

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

**Meeting Minutes: Thursday, October 29, 2015**

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

<b>MEMBERS</b>	<b>N</b>	<b>D</b>	<b>J</b>	<b>F</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>APPOINTED BY:</b>
	14	14	15	15	15	15	15	15	15	15	15	15	
Jose E. Smith	-	-	-	P	P	P	P	P	-	P	P	E	Mayor Jim Cason
Erin Knight	-	-	-	-	-	-	-	-	-	P	P	P	Commissioner Jeanette Slesnick
Alex Menendez	-	-	-	P	P	P	P	P	-	P	P	P	Commissioner Vince Lago
John Holian <sup>^</sup>	-	-	-	P	P	A	P	P	-	P	P	P	Commissioner Frank C. Quesada
Cheryl Goldstein	-	-	-	P	E	P	P	P	-	P	P	P	Commissioner Pat Keon

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

<sup>^</sup>- New Member

#- Special meeting

\*\* - Resigned Member

**Staff:**

Diana Gomez, Finance Director

Cathy Swanson-Rivenbark, City Manager

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

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CITY OF CORAL GABLES  
BUDGET/AUDIT ADVISORY BOARD  
MEETING: THURSDAY, OCTOBER 29, 2015, 8:00 a.m.  
FIRST FLOOR, CITY HALL  
405 BILTMORE WAY, CORAL GABLES, FLORIDA

MEMBERS PRESENT:  
ALEX MENENDEZ, CHAIRMAN  
CHERYL GOLDSTEIN  
JOHN HOLIAN  
ERIN KNIGHT

**COPY**

CITY STAFF PRESENT:  
DIANA GOMEZ, FINANCE DIRECTOR  
CATHY SWANSON-RIVENBARK, CITY MANAGER

ALSO PRESENT:  
OCTAVIO VERDEJA  
MANNY ALVAREZ  
VANESSA GUTIERREZ  
MIKE POUNDS

1 THEREUPON:

2 (The following proceedings were held.)

3 CHAIRMAN MENENDEZ: We'll call the meeting to order.

4 The first thing on the agenda, before we approve the  
5 minutes, I guess, would be a discussion regarding the  
6 agreed upon procedures and analysis from the internal audit  
7 function.

8 MS. GOMEZ: Well, that's the one that we want to put  
9 out of order.

10 CHAIRMAN MENENDEZ: I won't do the minutes either.  
11 I'll let John get back for that.

12 MS. GOMEZ: All right. That's fine.

13 CHAIRMAN MENENDEZ: So do you want to get started with  
14 the evaluation committee?

15 MS. GOMEZ: Yes. Mike Pounds is the Chief Procurement  
16 Officer, and so he wants to discuss with you a request.

17 MR. POUNDS: Okay. Well, thank you for having me at  
18 the meeting. We are in the process of evaluating an RFP  
19 right now for the redevelopment of parking Garages 1 and 4.

20 I don't know if you're all familiar with those  
21 garages, but they're located across the street from Publix,  
22 and near the Miracle Theater, and we have requested  
23 proposals to redevelop those two garages with a public  
24 parking component, and also a private component, which  
25 could be residential, commercial or both.

1           The City Manager has selected-- has decided that we  
2 will have members from key committees-- key advisory  
3 committees to serve as evaluation committee members.

4           RFPs-- please stop me if I'm going too fast or if you  
5 have questions. RFPs use a method of selection called,  
6 evaluation committee, and that evaluation committee usually  
7 consists of interested parties or experts in a field-- in  
8 fields that relate to the particular solicitation, okay.

9           In this case, it's parking garages, which touches upon  
10 many committees in the City. One of them being, yours,  
11 Budget and Audit. We're all also-- we will also have  
12 members of the committees from the Property Advisory Board,  
13 Planning and Zoning, Economic Development. I believe there  
14 was a total of five. There's one that escapes me, but  
15 there are a total of five committees. So we're going to  
16 have-- excuse me, okay, we have parking-- the Parking  
17 Advisory Board.

18           So we would like to ask that you select a member from  
19 your ranks to serve on the evaluation committee. The  
20 evaluators will review proposals. They will listen to  
21 presentations. They will conduct interviews. This all  
22 will occur over a course of two meetings. One meeting will  
23 be an orientation, and the other meeting will be the bulk  
24 of the work, and it's a commitment of time.

25           Does anybody have any questions about what I'm going

1 through here? I'm going through it fairly quickly.

2 CHAIRMAN MENENDEZ: And this committee, they make a  
3 recommendation to--

4 MR. POUNDS: They will make a recommendation to the  
5 City Manager, who will review the recommendation, and, in  
6 turn, make that recommendation to the Commission.

7 MS. SWANSON-RIVENBARK: The way that we've done the  
8 RFPs-- and I can speak, you can speak, because we're not  
9 under the cone, but everybody else basically is under the  
10 cone.

11 CHAIRMAN MENENDEZ: Currently, right now?

12 MS. SWANSON-RIVENBARK: Yes. And so it is a two-stage  
13 process. The first stage is qualifications. Can they do  
14 it? Do they have a team? Do they have the financing  
15 ability? Do they have-- not so much will they build this  
16 grand glorious building, but what is the team credentials,  
17 and then you all will short list, give it to the Commission  
18 for consideration, through our office, and then those that  
19 are selected to enter into stage two will have to do  
20 analysis, elevations of all four sides, traffic studies,  
21 financing plans, pro forma showing what the City's revenue  
22 would be in return, and so that costs a lot of money. That  
23 itself-- they're probably going to put out 250, \$300,000 at  
24 that stage, but that's the second stage. So whoever is  
25 gracious enough to volunteer, that first meeting-- that

1 first stage is the short list. Basically, pass, fail, or  
2 who are the best that you want to move forward, and the  
3 second round, which is a later date, yet to be determined,  
4 would be recommendations for specific projects, based on  
5 prequalified teams.

6 MS. GOLDSTEIN: I am out of town the first meeting.

7 CHAIRMAN MENENDEZ: I'm the Chairperson. I don't know  
8 why I was excluded. I have only been Chair one day. I  
9 guess I was bad, but that would leave one other person.

10 MS. GOMEZ: That was some discussion that Mike  
11 mentioned, that the idea was not to have the chairperson--  
12 because there could be conflicts?

13 MS. SWANSON-RIVENBARK: No. No.

14 MS. GOMEZ: Okay.

15 MS. SWANSON-RIVENBARK: It's good to clear this up.

16 MS. GOMEZ: Okay.

17 MS. SWANSON-RIBENBARK: Your one-day service is  
18 honorable. We hope you continue for two.

19 The Economic Development Board-- the Chair of the  
20 Economic Board is June Morris. June Morris' husband is  
21 Allan Morris, and Allan Morris has submitted. So we  
22 disqualified that Chair. So we didn't want her as a  
23 consideration, but it was not the intention to disqualify  
24 all Chairs.

25 In fact, it's important for us. We did this with

1 Gables Grand, Village of Merrick Park, Palace-- we've done  
2 it with other RFPs. It's important that the Board get who  
3 the Board wants, as long as there's no relationship with  
4 those that are submitted.

5 MR. POUNDS: I have the names of the firms. You know,  
6 if there's one you have some sort of a business  
7 relationship with, then that would-- that could exclude  
8 you. Most likely it will.

9 MS. SWANSON-RIVENBARK: It will, because it's so much  
10 perception, rather than just a direct connection. So we  
11 don't want anyone to challenge that it hasn't been a fair  
12 and transparent process.

