

**CITY OF CORAL GABLES
BUDGET/AUDIT ADVISORY BOARD
Meeting Minutes: Thursday, June 28, 2018**

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

MEMBERS	J	A	S	O	N	D	J	F	M	A	M	J	APPOINTED BY:
	17	17	17	17	17	17	18	18	18	18	18	18	
Tony A. Rivas	P	-	A	-	-	A	-	A	A	-	A	A	Mayor Valdes-Fauli
Erin Knight	-	-	-	-	-	A	-	A	A	-	A	A	Commissioner Jeanette Slesnick
Alex Menendez	P	-	P	-	-	P	-	A	A	-	P	P	Commissioner Vince Lago
John Holian	P	-	A	-	-	P	-	P	A	-	P	P	Commissioner Frank C. Quesada
Cheryl Goldstein	A	-	P	-	-	P	-	P	P	-	P	P	Commissioner Pat Keon
Francisco Paredes	P	-	P	-	-	P	-	P	P	-	A	P	Commissioner Mena
Rosa Bravo [^]						P	-	P	P	-	P	P	Mayor Valdes-Fauli

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

[^]- New Member

#- Special meeting

** - Resigned Member

Staff:

Diana Gomez, Finance Director

Keith Kleiman, Budget Director

Sally Ola Ola, Assistant Director

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

1 CITY OF CORAL GABLES
2 BUDGET/AUDIT ADVISORY BOARD
3 TRANSCRIPT
4 CORAL GABLES CITY HALL
5 405 BILTMORE WAY, FIRST FLOOR CONFERENCE ROOM
6 CORAL GABLES, FLORIDA
7 THURSDAY, JUNE 28, 2018, COMMENCING AT 8:05 A.M.

8 Board Members Present:

9 Alex Menendez, Chairman
10 Cheryl Goldstein Vice Chairperson
11 Francisco Paredes
12 Rosa Bravo
13 John Holian

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16 City Staff and Consultants:

17 Diana Gomez, Finance Director
18 Keith Kleiman, Assistant Finance Director for Management
19 and Budget.
20 Leonard Roberts, Assistant Director of Economic
21 Development
22 Elsa de Bruzos Fuentes, Accountant III, Finance
23 Department
24
25

1 THEREUPON:

2 (The following proceedings were held.)

3 CHAIRMAN MENENDEZ: Okay. So we'll call
4 the meeting to order. We have a quorum here
5 today.

6 MS. GOMEZ: Roll call, please.

7 CHAIRMAN MENENDEZ: Okay. Let's do a roll
8 call.

9 All right. Cheryl?

10 MS. GOLDSTEIN: I'm here.

11 CHAIRMAN MENENDEZ: Okay. John?

12 MR. HOLIAN: Here.

13 CHAIRMAN MENENDEZ: Frank?

14 MR. PAREDES: Here.

15 CHAIRMAN MENENDEZ: Rosa?

16 MS. GOMEZ: I think she's going to be here,
17 but she's not here yet.

18 CHAIRMAN MENENDEZ: Okay. So she's not
19 here yet.

20 MS. GOMEZ: Yeah.

21 CHAIRMAN MENENDEZ: Okay. And in the room,
22 we have Diana, Keith, Leonard, and, I'm sorry,
23 you are?

24 MS. DE BRUZOS FUENTES: Elsie.

25 CHAIRMAN MENENDEZ: Elsie, okay.

1 And the first order of business is to
2 approve the minutes from the May 15th meeting.

3 Oh, we've got Keith here, as well.

4 All right. So does anyone want to make a
5 motion to approve the May 15th meeting minutes?

6 MR. PAREDES: I'll make it, but I wasn't
7 here, so I don't know if that's acceptable or
8 not.

9 MS. GOMEZ: Yeah. I don't know that it is.

10 MR. HOLIAN: I'll make a motion.

11 CHAIRMAN MENENDEZ: John will make the
12 motion. I'll second the motion.

13 All in favor?

14 Aye.

15 MR. PAREDES: Ayes.

16 MR. HOLIAN: Aye.

17 MS. GOLDSTEIN: Aye.

18 CHAIRMAN MENENDEZ: All right. Great. And
19 today we have some members that need to be gone
20 by 8:45, so let's do the time sensitive stuff.

21 MS. GOMEZ: Yes. So, I guess, just a real
22 quick discussion as to which item -- because I
23 know, Cheryl, you need to leave. So which item
24 gives you the most concern that you want to be
25 here for?

1 MS. GOLDSTEIN: I have one overall comment
2 on the budget.

3 MS. GOMEZ: Okay.

4 MS. GOLDSTEIN: And then I think we should
5 do --

6 MS. GOMEZ: Leonard's?

7 MS. GOLDSTEIN: -- we have to vote for the
8 lease. We should do that. But let's do the
9 lease first, and then we'll get into the
10 budget.

11 MS. GOMEZ: Okay. Perfect. Very good, if
12 that's okay with The Chair.

13 CHAIRMAN MENENDEZ: Oh, yeah. I'm very
14 flexible.

15 Leonard, do you want to go ahead?

16 MR. ROBERTS: Great.

17 So the City has been doing some research
18 related to acquiring another fire station. The
19 goal is to have a fire station in between Fire
20 Station 2 and Fire Station 3. To kind of give
21 you an idea, on US-1, close to the Starbucks,
22 there's a fire station, and then we also have
23 one on Old Cutler, close to the Pinecrest area.

24 And what happens is that we only have like
25 two arteries that go into that area, and during

1 high congestion time of traffic, it limits the
2 flexibility of getting in. So there's no real
3 side streets you can take, because of all of
4 the canals and such.

5 And to give you an example of a situation,
6 in Cocoplum, right, Tahiti Beach, specifically,
7 there was a lady, who was choking on a piece of
8 steak, and they called 911, and we weren't able
9 to respond fast enough. And so having a
10 location of a fire station in this general area
11 will help to increase the actual response time.

12 So the City has looked at several
13 properties throughout the area, and if you look
14 on Page 2, the third diagram shows several
15 properties on a map with checkmarks. These are
16 all properties in the general area where the
17 City has been looking at for potentially
18 acquiring a fire station.

19 Now, these are all residential lots, and
20 this community overall is primarily
21 residential. So the goal is to acquire a
22 property, retain its exterior look of a
23 residence, and retrofit the interior to meet a
24 fire station, and then the truck would be on
25 the outside. Obviously a truck is very hard

1 not to distinguish. So we wanted an area that
2 is well vegetated to kind of provide a visual
3 barrier.

4 So the site that was selected, that seemed
5 to be very popular, was the 7000 Old Cutler
6 Road, which meets all criterias and then some
7 related to a potential fire station.

8 Now, this building is a little older. It
9 is located on 7000 Old Cutler Road, which is
10 directly on the actual Cocoplum Circle. So if
11 you guys are familiar, if you're traveling
12 south on Le Jeune, and once you hit the circle
13 and you pass Sunset, the first house
14 immediately on your right-hand side, that's the
15 property, and you probably don't remember it,
16 because it's so well vegetated. There's over
17 136 trees in the front of the property.

18 MR. HOLIAN: Is that the one with the
19 gravel driveway?

20 MR. LEONARD: So there's --

21 MR. HOLIAN: There's one very small, it's
22 like a little structure.

23 MR. LEONARD: So these are actually three
24 driveways to this property, and then the one --
25 there are three driveways, and in the picture,

1 actually, at this point -- on the third page,
2 there's a picture of the property, and as you
3 can see, those three arrows denote the three
4 entrances into the property.

5 So let's just say a fire station was there,
6 and they needed to get onto Sunset, they can
7 come out on Sunset. If they need to go on Old
8 Cutler, which is the arrow furthest to the
9 right, they can come out on Old Cutler. Or if
10 they need to just get onto the circle, there's
11 an entrance onto the circle.

12 MR. PAREDES: That's the property where the
13 bus stops there and everybody is unloading and
14 it just --

15 MR. LEONARD: And so the frontage of the
16 property actually has about 16,000 square feet
17 of City right-of-away. So if the City were to
18 acquire this property and assemble that 16,000
19 as part of the site, they'd probably use a
20 component of it for an open green space. And
21 you guys know, there's an Old Cutler trail
22 that's right here, also, and this would be a
23 nice synergy for that Old Cutler trail, for
24 people to gather, and, you know, maybe be a
25 bike station or a bike pump station or

1 something to that effect, and allow people to
2 go up and down this eleven-mile Old Cutler
3 trail. So that's another benefit of this
4 particular site.

5 The other benefit of this site, which is
6 something I learned recently, I don't know if
7 all you can see this, this is a very unique
8 map, and this is a map that shows -- this white
9 area is the highest elevation in the County,
10 Miami-Dade County, and that circle, where you
11 see right here, is the property. So that white
12 line is 17 feet above sea level, and
13 coincidentally that line runs parallel to Old
14 Cutler. So you can't get higher than this in
15 the entire County.

16 Actually, I'm curious where in the State
17 you can get higher than that, but I'm still
18 researching that.

19 MS. BRAVO: Those people don't have to have
20 flood insurance.

21 MR. ROBERTS: So this is one of the highest
22 elevations, if not the highest elevation, and
23 so that was another unique component that I
24 found out, which just happened to be, you know,
25 gravy on top of everything else.

1 MS. GOLDSTEIN: Can you skip to the price?

2 MS. ROBERTS: Sure.

3 CHAIRMAN MENENDEZ: Good morning, Rosa.
4 Thank you for joining us.

5 MS. BRAVO: Sorry I'm late.

6 CHAIRMAN MENENDEZ: No, no problem.

7 MR. ROBERTS: Because this was a property
8 of interest, we negotiated with the actual
9 property owner, and we ordered a couple of
10 appraisals. Now, because the site was going to
11 be used as a fire station, we did an appraisal
12 just for an academic purpose, looking at it
13 from an institutional use. The use is going to
14 be converted to an institution, even though
15 that is not the current use, and so we did an
16 appraisal based on a residential and based on
17 an institutional use.

18 And one of the appraisers, Waronker and
19 Rosen, the value came in at 1.3 million, and
20 the value of 1.3 was based on the fact that the
21 property is so large, that the house is old and
22 it wasn't in the best of condition for that
23 area, that the appraiser recommended his
24 highest and best was its land use, that someone
25 would buy this property, knock down the

1 structure and build a mega mansion for this
2 area.

3 And so the same component or thought
4 process went through for the institutional use,
5 just the commercial side of it is a little
6 more. Blazejack, interestingly, they appraised
7 it at 3.4, and they didn't appraise it based
8 upon a land value, they based it upon with a
9 structure intact, and they came out at 3.9
10 million for an institutional use.

11 Those appraisals were both completely off
12 from each other, so we ordered a third
13 appraisal just to kind of get a better feel.

14 CHAIRMAN MENENDEZ: Hold on, Leonard. I
15 have a question. Did you direct them to assess
16 one with a house value and one as a land value?

17 MR. ROBERTS: We wanted the house value,
18 and the institutional use is more of an
19 academic purpose, because we would be buying
20 the site and changing the zoning on it for
21 purposes of a fire station.

22 MR. HOLIAN: So that means the house is
23 valued at 2.1 million dollars in Blazejack. It
24 went from 1.3 to 3.4? That just seems a little
25 weird.

1 MR. ROBERTS: No, 2.1 is the actual
2 difference between the two appraisals -- I'm
3 sorry, 3.4.

4 MS. GOLDSTEIN: No.

5 MR. HOLIAN: No. The land is 1.3 --

6 MS. GOMEZ: No. That's the value that the
7 first company valued the whole thing, with the
8 house and everything.

9 MR. HOLIAN: Right. Then the second one,
10 3.4?

11 MS. GOMEZ: Yes.

12 MR. HOLIAN: But I thought they said the
13 first one was just the land.

14 MR. GOMEZ: No.

15 MS. GOLDSTEIN: It's a ridiculous
16 appraisal.

17 MS. BRAVO: It's a ridiculous appraisal.
18 The 3.4 is ridiculous.

19 MR. ROBERTS: I mean, pretty much.

20 MS. GOLDSTEIN: The 1.3 I think is also --

21 MR. HOLIAN: I think they both have to be
22 whacky --

23 MR. PAREDES: All three. All three.

24 MR. HOLIAN: They're apples and oranges.

25 MR. PAREDES: You go from 1.3 to 3.4 to 1.9

1 and you're trying to sell it for four million
2 dollars or you're trying to buy it for four
3 million dollars.

4 MR. ROBERTS: So we'll get there. Have
5 patience.

6 MS. GOLDSTEIN: So get there.

7 MR. ROBERTS: So you want to get there, okay.

8 Let's go straight to that. All right. So
9 we spoke to the appraiser -- I'm sorry, the
10 owner of the property. We offered a letter of
11 intent at 1.3 million dollars, which was based
12 on the residential value.

13 They pretty much told us, no.

14 MS. GOLDSTEIN: Of course.

15 MR. HOLIAN: I was going to say, I thought
16 that was cheap.

17 MR. ROBERTS: So we went back and forth for
18 several months trying to get to a price that we
19 would do something at, and the last price that
20 he presented to us was so ridiculous that we
21 walked away.

22 We walked away. Then we went back to the
23 drawing board and we went looking for other
24 sites, and the uniqueness of the site just kept
25 coming back up for our Fire Department. And so

1 after about four months of just dropping the
2 whole discussion, we went back to them and we
3 offered them the 3.4 million, which is
4 Blazejack's value.

