y | |
| 16 | Used contractors on a job by job basis? | AR Article III Section 1 (E) (1) & Article III Section 1 (C) (14) & GA Section 12 | N/A | |
| 17 | General contractor used sub-contractors? | AR Article III Section 1 (E) (1) & Article III Section 1 (C) (14) & GA Section 12 | F | |

- Legend:
- 1) Reference Codes: AR = Administrative Rules; GA = Grant Agreement; OP = Other Generally Accepted Practice
 - 2) Audit Disposition Codes: Y = Yes; ER = Exception Reported; EN = Exception Noted; F = Finding; N/A = Not Applicable

Office of the Inspector General
BBC GOB NFP Community Organization Capital Fund – Project 223
Schedule 1A - Bay Point Schools, Inc.

| | 1A - Grantee Compliance with Requirements | References | Disposition | Comments (if applicable) |
|-------------------------|--|---|-------------|--|
| 18 | Agreement with contractor(s) available for review? | GA Sections 9 and 14, Article III Section 1 (E) (1) | F | Bay Point Schools did not provide access to its files even though OIG's request was within the grant agreement's terms. Bay Point Schools said the documents appear to have been mistakenly shredded (C-5.10).. |
| 19 | Agreement with contractor(s) describe work to be performed that matches listing on Exhibit 1 (Project Budget and Description)? | GA Witnesseth Section & Section 6 | F | |
| 20 | Agreement with sub-contractor(s) available for review? | GA Sections 9 and 14, Article III Section 1 (E) (1) | F | |
| 21 | Agreement with sub-contractor(s) describe work to be performed that matches listing on Exhibit 1 (Project Description and Budget)? | GA Witnesseth Section & section 6 | F | |
| 22 | Contractor(s) invoices available for review? | GA Sections 9 and 14 | F | |
| 23 | Sub-contractor(s) invoices available for review? | GA Sections 9 and 14 | F | |
| 24 | Contractor(s) licensed and bonded? | AR Article III Section 1 (E) (1) | F | |
| 25 | Used in-house/grantee staff for project administration? | AR Definitions - Soft Costs, not specific to in-house & Article III Section 1 (E) (2) (C) | N/A | |
| 26 | Warranty documentation for work performed with grant funds available for review? | GA Sections 9 and 14, not specifically addressing warranty | F | Bay Point Schools did not provide access to its files even though OIG's request was within the grant agreement's terms. Bay Point Schools said the documents appear to have been mistakenly shredded (C-5.10).. |
| Accounting and banking: | | | | |
| 27 | Written accounting/authorization policy? | AR Article III Section 1 (C)(15) & GA Section 9 | F | Bay Point Schools did not provide access to its files even though OIG's request was within the grant agreement's terms. Bay Point Schools said the documents appear to have been mistakenly shredded (C-5.10).. |
| 28 | Followed the written accounting/authorization policy for this project? | AR Article III Section 1 (C)(15) & GA Section 9 | F | |
| 29 | Accounting/authorization policy followed is adequate according to generally accepted standards? | AR Article III Section 1 (C)(15) & GA Section 9 | F | |
| 30 | Maintains (uses) an accounting system? | AR Article III Section 1 (C)(15) & GA Section 9 | F | |
| 31 | Most recent audited financial statements provided for review? | AR Article III Section 2 (A) | EN | Did not locate an audited financial statement after the year ended June 30, 2009, which was issued on August 30, 2010. The audited financial statement as of June 30, 2008, was not issued until July 8, 2010. A review of these audit reports revealed that |

Legend:

- 1) Reference Codes: AR = Administrative Rules; GA = Grant Agreement; OP = Other Generally Accepted Practice
- 2) Audit Disposition Codes: Y = Yes; ER = Exception Reported; EN = Exception Noted; F = Finding; N/A = Not Applicable

Office of the Inspector General
BBC GOB NFP Community Organization Capital Fund – Project 223
Schedule 1A - Bay Point Schools, Inc.