13 CHAIRMAN MENENDEZ: I'm sorry, real quick. The  
14 company chosen will do both garages?

15 MS. SWANSON-RIVENBARK: No, not necessarily. They can  
16 either do door number one, door number two or both.  
17 Depends on what they've submitted. And the Commission at  
18 all times, has the right to select whatever is in the best  
19 interest of the City, including rejecting all proposals.

20 MS. GOMEZ: Did you want to read the names of the  
21 firms?

22 MR. POUND: Let me give the names of the firms that  
23 are under consideration under Phase 1, GCBBE, LLC, that's a  
24 combination of two firms. One of them is a local firm, and  
25 another one is from Chicago. Green Corp Partners is the

1 lead firm, and Baron Channer is the local part of that  
2 group.

3 Florida East Coast Realty, Terranova Corporation, the  
4 Allan Morris Company, and the Related Group, and they have  
5 also formed a partnership, American Land Ventures. So  
6 there are five proposals that have been submitted. Two of  
7 them are partnerships, and that being the Allan Morris and  
8 Related Group, and the GCBBE Group.

9 MS. GOLDSTEIN: And the Terranova, is that Steve  
10 Potolsky?

11 MS. SWANSON-RIVENBARK: Yes.

12 MS. GOLDSTEIN: I would have to take myself off.

13 MS. SWANSON-RIVENBARK: There's also a real estate--  
14 Financial Real Estate Advisor, that is a part of our staff,  
15 a consultant, that will help evaluate and sift through  
16 financial ability. So I don't want people to think that  
17 they are evaluating all of the specific pro formas for  
18 reality; that they will assist with that, so-- and then,  
19 when it comes to Phase 2, we'll also bring an Urban Design  
20 Consultant, if the Board wants to use that as a resource.

21 CHAIRMAN MENENDEZ: Okay.

22 MR. POUNDS: This first phase is, I would say, very  
23 conceptual. It does not have a lot of specifics.

24 MS. SWANSON-RIVENBARK: We don't want them to  
25 specifically ask for-- Chair, are you serious, you docked



1 everyone that came late, \$100?

2 CHAIRMAN MENENDEZ: And on that note, I'd like to make  
3 a motion to excuse Jose Smith, he had an excuse.

4 Anybody second that?

5 MR. HOLIAN: Second.

6 CHAIRMAN MENENDEZ: Okay. We have a quorum now.

7 MS. GOMEZ: We had a quorum before.

8 CHAIRMAN MENENDEZ: Oh, we did?

9 MS. GOMEZ: Three is a quorum.

10 MR. HOLIAN: I'm sorry, my daughter twisted her ankle.  
11 I was at Urgent Care since 6:15 this morning.

12 MS. SWANSON-RIVENBARK: Would you like a cup of  
13 coffee, water, anything?

14 MR. HOLIAN: No.

15 MS. SWANSON-RIVENBARK: So, as it relates to-- you  
16 know, we're talking about the RFPs, and whether or not  
17 people-- we're asking for a committee member from this  
18 group.

19 In the Phase 1 qualifications, we don't want to see  
20 all of the pretty pictures, because that can distract. We  
21 really want to look at the credential side.

22 CHAIRMAN MENENDEZ: John, do you know what's going on  
23 with this?

24 MR. HOLIAN: Yes.

25 MR. POUNDS: We have two meetings scheduled, November

1 13th is an orientation meeting, and that's early in the  
2 morning, at nine o'clock, and then we have the actual  
3 evaluation meeting, which will be on the 17th. That will  
4 begin at 8:30, and that will run until, I would say, at  
5 least four o'clock, depending on how quickly you all arrive  
6 at a decision.

7 Each firm has been allocated roughly an hour. They  
8 have basically 50 minutes, but we will provide some  
9 flexibility, if necessary. We will be giving you the  
10 proposals in advance so that you can review them, and be  
11 ready for the meeting. The orientation will basically help  
12 you get ready for the evaluation, so that you can-- we can  
13 go over all of the issues of what we need to discuss, what  
14 we need to look at.

15 The City Manager mentioned the cone of silence-- I  
16 don't know if she specifically said the, cone of silence.  
17 We talked about the concept. We will be under a code of  
18 silence, which means whoever is selected will be able to  
19 speak today, but after that will not be able to speak to  
20 this Committee. You'll be able to talk to the City  
21 Manager. You'll be able to talk to me. You'll be able to  
22 talk to our Economic Development Director, who is the City  
23 Manager's designee, as it relates to this RFP, but the code  
24 of silence is there to protect you from any criticism that  
25 you potentially could be influenced by the developers who

1 are-- basically will not be able to speak to any of the  
2 developers or to any of the staff, with the exception of  
3 those that I mentioned.

4 CHAIRMAN MENENDEZ: Okay. Is there any other  
5 information or at this point should I ask for a volunteer,  
6 if there is one?

7 MS. SWANSON-RIVENBARK: If there's other questions,  
8 we're happy to answer them.

9 CHAIRMAN MENENDEZ: Do you have any questions?

10 MR. HOLIAN: No.

11 CHAIRMAN MENENDEZ: At this point, anyone want to  
12 volunteer to be on this committee? If there are no  
13 volunteers, I'll default and do it.

14 MR. HOLIAN: If no one wants to do it, I'll be happy  
15 to do it.

16 Just for sake of conversation, I was a builder. I  
17 built 150 houses, about 80 condos, in my previous career.  
18 Not that that has any relevance, but I do have a background  
19 in construction.

20 CHAIRMAN MENENDEZ: That's 149 houses more than I have  
21 done.

22 (Simultaneous speaking.)

23 MR. POUNDS: Before you came to the meeting, I  
24 mentioned the five firms that had submitted proposals.  
25 Whoever is selected cannot have a business relationship.

1 MR. HOLIAN: I'd like to know those firms.

2 MR. POUNDS: Those firms are GCBBE, which is a  
3 partnership between a company called Green Corp Partners,  
4 which are out of Chicago, and a developer called Baron  
5 Channer. He's local. Florida East Coast Realty, Turnover  
6 Corporation, and then there's a partnership involving the  
7 Allan Morris company and a Related Group, and then the  
8 final one is American Land Ventures.

9 MR. HOLIAN: Nothing, but Allan Morris, is a Related  
10 Group like a spider that goes everywhere. That's an  
11 enormous organization.

12 MS. GOLDSTEIN: Thank you, John.

13 CHAIRMAN MENENDEZ: Do we need to make a motion?

14 No. Then John will be selected.

15 MS. KNIGHT: I'll be happy to do it if something comes  
16 up the first dates of November 13th at 9:00 a.m. and  
17 November 17.

18 MS. SWANSON-RIVENBARK: Whoever agrees needs to be the  
19 same person throughout the whole thing.

20 MS. GOMEZ: It was the 13th and the 17th.

21 MR. POUNDS: 13th and the 17th.

22 MS. KNIGHT: I'd be happy to, but--

23 MR. HOLIAN: If you'd like to do it, that's fine with  
24 me.

25 MS. KNIGHT: The only thing I would say is that my

1           company is a tenant in the Allan Morris Building. We don't  
2           have a relationship outside of that, but that's-- I don't  
3           know if that-- how that--

4           MR. POUNDS: I don't see that as a problem, but maybe  
5           I'm not the person to make that call.

6           MS. SWANSON-RIVENBARK: So we've got-- it's great. So  
7           we actually have a couple of people that are willing. So  
8           if it's all right with you, just because we're so careful  
9           in these things, we will run it by our City Attorney, to  
10          make sure that there's no-- no one could throw some type of  
11          ethical violation, and, you know, just to cover you and  
12          cover our process.