5 Now, he came back at a higher number, and
6 the number that he was willing to go for, the
7 lowest he said he would actually sell it for,
8 because he said he had offers in the three
9 million range, the lowest he would potentially
10 sell if for was four million dollars, with a
11 right to stay in the property for two years --
12 up to two years.

13 He is an older gentleman, and he is not in
14 the best health condition, but he feels as
15 though two years would be the time period he
16 needs to outlive the property, and so that's
17 the ask, with the two-year condition.

18 Now, the two years would be that he would
19 be responsible, as though he owns the property,
20 for everything related to the property. In
21 other words, if the A/C breaks down, if a
22 liability occurs, he is the one responsible.

23 Now, the other side of it is that if a
24 major catastrophe were to occur, a hurricane or
25 so, and the roof were to cave in, now the

1 property is owned by the City of Coral Gables.
2 We would actually take possession of the
3 property at that point, so that he would not be
4 responsible for making that major repair, since
5 he'll be kicked out of the property or vacate
6 the property because of its condition. So he
7 would voluntarily leave the property if a major
8 catastrophe or major --

9 MS. GOLDSTEIN: Where are the comps of the
10 home sales in the area?

11 MR. LEONARD: Well, the appraised value is
12 based upon --

13 MS. GOLDSTEIN: That's okay. But like are
14 there comps of the home sales in the area?

15 MR. ROBERTS: The properties that I have --

16 MR. PAREDES: And I think we need comps of
17 vacant land, because that's basically what
18 we're buying. I mean, the structure that's
19 there is not --

20 MS. GOMEZ: Well, we're going to keep the
21 structure. We're just going to -- we're not
22 going to knock it down and build it up again.

23 MR. ROBERTS: No, we're going to renovate
24 it.

25 MS. GOMEZ: So the structure is going to

1 stay there.

2 MS. GOLDSTEIN: I don't think vacant
3 property is the right thing to go off of,
4 because you're looking at a prime piece of real
5 estate, in a great location in the Gables, and
6 even -- I mean, I think it's good to look at,
7 also, vacant lots, but you're not going to find
8 vacant lots. You're going to find homes in the
9 area that have sold, that you can look at
10 whether they were knocked down or not, but
11 you'll see it in the home sales pricing. It
12 will show up in the older homes, that they
13 weren't able to get, you know, the three
14 million --

15 MR. HOLIAN: And then you can just
16 extrapolate the price of the home, the square
17 foot per "X" number of dollars and subtract it.

18 MR. ROBERTS: So when you ask for the
19 comps, the purpose of the appraisal was to look
20 at the actual compared sales and come up with a
21 value. So we have a copy of the appraisal --

22 MS. GOLDSTEIN: But obviously we don't have
23 confidence in the two appraisals, and so we got
24 a third appraisal, and --

25 MR. HOLIAN: This is embarrassing.

1 MS. GOLDSTEIN: Yeah.

2 MR. PAREDES: And somewhere I read that the
3 neighbors have to approve it.

4 MR. ROBERTS: Yes.

5 MR. PAREDES: Are the neighbors going to
6 approve a fire station in that location?
7 You're talking about some high priced area.
8 And going back to even before we get into the
9 numbers, you mentioned an incident in Tahiti
10 Beach, and it says it's an underserved area.
11 Who determined that it was underserved? Is it
12 the neighbors or is it just a person in Tahiti
13 Beach?

14 MS. GOLDSTEIN: Let me ask you a question.

15 MR. ROBERTS: Yes, but let's take one
16 question at a time. So let me address his
17 question.

18 You guys wanted me to go into the price. I
19 went into the price. I didn't go through the
20 full analysis. On the third page of the
21 analysis, you'll see a map that shows the area
22 that has an underserved, which is determined by
23 the Fire Department.

24 MR. PAREDES: And then the following map
25 shows overlaps.

1 MS. BRAVO: A lot of overlaps.

2 MR. PAREDES: A lot of overlap. So I'm
3 just wondering, even before we get to the
4 numbers, which I have a lot of problems with
5 the numbers, the basis for this recommendation,
6 is it the Fire Department wants this fire
7 station or is it the neighbors that want a fire
8 station around there?

9 And I have a feeling, a very strong
10 feeling, that the neighbors around there are
11 not going to want -- the guy over here, by the
12 Gables Canal or whatever the water there, is
13 not going to want a fire station right in front
14 of his house. It seems that way.

15 MR. ROBERTS: So let me go back into the
16 presentation, then. So we were talking
17 about --

18 MS. GOLDSTEIN: Can I ask one question?

19 MR. ROBERTS: Sure.

20 MS. GOLDSTEIN: Has Cocoplum been
21 approached to give some of their municipal
22 land, that they have around there, for use for
23 this purpose?

24 MR. ROBERTS: So the only property they
25 have it's the a Women's Club on site, but when

1 you say, "Municipal land," there is no land
2 that's available, that the City owns, that
3 would suffice --

4 MS. GOLDSTEIN: No, that is Cocoplum -- so
5 they have a whole rec area. They have like the
6 entrance in. You know, there's a guard gate
7 and there's some, you know, land around there.
8 There's some land down by the marina
9 potentially. So I'm just saying, have we
10 looked at --

11 MR. ROBERTS: We have not gone into
12 individual communities like Gables Estates and
13 Cocoplum. We want to stay outside of
14 communities, so it's not known as a Fire
15 Department for that specific community, but
16 it's known as a fire station for all of it.

17 MS. GOLDSTEIN: But if they're willing to
18 give some land and some space and it's cost
19 effective --

20 CHAIRMAN MENENDEZ: But those are public
21 roads.

22 MR. ROBERTS: They're public roads, yes.

23 CHAIRMAN MENENDEZ: They're not private.

24 MR. ROBERTS: No, I know. It has a
25 security guard that comes in and out, but it's

1 absolutely public.

2 So, no, the properties that we looked at
3 were properties that are on this site on Page
4 3. Those are the different properties that we
5 looked at in the general area, because this
6 street itself, Sunset, is a general corridor,
7 is where the Fire Department wants to be to
8 meet that underserved area.

9 Now, this underserved area is not only the
10 area we see on this map, but if you'll notice
11 this little punch out right here, which is
12 Unincorporated Dade County, that's the
13 potential annexation for the High Pines/Davis
14 area. So this fire station is not only to
15 accommodate this underserved area, but the area
16 that we're looking to annex.

17 So the area of the underserved includes not
18 just the City of Coral Gables property today,
19 but the City of Coral Gables potential
20 annexation.

21 MR. HOLIAN: Okay. A couple of thoughts.
22 One, this property twenty years from now is
23 going to be worth a lot more than it is today.
24 So even if you overpay for it -- I'm not saying
25 ridiculously overpay for it -- but if you

1 overpay for it, five, ten, fifteen, twenty
2 years down road it's going to be much more
3 expensive.

4 Two, I have a problem with buying a piece
5 of property, put a fire station that's not
6 supposed to be a fire station, and pretend
7 because -- the people, if it was my
8 neighborhood, I wouldn't want it to look like a
9 fire station, but if you needed a fire station,
10 you have to get them to agree you could have a
11 fire station.

12 MR. ROBERTS: And that's part of the
13 requirement, the contingency.

14 MR. HOLIAN: Because it sounds like they
15 can just tie the City up and arguing with that
16 group of people over there, that are very
17 sophisticated, that have wealth and resources,
18 you know, to buy something that you can't say,
19 "Hey, down the road, we think we really have to
20 facilitate building a 6,000 square foot actual
21 working fire station, not a house that's
22 old" --

23 MR. ROBERTS: The goal is to keep the
24 actual house structure. We understand that
25 neighborhood itself. We don't want to take

1 away from the aesthetics of that. So it's a
2 requirement that it has to look like a house.

3 Now, the thing is, it has 136 trees. So
4 like when you're looking at that property and
5 you're driving by, you can't see the house
6 there.

7 MR. HOLIAN: Have you ever driven a fire
8 truck through 136 trees?

9 MR. ROBERTS: It's a substation.

10 CHAIRMAN MENENDEZ: How about sound,
11 because I think it's what bothers most people
12 with fire stations, would we have sirens going
13 on?

14 MR. ROBERTS: The sirens will not go off.

15 CHAIRMAN MENENDEZ: So that's not going to
16 be a problem?

17 MR. ROBERTS: Even today, in our current
18 location, at Fire Station 3, which is in a
19 residential neighborhood, we don't put the
20 sirens on.

21 CHAIRMAN MENENDEZ: And it's contingent to
22 the neighbors agreeing on it. How does that
23 work? Are we going to put it in a purchase
24 agreement and then we'll wait for approval?

25 MR. ROBERTS: So the purchase agreement

1 would be based upon the four million dollars,
2 two years, with a liability protection. We
3 require a contingency on the neighborhood and
4 Commission review, and the neighbors would have
5 to approve it.

6 When you guys looked at the Neighborhood
7 Renaissance Program, we looked at those five
8 parks. We had one park on San Antonio that was
9 contingent on neighborhood approval, and
10 literally 80 percent of people there said, no,
11 and we walked away from that deal.

12 CHAIRMAN MENENDEZ: From the passive park.
13 In this case, if the neighbors say, no, is
14 there a penalty to the City?

15 MR. ROBERTS: If the neighbors say, no, the
16 likelihood is that we're not going to through
17 with it.

18 CHAIRMAN MENENDEZ: The likelihood, we're
19 not going to go through with it?

20 MR. ROBERTS: Yeah, just like we did with
21 the San Antonio park. If we have a majority of
22 the neighbors that are not wanting this, it's
23 not going to happen. Cathy is very firm on
24 that. That San Antonio, which we thought was a
25 great deal, and then the neighbors said, no --

1 CHAIRMAN MENENDEZ: Will we have to pay a
2 penalty to the home seller?

3 MR. ROBERTS: No. No, these are
4 contingencies --

5 CHAIRMAN MENENDEZ: Contingencies and we
6 walk away.

7 MR. ROBERTS: Yes. There's no loss.

8 MS. BRAVO: Usually, and my lack of
9 experience, what area does a fire station
10 usually serve? What kind of mile radius is the
11 average that the City looks for?

12 MR. ROBERTS: It's based on a two-minute
13 response time.

14 MS. BRAVO: So that would be like two
15 miles, then?

16 MR. ROBERTS: I mean, it all depends on
17 traffic. So they base it on minutes. So they
18 want to be able to respond within two minutes.

19 MS. GOLDSTEIN: I think it's a great
20 location. I think you've done your research.
21 I think, if the purchase price was two million,
22 I'd feel a lot more comfortable with it, and
23 the guy obviously knows he has you, and it's
24 how badly we want -- how badly the City wants
25 the space, in my opinion.

1 MR. PAREDES: Wants or needs. Wants or
2 needs. I'm not sure --

3 MS. GOLDSTEIN: Well, wants or needs. I
4 would say that, let's assume that we need it.
5 Let's assume they've done the research, and we
6 say we need it or we will need it when we get
7 that annexation as a part of the City, let's
8 just say, and if you just are looking at the
9 numbers -- because when we've looked at leases
10 before or purchases before, we've gone through
11 a whole analysis, like with the Starbucks and
12 whatever. We've come up with what this
13 financial group feels is reasonable as a
14 purchase price for the property.

15 So let's just assume that we all agree that
16 it's needed, and just if we focus on the four
17 million dollars, I think, for me, at least,
18 that's the point that I'm not comfortable with.

19 MR. ROBERTS: So that actually brings us to
20 our questions. So part of the Budget Advisory
21 Board is that the Procurement Code requires you
22 guys to look at three questions related to this
23 the deal, and the first question is: Is the
24 lease or, you know, acquisition consistent with
25 the property appraisal as required under

1 Section 2-1092, where any property that is over
2 \$250,000 or a lease that's greater than ten
3 years has been appraised by an M.A.I.
4 designated appraiser?

5 And so we ordered two appraisals, and
6 here's -- you know, if the Chair wants to read
7 this or just consider -- pretty much what I'm
8 saying is that it's above market value. Based
9 upon the appraisal requirement here, it's above
10 market value, and the reason behind why the
11 City would consider it even though it's above
12 market value.

13 MS. GOLDSTEIN: So right now we're just
14 coming up with the questions.

15 CHAIRMAN MENENDEZ: Well, that's what we're
16 tasked to do as a Board. Our responsibility
17 and I think where we stay is within these three
18 questions and we look to see if they've been
19 answered.

20 The purpose of the first one, I guess, is
21 to make sure that our purchase price is within
22 an appraised value. In this case, it's not.

23 MR. ROBERTS: Correct.

24 CHAIRMAN MENENDEZ: So, yes, the two M.A.I.
25 appraisers have done it, but we've had issues

1 with the appraisals, as noted by the members
2 here, and the purchase price is above market
3 price.

4 So where do we go from there?

5 MR. ROBERTS: So what you do is, you look
6 at the three questions, respond to the three
7 questions, and based upon that, make a
8 recommendation if you think the City should go
9 forward with this deal, based upon your
10 criteria.

11 MS. GOLDSTEIN: I personally would like to
12 see the home sales in the area and the pricing
13 to know how much this owner -- how much
14 leverage the owner has or his heirs have as it
15 relates to us overpaying for the piece of
16 property.

