

**CITY OF CORAL GABLES  
BUDGET/AUDIT ADVISORY BOARD**

**Meeting Minutes: Thursday, February 2, 2017**

Conference Room First Floor , City Hall, 405 Biltmore Way, Coral Gables, Florida

<b>MEMBERS</b>	<b>M</b>	<b>A</b>	<b>M</b>	<b>J</b>	<b>J</b>	<b>A</b>	<b>S</b>	<b>O</b>	<b>N</b>	<b>D</b>	<b>J</b>	<b>F</b>	<b>APPOINTED BY:</b>
	16	16	16	16	16	16	16	16	16	16	17	17	
Tony A. Rivas										-	-	P	Mayor Jim Cason
Erin Knight	P	-	P	-	E	-	P	P	P	-	-	P	Commissioner Jeanette Slesnick
Alex Menendez	P	-	A	-	P	-	P	O	E	-	-	P	Commissioner Vince Lago
John Holian	P	-	P	-	P	-	P	P	A	-	-	P	Commissioner Frank C. Quesada
Cheryl Goldstein	P	-	E	-	E	-	P	P	P	-	-	A	Commissioner Pat Keon

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

^ - New Member

# - Special meeting

\*\* - Resigned Member

**Staff:**

Diana Gomez, Finance Director

Keith Kleiman, Budget Director

Minutes Preparation and Recording Secretary: Estela Valle, Bailey & Sanchez Court Reporting, Inc.

1           been approved to maintain and protect those reserves.  
2           What would happen if 2009 repeated itself, what is the  
3           game plan while not cutting services for citizens. So  
4           the Finance Department did an excellent job presenting  
5           the case, and the Mayor was really proud to have now a  
6           triple triple, as he calls it.

7           MR. MENENDEZ: Yes. Well, congratulations again.  
8           I know you guys worked hard on it.

9           MR. KLEIMAN: We feel like proud parents.

10          MR. HOLIAN: That's disturbing, but great.

11          MR. MENENDEZ: And we've got Leonard here now to  
12          discuss the Codina Development Land Swap, and give us an  
13          update on that. So good morning, Leonard.

14          MR. ROBERTS: Good morning. Good morning, guys.  
15          So the last time we met-- you guys remember one of the  
16          first meetings that we actually had when we actually  
17          presented the letter of intent to the Codina Partners,  
18          and since then the deal terms are primarily the same.  
19          The only change is, as of the time that we met were, a  
20          couple of things.

21          Number 1, we had some environmental tests that  
22          we're expecting. Those environmental tests we're going  
23          to actually end up doing ourselves. We want to make  
24          sure 100 percent that the site is clean that we're  
25          acquiring. The developer has done their testing at our

1 site, and so they feel comfortable with what they're  
2 getting.

3 The other component was the \$2 million impact fee.  
4 Originally, when we talked, there was a credit for us  
5 staying in the property for three years. There's a  
6 credit of \$2 million that we would be giving to the  
7 developer, and that \$2 million was to be used toward the  
8 impact fees for them developing the existing Public  
9 Safety Building. Now, there's going to be some  
10 flexibility in that \$2 million, because the developer  
11 does build in Coral Gables, he has multiple different  
12 projects he'll be doing throughout the years. We're  
13 going to give him flexibility to use those \$2 million  
14 toward potentially other projects.

15 MR. MENENDEZ: Before we've used the, I guess, the  
16 trend of the sending the--

17 MR. ROBERTS: No, at the end of the three years.  
18 So he won't have access to that whatsoever until that  
19 three-year term-- until he actually acquires the  
20 building, but the price is the same, the \$5.2 million  
21 which is the exchange rate for swapping out the \$28,000  
22 delta between the two sites.

23 MS. SWANSON-RIVENBARK: That's a larger delta than  
24 \$28,000.

25 MR. ROBERTS: It's like \$63 minus \$35.

1 MS. SWANSON-RIVENBARK: It's \$28 million.

2 MR. ROBERTS: Yeah, that's right. I'm sorry,  
3 square footage. 28,000 square feet for \$5.2  
4 million exchange, so-- but, you know, the terms are pretty  
5 much the same, with the exception of those. We do have a  
6 force majeure, right, where, you know, if anything happens  
7 during this three-year period, that we'll have some extended  
8 time to finish our Public Safety Building.

9 Another thing that we talked about, which this  
10 Board actually recommended, was during the construction,  
11 the penalty that we have associated with not completing  
12 on time, that we were going to try to pass that on to  
13 the contractor. So it was a very good input on your  
14 side, so thank you guys.