13          MS. GOMEZ: So what I'll do is, I'll put that question  
14          into the City Attorney, and then I'll communicate via email  
15          to you, separately. You know, to each of you, to say,  
16          okay, Erin, yes, you can be on the committee, so therefore  
17          these are the dates, here you go, or, no, Erin, it doesn't  
18          work out, because the City Attorney suggests it's not, and  
19          then I'll tell John that he can be on the committee, okay?  
20          So then I'll communicate within the next day or two.

21          MR. HOLIAN: I'm going to run out and tell everybody.  
22          Just kidding.

23          MS. GOMEZ: Is that okay? That works? Okay, great.

24          MS. SWANSON-RIVENBARK: So the 13th at 9:00, and all  
25          day on the 17th.

1 MR. POUNDS: Yes. The 13th meeting should last about  
2 an hour, and then the actual evaluation will be all day. I  
3 would hope you would be out of here by 4:00, but no later  
4 than 5:00. I can't imagine it would take that long.

5 The last company will come in at two o'clock, and  
6 again, we'll give them about an hour. Actually, five  
7 o'clock is probably a safer place.

8 MS. SWANSON-RIVENBARK: We need to tape that. CG TV  
9 is going to tape it.

10 MR. POUNDS: It will be taped, yeah.

11 CHAIRMAN MENENDEZ: Okay. We'll move on to the next  
12 item. Do you want to go back to the beginning? So that we  
13 can pretty much rest here?

14 MS. SWANSON-RIVENBARK: Yes.

15 CHAIRMAN MENENDEZ: So the next thing is a discussion  
16 regarding agreed upon procedures, analysis of the internal  
17 audit.

18 MS. SWANSON-RIVENBARK: It's an item that I'm excited  
19 to bring to the Board. The City has received a triple A  
20 bond rating, and we attribute that to the good work of the  
21 Budget & Audit Board, in addition to all of the good work  
22 that the Commission is doing. That was given by Moody's, a  
23 double A, plus positive outlook by Standard, and we're  
24 confident that they'll come to a similar conclusion. But  
25 it's all about processes and doing it the right way,

1 looking at the best practices, and being careful with the  
2 limited amount of resources that the City has of taxpayer  
3 dollars and other revenues, and so it has given us  
4 permission, because-- the last several years with the  
5 changes in the Florida real estate and the nation's real  
6 estate has helped us be even more careful with the  
7 resources, and so any time new positions are being  
8 considered, we give it several considerations. Are the  
9 positions absolutely necessary? Should they be handled  
10 part-time or full-time? Should we go to outside sources to  
11 provide those resources? Because we know that those kinds  
12 of commitments remain ongoing obligations for the City.

13 Some of the changes we've done in our process, as it  
14 relates to part-time, we now have sick, vacation time, but  
15 government holidays-- because the way that we thanked our  
16 part-time employees Christmas week last year was we paid  
17 them less, because the City was closed.

18 The whole part-time model is a good model for us, not  
19 to replace full-time, but to supplement. Whether they are  
20 millenials that don't really want their work interfering too  
21 much with their lives, or they are second careerist that  
22 want to stay in the game, or they are people that from a  
23 work life balance, it works better for them to have  
24 part-time.

25 We have hired a Procurement Specialist that's

1 part-time, who came from Miami-Dade Public Schools, which  
2 coincidentally, when we asked our Commissioners, who does  
3 the best procurement, it was Miami-Dade Public Schools, and  
4 the professional one will be able to drop their kids off in  
5 the morning, and pick them up in the afternoon, and so that  
6 part-time model worked really well.

7 We have also introduced as part of recruitment, and  
8 then later were looking at existing employees that are  
9 non-vested, an optional 401. So rather than going to a  
10 pension fund, then our directors and assistant directors,  
11 exempt, excluded employees, can choose-- new employees  
12 entering in can choose to, rather than do a pension and  
13 have a pension contribution, they can do a 401 that is  
14 City sponsored. So we're looking at smarter, better ways,  
15 based on best practices, what other cities are doing, what  
16 some corporations are doing, so that we can really raise  
17 our bar, in terms of performance. And we think that's  
18 appropriate for the City, because the City has a good  
19 brand, and we do a lot of really great things, but we  
20 believe that if we don't commit ourselves to constant  
21 improvement, we have the opportunity of falling behind in--  
22 you know, in service to our residents and in our ability to  
23 attract and retain businesses, residents and employees.

24 So when it comes to the opportunity of internal audit,  
25 which I am a strong, strong believer in, we have an



1 opportunity to look at how we operate internal audit, as  
2 well.

3 Currently, we only have one employee in Internal  
4 Audit, and that's Lori, and Lori has presented several  
5 audits to you. Previously, we had had two other employees  
6 in the Division. That Division reports directly to me, and  
7 prior to my arrival, those positions were eliminated.  
8 Eliminated, because somebody moved over to Finance, and  
9 someone else did something else, but the positions were  
10 eliminated. So we have an opportunity of looking at--  
11 there's been a suggestion that we are possibly  
12 under-resourced, and so we have the opportunity of looking  
13 at, do we operate internal audit internally? Is it with  
14 one? Should it be with more? Or do we operate internal  
15 audit externally, where we contract with a firm to conduct  
16 the internal audit reviews, rather than as a City employee?  
17 And there are pros and cons on both scenarios.

18 I have personally spoken to Lori about our desire for  
19 the review, and we have also retained the services of the  
20 firm that is going to be speaking to you today for several  
21 reasons. One, because they do internal audits for outside  
22 groups. They have the ability to do an objective  
23 evaluation, and, as a condition, which they fully  
24 understood, as a part of this review, whatever they  
25 conclude, and we haven't told them you have to answer it

1 this way or that way, you need to come forward with the  
2 best recommendation, whatever you conclude, you are  
3 excluded from competing in any process. So they are our  
4 objective external reviewers.

5 I spoke both, to the University of Miami, that has  
6 internal audit classes, and also FIU, that had internal  
7 audit classes, to get up to speed on what is the best  
8 practice out there, and suggested to them, here's the  
9 concept that I'm thinking about, to do an objective review.  
10 We also had the firm meet with Lori so that Lori can,  
11 throughout the process, give her input on pros and cons,  
12 from her perspective, and then when they're done with the  
13 report, we want them to come back to you, and to share  
14 those findings. They'll come back to me, also, but you're  
15 an instrumental part of our audit review process, so we  
16 want your input.

17 There was a suggestion in prior minutes that in terms  
18 of property for police, we are doing the property review  
19 now. Lori is conducting that. I'm interested in possibly  
20 contracting out an external group for property for police,  
21 because property and police, a lot of cities can get into  
22 trouble. As a part of the inventory of what we have in--  
23 and we have a great police department, COLEA Accredited.  
24 Meet gold standard, in fact. We meet all of the minimum  
25 requirements for audit, but when you have 20 rape kits in

1 a police refrigerator, and that's where they're stored, you  
2 have to ask your question, not only confirm that there are  
3 20 rape kits, but ask the question, why? Because they  
4 really should be with a medical examiner, and getting under  
5 review. We have an obligation to move those investigations  
6 forward.

7 We have three-- I'm sorry?

8 MR. HOLIAN: That's a national problem, though.

9 MS. SWANSON-RIVENBARK: Absolutely

10 MR. HOLIAN: That's not a local problem. That's a  
11 national problem.

12 MS. SWANSON-RIVENBARK: Oh, my goodness. You know  
13 what, a lot of cities have a lot more in their  
14 refrigerator.

15 MR. HOLIAN: That's what I'm saying. I don't think  
16 that's us, specifically. That's a national issue.

17 MS. SWANSON-RIVENBARK: No. No. No, but we want to  
18 avoid any future issues. We are not under any cloud, Coral  
19 Gables, but it is a national issue being addressed, but it  
20 is national.