17 So he says he has offers in the three
18 million. It's not even for sale, correct?

19 MR. ROBERTS: Yeah.

20 MS. GOLDSTEIN: And, I mean, all of us know
21 developers who go out and buy a lot to knock
22 them down and re-build. They're not paying in
23 the three million dollars for that lot, as you
24 said.

25 So I think we really need to assess --

1 MR. ROBERTS: That's a very good point.
2 The valuation one of the appraisers looked at,
3 and I always say Waronker and Rosen and
4 Magenheimer would be two people that I feel
5 very confident in their appraisals, after
6 reviewing it, those looked at the actual comps,
7 and both of them, actually, independent of each
8 other, without seeing the other appraisal, both
9 recommended this house, for this neighborhood,
10 should be knocked down and sold, because this
11 house (sic) is 35,000 square feet. You can
12 build a 14,000 square foot house.

13 MR. HOLIAN: The lot is 35,000 square feet.

14 MR. ROBERTS: Yeah, the lot. And then
15 there's 16,000 of the City right-of-way
16 attached to that.

17 MS. GOLDSTEIN: That's helpful.

18 MR. ROBERTS: Right. So if you bought this
19 lot for 3.5 million dollars or 3.9 million
20 dollars, knock it down and build, you're going
21 to make your money back on resale.

22 So for a land value, that 3.9 is out the
23 door. Related to the 1.9 million that
24 Magenheimer is presenting as a value, at that
25 value, he says that you can build a mega

1 mansion on this site, buying the land for 1.9,
2 because that's what it's worth.

3 And so, you know, for institutional
4 purpose, you know, again, this is strictly
5 academic. You know, the gentleman who is the
6 seller says, "If you're buying my site, it's
7 unfair for you to analyze my deal as a
8 residential lot, where you're not going to use
9 it." I disagree with him, and for academic
10 purposes, we added that institutional component
11 to it.

12 MS. GOLDSTEIN: Right, because essentially
13 most likely no one else is going to be able to
14 get the change to use that property --

15 MS. BRAVO: No one else is going to get
16 this as institutional, other than the City.

17 MR. ROBERTS: Exactly. Exactly.

18 So the values here were determined by other
19 properties that sold in the area, that he
20 determined that the land value -- and, again,
21 he arrived to this number, the appraisers, the
22 1.3 to 1.9, based upon actual home sales and
23 lot sales.

24 Now, if you want to see what's active in
25 the market, what's currently on the market,

1 there is nothing at 3.9 million dollars or at
2 3.4 for this size type property. Now, this lot
3 size is very unique. We don't really find that
4 many properties in this neighborhood. You find
5 16,000, 20,000, 25,000, but we never found
6 anything in the 35,000 range.

7 CHAIRMAN MENENDEZ: But like you said, we
8 don't need all of the land. We're going to
9 create green spaces and other areas, so it's
10 not that we have to have these 35,000 square
11 feet.

12 MR. ROBERTS: It's not, but I will tell you
13 that the City applied for a grant to assist
14 with the acquisition of this property, a State
15 grant, and we won the State grant, and the
16 basis of that grant was that we would buy a
17 fire station and that we would use a component
18 of that fire station for open green space.

19 CHAIRMAN MENENDEZ: Green spaces.

20 And how much is that grant?

21 MR. ROBERTS: 1.5 million.

22 CHAIRMAN MENENDEZ: Our total out of pocket
23 is how much?

24 MR. ROBERTS: It will be 2.5 million.

25 CHAIRMAN MENENDEZ: That makes a lot of

1 sense.

2 MS. BRAVO: Without the retrofitting.

3 MR. ROBERTS: Well, 2.5 and then you have
4 1.5 million --

5 MS. GOLDSTEIN: So there's three million.
6 So it's basically costing a million.

7 MR. ROBERTS: We have 1.5 of capital
8 reserves put aside --

9 MS. GOMEZ: Impact fees.

10 MR. ROBERTS: -- and then we have 1.5 of a
11 grant, and so out of pocket will probably be a
12 million dollars.

13 MS. GOMEZ: And then we have to renovate
14 it.

15 MR. ROBERTS: Well, in two years.

16 CHAIRMAN MENENDEZ: Two years to renovate.
17 Okay. And that grant will be around for
18 the time that we need to get the approvals by
19 the --

20 MR. ROBERTS: Yes, we have three years.

21 CHAIRMAN MENENDEZ: Okay. And that grant
22 will be whether we take this property or any
23 other property or is it tied specifically to
24 this property?

25 MR. ROBERTS: No, the grant is tasked

1 towards this property, but we did find recently
2 that really it's tied to the name. The grant
3 title, the way that the City Manager's Office
4 presented it, was Cartagena something park --

5 MS. GOMEZ: Circle.

6 MR. ROBERTS: Circle, sorry, and so
7 wherever the property ends up, it has to be
8 called Cartagena Circle Park. So you're
9 paying, you know, 1.5 -- we're getting 1.5
10 million dollars for the name, and we have three
11 years to acquire it.

12 CHAIRMAN MENENDEZ: Okay.

13 MS. BRAVO: Three years from when?

14 MS. GOMEZ: From July 1st.

15 CHAIRMAN MENENDEZ: This July 1st.

16 Okay. Do we have any other questions from
17 the members, as far as us going through the
18 actual questions?

19 MR. HOLIAN: Are there any other properties
20 that even come close to this criteria, meeting
21 anything like this?

22 MR. ROBERTS: No.

23 MR. HOLIAN: Okay.

24 MR. ROBERTS: Not with the criteria. With
25 the elevation component of it, with the

1 assemblage for a potential park and the size of
2 the lot, and the fourth thing was the three
3 entrance points that allow them to --

4 MR. HOLIAN: That's pretty sweet.

5 CHAIRMAN MENENDEZ: All right. So if
6 there's no more questions, I'll run through the
7 actual questions that we need to read. So I'll
8 read them.

9 "Is the lease consistent with the property
10 appraisal as required under Section 2-1092?
11 Section 2-1092 provides: Whenever the City
12 purchases, sells or is involved in a lease of
13 real estate and the fee simple value of the
14 property being sold, or the annual value of the
15 property leased is in excess of \$250,000, the
16 City shall, prior to consummating the purchase,
17 sale or lease, have the property appraised by
18 two real estate appraisers holding the M.A.I.
19 designation in order to determine the estimated
20 market value"?

21 Okay. So that is the question. We've been
22 provided a response by the City. It says --
23 you want to read the response?

24 MR. ROBERTS: Yes, for the record.

25 Again, this is just a suggestion. This is

1 to kind of create the dialog for you guys. If
2 you don't want to use it, you can change the
3 full thing. It's just me providing some
4 context for you guys to consider.

5 CHAIRMAN MENENDEZ: The response?

6 MR. ROBERTS: Yes.

7 MS. GOMEZ: I mean, this is, the City just
8 provided an example response. If you guys
9 agree with it, then you can accept that
10 response. If you want to change it, you can
11 change it.

12 MS. BRAVO: I would suggest changing it,
13 because where it talks about, these terms are
14 above market but close to the 3.9 million
15 appraisal, I don't feel comfortable presenting
16 that 3.9 million appraisal as the true number.
17 If you want to take an average of the three
18 appraisals or something like that, but I don't
19 like, in that response, referring to that 3.9
20 million appraisal, because I don't think it's
21 valid. If you want to take an average of the
22 three or take the middle ground one, but --

23 MS. GOMEZ: Or do you want to just stop it
24 at, "These terms are above market value,"
25 period?

1 MS. BRAVO: We can stop there, if you want,
2 but reference to that 3.9 million dollar
3 appraisal that is out of whack, I don't think
4 it's good to do.

5 CHAIRMAN MENENDEZ: Well, the estimated
6 market value, the market value on this property
7 should be residential, right?

8 MR. ROBERTS: Yes.

9 CHAIRMAN MENENDEZ: So we shouldn't be
10 looking at the commercial aspect of it or the
11 change in zoning, based on the question that
12 we're being asked and tasked to do. I mean,
13 you guys provided it as informational and it
14 might be able to justify the purchase price,
15 but from our purposes, we should look at this
16 property based on residential appraisals.

17 MR. ROBERTS: Okay.

18 CHAIRMAN MENENDEZ: And I believe that our
19 recommendation should be, you know, did the
20 City get two appraisals, residential
21 appraisals, to value this property? Which, in
22 this case, we got three.

23 MR. ROBERTS: Yes.

24 CHAIRMAN MENENDEZ: Okay.

25 MS. GOMEZ: So maybe we remove that part of

1 the sentence, just put a period after, "value,"
2 right, on the response?

3 CHAIRMAN MENENDEZ: Yes.

4 MS. GOMEZ: Right there. And then just
5 take that out, because --

6 MS. GOLDSTEIN: We can adjust the question,
7 as well.

8 MS. GOMEZ: Not the question.

9 CHAIRMAN MENENDEZ: The response.

10 MS. GOLDSTEIN: The response? Okay.

11 CHAIRMAN MENENDEZ: Yeah, so that's what
12 we're doing right now. I'm taking out the part
13 about commercial, because I don't think that
14 that's what the question asked us to look at.

15 And if we look at it as only in the sense
16 that the City got two appraisals, in this case,
17 we got three appraisals, and the residential
18 appraisals came in at, what, 1.3, 3.4 and 1.9?

19 MS. GOLDSTEIN: I think we should state
20 that the Committee feels we should be looking
21 at the residential appraisals.

22 MR. ROBERTS: Well, we can change the first
23 sentence, where I have the 1.8 and the 3.9. We
24 can change that to, the residential appraised
25 value was between 1.3 and 3.4. We can change

1 that.

2 CHAIRMAN MENENDEZ: And why would you not
3 include the 1.9, since we got that appraisal?

4 MR. ROBERTS: Well, it's between.

5 MS. GOMEZ: It's between. We're saying it
6 was between 1.3 and 3.4 as a residential use.

7 MR. PAREDES: Is the two-year lease free of
8 rent?

9 MR. ROBERTS: Yes.

10 MR. PAREDES: So it's a pre-sale type of
11 thing?

12 MR. ROBERTS: Yes.

13 MR. HOLIAN: There's two components to
14 this. One is to answer the question, and Two
15 is to explain, because theoretically, "Is the
16 lease consistent with the property appraisal as
17 required," the answer there is, yes, correct,
18 and then we're just adding more information
19 relative to the appraisal?

20 MR. ROBERTS: It's however you want to do
21 it. The Chair --

22 MS. GOLDSTEIN: I mean, I think we should
23 add commentary to be helpful.

24 MR. HOLIAN: That's what I think. I mean,
25 but the answer to the question is very simple,

1 did we get two appraisals? The answer is, yes.

2 Then we want our disclaimer of why we made
3 our decision or explain the 1.9 and so on and
4 so forth. That's what we need to clarify, how
5 we want to explain down the road, when someone
6 says, "Oh, they got an appraised value of 1.3
7 and 3.4 and 1.9 and they bought it for four
8 million dollars."

9 MS. GOLDSTEIN: That's not our job, to
10 explain that.

11 MR. HOLIAN: Then I think we just answer
12 the question.

13 CHAIRMAN MENENDEZ: Yeah.

14 MS. GOLDSTEIN: Because I think that it's
15 the job of the City Manager to explain to the
16 Commission what the purposes of buying this
17 property is, why we would pay more than the
18 appraised value, and go from there. And then
19 it's our job to inform our Commissioner on what
20 our opinion is on it, and then they can act as
21 they want, but we're assessing the financial --
22 whether they've properly researched the
23 financial aspects of the deal as presented.

24 MR. HOLIAN: So then the answer, we just
25 answer the question. We don't need to get into

1 anything else.

2 Put, yes, we got two appraisals, and that's
3 it. So all of the rest of this, I don't think
4 we need.

5 MR. ROBERTS: So at the end of the three
6 questions, you're going to make a motion and
7 you can structure that motion to include
8 whatever additional information you'd like, and
9 that motion will be read to the Commission.

10 MS. BRAVO: I'd prefer to have an
11 explanation, a little bit of an explanation
12 than just say, yes.

13 MR. HOLIAN: That was my point. Are we
14 just answering the question or are we going to
15 put --

16 CHAIRMAN MENENDEZ: We can. We start with,
17 yes, and then we can put the appraised value of
18 the site was between the 1.3 and the 3.4, and
19 if we want to add texture, we can say that the
20 first two appraisals had a wide variance. A
21 third appraisal was conducted, and all three
22 are being taken into consideration.

23 MS. GOLDSTEIN: They can see that. I think
24 we should add that the Committee -- we feel
25 that although commercial -- although

1 institutional and residential appraisals were
2 obtained, it is recommended we focus the market
3 value of the property based upon the
4 residential estimates.

5 CHAIRMAN MENENDEZ: We can do that on the
6 motion at the end. I think we make a motion at
7 the end whether we recommend the purchase or we
8 don't recommend the purchase. Then, at the
9 end, we can actually put it all of our texture
10 on it.

11 Because right now we'll answer the first
12 three questions. Did we get the appraisal?
13 Yes. We actually got a third. It was between
14 such and such.