15 MR. MENENDEZ: And it's been negotiated?

16 MR. ROBERTS: Well, that has not been negotiated  
17 yet, but we intend--

18 MS. SWANSON-RIVENBARK: That's with the  
19 contractor, not with the--

20 MR. HOLIAN: What was the reason why we didn't  
21 vote to approve, wasn't it the appraisal or something?

22 MR. MENENDEZ: The appraisal. We were waiting on  
23 the--

24 MR. HOLIAN: Are we waiting on that still or are  
25 you getting that done?

1           MR. ROBERTS: Yeah. We had an appraisal done, and  
2           the appraisal that was done-- so we had two appraisals,  
3           one done for our existing Public Safety site, so the  
4           original appraisal was \$25 million. This appraisal came  
5           out \$20 million 375, so, you know, 100,000 and change.  
6           Now, the appraisal for the Codina site came out to \$11  
7           million four, and the exchange we're doing as 11 million  
8           five.

9           MR. HOLIAN: Who did the appraisal? Did you hire  
10          the appraiser on both sites?

11          MR. ROBERTS: We did.

12          MR. HOLIAN: But weren't we one appraisal short?

13          MR. MENENDEZ: Didn't they want to do the  
14          appraisal as assemblage, and it was going to come out as  
15          more?

16          MR. ROBERTS: Yes.

17          MR. MENENDEZ: So that came out as less?

18          MR. ROBERTS: No. It actually came out more.

19          MS. SWANSON-RIVENBARK: That's the 11.4.

20          MR. MENENDEZ: That's the 11.4?

21          MR. ROBERTS: Yeah. It was 9 million and change  
22          the original appraisal, which is the sole use, and then  
23          we did the appraisal in assemblage, which came out to  
24          11.4 million.

25                 So if you remember the details of the transaction,

1 if during that three-year period, they choose not to go  
2 forward with the acquisition of our site, that we are  
3 going to purchase their site for \$11.5 million.

4 MR. MENENDEZ: Okay.

5 MR. ROBERTS: So everything kind of fell in place.

6 MR. MENENDEZ: So within \$100,000 of the purchase  
7 price three years out, okay. And where is it right now?

8 MR. ROBERTS: We're in-- I think we reached an  
9 agreement with LOI terms, and so we've issued the letter  
10 of intent with our comments back to the developer, and  
11 just waiting for us to get the thumbs up, but the terms  
12 that we've presented to them are terms that we've agreed  
13 to verbally.

14 MS. SWANSON-RIVENBARK: So I'm going to-- if there  
15 are any questions, I'm happy to chime in. This is  
16 obviously to scale, with Lot 6 being here of what we  
17 already have, which is a parking lot. It's 100 percent  
18 utilized north of Miracle Mile. We wanted to get north  
19 of Miracle Mile. We'll be building a fire station and a  
20 Public Safety Building, and then the Codina property  
21 being here. We give up all of this parking for Lot 6.  
22 We need to reintroduce parking in the neighborhood,  
23 because we know it's heavily utilized, and we square  
24 off. So there will be a property here that becomes the  
25 Public Safety Building, and then we did numbers to make

1           sure that that remaining space, which is significant,  
2           can house as much as a 450 parking garage. We have not  
3           done a new garage in 10 years, and we wanted to make  
4           sure that would pay for itself over time, and so we  
5           wanted-- so when we look at this Public Safety Building,  
6           not having public parking in the Public Safety Building  
7           from a safety standpoint, having the parking nearby for  
8           the public for other uses related to the City, that can  
9           be paid for through parking revenues over time. That's  
10          why the deals made sense to us. It wasn't just singular  
11          on the Public Safety Building of 2801, which the highest  
12          invest use is demolition. And if you haven't been in  
13          it, you'd know, but what we would use this for? How  
14          does it feed into the North Ponce redevelopment  
15          objectives? And so it's not just an individual land  
16          swap, it has a larger view on it. And so the force  
17          majeure language was, we are on a very tight schedule to  
18          deliver, to turn that property over for us to occupy the  
19          new Public Safety Building. We would be moving 911. We  
20          would be-- you know, so that is very much you have to  
21          have the building in place before you move out of the  
22          other building.

23                 The force majeure, most, you know, very unusual  
24                 that we would ever need it, but if there's an act of  
25                 terrorism, all dates are off, and we wanted them to

1 understand that, and they've agreed to that. Because  
2 I'm not moving police out of an existing public safety  
3 building. I'm not using that time in the event of  
4 something as horrific as that, and so the language we  
5 are having an extended time to do our own enviromental.  
6 It's the right to fully without penalty cancel if we  
7 don't like what's happening in the environmental studies  
8 we'll do a Phase 2 study for that, but otherwise the  
9 deal components, we've built in some protections. The  
10 swap over at 2801 is for them to build mixed-use  
11 building or office building or residential building  
12 market rate. We have required that in the transaction,  
13 because that was part of our recommendation to the  
14 Commission. So taking up the LOI, but if there's any  
15 questions regarding the timing of the-- how we would  
16 pay for it, all of that has been heavily reviewed, which  
17 is why the whole recommendation itself took a long time.