21 We have \$300,000 in cash in our safe in our property  
22 room. Is that a best practice or should we have a lesser  
23 amount? One asks that. So we are reporting it accurately,  
24 but we need to also have the expertise to ask, is this best  
25 practice, as a part of the audit, and so we will bring in

1           either International Association of Chief of Police or  
2           Police Executive Research Firm, they call it PERF, to help  
3           us make those kinds of qualitative reviews, as part of  
4           that. So, regardless of what scenario is ultimately  
5           selected, we will also bring in that kind of review in the  
6           police property audit. We have a good, clean audit for  
7           property, so I don't want you to think that we're in  
8           trouble with that audit room. We just want to ask even  
9           deeper questions, as a part of that process.

10           So I asked the firm to come so that they can speak to  
11           you. They've also spoken to Lori. They'll be speaking to  
12           all of the departments that are necessary in order to  
13           formulate their evaluation. They'll be reviewing prior  
14           audits, looking at what the future audit schedule is, and  
15           then coming forward.

16           We haven't set a deadline as to when their review will  
17           be complete. We do have a price that review will be, and  
18           we have set that, but otherwise we wanted to get you up to  
19           speed, brief you, and keep you posted as they move forward.

20           MR. HOLIAN: I'm a little unclear on the current  
21           review. Did the current review reveal something or is the  
22           current review to review if it should be on an external  
23           audit?

24           MS. SWANSON-RIVENBARK: We absolutely will have a  
25           strong audit function. The question is, do we have-- do we

1 have an internal auditor or an external internal auditor,  
2 and in order to do that, part of it will be to conduct a  
3 review of what has happened thus far, and where we want to  
4 go moving forward.

5 MR. HOLIAN: So we're having an external auditor look  
6 at our internal versus external possibility, make a  
7 recommendation to us on what would be the best practice,  
8 and, if so, then we go to look at other auditors to  
9 contract with?

10 MS. SWANSON-RIVENBARK: It depends on what the  
11 conclusion is, because the conclusion may be, beef up what  
12 you've got.

13 MR. HOLIAN: Well, excluding that scenario.

14 MS. SWANSON-RIVENBARK: Then we would look at how we  
15 implement-- do we accept the recommendations, and then how  
16 do we implement those recommendations.

17 MR. HOLIAN: But will we be going out to bid for the  
18 external auditor?

19 MS. SWANSON-RIVENBARK: I'm not trying to avoid your  
20 question. I just don't know what the conclusion is.

21 MR. HOLIAN: No, I'm just seeking some clarification  
22 of the process.

23 CHAIRMAN MENENDEZ: You know, I have the same  
24 question. Are they excluded from bidding?

25 MS. SWANSON-RIVENBARK: Yes.

1           CHAIRMAN MENENDEZ: So even if they find that our  
2 internal funcion is disastrous, let's just say, or the best  
3 in the world, they wouldn't be able to --

4           MS. SWANSON-RIVENBARK: Right, because we didn't want  
5 any scenarios or perception of compromise.

6           MR. HOLIAN: Okay, perfect.

7           MS. SWANSON-RIVENBARK: And they've agreed to that.

8           MR. HOLIAN: No, I didn't understand. That's fine.

9           MS. SWANSON-RIVENBARK: So, do you want--

10          MR. VERDEJA: Great. So good morning to all. My name  
11 is Octavio Verdeja, the managing partner at the firm.  
12 Manny Alvarez, Vanessa Gutierrez.

13           Just a little bit on the firm, we've been-- my father  
14 actually founded the firm 45 years ago plus. Founded in  
15 Coral Gables. Always been in Coral Gables. We're  
16 probably-- I don't know-- but we may be the only long,  
17 long-term CPA firm in Coral Gables. I'm sure there's a few  
18 others, but we have always been here from day one. So  
19 we're proud of that. I have lived in Coral Gables most of  
20 my entire life. You know, I feel something for the City,  
21 importantly so. You know, I'm glad to be part of this  
22 process, and that you all are going to look at it.

23           I think what you said before-- you know, I just want  
24 to reiterate, we did agree to be precluded from serving as  
25 external auditors and external internal auditors, if we

1           were to go down that path, and if we were to say that  
2           that's the best path. I think that was smart on your part.  
3           We accepted that, so that there is no reason for us to tell  
4           you one way or the other, because, in any way, we would  
5           want the job down the line, so we understand that.

6           A little bit on myself or on the firm. You know, we  
7           do audit-- we have maybe 40 in the firm, total. We have a  
8           lot of external audits. We do some internal audit. Many  
9           clients of Coral Gables, you know. So, again, we're part  
10          of this community.

11          Just to give you an idea, we're in the Early Learning  
12          Coalition Endeavor, which is here. We do all of the work  
13          for the Archdiocese of Miami. So all of their parishes and  
14          schools within Coral Gables. We do Gulliver Schools, and  
15          I'm thinking other things in Coral Gables, but quite a bit  
16          of clients that are based in Coral Gables.

17          So where we're at. Part of this process or where  
18          we're at today, I don't want you to think that we come here  
19          with any form of conclusion, because we're not there yet,  
20          by any means. Where we started with this process is, we  
21          said, let's look at what we have here, and see if we are  
22          good with it or see if we have to change it. It could be  
23          that, at the end, we may say, "Keep your internal audit,  
24          but revamp it, the way it is in-house," or we may say, "Why  
25          don't you go to an RFP for external internal audit?"

1 Again, this is internal audit, so I want to be clear about  
2 that.

3 You're not selecting going through and choosing an  
4 external auditor. You already have an external auditor. I  
5 have been, myself, part of this. I Chaired the Early  
6 Learning Coalition for eight years. It's a \$180 Million  
7 organization. It's in Coral Gables. And I went through  
8 this process personally, where I was the Chair and the Head  
9 of the Audit Committee, because I'm a CPA, and we had to  
10 make the determination, whether internal audit or  
11 external/internal audit was best for us. We went through  
12 that decision, through that process, so I feel your pain.  
13 I understand it. I get what we're trying to accomplish  
14 here.

15 So where we're at today is-- and maybe I should pass  
16 these around, but I don't expect you to read them now. I  
17 just want you to kind of know where we're at. So without  
18 going item by item, anything like that, part of the process  
19 is to understand-- simply understand what it is that you  
20 have here.

21 So we met with the City Manager. We met with  
22 Ms. Gomez. We met with Lori. So we're trying to figure  
23 out, you know, what is it that she does in-house. How does  
24 she report to you? Are you satisfied with that reporting?  
25 What are we getting from her, very simply? So that we can



1 say-- we can come up and say, "These are all the pros of  
2 having somebody in-house," and then we'll say what are we  
3 not getting, what is not beneficial, and then come up with  
4 all of the cons, and it's going to be very simple, in the  
5 sense of, we'll make a T account. For those of you who are  
6 accountants, you know, on the left side, we're going to  
7 have the debits and the credits, and we're going to come up  
8 and say, the debits outweigh the credits or the credits  
9 outweigh the debits, and this is what we suggest.

10 At the end, I think you all will make an educated  
11 decision based on that. The goal here is to then look at  
12 what if we went external. What does that mean? What kind  
13 of services can we get? How much is it going to cost? How  
14 much do we pay now? You know, what are the benefits one  
15 way or the other.

16 Yes, we have a person in-house. We have  
17 accessibility, that sort of thing, but it's a person, and  
18 if that person is out or is on vacation or is not-- maybe  
19 doesn't have enough training for a certain area, then you  
20 limit that person. If you go external, then you may have  
21 the firm to depend on, and that firm may have different  
22 individuals within the firm that are more experts in one  
23 area than another area, so, therefore, you can draw from  
24 all of their sources, but you don't have that accessibility  
25 that you would have as an individual who works here. So

1           there are definitely pros and cons.