15 When we go to the third, Cheryl, which is,
16 "Does the Committee recommend purchase of this
17 as seen here," we can put in, you know, we do,
18 we don't, and we feel this way because we want
19 it to be looked as a residential property
20 value --

21 MS. GOLDSTEIN: It doesn't ask you if you
22 recommend it.

23 MS. GOMEZ: No, it's in the motion. You
24 have to make a motion whether you recommend it
25 or you don't.

1 MS. GOLDSTEIN: Okay.

2 CHAIRMAN MENENDEZ: Yeah. And in that,
3 we'll make it as clear as possible on that one.

4 MS. GOLDSTEIN: Okay.

5 MS. GOMEZ: So for Question Number 1, for
6 clarity, we're just going to say, yes. So the
7 answer is just simply, yes. So we'll do yes
8 and no answers to the questions.

9 CHAIRMAN MENENDEZ: Yeah.

10 MS. GOMEZ: The second question, then?

11 CHAIRMAN MENENDEZ: Okay. The second
12 question, "What is the immediate impact on the
13 current fiscal budget and the long-term effect
14 future budgets, i.e., the long-term overall
15 effect on the City?"

16 Let me read the proposed answer, and then
17 we can talk about it. "The City has 1.5
18 million in impact fees and has received a 1.5
19 million grant. The City will use another one
20 million from the General Capital Improvement
21 funds. The City will have to retrofit the
22 building to meet the design of a fire station
23 while preserving the residential facade which
24 will require additional funding at the end of
25 the two-year occupancy term; the future amount

1 is yet to be determined."

2 Okay. Hold on one second. The question,
3 again, is, "What is the immediate impact on the
4 current fiscal budget and the long-term effect
5 on future budgets?"

6 I'll start, if that's okay with you guys,
7 that last line where we have "future amount is
8 yet to be determined," I would have appreciated
9 an estimate there on what it's going to take to
10 retrofit that building, and to answer this
11 question, we would need that, to be able to
12 determine what the long-term overall effect is
13 on the City.

14 MR. ROBERTS: So the number that was given
15 by the Fire Department, which they said they're
16 not holding -- they said, "Don't quote me on
17 it," is 500,000.

18 CHAIRMAN MENENDEZ: But for our case, we're
19 going to go on the record, and the Fire
20 Department doesn't develop -- I mean, they
21 specialize in this, so they have information on
22 what it takes to build the fire station --

23 MR. ROBERTS: So, remember, we don't even
24 have a signed LOI yet. This is going to your
25 Board first as a consideration, before we even

1 get to LOIs. So all of these components have
2 to go into it. So we haven't ordered any
3 inspections or anything. This is, again, not
4 even an LOI.

5 CHAIRMAN MENENDEZ: I understand, but we're
6 tasked with this --

7 MR. HOLIAN: Agreed, but we can't answer
8 that question.

9 MS. GOLDSTEIN: But you're saying that the
10 future amount is yet to be determined.

11 MS. BRAVO: Right. So that's what we're
12 answering.

13 MS GOMEZ: So we're answering that it's yet
14 to be determined.

15 MR. HOLIAN: Okay.

16 MR. PAREDES: Based on what you explained
17 on the one and a half million dollar grant,
18 it's for this purpose, and I think it should be
19 clarified that that is for this purpose of this
20 Cartagena.

21 MS. BRAVO: And it most be used within
22 three years.

23 CHAIRMAN MENENDEZ: Earmarked. So the City
24 has a 1.5 million in Impact Fees and received a
25 1.5 million grant earmarked for purchase of a

1 property with a passive park, right?

2 MS. GOMEZ: No passive park, but, yeah.

3 CHAIRMAN MENENDEZ: Park and fire station.

4 MS. GOMEZ: Or earmarked for this purpose.

5 CHAIRMAN MENENDEZ: Yeah, earmarked for
6 this purpose.

7 MS. GOMEZ: It may be simpler.

8 CHAIRMAN MENENDEZ: Okay.

9 MR. HOLIAN: So if you're reading this, and
10 Joe Citizen in Coral Gables, the long-term
11 overall effect on the City, that future amount
12 is yet to be determined, we're buying a piece
13 of property that's valued two million dollars
14 over what we think it is, but --

15 MS. GOLDSTEIN: It's going to be a lot less
16 than building a fire station.

17 MR. HOLIAN: Oh, no, I completely agree
18 with you.

19 MR. PAREDES: You can put, preliminarily
20 it's estimated at 500 a year.

21 MS. BRAVO: I'd rather not put a number,
22 because that is so --

23 MS. GOLDSTEIN: I mean, people can know how
24 many square feet the house is, right, to
25 renovate a house, you know, which can be

1 from --

2 MR. KLEIMAN: The estimate that the
3 firefighters gave us was 400,000 for
4 construction in 2021.

5 MR. HOLIAN: You know what you can build
6 for \$400,000? A garage.

7 MR. KLEIMAN: No. We're not building a
8 house. All we're doing is taking this house
9 and making it habitable for -- it's small.
10 It's a substation. There's only going to be a
11 few firemen there. It's a very small
12 substation. It's not for a large area.

13 MR. HOLIAN: Should the firemen be
14 determining how much it will cost to retrofit a
15 building?

16 MR. KLEIMAN: No, they worked with Public
17 Works to determine these numbers.

18 CHAIRMAN MENENDEZ: Okay.

19 MS. GOLDSTEIN: My comment was, in the end,
20 it might be cheaper to knock it down and build.

21 MR. HOLIAN: I completely agree.

22 MR. ROBERTS: And this is a substation.

23 This is not intended to be like --

24 MS. GOLDSTEIN: No, but I'm saying --

25 CHAIRMAN MENENDEZ: A quick question on a

1 substation. People will stay there 24/7?

2 MR. ROBERTS: Yes.

3 CHAIRMAN MENENDEZ: Okay. Great. So there
4 will be a responsive --

5 MR. HOLIAN: They're going to eat, they're
6 going to drink, they're going to be hanging out
7 in Cocoplum, waiting for someone to choke on a
8 bone.

9 MS. GOMEZ: In the budget book, we are
10 showing the \$400,000 in 2021. So should we
11 just add that the future amount is estimated to
12 be \$400,000?

13 MS. GOLDSTEIN: Yes.

14 MR. HOLIAN: Per someone else.

15 MS. BRAVO: If it's in the budget.

16 MS. GOMEZ: It's in the budget book. So
17 that's the amount that they had given to us.
18 And it's not just Fire coming up with a number.
19 They've talked to Public Works.

20 CHAIRMAN MENENDEZ: And the operating cost
21 of it yearly is also being budgeted, as well?

22 MS. GOMEZ: It will be. It's not really
23 for two or three years. We don't budget
24 operating that far in advance.

25 CHAIRMAN MENENDEZ: Okay. Perfect.

1 MS. GOMEZ: In the budget book, they gave
2 us \$400,000.

3 CHAIRMAN MENENDEZ: Okay. Does the
4 Committee feel comfortable, though, in saying
5 that the immediate impact on the current fiscal
6 budget and the long-term effects on the future
7 budget have been taken into account? Does the
8 group feel comfortable with that --

9 MS. GOLDSTEIN: Yes.

10 CHAIRMAN MENENDEZ: -- saying yes to this?

11 MS. GOMEZ: Yes, but this question actually
12 asks, what is.

13 CHAIRMAN MENENDEZ: What is the immediate
14 impact?

15 MS. GOMEZ: So I think that we should leave
16 this exactly how it is, and then just the last
17 sentence, to say, estimated to be \$400,000.

18 CHAIRMAN MENENDEZ: On the future amount?

19 MS. GOMEZ: Instead of saying that it's not
20 determined.

21 MR. PAREDES: But you've got to indicate
22 that the money --

23 MS. GOMEZ: Money is earmarked for this
24 purpose, yes.

25 CHAIRMAN MENENDEZ: Do you want to read it

1 one more time?

2 MS. GOMEZ: Okay. So I said, "The City has
3 1.5 million in impact fees and has received a
4 1.5 million State grant earmarked for this
5 purpose. The City will use another one million
6 dollars from General Capital Improvement funds.
7 The City will have to retrofit the building to
8 meet the design of a fire station while
9 preserving the residential facade which will
10 require additional funding at the end of the
11 two-year occupancy term. That future amount is
12 estimated to be \$400,000."

13 MR. HOLIAN: Perfect.

14 MS. GOMEZ: Okay. Last one, because Cheryl
15 is leaving in two minutes.

16 CHAIRMAN MENENDEZ: \$400,000, based on the
17 information provided by the Fire Department
18 along with Public Works.

19 Thank you. That would help me. We didn't
20 create that number. So we don't need to make a
21 motion.

22 So let's go to the third one.

23 MS. GOMEZ: So let's just say, as provided
24 by the City or you want to say Fire and Public
25 Works?

1 CHAIRMAN MENENDEZ: No, by the City is okay
2 with me.

3 MS. GOMEZ: Okay. That's fine.

4 CHAIRMAN MENENDEZ: "Considering the City's
5 Mission Statement, are there other alternatives
6 to entering into the proposed transaction?"

7 Okay. Let me read the proposed response.
8 "This transaction is appropriate, as it is in
9 keeping with the City's vision of being a world
10 class city with world class services. By
11 providing a fire station in this area enhances
12 the City's fire response time. There were
13 alternative sites, but due to the uniqueness of
14 the site, such as the 17 foot elevation, three
15 road access, and adjacent green space uniquely
16 separates this site from the other
17 considerations."

18 MS. GOLDSTEIN: I think, just to add one
19 more thing, would be the usage of the residence
20 that -- I don't know how to word it, but that
21 whole area is used as a major gathering place
22 for biking and running and water station, and
23 it would get nice use from that.

24 MS. GOMEZ: You mean, the park area?

25 MR. HOLIAN: Yeah.

1 MS. GOLDSTEIN: And would enhance the --

2 MS. GOMEZ: Availability of the park area
3 to residents.

4 MS. GOLDSTEIN: Walkers, runners and
5 bikers.

6 CHAIRMAN MENENDEZ: Okay. In this one,
7 personally I would like to start, clearly, yes,
8 there are other alternatives. There's always
9 alternatives. So we've all agreed here and
10 talked at looking at other sites, the radius
11 and whatever. I would start with that. And if
12 you guys are okay with giving the explanation
13 or the verbiage around the uniqueness of this
14 site kind of justifying the premium that we're
15 going to be paying, I'm okay with adding that
16 language in, as well. How do you guys feel?

17 MS. GOLDSTEIN: That's fine.

18 MR. HOLIAN: Yes.

19 MR. PAREDES: I would strike out this, "By
20 providing a fire station in this area enhances
21 the City's" -- I just haven't seen that. I
22 have trouble. But I think your suggestion is
23 correct, yes, there are other alternatives, and
24 we're paying high, because of the uniqueness of
25 the site.

1 CHAIRMAN MENENDEZ: And I don't think that
2 it should go unsaid that the actual purchase of
3 this property does help us with the annexation
4 of -- with the annexation and response time,
5 because I believe, I'm not a hundred percent
6 sure at all about this, but I believe that we
7 will have to make a justification to the County
8 on whether or not we can annex that land and
9 some of the things they look at are response
10 time of Fire Department and police coverage.

11 So this is two-fold. It will help the
12 existing area in the Gables and it will help us
13 for our -- what is it, not a plea to the
14 County, but what do we do to the County?

15 MS. GOMEZ: No, it's just really the
16 residents have to decide if they --

17 CHAIRMAN MENENDEZ: The residents. So it
18 help us get the buy-in of the residents when we
19 go to annex the area, but I'm open to
20 discussion on this.

21 MS. GOMEZ: And as to Frank's point, the
22 Fire Department, they believe it's going to
23 increase response time, because they will get
24 down there quicker. Right now it takes them
25 longer to get there. Physically, they're not

1 close enough to that area. So it will get them
2 there quicker.

3 MS. GOLDSTEIN: I think it's more traffic.
4 If you just look at -- there's a fire -- what's
5 the station down by Red Road?

6 MR. ROBERTS: Fire Station 3.

7 MS. GOLDSTEIN: What's the mileage between
8 Fire Station 3 and this location?

9 MR. ROBERTS: The problem is that we only
10 have one artery coming into that area.

11 MS. GOLDSTEIN: I understand that, but
12 what's the mileage?

13 MR. HOLIAN: A mile or two miles, maybe.
14 It's not far.

15 MR. ROBERTS: So whenever they're analyzing
16 these deals, they have to look at the worst
17 case scenario, and so the worst case scenarios
18 are based upon congestion, when school is in
19 session in the morning.

20 MR. PAREDES: Have we even done an incident
21 rate in that underserved area?

22 MR. ROBERTS: Not yet.

23 MR. PAREDES: You just cited one case,
24 which is sad, and you're right, if you're the
25 family, you're tormented, but how many of those

1 are there a year? How many of those are there?
2 Has that been done to justify the pursuit of
3 this property and paying more?

4 MR. ROBERTS: So the response from Fire,
5 I'll tell you, and that's a very delicate
6 question, I'll tell you, because there is no
7 value -- there is substantial value to one
8 life. So if one life is lost as a result of
9 that, that's sufficient for the Fire Department
10 to want to have something there, but to answer
11 your question, the area itself -- this analysis
12 of the underserved area is based upon that
13 response.

14 MS. GOLDSTEIN: And the liability for the
15 City is less than -- the one million dollar
16 that it is going to cost the City to purchase
17 it, the net one million, is probably justified.

18 MR. PAREDES: I am very skeptical that the
19 residents will allow this to happen.

20 MR. HOLIAN: That's not our problem.

21 MR. GOMEZ: Then that has to be determined.

22 MR. PAREDES: It's not our problem.

23 MR. HOLIAN: They're going to let it
24 happen, but they're going to tighten the screws
25 to whatever they want built.