18 MR. MENENDEZ: And when you're doing the parking  
19 garage, you're also doing retail on the bottom of that  
20 or--

21 MS. SWANSON-RIVENBARK: Well, from an Urban  
22 development standpoint, it's not very fun to just look  
23 at parking on the ground floor.

24 MR. MENENDEZ: I agree, it makes sense, and then  
25 they can help also pay--



1 MS. SWANSON-RIVENBARK: Well, we want to be  
2 careful because retail also generates parking demand,  
3 and so what we are interested in is also a community  
4 meeting room, because so many people meet at the  
5 basement of the police department, and that goes away.  
6 How do we introduce that? How do we cause retail and  
7 interesting uses that contribute to the operating costs,  
8 but we shouldn't expect that it's going to really be the  
9 dollars that pay it off. The monies will come in  
10 permits. It is a huge demand for us to have more permit  
11 parking. We will rent as much as we build.

12 MR. ROBERTS: As of today the parking garage, as  
13 we originally discussed, is still a 450 car garage with  
14 the ground floor and potential offices on the second  
15 floor.

16 MS. KNIGHT: So the difference that you're coming  
17 back with is regarding their ability to use the impact  
18 fees. That's why you're here, right?

19 MS. SWANSON-RIVENBARK: I thought somebody wanted  
20 to have--

21 MS. GOMEZ: Yeah, you asked to get an update on--

22 MR. MENENDEZ: It was also the appraisal.

23 MR. HOLIAN: The appraisal thing was a big deal.  
24 That's why we said we--

25 MS. KNIGHT: We couldn't move forward saying with

1           our motion, as long as you had the second appraisal,  
2           which you have now. So our motion was encompassing-- I  
3           think it was just hard to understand on an email  
4           document exactly what was different. It was--

5           MS. GOMEZ: Right. Remember, you sent the  
6           follow-up email? So it's more that follow-up email as  
7           to the difference of that two million.

8           MS. SWANSON-RIVENBARK: Let's talk about the  
9           impact fees. Keith, how much do you budget for impact  
10          fees coming into the City for projects under discussion.

11          MR. KLEIMAN: We don't budget at all.

12          MS. SWANSON-RIVENBARK: Excellent answer.

13          MR. HOLIAN: Trick question.

14          MS. SWANSON-RIVENBARK: Because to give them \$2  
15          million in City impact fees, Public Safety, Parks, how  
16          we calculate that, it's not necessarily a financial hit  
17          for us, and it allows us to recognize the economic  
18          consequences of us getting their property now, and them  
19          not getting our property for three years. And so we  
20          felt that using the impact fees, because it's not a  
21          budgetary hit, was a logical transaction. And because  
22          they do more properties than just this one, if they  
23          wanted to distribute those impact fees-- Coral Gables  
24          impact fees, we're not paying County impact fees. Coral  
25          Gables impact fees, then they could. So that's where

1           that \$2 million came in.

2           MS. GOMEZ: Right.

3           MR. ROBERTS: And the equivalent of that \$2  
4 million, if we were to like equate it to rent, it would  
5 work out to like \$7 and change a square foot, which we  
6 know in today's market you can't rent any office for \$7  
7 a square foot.

8           MR. HOLIAN: Not around here.

9           MR. ROBERTS: So I would say a class C building in  
10 Coral Gables in the very low end would run somewhere in  
11 the mid 20s probably.

12          MS. SWANSON-RIVENBARK: But we are assuming the  
13 operating costs for that building while we're in there,  
14 so it's not a full-service type of transaction.

15          MR. ROBERTS: Even 7, if you had, for instance,  
16 typical retail building, you know, like you know I'll go  
17 for a building that's assembled is roughly about \$13 a  
18 square foot, right. So that would put you roughly \$7 or  
19 \$20 a square foot would be the equivalent of that \$7 a  
20 square foot, so I would still consider that below  
21 market.

22          MR. HOLIAN: I don't have any more questions.

23          MR. ROBERTS: Did you guys want to read the  
24 questions into the record?

25                 (Simultaneous speaking.)

1 MR. HOLIAN: Do we need to? I think we're good,  
2 right?

3 MS. KNIGHT: I think we're good. I just don't  
4 know what was needed for us, if it was just an update.  
5 I thought the email was requesting another nod.

6 MS. GOMEZ: It was just an update of the  
7 difference that was presented versus the actuality of  
8 it, so we wanted to make sure it was clear.