2           We, ourselves, do serve and do quite a bit of work  
3           that is-- you would deem internal audit or project-based  
4           audit, that sort of thing, and at the same time, we have a  
5           lot of clients that have internal audit within their  
6           company. It is not that one is better than the other.  
7           What we would hope in this process, and we're going to try  
8           to find for you in our conclusions, besides this  
9           debit/credit T account, coming up with pros and cons, is  
10          also be able to say to you, "We've looked into a number of  
11          other cities your size, and we want to get to that point.  
12          We're not there yet. This is what they're doing."

13          It doesn't mean that it's what you have to do, but it  
14          tells you what's out there. What's the norm now? Are they  
15          all going external audit? Are they all staying internal  
16          audit? And then you're going to make that decision anyway,  
17          and they may all go external, and you may decide to stay  
18          internal, because that's the best for you or vice versa.

19          At this point, again, I don't know if you all want to  
20          add, they interviewed, you know, certain individuals here,  
21          and we expect-- I don't know that we have a date, like you  
22          said. We're thinking that some time in November we'll have  
23          a conclusion for you, and that conclusion is-- at the end,  
24          I think it's best-- maybe I shouldn't even call it a  
25          conclusion, I should just call it a report, and that report

1 will tell you, this and this, and then you all look at it,  
2 and say, "You know, there's further questions. We want you  
3 to look into this or this area," or "Why did you say this  
4 or why didn't you say that," and then-- you know, we  
5 understand there's human beings involved in this. You  
6 know, there are sensitive positions involved in this. We  
7 are sensitive to that, but we don't want that to be our  
8 guide in either direction. We don't want to be thinking,  
9 well, poor so and so is going to lose her job, or on the  
10 reverse side, go with internal audit or go with external  
11 audit because that's the latest trend. It may be in a  
12 certain set of circumstances, but it may not be for you  
13 guys.

14 With that, I'm just going to-- again, we're not here  
15 to discuss any-- you know, what have we found or anything  
16 like that, because I don't think we're there yet, but if  
17 you want to ask us what we've done so far, what our goals  
18 are, then we can tell you what we've done so far.

19 MS. SWANSON-RIVENBARK: One of the things that  
20 prompted this is the request for additional positions, and  
21 so if we're going to ramp up with additional positions, we  
22 want to look at, just like we do with any position request  
23 that comes in, is it the best way? Should it be inside?  
24 Should it be outside? Should it be full-time? Should it  
25 be part-time?

1           And so, looking back, when the internal auditor first  
2 arrived, it was a contract position. There was a contract  
3 between them and the City. Two positions-- two City  
4 positions-- full-time positions were in place. Those  
5 positions, prior to my arrival, have been dispersed, and so  
6 those positions are no longer on the books for internal  
7 audit.

8           The internal auditor came back as a full-time  
9 employee, with the benefits and increased salary to support  
10 that, and, now, as we look forward, is it-- which is the  
11 most responsible way? Do we ramp up inside or do we look  
12 outside for the help? And so that's really the decision  
13 on, do we increase the number of the positions, is one of  
14 the things that prompted the question.

15           MS. GOLDSTEIN: I think it's an interesting analysis,  
16 and my former background is CPA, and I was an internal  
17 auditor, so--

18           MR. HOLIAN: She speaks for us.

19           MS. GOLDSTEIN: I mean, I have no construction  
20 experience, but I'll be interested to read your report and  
21 see how it comes out.

22           I'm interested in what other cities do of this size,  
23 and where we're going as a City, and also interested in how  
24 other cities and places that use external/internal audit  
25 functions do in retaining the same individual for a period

1 of-- you know, a long period of time.

2 CHAIRMAN MENENDEZ: Are we thinking the same firm or  
3 are we thinking about the individuals within the same firm?

4 MS. GOLDSTEIN: Individuals within the same firm that  
5 get to know what the consistency is, and, you know, maybe  
6 it's the same manager or partner, but just-- I think that's  
7 a benefit that I've seen over my last-- I don't know how  
8 many years I've been on this committee-- it's just the  
9 knowledge of being somewhere and not relearning that it's  
10 difficult, but I'm just interested in how other places  
11 react to that.

12 I'm also very interested to know, not just who uses  
13 outside auditors, but the number of auditors-- internal  
14 auditors within the different city functions. So not just  
15 a question, do you use--

16 MS. SWANSON-RIVENBARK: Can you help me understand  
17 that better?

18 MS. GOLDSTEIN: Okay. So the number of internal  
19 auditors, if it's internal, versus, among different cities.

20 (Simultaneous speaking.)

21 MS. SWANSON-RIVENBARK: And is that correlated to size  
22 of the city or is that across the board?

23 MS. GOLDSTEIN: I would be interested to see, as they  
24 survey, just so that we have that information, so that it  
25 can be seen, because, obviously, this is a pretty large

1 city, and we have one. So, you know-- the other thing that  
2 I think would be interesting is the breath of what others--  
3 I know there are certain requirements that need to be  
4 audited, but also I'm assuming that Diana's group would be  
5 involved in looking at what else, they would like help in  
6 looking at functions and streamlining, and how we can save  
7 money as a City, but I think it's very, very interesting,  
8 and it will be interesting to read your report, and--

9 MR. VERDEJA: I think one of the things that we're  
10 going to need from Diana and from you all is expectations.  
11 So, you know, what is it that you would expect from-- "I'm  
12 getting these reports now. I don't understand them. They  
13 are too detailed or they are not detailed enough." What  
14 would you expect, and who would be better to do that, an  
15 internal auditor or an external auditor, and I think that's  
16 part of this expectation, because if you're extremely happy  
17 with what you have, well, that's, you know, in the plus  
18 column on that T account, right.

19 "This is what we have, and it works out well. Why are  
20 we going to fix something that isn't broken, you know?" So  
21 I think that that's important, to come from you, and to  
22 say, "Okay."

23 But the other side of the coin is, we only have one  
24 employee. I want this to move faster. It's not moving  
25 fast enough. We're only getting two or three audits a year

1 or five audits a year. I want fifteen audits a year of  
2 different departments, and one employee can't possibly  
3 handle that.

4 So, you know, and everything-- all of this, of course,  
5 there's a money issue here, there's no doubt. You know, if  
6 we put ten people in here, it's going to cost X. We have  
7 benefits. We have health insurance. We have all sorts of  
8 payroll taxes, issues. Everything that goes along with  
9 that cost gets built up, but you can do it. You know, if  
10 you throw money at it, you can do it.

11 MS. SWANSON-RIVENBARK: I'm sorry to interrupt. I  
12 also think we should make sure that our next meeting is  
13 potentially after the report is submitted, so that we can  
14 be timely in reviewing that, along with the City, since  
15 they obviously want our input since they're all here.

16 CHAIRMAN MENENDEZ: What's our role in this? Our role  
17 would be, what, we're going to look at this report? Make  
18 our recommendations?

19 MS. SWANSON-RIVENBARK: We would welcome the feedback,  
20 because while I make personnel decisions, you're a partner  
21 in that whole internal auditing process, and so we would,  
22 you know, be reviewing the report together, and  
23 collectively looking at, you know, recommendations that are  
24 coming forward with it.

25 You know, you're the Budget Board. We haven't

1 budgeted for positions but, you know, that that process--  
2 we have a process to do that, you know. So that if the  
3 conclusion is internal, then, you know, it's not an instant  
4 solution, an instant implementation, but we know what to do  
5 to get there.