| | 1A - Grantee Compliance with Requirements | References | Disposition | Comments (if applicable) |
|----|--|--|-------------|---|
| 32 | Grant funds kept in a segregated bank account disclosed via Exhibit K (Bank Account Disclosure Form)? | GA Section 8 | EN | Advance was deposited into an account at U.S. Century Bank (Acct # 1054000369), not Sunstate Bank (Acct #30002448) as listed on the Exhibit K. The advance was not made until reimbursement request #15, earlier reimbursement request documentation shows payments were remitted from the Sunstate Bank account listed on the Exhibit K. |
| 33 | Bank records available for review? | GA Section 8 | EN | Reimbursement requests after the advance was paid contain copies of bank statements; however, all other bank records were shredded according to Bay Point Schools (C-5.10). |
| 34 | Records supporting staff time spent and rate available for review? | GA Sections 9 and 14, & AR Article III Section 1 (E) (2) (C) | N/A | |
| 35 | Pre-agreement expenses reimbursed with grant funds? | AR Article III Section 1 (B) & Definitions | Y | |
| 36 | Pre-agreement expenses incurred within 1 year prior to the 1st day of the application submission period (October 6, 2006)? | AR Article III Section 1 (B) (2) & Definitions | Y | |
| 37 | Pre-agreement expense letter submitted within 30 days of execution of grant agreement? | AR Article III Section 1 (B) (3) & Definitions | EN | OMB files contained the following. A letter from Bay Point Schools, dated October 1, 2007, states that there are no pre-agreement expenses. Another letter is from Miami-Dade County, dated April 4, 2008, approving Bay Point Schools' request for reimbursement of pre-agreement expenses. The letter from Miami-Dade County, April 4, 2008, refers to Bay Point Schools' letter requesting reimbursement for certain expenditures that took place prior to the execution of the grant agreement. OMB and OIG auditors were unable to locate the letter from Bay Point Schools requesting approval to submit pre-agreement expenses for reimbursement.. |
| 38 | Grant funds expended as listed on Exhibit 1 (Project Budget and Description)? | GA Witnesseth Section & Section 6 | Y | |
| 39 | Spent all grant funds? | GA Section 5 | Y | |
| 40 | Proof of expenditure of grant funds via cancelled checks and invoices? | GA Sections 9 and 14 & AR Article III Section 1 (C) 10 | Y | |

- Legend:
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Office of the Inspector General
BBC GOB NFP Community Organization Capital Fund – Project 223
Schedule 1A - Bay Point Schools, Inc.

| | 1A - Grantee Compliance with Requirements | References | Disposition | Comments (if applicable) |
|----------------------------------|--|--|-------------|--|
| 41 | Spent all match funds listed on Exhibit 1 (Project Budget and Description)? | GA Sections 2 & 5 & Article III Section 2 (A) | F | Unable to verify that all match funds were spent; however, the reimbursement request documentation shows some checks being made payable for construction related services by the other funding source, Lennar. Bay Point Schools did not provide access to its files even though OIG's request was within the grant agreement's terms. Bay Point Schools said the documents appear to have been shredded (C-5.10). |
| 42 | Match funds source is as listed on Exhibit 1 (Project Budget and Description)? | AR Article III Section 2 (A) & AR Match definition & Article II Section 2 (3) & GA Section 2 | Y | |
| Project progress and completion: | | | | |
| 43 | Grant agreement amended? | GA Sections 5 and 19 | N/A | |
| 44 | Project construction completed by original grant deadline? | GA Section 5 | EN | However, construction was delayed in accordance to the projected completion date listed on the Exhibit 1 - Project Budget and Description. |
| 45 | Project construction completed by grant agreement amendment deadline? | GA Section 5 | N/A | |
| 46 | Reimbursement requests submitted at least quarterly? | AR Article III Section 1 (C) 9 | Y | |
| 47 | Written justification indicating the reason for the delay and expected submission date by the quarterly deadline? | AR Article III Section 1 (C) 9 | N/A | |
| 48 | Project did not utilize change orders? | GA Section 9 | EN | Pay application #20 from the contractor shows \$25,886 in net change orders. |
| 49 | Total project costs did not increase from amount originally listed on Exhibit 1 (Project Budget and Description)? | GA Section 9 | Y | |
| 50 | Total project costs did not increase \$50,000 or more? | GA Section 9 | Y | |
| 51 | Releases of lien(s) as project payments were made? | GA Sections 9 & 14 | Y | |
| 52 | Final releases of lien(s) obtained? | GA Sections 9 & 14 | F | Did not locate final release of liens in grant records nor through a public records search. Bay Point Schools said the documents appear to have been shredded (C-5.10). |
| 53 | Certificate of occupancy obtained? | OP need to find resource/reference | Y | |
| 54 | Project completion certificate (Exhibit H) completed and approved by County? | AR Article III Section 1 (C) 12 | Y | |