1 CHAIRMAN MENENDEZ: Okay. So the only
2 thing we added was a, yes; an affirmative, yes,
3 to there are alternatives.

4 MS. GOMEZ: Okay. So it's a, yes. So,
5 yes, there are always the alternatives, and
6 then continue, "This transaction is
7 appropriate, as it is in keeping with the
8 City's vision of being a world class city with
9 world class services." Whether we're keeping
10 or not, I don't know, "By providing a fire
11 station in this area enhances the fire response
12 time. There were alternative sites, but due to
13 the uniqueness of the site, such as the 17 foot
14 elevation, three road access and adjacent green
15 space uniquely separates this site from other
16 considerations."

17 Additionally, availability of park area to
18 the residents in that area is --

19 MR. PAREDES: Encouraged.

20 MS. GOLDSTEIN: Desired or welcomed.

21 MR. PAREDES: Welcomed, appreciated.

22 MS. GOMEZ: Is welcomed or will receive
23 lots of usage, I don't know.

24 CHAIRMAN MENENDEZ: Supported.

25 Okay. One thing, and this is a small

1 thing, the City's mission statement, a world
2 class city with world class service, aren't we
3 a world class city with a hometown feel?

4 MS. GOMEZ: Yeah, but that's the vision.
5 But the mission is to honor our history by
6 providing exceptional services that enhance the
7 quality of the life for the community. That's
8 mission. So we didn't restate the mission
9 here. We're just saying that we will provide
10 the service and the quality for our community.

11 MS. GOLDSTEIN: I make a motion on the
12 questions, that we accept our responses as
13 we've edited them.

14 CHAIRMAN MENENDEZ: Yeah. I don't think we
15 need to do that, because I think we're
16 correcting them here. So the answer that will
17 go in will be our edited answers.

18 MS. GOLDSTEIN: Are you asking for
19 agreement from the group that we're --

20 MS. GOMEZ: You're okay with the edited?

21 MS. GOLDSTEIN: Yes.

22 MR. PAREDES: We're fine with that.

23 CHAIRMAN MENENDEZ: With the edited ones.

24 MR. PAREDES: We're fine with the answers.

25 MS. GOMEZ: So now we need a motion as to

1 your recommendation.

2 CHAIRMAN MENENDEZ: Yes.

3 MR. ROBERTS: And that can have as many
4 components to it as you'd like.

5 MS. GOMEZ: So who is going to make the
6 motion?

7 MR. HOLIAN: What's the motion for? To
8 move forward?

9 MS. GOMEZ: To see whether or not, as a
10 Board, do you recommend moving forward with
11 this transaction?

12 MR. HOLIAN: Yes, we do. You want to make
13 a motion?

14 MS. GOLDSTEIN: You make the motion.

15 MR. HOLIAN: So my name is on it. I make a
16 motion that we move forward with the
17 recommendations that were presented today for
18 the project 7000 Old Cutler Road as Fire
19 Station 4.

20 MS. GOLDSTEIN: I'll second it.

21 MR. ROBERTS: Thank you.

22 CHAIRMAN MENENDEZ: Okay. All in favor?
23 Aye.

24 MS. GOLDSTEIN: Aye.

25 MR. HOLIAN: Aye.

1 MR. PAREDES: Aye.

2 MS. GOMEZ: One no.

3 CHAIRMAN MENENDEZ: One opposed?

4 MS. GOMEZ: Uh-huh.

5 CHAIRMAN MENENDEZ: Okay. I've never had
6 that, so I didn't put it there.

7 MS. GOMEZ: No, I'll put it on here.

8 MS. GOLDSTEIN: Okay. Sorry, is that it on
9 this?

10 MS. GOMEZ: Yes.

11 CHAIRMAN MENENDEZ: I have to leave, but
12 can I just bring up my issue -- not issue, but
13 my --

14 CHAIRMAN MENENDEZ: Of course. Concern?

15 MS. GOLDSTEIN: Concern.

16 CHAIRMAN MENENDEZ: Perfect.

17 MS. GOLDSTEIN: So, first of all, as
18 always, Keith and your team, the work that you
19 do --

20 MR. HOLIAN: Spectacular.

21 MS. GOLDSTEIN: Yes.

22 Diana, you're in there, too.

23 I think, from an overall vision for the
24 City, there comes to mind the funding of the
25 pension. Am I saying it correctly?

1 MS. GOMEZ: Uh-huh.

2 MR. KLEIMAN: Uh-huh.

3 MS. GOLDSTEIN: And I feel that it should
4 be more and more aggressively funded and that
5 we should have a discussion about that, and we
6 should be -- I feel, as representing the
7 citizens of Coral Gables, that it's the
8 responsible thing to do, to fund it more,
9 because we know these employees are retiring,
10 and it's not funded to the level it should be
11 at.

12 MR. KLEIMAN: So we actually took a big
13 step in this budget.

14 MS. GOLDSTEIN: I know you did.

15 MR. KLEIMAN: We increased it by 1.2
16 million dollars.

17 MS. GOLDSTEIN: I do.

18 MR. KLEIMAN: Which has three components.
19 So, in the past, you know, we implemented a 401
20 plan as an alternative, which is getting great
21 acceptance, and so that reduces future risk,
22 because the new employees, most of them are
23 going -- not most of them, I think 45 or 50
24 percent --

25 MS. GOMEZ: 50 percent.

1 MR. KLEIMAN: 50 percent are going to the
2 401, which is a good reduction in risk. So up
3 until FY18, the entire payment that we said we
4 were going to make included the cost of the
5 401. For FY19, we pulled that out and we added
6 that cost. So now, let's say, three or four
7 hundred thousand dollars is going to the
8 pension, as opposed to going to the 401 and we
9 added money for that.

10 MS. GOLDSTEIN: And how much are we still
11 under?

12 MS. GOMEZ: So we're at about -- the total
13 unfunded liability is 227 million dollars. We
14 are about 61 percent funded. In this coming
15 budget, we're going to be sending about 2.1
16 million dollars above and beyond the amount
17 that we have to fund. We are sending an
18 additional 2.1 million dollars to keep moving
19 with reducing the unfunded liability.

20 One of the things that kind of took us off
21 our track this year is that we did have a
22 lawsuit settlement for a prior year's cost of
23 living increases, where the City settled with a
24 class action suit that we had, and so it
25 increased the required contribution by two

1 million dollars. So we would have sent 4.1
2 million dollars extra, but because that
3 liability increased, we don't have another two
4 million dollars to just put into the pension.

5 Now, although I agree we need to get to a
6 point of a larger funding --

7 MR. KLEIMAN: We are adding the CPI.

8 MS. GOMEZ: Right. Right. So we are
9 making strides in everything that we're doing
10 to send additional funds to the pension and we
11 are making our requirements.

12 MS. GOLDSTEIN: I'm not doubting that, but
13 the way you get more money, right -- so you've
14 done this -- the revenue comes from taxes --
15 with the amount that you're looking at.

16 MR. KLEIMAN: Right. And it's a good point
17 you're bringing up, but just think about,
18 again, we have kept the same tax rate, which
19 technically is a tax increase, because the
20 values have gone up. So the average household
21 is going to pay maybe a hundred dollars more of
22 the Coral Gables piece of the whole tax bite,
23 but we only netted about 3.3 to 3.4 million
24 dollars out of that.

25 So think about it, we're putting 1.2 of it

1 toward the pension, and the rest, there are
2 other things that the City just has to do.

3 MS. GOLDSTEIN: I understand that, and I
4 think it's a political thing, that that is just
5 staying the same and we have our values
6 increasing and so we have -- we're going to
7 stay with the status quo, and I am of the
8 opinion that at some point the Commission and
9 whoever is Mayor is going to need to take the
10 stand of, you know, huh, maybe half a percent
11 increase, is that really -- you know, we can do
12 a lot with that. What is a half a percent?
13 How much money would that be?

14 MR. KLEIMAN: We don't have that here, but
15 we can get that for you.

16 MS. GOLDSTEIN: I think that's just in
17 general.

18 MR. KLEIMAN: One hundredth of a mil, I
19 think, brings in about \$140,000.

20 MS. GOMEZ: So it will be five times that,
21 right?

22 MR. HOLIAN: So four million --

23 MS. GOLDSTEIN: I'm just saying, in an
24 overall thing, you know --

25 MR. KLEIMAN: Is it palatable for the

1 Commission to do that? Again, your
2 recommendation to your Commissioner really sets
3 things in motion. That's what you're here for.

4 MS. GOLDSTEIN: That's why I'm bringing up
5 the point, because I think overall, from the
6 City's standpoint, that that is -- that's
7 something that we need to do.

8 MS. GOMEZ: Right.

9 MR. KLEIMAN: Uh-huh.

10 MS. GOMEZ: And so last week we had a
11 Pension Board Meeting, and the Commission came
12 to the Pension Board Meeting, four members of
13 the Commission, and there was this discussion
14 about how we're doing things going forward and
15 all of that, and just so that you know, the
16 Commission did say that they are not planning
17 to raise taxes for this purpose. Just so that
18 you're aware, but you can discuss it -- that
19 was a comment that was made by one or two of
20 the Commissioners.

21 MS. GOLDSTEIN: What other ways would there
22 be to get more money to go there?

23 CHAIRMAN MENENDEZ: The market improves.

24 MS. GOMEZ: How would you? So it has to
25 come from somewhere, so something else would

1 have to give in order to send additional, and I
2 think that the method -- so we've made a lot of
3 pension reform and we're holding strong to not
4 increasing pensionable benefits when we're
5 doing contracts.

6 MR. KLEIMAN: And we also covered the
7 assumption change.

8 MS. GOMEZ: Right.

9 MS. GOLDSTEIN: And how do we compare in
10 funding the pension to other cities?

11 MR. HOLIAN: That's surprising. That's
12 going to surprise you.

13 MS. GOMEZ: I mean, no. According to the
14 Pension Board actuary, he would say that his
15 clients in Florida are at about 80 percent
16 funded. So we are not in a good funding
17 position compared to others.

18 MS. GOLDSTEIN: That's fine.

19 MS. GOMEZ: But the thing is that, I think
20 we've done everything from a structural
21 standpoint to reduce benefits, pension reform,
22 we're not adding more. We are committing to
23 send more and every availability of sending
24 more, and the way we're paying it -- so we're
25 doing a lot that we can do without actually

1 allocating even more funds toward it.

2 MR. PAREDES: So correct me if I'm wrong,
3 200 million is our pension liability and based
4 on everything -- give or take, 200 million.
5 Only sixty percent is funded, but the --

6 MS. GOMEZ: No, 550 is the total liability.

7 MR. PAREDES: Oh, 550 is the total.

8 MS. GOMEZ: Or whatever, maybe 560, and
9 then 227 is what we have unfunded.

10 MR. KLEIMAN: Unfunded.

11 MR. PAREDES: Okay. But the 500 is staying
12 relatively stable, because of everything that
13 you're doing? We're not adding new people,
14 we're not giving --

15 MS. GOMEZ: No, we are adding new people.
16 People have the option to come in.

17 MR. PAREDES: But they're going into the
18 401 --

19 MS. GOMEZ: Some people are going into the
20 401. Fifty percent of the people are going
21 into 401.

22 MR. PAREDES: So the question is, to make
23 sure that the rate of total liability --

24 MS. GOMEZ: We want to get to 100 percent
25 in an ideal world, right? Right.

1 MR. PAREDES: There is no perfect world.

2 MR. HOLIAN: We just bought a piece of
3 property for four million bucks.

4 MR. PAREDES: The rate of that increase, of
5 that total liability, versus the rate of our
6 unfunded, at least we're catching up to the --

7 MS. GOMEZ: Well, right. So we were doing
8 real well with that, and then we had a lawsuit
9 settlement that increased that by 14.7 million
10 dollars, and so --

11 MR. PAREDES: The total liability?

12 MS. GOMEZ: The total liability, and so it
13 went truly to the unfunded. So our unfunded
14 otherwise would have been 15 million dollars
15 less and we would have been higher funded. We
16 would have been like 64 percent funded.

17 MR. PAREDES: The critical components for a
18 Commissioner or for what Cheryl was talking
19 about is, making sure that the rate of total
20 liability is not greater than the unfunded part
21 of it, so that you're funding that, you're
22 catching up.

23 MS. GOMEZ: Yes.

24 MR. PAREDES: The question is, we've got to
25 catch up.

1 MS. GOMEZ: Correct. And so there's always
2 different variables and that happens. If
3 investments -- if the market does horribly as
4 of September 30th, we're going to have a loss.

5 MS. BRAVO: Right.

6 MS. GOMEZ: That is something that we
7 cannot really -- we don't know, right. All of
8 the other factors, we're trying to be
9 conservative in the assumptions that are being
10 used. Now, the more conservative you become,
11 the more expensive it is on the onset. Like
12 they recommended to go -- the Pension Board
13 actuaries recommended to go to seven percent on
14 market rate assumption. We're at 7.65. We
15 reduced it from 7.75 to 7.65.

16 MR. HOLIAN: That's what caused the whole
17 problem.

18 MS. GOMEZ: But then that would add 35, 40
19 million to the unfunded. So the thing is, when
20 we don't make our investment return, it's not
21 like we don't make it by like .5 percent, we
22 don't make it because it's like one percent.
23 So we either make like ten or twelve percent or
24 we make like next to nothing.