6 CHAIRMAN MENENDEZ: Is the position still a contract  
7 position or--

8 MS. GOMEZ: No.

9 MS. SWANSON-RIVENBARK: No.

10 CHAIRMAN MENENDEZ: And if we are going to do a  
11 report, on that report will there be some sort of table  
12 that shows the scope of work that's currently being done,  
13 because I know there are a lot of audits that are very time  
14 consuming, that I would imagine take up the majority of the  
15 work? I believe the Biltmore audit takes a good amount--

16 MS. SWANSON-RIVENBARK: That's not an annual audit.  
17 It was a very productive audit, but it's not--

18 MS. GOMEZ: Every two years we have to do the National  
19 Park Service Audit, but that's--

20 CHAIRMAN MENENDEZ: But that's required.

21 MS. GOMEZ: Right, but that's-- the external auditors  
22 do that audit. Lori assists them, but the external auditor  
23 is the one that issues a report on that Biltmore audit.

24 MS. SWANSON-RIVENBARK: But there was a contract--  
25 there was a review of the contract, and the payments that



1 were--

2 CHAIRMAN MENENDEZ: But the actual audit itself is  
3 conducted by a different auditor?

4 MS. GOMEZ: Well, there's two separate things.  
5 There's an every two-year National Park Service audit that  
6 has to be done, and our external auditors do it, and Lori  
7 assists in getting some of that information for the  
8 auditors, but then there was a review of the Biltmore  
9 contract a few years ago, because there were issues in  
10 dispute of the Biltmore, and so she conducted an internal  
11 audit of the Biltmore contract.

12 CHAIRMAN MENENDEZ: Okay.

13 MS. SWANSON-RIVENBARK: Which included the property,  
14 stuff that came up.

15 MS. GOMEZ: Yes.

16 MR. HOLIAN: A question for the laymen in the room.  
17 What's the difference between an external audit and an  
18 internal audit? I have no clue.

19 MR. VERDEJA: I was about to go into that. As I heard  
20 you say it, I was thinking, maybe this report has to start  
21 from that point, right? So there are auditors, right? So  
22 we're auditors here. Now, that's the first thing. Now, we  
23 can serve as external auditors, and we can serve as  
24 internal auditors, okay.

25 So an external auditor is an auditor that's going to

1           come probably once a year, is going to-- the purpose of  
2           that external audit is to determine that your financial  
3           statements are fairly stated.

4           MS. SWANSON-RIVENBARK: That's Mike Landry.

5           MR. HOLIAN: I remember that.

6           MS. SWANSON-RIVENBARK: And so we have external  
7           auditors.

8           MR. VERDEJA: So they are going to give you a set of  
9           financial statements, and you're going to look at them and,  
10          say, "These financial statements are our financial  
11          statements." They give us an opinion. They say that it's  
12          fairly stated, that's the purpose of that.

13          MR. HOLIAN: Financials?

14          MS. SWANSON-RIVENBARK: Financial statements.

15          MR. VERDEJA: Right, those financial statements, an  
16          external audit.

17          An internal audit is much more in detail, perhaps more  
18          project related. In other words, we're going to look just  
19          at the police department this month, all right. From an  
20          external perspective, all we have to determine is that the  
21          police department's revenue sources, expense sources are  
22          fairly stated, but maybe an external auditor doesn't have  
23          to get into the details within the police department, that  
24          this is operating this way, the controls are such. They  
25          may look at it in general, but an internal auditor would go

1 much more in depth.

2 So, now, this is kind of a weird hybrid in the sense  
3 that-- not a hybrid, but it's a different situation. As  
4 you're saying, "I want an external firm to conduct my  
5 internal work." That external firm will not be your same  
6 external auditors, because it would be a conflict, right?  
7 So you would not go with McGladrey to do your internal  
8 auditing work, because they would be reporting to  
9 themselves. You know, you would pick another firm, if you  
10 went that route, that would look at your internal audit.

11 And, again, the issue you're going to face here next  
12 would be, if you decide to go that route, and it's an if,  
13 if you decide to go that route, and if you put RFPs out,  
14 well, how many hours do we need a year from these firms,  
15 because you get what you pay for, right? So, if I say,  
16 well, I only want to spend, you know, \$50,000 and the  
17 external firm says, "Well, for \$50,000 I can only give you  
18 one audit a year of a department." And you say, "Well, for  
19 that same 50, I was getting five audits a year, within my  
20 internal. Then I'm going to choose to stay this way."

21 On the other hand, I'm saving on payroll taxes. I'm  
22 saving on health insurance, and all of those things,  
23 because I don't have to worry about that. That's the  
24 external-- the external/internal auditor's problem.

25 So, you know, once we get to a point where we give you

1 a report, and say, "Here, these are the pros and cons." If  
2 you select to go the route of the external/internal  
3 auditor, then you have to go through the route of the RFP  
4 process, so you're going to have to put those RFPs out, and  
5 that itself is a process to look at, because then you're  
6 going to determine at that point, "Well, this is not what  
7 we want from these people, you know. What don't we like  
8 that we're getting now or don't get enough of, that we  
9 would want these new auditors to put together. So that's a  
10 process in itself, and you have to go similar to what this  
11 gentleman was saying this morning. Someone will serve on  
12 the team, whether it's you all or somebody else, and you'll  
13 make a selection, and then you'll hear their comments,  
14 their goals. They'll speak to you, and then you'll make a  
15 decision and, say, "Okay, we're going to go with this  
16 firm."

17 MS. SWANSON-RIVENBARK: One thing that happens with  
18 internal auditing, as opposed to the confirmation of  
19 financials that the external auditor provides, whether it's  
20 internal or external in the internal audit review, is a  
21 look at operations, and how can we do it the most  
22 efficient, that best serves this City, and that's a good  
23 check for every department to have. And so we really  
24 challenge them all to look at their practices, see how they  
25 can, not streamline to the point where we're cutting the

1 quality of services, but make sure that we're doing it in  
2 the best possible way for the Commission and for the  
3 residents. That internal auditor or external/internal  
4 auditor helps us with, you know, how can we improve these  
5 practices, contract management. Every department right now  
6 does it differently, and what should our best practice be.  
7 So it's an opportunity for us to have additional  
8 accountability in all of our departments, as we strive to  
9 raise the bar in our operations.

10 MR. VERDEJA: I guess the other part is-- I want to be  
11 clear because I think it's fair to be clear with you all--  
12 we were engaged for this project, the fees are 5,000, which  
13 we said we were going to come up with, it's about 35 hours  
14 of our time. So there is a, I want, I want, I want, I  
15 want, but, you know, there is a limitation. We'll be glad  
16 to expand it and, say, Okay. Now you all decide, well, I  
17 want to figure out, you know, the names of every person  
18 that sits on the whatever, okay. Then we can expand the  
19 project.

20 Right now we are at the interview process. We're  
21 waiting for reports. You know, we sat with your group, and  
22 then we're going to do things that we agreed to from the  
23 beginning, which is, let's look at some of the cities,  
24 let's see what they do, and then come back with these pros  
25 and cons. You then can take it to the next level, I

1           suppose, and say, "Well, I want a little more. I want  
2           this. I want to find out that," and the we can take it to  
3           that level.

4           MS. SWANSON-RIVENBARK: Okay. We're all still within  
5           the same discussion, so I don't want you to think like--  
6           you know, their recommendations coming forward helps us  
7           know how we will best proceed.

8           MR. HOLIAN: Now that I understand the idea, I think  
9           it's a great idea to audit the audit. It doesn't make any  
10          sense not to. I think it's prudent. I thought the process  
11          was well-outlined.