9 MS. KNIGHT: Yes.

10 MS. GOMEZ: So that's why I forwarded the  
11 information.

12 MR. HOLIAN: Do you want to just read it again?

13 MS. GOMEZ: I don't have the questions.

14 MR. MENENDEZ: I have them here.

15 MR. HOLIAN: And that way it's read and done.

16 MS. GOMEZ: Okay.

17 MS. KNIGHT: But the only thing is that the  
18 questions here-- this is the previous proposal, right,  
19 that they're attached to?

20 MR. ROBERTS: Right. The three questions that you  
21 guys read into the record were regarding the actual  
22 budget component, and you guys responded to those  
23 questions, and pretty much, yes. But you guys wanted  
24 additional information for the comfort level that the  
25 Commission had an opportunity to see the second

1 appraisal.

2 Now, since then, some terms have changed which are  
3 the impact fees that we discussed, and also the retail  
4 side of it. We want to ensure that, you know, as an  
5 example, you have the Mercedes Benz, which is right  
6 across the street.

7 MS. SWANSON-RIVENBARK: This is for the Public  
8 Safety Building.

9 MR. ROBERTS: The existing Public Safety Building.

10 MS. SWANSON-RIVENBARK: We put conditions on what  
11 that building could be or could not be as part of that  
12 transaction, because we're banking on a market rate  
13 quality development on that property.

14 MR. ROBERTS: So, yeah, that's not a financial  
15 component necessarily. The part that really changed was  
16 the flexibility of that \$2 million.

17 MS. KNIGHT: Right. Does that need to be  
18 addressed?

19 MR. ROBERTS: For your purposes, no-- for the  
20 Budget Advisory Board, no.

21 MR. MENENDEZ: If we don't need to read it back  
22 in, we can move forward, but we do appreciate you coming  
23 in and following up and updating us.

24 MR. ROBERTS: Absolutely.

25 MR. MENENDEZ: Thank you.

1           And, Diana, is that it?

2           MS. GOMEZ: I actually just want to hand out the  
3           Capital Plan Books. They had not been handed out  
4           before, and these were given at the reception. You  
5           already got yours.

6           MR. HOLIAN: Yes. I was there. I sat with the  
7           Board of Architects. I was like no one's here from  
8           Budget and Audit.

9           MS. GOMEZ: I usually go, and I couldn't make it  
10          this year. I had a conflict with my daughter. It's  
11          always very nice.

12          MR. HOLIAN: Except when the food came out, it was  
13          like vultures.

14          MS. GOMEZ: But it was a little gift that was  
15          given out at the--

16          As to scheduling. So scheduling, typically the  
17          end of the-- the last Thursday of the month. This  
18          meeting was kind of the January meeting, because we  
19          didn't-- we couldn't meet last week, and then we wanted  
20          to make sure that we started with the audit plan in  
21          order to get going, as opposed to waiting another month.  
22          So currently the next meeting is scheduled for the 23rd.  
23          I don't know if there's anything that-- we may have the  
24          quarterly update on the financials and the overtime for  
25          the year ending December 31st quarter ending. Other

1           than that, I don't know if there's anything else that  
2           the Board would like to discuss or bring up. I doubt  
3           that we'd have an audit done or anything back on the  
4           audit side. We may have the budget calendar, and things  
5           like that, at that point for the ongoing--

6           MR. KLEIMAN: Yeah, the Budget calendar is  
7           actually being done this week, so--

8           MS. GOMEZ: So if I may recommend that if the  
9           quarterlies are done, at least for the Financials, I  
10          think we're reporting to the Commission on the 28th,  
11          only because we have an external auditors here, so the  
12          first quarter for us is always a little bit behind,  
13          because we just don't-- we don't have enough staff to do  
14          the external audit and do the quarterly, so we can  
15          tentively schedule it for the 23rd, but if there's  
16          nothing on the Agenda, then through the Chair we will  
17          maybe email-- we'll let everybody know.

18          So does the 23rd tentively work for everybody?

19          MS. KNIGHT: Yes.

20          MR. RIVERA: Yes.

21          MR. HOLIAN: Works for me.

22          MR. MENENDEZ: All right.

23          MS. GOMEZ: That's all I have.

24          MR. MENENDEZ: All right. We'll adjourn the  
25          meeting. Thank you very much.

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(Thereupon, the proceedings were adjourned at 9:10  
a.m.)



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CERTIFICATE

STATE OF FLORIDA            )  
  )  
COUNTY OF MIAMI-DADE    )

I, ESTELA L. VALLE, Shorthand Reporter and Notary Public  
for the State of Florida, do hereby certify that I was  
authorized to and did stenographically report the foregoing  
proceedings, and that the transcript is a true and complete  
record of my stenographic notes.

DATED this 13th of February, 2017.

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Estela L. Valle  
Shorthand Reporter and Notary Public