- Legend:
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Office of the Inspector General
 BBC GOB NFP Community Organization Capital Fund – Project 223
 Schedule 1A - Bay Point Schools, Inc.

| | 1A - Grantee Compliance with Requirements | References | Disposition | Comments (if applicable) |
|----|---|--|-------------|--------------------------|
| 55 | Submitted final support documentation to close-out project and have retainage released? | AR Article III Section 1 (C) 12/Section 4 & GA Sections 9 and 14 | Y | |
| 56 | Retainage released to grantee? | AR Article III Section 1 (C) 12 & GA Section 2, does not specifically speak to retainage | Y | |

Legend:
 1) Reference Codes: AR = Administrative Rules; GA = Grant Agreement; OP = Other Generally Accepted Practice
 2) Audit Disposition Codes: Y = Yes; ER = Exception Reported; EN = Exception Noted; F = Finding; N/A = Not Applicable

Office of the Inspector General
BBC GOB NFP Community Organization Capital Fund – Project 223
Schedule 1B - Bay Point Schools, Inc.

| | 1B - Administration of Grant by County Department (OMB/CUA) | References | Disposition | Comments (if applicable) |
|----------------|--|---|-------------|---|
| General Items: | | | | |
| 1 | Grant funds used per agreed purpose on Exhibit 1 (Project Budget and Description)? | GA Sec 3 | Y | |
| 2 | If not, grantee obtained, in writing, County's approval for changes in the use of funds? | GA Sec 3 | N/A | |
| 3 | Project's budget did not change? | AR Article III Sec 1F; GA Sec 4 | Y | |
| 4 | County approved budget changes applicable to grant funds? | AR Article III Sec 1F(3)(a)-(c); GA Sec 4 | N/A | |
| 5 | Actual project cost did not exceed approved budget? | AR Article III Sec 1G | Y | |
| 6 | Grantee provided justification for cost overrun to County, identified available funding to complete project and requested County approval for change in project scope? | AR Article III Sec 1G | N/A | |
| 7 | Grant funds expended or committed on or before grant expenditure deadline date? | GA Sec 5 | Y | |
| 8 | If not, was grant agreement expenditure deadline date extended? | GA Sec 5 | N/A | |
| 9 | Additional County grants received as noted on Exhibit 1 (Project Budget and Description)? | GA Sec 2 | N/A | Appear not to be, however could not verify since Bay Point Schools did not provide access to its files - claimed that records were shredded. Did not locate any reference to additional grants in Legistar. |
| 10 | Additional County grants used as agreed to on Exhibit 1 (Project Budget and Description)? | GA Sec 2 | N/A | |
| 11 | Grantee provided monthly/annual reports (Exhibit E) to County? | AR Article III Sec 1C(16); GA Sec 6 | Y | |
| 12 | Grantee provided annual independent audit of GOB funds along with Exhibit J (Fund Summary Status Report) to County? | AR Article III Sec 2A; GA Sec 6 | F | Did not locate statements with Exhibit J for fiscal years 2008 through 2011 in County files and Bay Point Schools did not provide access to its files - claimed that records were shredded. |
| 13 | County project manager monitored the project and performed site visits? | AR Article III Sec 2(I); GA Sec 7 | F | County provided some form of monitoring of Project; however, it released over \$831,000 of grant funding to Bay Point Schools without performing adequate due diligence. Also County administration did not communicate Project issues with the BCC and did not discuss with the CAC until May 2011, after the majority of grant funds were already reimbursed. |
| 14 | Grantee complied with restrictive covenant, if applicable. | | N/A | |
| 15 | Constructed facility owned or leased by recipient for at least 25 years. | AR Article III Sec 2C; GA Sec 21 | F | Lease terms beginning in 1999 were for 50 years; however, the landlord terminated the lease agreement with Bay Point Schools due to non-compliance of terms. Bay Point Schools has been evicted from the property as of April 2013. |