12          Is there any other department besides Audit that has  
13          one employee in the City?

14          MS. SWANSON-RIVENBARK: No.

15          MR. HOLIAN: Okay. Just wondering about that.

16          MS. SWANSON-RIVENBARK: It's a division-- it's a  
17          division to the Manager's Office, but it is the only one  
18          that is one.

19          MR. HOLIAN: Okay. And when it comes down to a cost  
20          analysis, you will bring in cost of benefits, pension, all  
21          of that, and that would be the number that we'd be looking  
22          at?

23          MS. VERDEJA: I think, from our side, then you have to  
24          give us a directive, because if it's public information or  
25          not, I don't want to put it on the table, and then it be--

1 MS. SWANSON-RIVENBARK: It is.

2 MR. VERDEJA: You know, this is the individual, this  
3 is what they're making, these are the benefits, total  
4 number tallies up to X. If you were to go external, you  
5 could probably get this, and then it depends, you know, oh,  
6 I want Ernst and Young to come in here and do my internal  
7 audit, it's going to cost you an arm and a leg, or they may  
8 not even do it, you know. Then you have to figure out, you  
9 know, a second tier, a third tier firm, whatever it is, and  
10 then this is more or less their average rate, maybe \$150,  
11 \$175 an hour, and that gets me X amount of hours, and  
12 that's kind of the type of thing we're going to give you.

13 When you get to the RFP, when-- the Early Learning  
14 Coalition would do this-- we would actually just cap it,  
15 and we would say, this is what we're willing to pay for an  
16 internal audit. Are you willing to do it for this amount?  
17 Then you'd have all sorts of firms come in. Some lower,  
18 higher tier, that would weigh in, and they would say to  
19 you, yeah, we do it for \$150,000. We'll give you 40 hours.  
20 And somebody else would say, for 150,000, we can give you  
21 200 hours. So then-- and that has to do with the firm that  
22 is responding to your RFP, and you're going to find that,  
23 depending on, what I'm calling tier, you're going to be--  
24 you're going to get more hours, less hours, but it's your  
25 dollars.

1           At the end, if you leave it too open, then somebody  
2           may come back and say, "Sure, we can do a great job here.  
3           It's going to cost you \$500,000." And you're going to say,  
4           "Well, forget that. I can hire six people for that."

5           That's the part that you also have to control when you  
6           get to that point.

7           MS. SWANSON-RIVENBARK: Any other questions?

8           CHAIRMAN MENENDEZ: So you're reviewing the work of  
9           the internal audit that's already been done, and then, I  
10          guess, all options are on the table. So if you find that  
11          the function hasn't been exactly what we wanted or hasn't  
12          been what the City's been looking at, we can still have an  
13          internal audit function with more personnel or different  
14          personnel? Is that an option?

15          I think there's really an intrinsic value like the  
16          individual working at the City, and knowing staff, getting  
17          institutional knowledge, and they have an idea, you know,  
18          the ins and outs, because, as you said, there's a lot of  
19          control testing of the actual operation of the City, and  
20          sometimes you have an external auditor, unless they work in  
21          government or something like that, they may not have that--  
22          might not be as easy for them to operate and navigate.  
23          Plus, you have the relationship side, which an internal  
24          auditor helps with, because they understand some of the  
25          dynamics, which plays a role in their job.



1 MS. SWANSON-RIVENBARK: And I think that is what's  
2 over on the plus column. And then the question is, with  
3 one person, if that one person is out on vacation, out  
4 sick, you know, how do we make sure that we are robustly  
5 embracing the value of internal audit, and what should that  
6 organization piece be in, you know, whether internal or  
7 external staffing.

8 MR. VERDEJA: Sometimes with these things, I think  
9 it's like you may get to this point, and I'm not telling  
10 you this is the route to go, but sometimes you don't need  
11 to go for broke, it's either this or this. You may decide  
12 that I am going to use the internal auditor. I'm going to  
13 phase it out over a certain amount of time. It may cost me  
14 a little more at the beginning, but I want your  
15 continuing-- and I'm making this up as I speak-- but you  
16 know, the internal auditor is doing an audit of the police  
17 department. We get the external auditor to start with an  
18 audit of something else, and then, you know, if you  
19 decided, I'm going to go the external route, then there may  
20 be a phase in period. So you just don't cut the cord right  
21 there, and that may be a way to just assess this like that,  
22 and then determine, you know, it's working or not working.  
23 But I think that that's just, you know, one of these things  
24 that we have to sit back and say, pros, cons, here are the  
25 ways that we can handle this without, you know, hurting too

1 much.

2 MS. SWANSON-RIVENBARK: Any other questions? Sorry we  
3 took up so much of your meeting. We appreciate the time.

4 MR. VERDEJA: Well, then, we thank you very much for  
5 even thinking of us, and like I said, our hearts are vested  
6 in Coral Gables, and always been, so I'm glad to be doing  
7 this, particularly for the City of Coral Gables.

8 MS. SWANSON-RIVENBARK: So their challenge and their  
9 specific instruction from our standpoint was, make the best  
10 recommendation for the City. Everything else is--

11 CHAIRMAN MENENDEZ: Thank you very much.

12 MR. VERDEJA: Okay. Thank you.

13 MR. HOLIAN: I really apologize for being late.

14 (Simultaneous speaking).

15 MR. VERDEJA: Thank you all.

16 MS. SWANSON-RIVENBARK: Thank you.

17 MS. GOMEZ: A couple of things, Mr. Chair, if that's  
18 okay. Well, actually, the minutes. You maybe want to go  
19 through that.

20 CHAIRMAN MENENDEZ: Okay. Did everybody have a chance  
21 to look at the minutes, and does everybody want to make a  
22 motion to approve them?

23 MR. HOLIAN: I'll make a motion to approve the  
24 minutes.

25 MS. GOLDSTEIN: I'll second that.

1 CHAIRMAN MENENDEZ: Okay. Minutes approved.

2 MS. GOLDSTEIN: Aye.

3 MS. GOMEZ: Two things. I wanted to inform the Board  
4 that, unfortunately, we had a technical violation in our  
5 TRIM compliance, which for the budget certification, the  
6 budget advertisement reported a number that was less than  
7 95 percent, and trim law says on the budget summary, you  
8 have to report 95 percent or more. And so, although the  
9 property taxes were calculated correctly, the number on the  
10 actual advertisement in the newspaper reported 71,741,324.

11 The reason that that was, is because-- and I don't  
12 have the budget book, but the budget book-- that's the net  
13 number we show for property taxes. This number, the  
14 72,311,324 of current year property taxes, is the correct  
15 95 percent, but we were conservative in the way we  
16 budgeted, and we know that we're going to have a lot of  
17 reverted taxes and delinquent taxes, so we budgeted a  
18 negative number for delinquent, and then the net number was  
19 then as reported.

20 It was reported at less than 95, so we did have a  
21 technical trim violation, which required us to readvertise  
22 the second budget hearing, which we did this past Sunday in  
23 the Neighbors section, and we reheld the second budget  
24 workshop this past Tuesday, and adopted the second hearing  
25 of the budget. So it was an error. I apologize for the

1 error. It just happened, and so--

2 MS. GOLDSTEIN: How did you find out about it?

3 MR. HOLIAN: Somebody picked up the phone.

4 (Simultaneous speaking.)

5 MS. GOMEZ: The State certifies our-- we have to send  
6 the whole packet to them, and then they said, "Oh, wait a  
7 second, this number on this part of this advertisement is  
8 not 72. It needs to be 72, not 71." So that-- we did that  
9 rehearing on Tuesday.