25 MR. PAREDES: But new employees, we're just

1 not -- I want to make sure that we don't try --
2 we have to be competitive, but we don't try to
3 add to our total liability by using a 401.
4 Private entity has gone to 401-Ks. There's no
5 retirement benefits for anybody.

6 MS. GOMEZ: Right. As a governmental
7 organization, in the public safety side,
8 pension is the way. It's just, it is, and we
9 will not retain or recruit anybody for public
10 safety if we don't have a pension plan.

11 On the general employee side, we do have
12 the 401 option, but it is just an option, and
13 only 50 percent of the people are taking it.
14 The new people don't really cost us that much.
15 They don't add to the unfunded. The unfunded
16 is an old bill that we have to pay.

17 MR. KLEIMAN: The general cost is about the
18 same as the 401-K.

19 MS. GOMEZ: Right. But, now, should the
20 market tank tomorrow, then the new people are
21 causing me an unfunded, because there's a loss
22 based on those new people.

23 MR. KLEIMAN: Especially if we don't cover
24 those --

25 MS. GOMEZ: That change, right.

1 MR. KLEIMAN: And we're doing our best to
2 cover those changes.

3 MS. GOMEZ: So the idea is that by getting
4 people into the 401, the future uncertain
5 liability is taken care of.

6 MS. BRAVO: It's diminished.

7 MS. GOMEZ: Maybe it's a little more
8 expensive or no real savings right now, but in
9 the future, if we have everybody in the 401,
10 then the potential of something going wrong is
11 less, because there's less people in it.

12 So it's a balancing. I think we are doing
13 a good job of addressing it. We're not turning
14 a blind eye to it. There was drastic pension
15 reform made in the past few years.

16 MR. HOLIAN: It's a lot better than it was
17 ten years ago.

18 MS. GOMEZ: Correct. Now, but,
19 technically, no. Twelve years ago, it was 105
20 percent funded or whatever it was, 102 percent
21 funded, right, but then we had all of these
22 market crashes and all of these things, and
23 benefits had not been reduced, and so they
24 multiplied and they made the funded just jump
25 and jump and jump every year.

1 MR. HOLIAN: You can say it's funded, but
2 have to change your assumptions. Instead of
3 going to seven percent, say 8.25 percent.

4 MS. GOMEZ: But then it's not realistic,
5 either.

6 MR. HOLIAN: No.

7 MS. GOMEZ: So we want to have a balance of
8 conservative --

9 MR. PAREDES: It's in your benefits. Where
10 the City can control it is in the benefit side
11 of it. That's it.

12 MS. GOMEZ: Exactly. And so we're not
13 adding any -- in the last couple of years of
14 contract negotiations, we have not been adding
15 pension benefits that would adversely affect
16 the pension.

17 So there's always going to be, if you give
18 a raise, it affects the pension, but that's
19 normal.

20 MR. HOLIAN: And the overtime, the
21 reduction of the overtime and shifting people
22 with extra overtime --

23 MS. GOMEZ: Right, and it's not pensionable
24 and all of this other stuff. We've done a lot
25 to stop the bleeding, for lack of a better way

1 of saying it, but now we have to catch up and
2 we're not going to pay it off in a year or two.
3 It's going to take us fifteen years.

4 MS. BRAVO: Are we even going to get there
5 in fifteen years, is the question?

6 MR. HOLIAN: Some people are going to die.

7 MS. GOMEZ: If all of the assumptions are
8 relatively met, yes. I mean, the math works.
9 As long as we don't have a huge loss. But will
10 there be a market downturn at some point, of
11 course there will be.

12 MR. HOLIAN: And what really happens
13 wonderfully is that if you're making your
14 pension contribution and you have a great
15 market year, you still make it. In years past,
16 sometimes what happened, not in the City, but
17 the market would be up fifteen percent, "Well,
18 we don't even need to fund it this year because
19 we made 15 percent."

20 MS. GOMEZ: We won't do that, right. We
21 have a Resolution that we're going to fund at
22 least this much.

23 MR. HOLIAN: Other entities will do that.
24 They'll say, "We made 15 percent. We don't
25 need to put ten million in. We'll only put in

1 six million." That's part of the problem.

2 MR. PAREDES: Countering that is the life
3 expectancy of people. You retire at 50 and
4 you're living until 90 and you have your pay.

5 CHAIRMAN MENENDEZ: Guys, I'm really sorry.
6 I'm appointing John as Vice Chair. I'm
7 stepping out.

8 MR. HOLIAN: Okay. What do I have to do?

9 MS. GOMEZ: Just continue the meeting.

10 CHAIRMAN MENENDEZ: Just continue on.

11 MR. HOLIAN: Okay. Do we have anything
12 else we want to say about the pension?

13 Good. Let's move on.

14 MS. GOMEZ: The budget, just the overall
15 budget presentation, Keith, and the internal
16 audit update.

17 MR. ROBERTS: I'm going to excuse myself.

18 MR. KLEIMAN: Okay. So the budget for FY19
19 is 197 million dollars. It's very comparable
20 to what it was last year. However, just if you
21 take a look at your budget books, you will see
22 the FY18.

23 MS. GOMEZ: What page?

24 MR. KLEIMAN: It's my Page 46.

25 MR. PAREDES: 45 is the big pretty picture.

1 MR. KLEIMAN: Right. It may be a couple of
2 pages off because I have a new --

3 MR. HOLIAN: What section would it be in?

4 MR. KLEIMAN: In the Financial Data
5 section. Go to the parchment paper.

6 MR. HOLIAN: Got it.

7 MR. KLEIMAN: The first, you're going to
8 see a graphic that's just a fund structure. If
9 you go one, two and three pages past, Summary
10 of Total Revenues and Transfers from Reserves.

11 MR. HOLIAN: Got it.

12 MR. KLEIMAN: Okay. So the bottom line,
13 again, your number may be slightly off from
14 mine, because that was a draft, but we have
15 done some minor changes and we have a final
16 book, which you'll get, if not tomorrow, you'll
17 be getting a delivery on Monday.

18 The total budget is 197.2 million dollars,
19 bottom line. I think the operating revenues
20 are 181.2 million dollars.

21 Now, the big difference, if you compare it
22 to the previous year's budget, is that budget
23 includes reappropriations from prior years, and
24 you can see that sort of a little below the
25 middle of the page. It says, "Prior year

1 reappropriations." They're about 50 million
2 dollars. I don't know if you can see that.

3 So that is the difference, and I am sort of
4 contemplating, though we haven't really
5 discussed it, to pull out the reappropriations,
6 because they're not a great measure. They sort
7 of skew what the previous year is. We would
8 leave it. It would still be the amended
9 budget, but pull out the reappopriations, to
10 make it more of an apples to apples comparison.
11 I've been toying with that idea, but I have not
12 really talked to Diana about it yet.

13 Now, if you turn a few pages further, it's
14 my Page 56, it's probably going to be -- flip
15 the pages a little bit. After that. Keep
16 going. Keep going. One more after that.

17 Okay. And that is the Summary of Total
18 Expenditures and Transfers to Reserves. Now,
19 we always present a balanced budget. Again,
20 it's 197.2 million dollars, and here's where
21 you can see, the top section, Operating
22 Expense. Now, here, you can see it's very
23 comparable. So the FY19 estimate is 166.4,
24 compared to FY18 of 165.9.

25 There's not a lot of reappropriation in the

1 operating side of FY18, so you can see the
2 numbers are fairly consistent. If you did pull
3 out some of the reappropriations, you would get
4 the differences between the additional revenues
5 that we got for FY19. It's a small amount of
6 money. It's just several million dollars, as
7 opposed to fifty.

8 Now, if you go to the next section, that's
9 the Capital Improvement Budget, same page, and,
10 again, you're going to see the reappropriations
11 staring you in the face there. Total capital
12 improvements for FY19 is almost 20 million
13 dollars, and you'll see FY18 is showing 73
14 million dollars. That's most of it. That's 50
15 million dollars of reappropriations right
16 there.

17 Now, you're going to see another change, if
18 you look into the next section right below
19 that, Debt Service. You can see the debt
20 service rising from 8.3 million dollars to 10.5
21 million dollars and that difference there is
22 strictly due to the new public safety building.

23 MR. PAREDES: That was funded by the
24 Sunshine State debt --

25 MR. KLEIMAN: Well, that's how we acquired

1 the bond. We went through Sunshine State.

2 MR. PAREDES: Okay.

3 MR. KLEIMAN: But the debt service is being
4 paid for by a rate increase in parking fees.

5 Any question so far?

6 MR. PAREDES: Yeah, a couple of points.
7 The value has increased of the properties by
8 what percentage?

9 MS. KLEIMAN: Five percent.

10 MR. PAREDES: Five percent.

11 MR. HOLIAN: Which property are we talking
12 about?

13 MS. GOMEZ: Property values in general.

14 MR. KLEIMAN: Yeah, taxable value.

15 MR. PAREDES: And actual for this year,
16 we're okay? This year, we're meeting budget or
17 we're ahead of budget or --

18 MS. GOMEZ: Current year.

19 MR. KLEIMAN: Uh-huh.

20 MR. PAREDES: Because we're almost there,
21 at the end of the year. So we're fine?

22 MR. KLEIMAN: Yes.

23 MR. PAREDES: Because this only presents a
24 budgeted budget and doesn't give you any
25 indication of that.

1 MR. KLEIMAN: Right.

2 Any questions so far?

3 Okay. So we can go to the Capital section.
4 It's my Page 60, so it's a few pages on.

5 So now you can see what we're funding. The
6 middle column, you see "FY19 new funding,"
7 which is what we're doing for FY19.

8 MS. GOMEZ: So these are all of the capital
9 projects listed here, and anything that is
10 getting new funding. Some of them are
11 existing. They've had money in the previous
12 years, but it requires new funding in the --

13 MR. KLEIMAN: Right. So some projects are
14 brand new for FY19, and then some projects have
15 prior year funding and we're adding additional
16 money to it.

17 MR. HOLIAN: Where are we with IT? It
18 seems like we're always spending a boatload of
19 money on IT.

20 MR. KLEIMAN: Yes. IT was one of our first
21 capital improvement matrices, where we looked
22 at every asset component of IT, and said, okay,
23 what would it take for you to replace all of
24 your items on time.

25 MR. HOLIAN: Right. And assets are

1 expiring and we're on board with that.

2 MR. KLEIMAN: Actually, we're on board with
3 that. And everything we're doing with public
4 safety has a huge IT component. So that's why
5 the IT budget is growing, completely, all
6 public safety, especially police. It's not so
7 much on the fire side, but the police side,
8 they're all new systems and the City is right
9 on top of that.

10 MR. PAREDES: So that first line of 3.9
11 million dollars, we've got funds and we're
12 spending that, and that's IT?

13 MR. KLEIMAN: Yes. Right. That's some
14 prior year funding --

15 MR. HOLIAN: Keith doesn't spend money he
16 doesn't have.

17 MR. KLEIMAN: No.

18 MR. PAREDES: No, but are we keeping
19 up-to-date with everything that's happening in
20 IT, both from a funding and spending aspect of
21 it?

22 MR. KLEIMAN: Yes.

23 MR. HOLIAN: I think that was a big
24 project. There's a time table for assets that
25 are expiring, right?

1 MR. KLEIMAN: Right.

2 MR. HOLIAN: And then they're budgeted so
3 we're not going to walk into a \$500,000 unknown
4 IT expense.

5 MR. KLEIMAN: No. No. Every IT asset is
6 now looked at and budgeted for the future, and
7 we have, truly, a great IT director, who is
8 very progressive. He works well with us. He
9 reviews every component of his budget and
10 actually reduces his budget voluntarily for
11 items that are no longer needed. So he's just
12 a pleasure to work with.

13 Okay. Facility & Repairs. Now, as you
14 know, the City has not taken care of its
15 facilities in the past and we are playing
16 catch-up. So, again, we have these other
17 matrices. There's the roof, HVAC, elevator.
18 Those are some of the major matrices to replace
19 roofs, HVACs and elevators on time.

20 This year, we did a complete evaluation of
21 all of the City's elevators and we increased
22 the elevator matrix from originally, I think it
23 was about 115,000 per year, and you can see now
24 they're getting \$447,000.

25 Now, in FY19, we upped it a little bit,

1 because we're playing catch-up. It won't be
2 that high on a regular basis, but we have to
3 replace some elevators right away, because they
4 have not been done in the past.

5 MR. HOLIAN: Some of them are spooky.

6 MR. PAREDES: But just a minor item, last
7 year, you're carrying over 338 and you're
8 funding 447.

9 MR. KLEIMAN: Right.

10 MR. PAREDES: Will you be able to spend the
11 786 all in one year to fix the elevators?
12 Those are the types of things -- you know, you
13 keep appropriating, but you're not paying for
14 them. You're not buying them. It's not
15 happening.

16 So, in other words, you had a million seven
17 sixty-six carried over from last year that you
18 didn't spend, but it was appropriated. Now
19 you're adding a million four and you're going
20 to be able to spend 3.2 million in the next
21 fiscal year?

22 MR. KLEIMAN: Yes. Like, for instance, on
23 the elevators, the 338, it is completely
24 available right now; however, it is already
25 accounted for. We're going to be replacing two

1 of the elevators in the garages, and that 338
2 is going toward some of it. Some of the money
3 is going to come from the parking fund.

