

CITY OF CORAL GABLES BUDGET/AUDIT ADVISORY BOARD

Wednesday, March 31, 2021 8:00 a.m.

Location: City Hall Commission Chambers

405 Biltmore Way, 2nd Floor, Coral Gables, FL 33134

Public via Zoom: Meeting ID: 81508629074

MEETING MINUTES

MEMBERS	A	M	J	J	A	S	O	N	D	J	F	M	APPOINTED BY:
	20	20	20	20	20	20	20	20	20	21	21	21	
Rosa Bravo	-	-	-	-	P	-	-	-	-	PVC	E	P	Mayor Valdes-Fauli
Alex Menendez	-	-	-	-	P	-	-	-	-	A	P	P	Vice Mayor Vince Lago
Carmen Olazabal	-	-	-	-	P	-	-	-	-	PVC	P	PVC	Commissioner Jorge L. Fors
Carmen Sabater	-	-	-	-	E	-	-	-	-	PVC	E	E	Commissioner Pat Keon
Francisco Paredes	-	-	-	-	P	-	-	-	-	P	P	P	Commissioner Mena

(Dash indicates no meeting; blank space indicates member not yet serving.)

^ New Member

#- Special meeting

** - Resigned Member

PVC – Present Via Video Call

P – Present

A – Absent

E - Excused

City Staff:

Diana Gomez, Finance Director

Keith Kleiman, Assistant Finance Director for Management, Budget & Compliance

Sally Ola Ola, Assistant Finance Director for Reporting & Operations

Zeida Sardinas, Asset Manager, Economic Development

Bret Freidman, RSM

Anil Harris, RSM

Sardou Mertilus, RSM

Call to Order:

The meeting was called to order at 8:08AM by the Chair. The roll was taken and there was an in-person quorum of three members and one member was present via video call.

Meeting Minutes:

A motion was made by Frank Paredes to approve the transcript minutes of February 24, 2021. The motion was seconded by Rosa Bravo. The motion was voted upon and adopted unanimously.

Presentations/Discussions:

- **Discussion: Review of SAS 114 Letter and Audited Financial Statements as of September 30, 2020**

Bret Freidman and Anil Harris from the external auditing firm of RSM presented the draft SAS114 Required Communications Letter and the draft audited financial statements with the board. The SAS114 letter reviewed certain matters required by professional standards to be communicated to those who have oversight responsibility for the City’s financial reporting process. The letter provides the observations by the auditors arising from their audit.

The auditors noted that management had selected the preferable accounting practices, there had not been any changing in existing significant accounting polices during the current period, they did not identify any significant or unusual transactions, and managements reasonableness in the use of estimates. The auditors further noted that there were no audit adjustments or uncorrected misstatements found during

the audit, they did not identify material inconsistencies with the audited basic financial statements, there were no disagreements with management regarding the financials, there were no significant issues arising from the audit and they did not encounter any significant difficulties in dealing with management during the audit.

The financial statements presented were in draft form with the final report expected to be issued later that day. The City would receive an Unmodified Opinion on the annual financial statements; An unmodified opinion is the highest level of assurance that the City's financial statements are free from material misstatement. The auditors reviewed the general fund financial statements which is the main operating fund of the City. The general fund ended the fiscal year with an increase in fund balance of \$1 million.

No action necessary/taken on this item.

- **Resolution: Sale of Parking Lot #31**

Zeida Sardinas, Asset Manager from the Economic Development Department presented the proposed Sale of City Parking Lot #31. The City Commission directed the City Manager to evaluate options for the sale of the Property. The City was approached by owner/principals from JRFQ Holdings, LLC and the two adjacent lots to the south of the Property who expressed an interest to purchase the Property from the City, at which time, the City contracted for an appraisal of the property. The City provided the Purchaser with a zoning verification letter from the City's Planning and Zoning Department regarding the adjacent lots. In addition, a second zoning verification was issued for the City-owned Property. The Purchaser submitted a Purchase and Sale Agreement to the City which became effective on February 5, 2021. The City then contracted for second appraisal for the Property.

The proposed terms of the sale are as follows: The purchaser will purchase that Property for a purchase price that amounts to the average of the two (2) City-contracted appraisals, however, the purchase price will not be less than \$3,500,000.

In accordance with Section 2-2014 of the Procurement Code, two real estate appraisals were conducted with regard to the Property. The appraisals were done by MAI certified appraisers' Waronker & Rosen, Inc. and Quinlivan Appraisal, PA.

Summary of appraisals are as follows:

Date	Appraiser	SF	Appraised Value
7/13/20	Waronker & Rosen, Inc.	13,343	\$3,350,000
2/10/21	Quinlivan Appraisal, PA	13,343	\$3,525,000

The City Code requires that the following 3 questions be answered by the Budget & Audit Advisory Board:

1. Is the purchase, sale and/or lease consistent with the property appraisal as required under section 2-1092?

The City engaged Waronken & Rosen, Inc. to conduct the initial appraisal for the property and it was completed with a market value of \$3,350,000. The City engaged Quinlivan Appraisal, PA to conduct the second appraisal and it was completed with a market value of \$3,525,000. The proposed purchase price for this property is \$3,500,000. Therefore, the City's staff concurs that the purchase price which falls within the appraisal range.

2. What is the immediate impact on the current fiscal budget and the long-term effect on future budgets, i.e., the long-term overall effect on the city?

The City is selling this property which will result in a \$3,500,000 revenue increase which will be reflected in the FY20-21 City Budget. The proceeds from the sale will be earmarked to fund existing capital projects including the construction of Garage #7 which will have a long-term positive effect on City services and parking revenue.

3. Considering the city's mission statement, are there other alternatives to entering into the proposed transaction?

Yes, there are always other alternatives to entering into the proposed transaction. However, the Purchaser is a private entity who is looking to further improve the Property with the assemblage of the two (2) lots adjacent to the South of the Property. The surface parking lot is mainly used by patrons of the restaurant across the street and its current revenue and usage outside of restaurant patrons is not very high. The proposed use/development project, which will be subject to the City's approval process, has not been fully determined at this time. However, the sale and subsequent development of the Property would provide the opportunity for the property to become part of an overall high-quality project in a highly visible location, in close proximity to major streets such as LeJeune Road, Bird Road, and Ponce de Leon Boulevard, well within an area that the City has an interest in activating. As such, the sale will further the City's economic development goals and objectives. The sale and future development of the property would also provide additional tax revenue to the City which City staff estimates will surpass the amount of parking revenue that is currently being generated by the parking lot.

The board agreed with the provided responses with slight modifications (already reflected in the three answers provided above).

A motion was made by Frank Paredes to approve the sale of the surface parking lot for \$3,500,000 and the responses to the required questions. The motion was seconded by Rosa Bravo. The motion was voted upon and adopted unanimously.

- **Public Comment** - *This time is for comments from the public.*
No public comment
- **Discussion Items** - *This time is for informal discussion among the Board members and the City.*
No items for discussion.

Scheduling:

The next meeting is scheduled for Wednesday, April 28, 2021

Adjournment:

Meeting Adjourned at 9:20AM