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Office of the Inspector General
BBC GOB NFP Community Organization Capital Fund – Project 223
Schedule 1B - Bay Point Schools, Inc.

| | 1B - Administration of Grant by County Department (OMB/CUA) | References | Disposition | Comments (if applicable) |
|------------------|--|-------------------------------------|-------------|---|
| Payment Process: | | | | |
| 16 | Advance(s) requested by grantee? | AR Article III Sec 1C(8)a | Y | |
| 17 | Advance(s) equal or less than 25% of total funding allocation of project? | AR Article III Sec 1C(8)a | Y | |
| 18 | Exhibit A (Authorized Signature Form) is attached to advance/reimbursement request(s) and Exhibit D (GOB Reimbursement Request) is signed by the applicable parties noted on Exhibit A? | AR Article III Sec 1C(7) | Y | |
| 19 | Exhibit B (Request for Advance Payment) is properly completed and supported with invoices, receipts, canceled check payment, or other supporting documents? | AR Article III Sec 1C(8)c | Y | |
| 20 | Advance(s) received is maintained in a separate bank account, as noted on Exhibit K (Bank Account Disclosure Form)? | AR Article III Sec 1C(8)c; GA Sec 8 | EN | Advance was deposited into an account at U.S. Century Bank (Acct # 1054000369), not Sunstate Bank (Acct #30002448) as listed on the Exhibit K. |
| 21 | Interest earned on advance(s) is noted on Exhibit C (Report of Interest Earned on Advance) and is deducted from payment(s) to grantee? | AR Article III Sec 1C(8)c | Y | |
| 22 | Reimbursement request(s) include copies of applicable exhibits (Exhibits D thru H) and is properly supported with invoices, receipts, canceled check payment, or other supporting documents? | AR Article III Sec 1C(10) | F | Reimbursement Requests #17 through 23 do not include a schedule of values, or other supporting documents, with the contractor's AIA submissions for payment applications #13 through #20. |
| 23 | Project cost incurred between the grant agreement date and the project completion date? | AR Article III Sec 1C(2) | EN | Pre-agreement expenses were incurred and reimbursed to Bay Point Schools. Have County letter approving pre-agreement expenses. |
| 24 | If not, was a pre-agreement expense letter sent to the County within 30 days of grant agreement date? | AR Article III Sec 1B(3) | EN | OMB files contained the following. A letter from Bay Point Schools, dated October 1, 2007, states that there are no pre-agreement expenses. Another letter is from Miami-Dade County, dated April 4, 2008, approving Bay Point Schools' request for reimbursement of pre-agreement expenses. The letter from Miami-Dade County, April 4, 2008, refers to Bay Point Schools' letter requesting reimbursement for certain expenditures that took place prior to the execution of the grant agreement. OMB and OIG auditors were unable to locate the letter from Bay Point Schools requesting approval to submit pre-agreement expenses for reimbursement.. |
| 25 | Pre-agreement expense(s) are part of fund allocation and occurred within one year to the first day of the application submission period (July 2006)? | AR Article III Sec 1B(1)-(2) | Y | |