4 So, technically, this money, we have to
5 show it, because it's still in the system.
6 It's still showing it's available, but it's
7 already allocated.

8 MR. PAREDES: I mean, I'm just making sure
9 that you're spending as soon as the money is
10 available, so that you can --

11 MR. KLEIMAN: Yes. The Commissioners are
12 very, very aware that capital --

13 MR. PAREDES: Similar situation as the
14 pension. Let's make sure we don't dig a deeper
15 hole.

16 MR. KLEIMAN: Well, they were and that's
17 why we're playing catch-up on capital. That's
18 why the City is putting so much money in
19 capital every single year.

20 MR. HOLIAN: Which we never were playing
21 catch-up. We weren't even maintaining. We
22 weren't doing anything.

23 MR. KLEIMAN: There was no capital plan.
24 They didn't have one.

25 MR. HOLIAN: That's exactly right. "It

1 broke. Let's fix it."

2 MR. KLEIMAN: Right. It was putting out
3 fires, before.

4 MR. HOLIAN: Right.

5 MR. KLEIMAN: Now we're planning ahead.

6 So now you can go and you can see that
7 there are different categories, Historic
8 Facilities --

9 MR. PAREDES: 800,000 to the Biltmore
10 Hotel. We're paying for that? Is that part of
11 our deal with them in the rental and all of
12 that stuff?

13 MR. KLEIMAN: Just recently. In the last
14 Commission Meeting, the Biltmore approached the
15 City and they are investing 25 million
16 dollars --

17 MR. PAREDES: Yeah, it's in today's paper.

18 MR. KLEIMAN: Right. And so we are giving
19 them 800,000 a year until we give them in total
20 5.2 million dollars, and then that's going to
21 go away.

22 MS. GOMEZ: But the maximum that we give
23 them is 50 percent of what their revenues to
24 us, their rent payments to us, generate. Right
25 now it's estimated it's 1.6 each year that they

1 give us in rent payments.

2 MR. PAREDES: So we rebate them 50 percent
3 of the --

4 MR. KLEIMAN: Until we've paid off 5.2
5 million dollars.

6 MS. GOMEZ: Right.

7 MR. KLEIMAN: So this 800,000 may go down.

8 MS. GOMEZ: Or up.

9 MR. KLEIMAN: Or up, right.

10 MR. HOLIAN: Just for clarity, they rent
11 the Biltmore facility for 1.6 million a year?

12 MR. KLEIMAN: No. No. That's our share of
13 their revenues. That's what we get.

14 MR. HOLIAN: So do they pay us otherwise or
15 that's all they pay us?

16 MR. KLEIMAN: No. They pay us that and
17 they pay for their own debt service. We have
18 some older debt, which they're paying the debt
19 service for that.

20 MR. HOLIAN: Okay. And what's that number?

21 MR. KLEIMAN: A quarter of a million
22 dollars. And once that debt is paid off, that
23 will stop.

24 MR. HOLIAN: So they pay the City,
25 arguably, just under two million dollars?

1 MS. GOMEZ: Yes.

2 MR. KLEIMAN: Well, it's 1.6, because,
3 again, the debt is a pass through. That just
4 goes right to pay off a debt.

5 MR. HOLIAN: It's a nice place to rent for
6 1.6 million dollars.

7 MR. PAREDES: Very nice.

8 MS. GOMEZ: Yeah. But it's revenue based.
9 So if they do well, then it goes up. If they
10 don't, then --

11 MR. KLEIMAN: Right. And the goal is, with
12 the renovations --

13 MR. PAREDES: And we rebate them 50
14 percent.

15 MS. GOMEZ: That's something that was just
16 approved by the City Commission in order for
17 them to do this capital renovations, but we
18 don't normally rebate them. For this program,
19 we're contributing up to 5.2 million dollars.

20 MR. KLEIMAN: Right.

21 Okay. So Motor Pool Capital Equipment,
22 similarly to the other capital classes, we're
23 replacing motor pool now on time, which we were
24 not doing before. When we first started, we
25 were only replacing 1.4 million per year, and

1 you can see the difference now of what we
2 funded.

3 And this is now replacing. We're still
4 playing catch-up. This could take another two
5 to three years. When the matrices started, it
6 was going to be three to five years to catch
7 up. We have another two or three years to
8 catch up, and then we should pretty much be on
9 time.

10 Other categories, Parking Repairs, Parks
11 and Recreation, now there you can see the
12 second line down, Parks and Recreation Major
13 Repairs, almost 1.4 million dollars going in.
14 Every year, we're doing that. This is another
15 capital matrix, which we looked at every single
16 capital asset in our Park System, we costed it
17 out, cost of replacement, its life cycle, and
18 we came to the conclusion that around -- well,
19 we started at 1.3 and we have a CPI on it every
20 year.

21 So in FY19 we are giving them almost 1.4
22 million dollars, and all of that is planned in
23 detail a few pages ahead. Actually, in your
24 book, it wasn't there, but once you get your
25 book, there is detail of the Parks Major Repair

1 and where that 1.4 million is going. You can't
2 look in your book now. It wasn't in there. It
3 was an oversight. But you will see it in the
4 book that you get either tomorrow or Monday.

5 Okay. Any questions so far?

6 MS. BRAVO: Was the City of Coral Gables
7 taking on the whole high school track lighting
8 or are we sharing that with the Public School
9 System?

10 MR. KLEIMAN: No, we're doing that. We're
11 doing that.

12 MS. BRAVO: But we don't own any of that.
13 That's the --

14 MR. KLEIMAN: No. We have a right to use
15 the property for practices and things like
16 that, and that area is weak in parks, so having
17 that park lit up at night would allow it to be
18 used for runners and walkers.

19 MS. BRAVO: And that's all to be used by
20 the citizens of the City?

21 MR. KLEIMAN: Yes. It is a mutual
22 agreement --

23 MS. BRAVO: So it's open to them?

24 MR. KLEIMAN: Yes.

25 MR. HOLIAN: Do people rent space on that,

1 because I see like workout groups and stuff?
2 Do they get a permit or anything to do that or
3 they just go and walk --

4 MR. KLEIMAN: On that school?

5 MR. HOLIAN: Yes.

6 MR. KLEIMAN: That I can't tell you. I
7 don't know.

8 MR. HOLIAN: I'm just wondering, because
9 they like run fitness programs over there and
10 stuff.

11 MR. KLEIMAN: If they do, they'll be
12 renting it from the school, not from the City.
13 Yeah, this is not a City property.

14 MR. PAREDES: And the baseball field's got
15 a lot of advertisement. I guess that's the
16 fundraising --

17 MR. HOLIAN: And Ransom Everglades, I
18 think, replaced the track, because Ransom
19 Everglades didn't have the facility, so I think
20 they funded a bunch of -- that track being
21 rebuilt.

22 MR. KLEIMAN: Okay. So we'll be adding the
23 lighting to it.

24 MR. HOLIAN: LED, earth friend lighting, I
25 assume?

1 MR. KLEIMAN: Yes.

2 MS. BRAVO: The Public Safety Improvements,
3 are we getting there now?

4 MR. KLEIMAN: Yeah. Go ahead.

5 MS. BRAVO: You've got Fire Station 4, half
6 a million --

7 MR. KLEIMAN: That's the additional money.

8 MS. BRAVO: Well, it's going to cost us a
9 million extra.

10 MR. KLEIMAN: Right. It's going to cost us
11 a million, but that's next year. Let me take a
12 look.

13 If you flip the page and you get to the
14 Public Safety Section, you have the deal right
15 there. You look down, and you'll see, Fire
16 Station 4 --

17 MR. PAREDES: Purchase of the building.

18 MR. KLEIMAN: Purchase of Fire Station 4
19 building, there is the entire planned capital
20 project.

21 MR. PAREDES: Four million six.

22 MR. KLEIMAN: Right. Four million six
23 seventy and you'll see the entire thing that we
24 have. You see that seventeen zero nine of
25 prior year monies, 500,000 for FY19, next year

1 is the grant piece, in 2020, that two million
2 sixty is grant piece and then the additional
3 500,000 to make the one million that we need.
4 60,000 is for possible design and then the
5 400,000 is the construction we discussed
6 earlier.

7 What we try to do when we're planning
8 capital projects is to smooth the costs. We
9 try not to hit the ceiling in any one year. So
10 we do our best. Sometimes it cannot be helped.

11 Like, for instance, in this year, if you
12 look under Public Safety Building, we're adding
13 two million dollars construction of new public
14 safety building. The construction costs have
15 gone up unexpectedly. So you'll see that we
16 added this 2.365 million dollars in this fiscal
17 year.

18 MR. HOLIAN: How is the project going over
19 there?

20 MR. KLEIMAN: Well, they're expecting to
21 break ground, I believe, in the winter of 2019.
22 So this coming January or February.

23 MR. HOLIAN: There's always some
24 scuttlebutt about that, that the Fire
25 Department was complaining that they didn't

1 have showers for the Chief and that the car
2 won't fit in the building, and you don't know
3 what to believe.

4 MR. KLEIMAN: I think they've settled most
5 of those issues. They kept coming back and
6 forth to the Commission. And I believe, now
7 they've gotten everybody on board. I don't
8 want to speak for them, but that's my
9 understanding.

10 So I don't know how much more detail you
11 would like to go into. There's one more thing
12 I'd like to show you that we're very, very
13 proud of. I'll give you an example of it.

14 If you flip into the tab that is Community
15 Recreation, right sort of in the middle of the
16 back, and flip to the Tennis Center, okay,
17 that's Division 6010, now you're going to see
18 that is a change for FY19. The City has always
19 had part-time employees.

20 Now every division has this. So the City
21 has always had part-time employees and they've
22 always been budgeted in one dollar amount.
23 Basically we sort of inherited that. It's been
24 very frustrating for us not to know exactly
25 what's going on. There were never positions

1 that we could budget.

2 So now we spent the last number of months
3 breaking out the part-time budget and now you
4 see it by position.

5 MS. BRAVO: That's great.

6 MR. KLEIMAN: Because we want complete
7 transparency. So now you're going to see the
8 title, you're going to see a column there that
9 says "head count," HC, and then the FTEs. FTEs
10 are a percentage of what that is compared to a
11 full-time body.

12 So now it's much more realistic, and,
13 basically, now, when a position vacates, they
14 can put a form in, they sign it, they say that
15 we want to replace this, and we know it's
16 budgeted. It was very difficult to determine
17 what was budgeted and what was not before.

18 MR. PAREDES: So the big number there is
19 the 120 Tennis Pro Commission. Is that worth
20 120?

21 MR. KLEIMAN: Right. Well --

22 MS. BRAVO: It's a percentage of what they
23 generate. If they don't generate, they don't
24 get it.

25 MR. HOLIAN: They're active. I drive by

1 there every day. That's how I go to work. And
2 they've got a lot of activity over there.

3 MR. KLEIMAN: It's a very common thing for
4 tennis pros in every City to have a small
5 salary as an employee of the City, but then
6 have a piece of the action.

7 MR. HOLIAN: And the whole little internal
8 audit, where they were looking at the tennis
9 facility and how they were doing refunds and
10 things like that, that's all taken care of?

11 MR. KLEIMAN: Yes. And, actually, we have
12 a status of that next, as soon as we're
13 finished with the budget.

14 So this is the last thing I wanted to say.
15 We're very proud of adding this to the budget.
16 Cathy is thrilled now that this is in here. If
17 there's any questions, we can go into more
18 detail.

19 MR. HOLIAN: No.

20 MR. PAREDES: I would tell you, my
21 congratulations to you guys. I think this is
22 clearly well done. I want to highlight the
23 Financial Excellence Goals. They're very
24 nicely stated in the front, and your long range
25 planning, very good.

1 So I just have a similar thought. You get
2 lost in all this detail. You know, it's just
3 amazing. You lose the forest for the trees in
4 this concept. But the key is, the value of the
5 taxes and you're paying for the services and
6 people are happy.

7 MR. HOLIAN: You should bring in a budget
8 from eight years ago and show what the budgets
9 used to look like eight years ago. You could
10 look at it, and we couldn't figure --

11 MS. GOMEZ: And so when we do the Budget
12 Workshop with the Commission, which is
13 scheduled for July 11th, we do try to summarize
14 those key points for the presentation to them.

15 MR. PAREDES: It's an elevator pitch.

16 MS. GOMEZ: Right. Well, I mean, it's
17 about a thirty-minute, if they don't ask
18 questions. The presentation itself is
19 somewhere between twenty to thirty minutes from
20 Keith, but it highlights everything in the
21 budget.

22 Now, so the process right now is, we're
23 printing the books. This is the budget, what
24 we call the budget estimate. So it's just what
25 we're estimating it to be. We had given you a

1 preview copy, which we're going to ask that we
2 take back, and then we'll give you the real
3 budget estimate book, and we'll deliver it
4 either by the end of the day tomorrow or
5 Monday.

6 MR. PAREDES: Can we get the executive
7 summary, as opposed to the whole book, because
8 I already got my guns as developed as I'm going
9 to get them?

10 MS. GOMEZ: And so the idea, though, is
11 that you have the full book should the
12 Commissioners call you to ask you questions
13 about, what do you think about this, what do
14 you think about that, and the idea really is
15 that if you have the opportunity, talk to your
16 Commissioners, that's what they want of you,
17 right. They want you to maybe look at this,
18 and then, if you have any concerns or comments
19 or questions or problems, that you reach out to
20 them and you talk to them about it.