10 MS. GOLDSTEIN: This is off the record.

11 (Thereupon a discussion-off-the record was had, after  
12 which the following proceedings were had:)

13 MS. GOMEZ: So, you know, the Commission was very  
14 understanding about it. It was an error. In the previous  
15 years what we've reported delinquent has always been a  
16 positive number, so it was always more than 95 percent. So  
17 it was just something that we just did. So, again, we took  
18 care of it. We are sending over the certification. We're  
19 getting the ordinances signed off, and we're sending it  
20 over to the State.

21 I'm honest. I'm still a little nervous until they  
22 come back and certify.

23 MS. HOLIAN: It's been a fun conversation internally.

24 MS. GOMEZ: So, you know, we made sure that that's  
25 taken care of, and it will never happen to us again.

1 MR. HOLIAN: Is Keith still with us?

2 (Simultaneous speaking.)

3 MS. GOMEZ: Yes, absolutely. Keith is still with us.  
4 Keith is recuperating from knee surgery, so he's been out  
5 for the past two weeks.

6 CHAIRMAN MENENDEZ: Wish him a fast recovery.

7 MR. HOLIAN: Apparently someone kicked him in the  
8 knee.

9 MS. GOMEZ: But he's doing fine. It's just taking a  
10 longer than normal time to recuperate, but he will be here,  
11 hopefully, next week, if not, the following week.

12 MR. HOLIAN: Besides the fact that that's a glitch,  
13 are there any ramifications for it or no, except the  
14 headache?

15 MS. GOMEZ: Had we not remedied by not reholding it,  
16 we would have to go to the roll back rate of taxes, which  
17 would be several million dollars of lost revenue, as well  
18 as the State would withhold their State sharing monies. So  
19 it's something like ten million dollars, and I'm guessing--

20 (Simultaneous speaking.)

21 MS. GOMEZ: But they do give you a remedy, and the  
22 remedy was fairly simple, and, you know, it was a  
23 conservative error. It was not like the budget was wrong,  
24 and we overestimated it. You know, we didn't have to take  
25 anything away.

1           The extra \$570,000 was because it's \$600,000 of  
2 negative delinquency, and 30,000 of homestead that caused a  
3 net effect of 570. We're flowing that into fund balance,  
4 because we don't believe that we're going to get that,  
5 because that's delinquency. It's kind of like we had to up  
6 it in order to show this required 95 percent, so we are  
7 flowing that into fund balance, if we get it.

8           The next item that we have is just, the City does do a  
9 bi-annual ethics seminar. I believe that it is a  
10 requirement to sit on this Board to attend once a year or  
11 once every other year, and I can double check that.

12           MS. GOLDSTEIN: I RSVP'd, "I'm not here."

13           MS. GOMEZ: Okay. So you do get four TB credits or  
14 attorneys get their CLEs or something. So this is-- you  
15 know, it's a good seminar that our City Attorney-- and they  
16 have a representative from the County usually there or an  
17 outside person conducting part of it. I don't know who's  
18 actually doing it this year. I attended last-- earlier  
19 this year, but it's an ethics seminar that we present, free  
20 of charge, to everybody. If you can make it, great, RSVP,  
21 and it's going to be over at the Youth Center.

22           MR. HOLIAN: What's the hours? It starts at 9:00--

23           MS. GOMEZ: It starts at nine o'clock. It's four  
24 hours, maybe four-and-a-half, because of a break or two.  
25 It should be over by 12:30-- no, one o'clock. Last time it

1 was over at one o'clock. And then you will get your  
2 certificates and your credits, if you need them, but they  
3 are technical business credits, not actual ethics credits.  
4 We tried, for CPAs, at least, but it is technical business.

5 CHAIRMAN MENENDEZ: Okay. Anything else on the  
6 agenda?

7 MS. GOMEZ: That's all we have.

8 CHAIRMAN MENENDEZ: Unless anybody has any other  
9 questions?

10 MS. GOMEZ: Scheduling for the next meeting?

11 MS. GOLDSTEIN: Can I propose one meeting before the  
12 end of the year, maybe the first week of December?

13 MR. HOLIAN: The schedule is getting crazy toward the  
14 end of the year. Will that include the report?

15 MS. GOMEZ: I hope so. I think they'll have it by the  
16 end of November, so if we do it, maybe the week of the 7th  
17 of December?

18 MS. KNIGHT: So take out the one on the 19th?

19 MS. GOMEZ: Right, and then just have one in the  
20 middle of both meetings. I don't know if the week of the  
21 7th--

22 MS. GOLDSTEIN: Or the 3rd or the 10th. I just don't  
23 want to be too late, that if you're looking for a response  
24 to this from us, that it--

25 MS. GOMEZ: I don't see that to be, because, you know,

1 any major change or anything will happen in mid year or the  
2 budgeting schedule for the subsequent year. So I don't  
3 think there's anything that needs to be done before the end  
4 of the calendar year or anything like that. So, yeah, you  
5 said the 3rd or the 10th?

6 MS. GOLDSTEIN: I'm not here the 10th. The 3rd is  
7 better for me. It's up to you guys.

8 MR. HOLIAN: The 3rd works for me.

9 MS. KNIGHT: The 9th would work for me, but not the  
10 10th.

11 MS. GOLDSTEIN: The 3rd?

12 MS. KNIGHT: 3rd is good.

13 MS. GOMEZ: December 3rd, okay. Eight o'clock, here.

14 At that meeting we would have, most likely--  
15 hopefully, the results or at least the results, maybe not  
16 the decision, obviously, but the results. I'll try to get  
17 a report out to you guys as soon as it becomes public.

18 MR. HOLIAN: What are you talking about?

19 MS. GOMEZ: The report that they were talking about.

20 MR. HOLIAN: Okay. I assume that the decision  
21 wouldn't be made.

22 MS. GOMEZ: Exactly. So--

23 MR. HOLIAN: That was very helpful.

24 (Simultaneous speaking.)

25 MS. GOMEZ: So their report will be on, I believe--



1 I'm trying to think-- what else-- I'm not sure if Lori's  
2 going to have any reports at that time or not. She didn't  
3 have any for this meeting. She was working on one, so  
4 there may be one report. I don't know if there's anything  
5 else.

6 MS. GOLDSTEIN: I think a Police and Fire updated  
7 Recruitment/Vacancy Report would be good.

8 MS. HOLIAN: That's always good.

9 I have a question. Did you guys understand at the  
10 last meeting or two that they were going to engage an  
11 outside auditor to-- my understanding was, we were talking  
12 about it, but it's my understanding these--

13 MS. GOLDSTEIN: This is going to be off the record.

14 (Thereupon a discussion-off-the record was had, after  
15 which the following proceedings were had:)

16 MS. GOLDSTEIN: Can we adjourn the meeting?

17 MS. GOMEZ: Yes.

18 CHAIRMAN MENENDEZ: Let's adjourn the meeting.

19 MS. GOMEZ: So for the next meeting, I'm not sure  
20 what's going to be on the agenda, but I will-- I know we  
21 can have, probably, the overtime report-- September-- yes,  
22 so we'll have the September report. We won't have a  
23 quarterly financial, because that's the financial  
24 statements for the September 30th year end, and I don't  
25 know if there's anything else that will be on the agenda,

1 but I will send that out as we get that information. So  
2 that's all that I have for discussion.

3 CHAIRMAN MENENDEZ: All right. So we'll close the  
4 meeting. Meeting adjourned.

5 (Thereupon, the meeting was adjourned.)  
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I, ESTELA L. VALLE, Notary Public, 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 19th day of November, 2015.

Estela L. Valle  
ESTELA L. VALLE  
Shorthand Reporter and  
Notary Public.