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| 26 | Reimbursement(s) do not include salary for in-house grantee staff and is listed on Exhibit F (Grantee Direct Labor Cost Report)? | AR Article III Sec 1E(2)c | Y | |
| 27 | In-house/grantee staff salary rate agreed to recipient's prevailing wage; hours worked on project is properly supported and amounts are not excessive. | AR Article III Sec 1E(2)c | N/A | |
| 28 | Consultant(s) paid from grant funds? | AR Article III Sec 1E(2)d | N/A | |
| 29 | Consultant(s) is grantee own employee? | AR Article III Sec 1E(2)d | N/A | |
| 30 | Reimbursement(s) includes charges for fixtures, furniture & equipment? | AR Article III Sec 1C(11) | N/A | |
| 31 | Fixtures, furniture & equipment was approved in grant agreement prior to acquisition and Exhibit G (Fixtures, Furniture & Equipment), listing items, is provided for review? | AR Article III Sec 1C(11) | N/A | |
| 32 | Reimbursement(s) includes ineligible costs such as grant cost, ceremonial cost, publicity expenses, bonus payments, charges in excess of lowest responsive and responsible bid, deficit and overdraft charges, interest expenses, charges incurred contrary to grantee's policies and practices, litigation or judgment charges, costs, services or material under another program, costs for discounts not taken? | AR Article III Sec 1E(4)(a)-(l) | N/A | |
| 33 | If yes, grantee provided the County with written notice and corrected ineligible charges and/or reimbursed the County? | GA Sec 15 | N/A | |
| 34 | Retainage of 5% withheld from reimbursements for total grant funds in excess of \$100,000? | AR Article III Sec 1B(12) | Y | |
| 35 | Project soft cost equal or less than 17% of fund allocation amount? | AR Article III Sec 1C(3) | Y | |
| 36 | Approved payment(s) agreed to CIIS (Capital Improvement Information Systems) and FAMIS payment system? | OP | Y | |
| 37 | Reimbursement(s) are submitted timely (at least quarterly)? | AR Article III Sec 1C(9) | Y | |
| 38 | If not, grantee provided written explanation to County on why reimbursements are not submitted and/or when they will be submitted? | AR Article III Sec 1C(9) | N/A | |
| 39 | Did grantee comply with notice for late submittal of reimbursements to the County? | AR Article III Sec 1C(9) | N/A | |
| 40 | Did County find the grantee to be in non-compliance with notice of late reimbursement submittal(s) and was a reduction or forfeiture of payment made against the grantee? | AR Article III Sec 1C(9) | N/A | |
| Project Close-Out: | | | | |
| 41 | Project construction completed? | AR Article III Sec 4A | Y | |

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|----|--|---------------------------|-------------|---|
| 42 | Project closed? | AR Article III Sec 4A | F | Project was closed and retainage was released to Bay Point Schools, even though the Facility was not being used or under contract for use. |
| 43 | If project is closed, certification of occupancy/certificate of completion provided to the County? | AR Article III Sec 4A | Y | |
| 44 | County project manager inspected project site prior to release of final payment? | AR Article III Sec 2(l) | Y | |
| 45 | Exhibit H (Project Completion Certificate) submitted with final reimbursement request for release of remaining retainage? | AR Article III Sec 1C(12) | Y | |
| 46 | Grantee submitted all final documentation and final reimbursement within 45 days of grant expiration or termination of funding allocation? | AR Article III Sec 4A | EN | Expenditure deadline/grant expiration was March 1, 2011; however, the final reimbursement request was not submitted until November 8, 2011, approximately 250 days later. |
| 47 | County deducted project signage fee from reimbursement(s)? | Article III Sec 1D(4) | Y | |
| 48 | County released retainage to grantee with final payment? | AR Article III Sec 1C(12) | F | Project was closed and retainage was released to Bay Point Schools, even though the Facility was not being used or under contract for use. |
| 49 | Unexpended grant funds remains after project completion? | AR Article III Sec 1F | N/A | |
| 50 | Grantee requested use of unexpended grant funds from County? | AR Article III Sec 1F | N/A | |
| 51 | County approved use of unexpended grant funds and were amounts within 15% of the project's total budget? | AR Article III Sec 1F | N/A | |
| 52 | Unexpended grant funds used as approved by the County? | AR Article III Sec 1F | N/A | |

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