21 They're going to get the books by tomorrow
22 evening. And then, again, we don't have a
23 meeting on this until July 11th. We decided to
24 do this earlier here just because of timing
25 with the 4th of July holiday, which doesn't

1 allow another time before that Workshop for us
2 to meet with you guys to see what your thoughts
3 or concerns or questions may be.

4 So that's the goal of how we're doing it.

5 MR. KLEIMAN: But also, after you're
6 finished with your books, if you don't want to
7 keep them, please send them back to us.

8 MR. PAREDES: Yeah, because I don't have a
9 way to shred them.

10 MR. KLEIMAN: If we don't give them out to
11 somebody who actually is requestion one, we
12 will shred it and we will reuse the binder. We
13 pull out the pictures, so we save the City
14 money, and we do recycle. We shred the
15 document and recycle them. So we try to be as
16 green as we possibly can.

17 MS. GOMEZ: Sure.

18 So after July 11th, there's nothing really
19 in the budget until -- we work on the final
20 budget after the Workshop, any feedback that we
21 get, until September 13th, which is the first
22 hearing where the Commission -- it's a public
23 hearing regarding the budget, and then
24 September 25th are the two hearings for the
25 budget, where the public can speak as to budget

1 and all that.

2 So I would say that the Commissioners could
3 ask you questions at any time from July 1 that
4 they get their book until September 25th.

5 MR. KLEIMAN: And feel sorry for me,
6 because I'll be spending my birthday at the
7 first hearing.

8 (Discussion off the record.)

9 MS. GOMEZ: So the last item on the agenda
10 is a quick update on the Internal Audit side of
11 the house.

12 MR. KLEIMAN: And if you remember Elsie
13 Fuentes, she is our Internal Audit Coordinator
14 and Grant Coordinator. So she's going to run
15 through where we are.

16 MR. HOLIAN: My favorite is the oil and
17 gas, just for the record.

18 MS. DE BRUZOS FUENTES: Good morning, just
19 to give you a brief summary of all of the
20 internal audits performed by Pro that we have
21 completed to date and are currently in
22 progress.

23 So completed to date we have officially
24 four audits already done. The first one was
25 the network and data security testing back in

1 April 2017. That's not in the City's website,
2 because of the sensitive information that has.

3 We have the next one, which is the user
4 access control. The report was issued November
5 2017, and that is available in the City's
6 website.

7 The cash management audit, that I think you
8 were relating to, that was concluded on
9 December 2017 and that is also on the City's
10 website.

11 The last one has been the internal
12 penetration testing, also from IT, and that was
13 completed on January 2018, but less than two
14 weeks ago we just finalized the report. That
15 is not on the website either, because of how
16 sensitive it is.

17 MR. PAREDES: Is there any problems in
18 those, in the penetration, the phishing and all
19 of the cyber security stuff that's going on?

20 MS. DE BRUZOS FUENTES: Right. In general,
21 like Keith stated, the director there is very
22 hands on and everyone there is very welcoming
23 to all of the recommendations that are given.
24 That's why, on the IT budget, they have some
25 plans for later on some enhancements to the

1 system, but they're constantly being very
2 proactive on the controlling of the phishing
3 and all of these sensitive aspects of IT.

4 MR. HOLIAN: It's very difficult.

5 MS. GOMEZ: I mean, just yesterday I
6 forwarded an e-mail to IT to say, "This is a
7 phishing e-mail." They said, "Sure, it is."

8 We get them all of the time, but they --

9 MR. HOLIAN: The problem is, someone clicks
10 on it, and it's --

11 MR. PAREDES: I sit on another board, on
12 the Commercial Audit Board, and we had the
13 external auditors in and did a phishing and
14 there was somebody that violated it seven
15 times, and every time they send the false, it
16 gives you a training session, and they keep
17 doing it.

18 MR. HOLIAN: It's not going away.

19 MS. DE BRUZOS FUENTES: To continue, the
20 audits that we have now in progress would be
21 the Payroll and Human Resources -- we're almost
22 about to finish with that one -- which was to
23 review and document policies and procedures
24 related to the processing of payroll.

25 The fuel and fleet, also we're almost

1 finishing --

2 MR. HOLIAN: My favorite.

3 MS. DE BRUZOS FUENTES: -- review and
4 document policies and procedures related to
5 fleet management, fuel consumption and
6 procurement of fleet services.

7 The fake service addresses -- we just
8 started with that one -- is to review the waste
9 collection services billing addresses.

10 The development services -- almost
11 completing that one, as well -- access the
12 development services area, including permitting
13 activities.

14 The procurement and disbursement audit,
15 it's review and document policies and
16 procedures related to the procurement,
17 disbursement and overall payment process.

18 The procurement card, P card and gas cards,
19 review and document policies and procedures
20 related to the procurement and the gas cards
21 all around the City.

22 And just, by the way, we also have an
23 Assistant Finance Director in that capacity,
24 and she's wonderful. She's very reachable and
25 very quick in responding and giving us all of

1 the information we need.

2 And we're about to start the towing service
3 audit. It's to review the towing service
4 contracts for compliance.

5 So here we also want to share with you the
6 Updated Audit Plan that is as of May 31st. In
7 there, I didn't identify that we had already
8 started the Public Works audit, and we're going
9 to put that into our third year. So we're
10 going to Page 5. You'll be able to see that.

11 MR. PAREDES: So these hours are incurred
12 already or yet to be incurred?

13 MS. DE BRUZOS FUENTES: On the first tier,
14 for example --

15 MR. PAREDES: Actual hours incurred. I'm
16 sorry. I got it. I got it. This is already
17 done.

18 MS. DE BRUZOS FUENTES: The completed
19 audits, they were on target to the original
20 budget hours that we had, and I think it's been
21 progressively going to the next audits.

22 MR. HOLIAN: What was the budget for the
23 internal audit?

24 MR. KLEIMAN: It was 180 for the first
25 year, 135 for the second year, and the third

1 year is 105 or something like that.

2 MR. HOLIAN: Okay.

3 MR. KLEIMAN: The first year included the
4 risk assessment, which is why it's so high.

5 MR. HOLIAN: Uh-huh.

6 MS. DE BRUZOS FUENTES: And so we will
7 continue on with the Public Works audit. That
8 mainly is to review, document and see the
9 procedures related to the facilities,
10 utilities, sanitation, landscaping and
11 engineering. Due to Hurricane Irma and the
12 staff hours involved with all of the damages,
13 we decided to postpone it now to the third
14 year.

15 And as to the Parks and Recreations, we
16 started with that audit in the second year.
17 Again, we wanted to postpone it now in this
18 third year, only because we wanted to give it
19 time for -- they're implementing a new in-house
20 software system.

21 Then, for the third year, we're going to
22 continue on half settlements, how the City
23 processes and disburses the settlement. That
24 will be another audit.

25 The Granada Pro Shop will be another audit,

1 financial review of revenues taken as part of
2 the contract, indicating about the Biltmore,
3 and then we'll have some hours for the
4 follow-up procedures, revisit all of the
5 statuses of all of the recommendations, which
6 on the four audits that we had completed, there
7 have been a very good positive outcome as to
8 try to quickly make the recommendations.

9 MR. KLEIMAN: Are you comfortable with the
10 personnel that are doing the audits, their
11 professionalism and all of that stuff?

12 MS. DE BRUZOS FUENTES: Yes, very. Yes.
13 We have the partner, the manager, that's very
14 reachable, the senior staff and two other staff
15 members, yes.

16 MR. HOLIAN: This is a night and day
17 difference than when we had our own auditor on
18 staff. I mean, it's -- we would get a
19 spreadsheet and it would be ongoing, and there
20 never was resolution -- I won't say, there was
21 never resolution, but it was very difficult to
22 track the resolution at the start of the
23 project to the end of project.

24 MR. PAREDES: So their three-year plan has
25 been relatively on budget? They haven't asked

1 for any extra fees or anything?

2 MR. KLEIMAN: No. We've been putting
3 additional requests of them. The third year
4 was never finalized.

5 So the towing and the fake addresses and
6 things like that, and the Biltmore, we've been
7 adding to that.

8 MR. HOLIAN: Can I make a suggestion, that
9 they use a Coral Gables photo instead of a
10 midwest photo on their thing? I don't know
11 about hot air balloons and all that deserty
12 stuff. I mean, this looks --

13 MR. PAREDES: Do we have an audit
14 engagement letter for the external audit?
15 Isn't that coming up now in September?

16 MS. GOMEZ: No.

17 MR. PAREDES: Their year end is September,
18 right?

19 MS. GOMEZ: Our year end is September 30th,
20 yes. So we finished our audit for September
21 30th, 2017. So we won't get started on the
22 next audit until December or January, after
23 September 30th.

24 MR. PAREDES: But an engagement letter
25 doesn't come --

1 MS. GOMEZ: Not until October. I mean, we
2 have the contract with them, but every year
3 they give us an individual engagement letter
4 and they give it to us around October, before
5 we get started.

6 MR. KLEIMAN: We can extend it up to six times.

7 MR. HOLIAN: But from their side, they're
8 comfortable, also, with us?

9 MR. KLEIMAN: Yes.

10 MS. GOMEZ: Yes.

11 MR. KLEIMAN: They just changed the name.
12 It's Crowe. It's no longer Crowe Horwath.

13 What we need from you, but I don't think we
14 need a vote, is to know if you guys are
15 comfortable with this now, this plan, and we'd
16 like to put this and replace the current plan
17 on the website and put this one there.

18 MR. HOLIAN: That's fine. Very nice.
19 Really nice.

20 MS. GOMEZ: And so I think that that is
21 everything that we have on the agenda.

22 Scheduling for the next meeting, we
23 typically skip July, so the next proposed
24 meeting is August 8th. Again, it depends on
25 what we may have on the agenda. If there's no

1 items -- typically we talk to the Chair, and if
2 there's no items, then a meeting is not had.

3 I don't know if there's anything --

4 MS. BRAVO: I will probably be out of town
5 that week.

6 MR. HOLIAN: I think you determine it. If
7 we don't need a meeting, we don't need a
8 meeting.

9 MS. GOMEZ: Right. If we don't need a
10 meeting, we don't need a meeting. But going
11 forward, whether we have it in August or in
12 September, is there anything that the Board
13 would want us to bring forward?

14 MR. KLEIMAN: We're going to have the
15 Capital Improvement Plan. Nothing is going to
16 be that drastically new in the budget to
17 discuss, but you may want to see, because we
18 always give the Board a copy of the Capital
19 Improvement Plan. If you guys want to review
20 it in more detail than the items that you saw
21 in here right now --

22 MR. HOLIAN: I think that's the most
23 undermarketed document that we have in the
24 City, because I showed it to my wife and she
25 about fell on the floor looking at all of the

1 projects. I don't know if the Commissioners
2 could get it, but if you go through that thing
3 and you look at all of the projects, it's truly
4 amazing what's going on. And my wife had no
5 idea. I talked about it. I guarantee you, the
6 citizens don't -- you know, you see it, but you
7 don't see it.

8 MS. GOMEZ: So we may have the Capital
9 Improvement Plan. I don't know if there's
10 anything in particular that you would --

11 MR. PAREDES: On this fire station, we're
12 done from our Committee perspective? It goes
13 to the Commission and they'll decide whether to
14 buy or not to buy?

15 MS. GOMEZ: That's correct. It's even put
16 in a Letter of Interest, I think. That's what
17 he was saying, that's the next step is to get
18 the Commission to approve a Letter of Interest.

19 We will have our typical -- maybe our
20 Quarterly Financial Reports, we may have the
21 Quarterly Budget Overtime update, those kinds
22 of things we will have, but unless there's
23 something specific that this Board would like
24 to bring in, you can always e-mail Yvette, if
25 there is. If not, we'll just see what the

1 agenda --

2 MR. PAREDES: And the interim financials,
3 for ramping up to the year, we might even wait
4 until you have year end numbers.

5 Financial quarterly, if we're almost at
6 year end, I don't know if we need to meet in
7 August --

8 MS. GOMEZ: So we do quarterlies. So June
9 30th would be the next quarter. So it would
10 not be ready on August 8th, because that's too
11 close, but other than that --

12 MR. PAREDES: So we don't have anything.

13 MS. GOMEZ: And the financials, they're not
14 usually done until February or March, because
15 of the time of the audit.

16 So if there's nothing else, then we can
17 adjourn the meeting.

18 MR. PAREDES: The Chairman adjourned it.

19 MS. GOMEZ: Well, he stepped out.

20 So motion to adjourn?

21 MR. PAREDES: Yeah, a motion. Do it.

22 MS. BRAVO: Second.

23 MS. GOMEZ: So the meeting is adjourned at
24 9:41 a.m.

25 (Thereupon, the meeting was adjourned at 9:41

1 a.m.)

2 C E R T I F I C A T E

3
4 STATE OF FLORIDA:

5 SS.

6 COUNTY OF MIAMI-DADE:

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10 I, NIEVES SANCHEZ, Court Reporter, and a Notary
11 Public for the State of Florida at Large, do hereby
12 certify that I was authorized to and did
13 stenographically report the foregoing proceedings and
14 that the transcript is a true and complete record of my
15 stenographic notes.

16

17 DATED this 12th day of July, 2018.

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NIEVES SANCHEZ

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