

**City of Coral Gables City Commission Meeting**  
**Agenda Item F-8**  
**September 10, 2024**  
**City Commission Chambers**  
**405 Biltmore Way, Coral Gables, FL**

**City Commission**

**Mayor Vince Lago**

**Vice Mayor Rhonda Anderson**

**Commissioner Melissa Castro**

**Commissioner Ariel Fernandez**

**Commissioner Kirk Menendez**

**City Staff**

**City Manager, Amos Rojas, Jr.**

**City Attorney, Cristina Suárez**

**City Clerk, Billy Urquia**

**Assistant City Manager, Joe Gomez**

**Finance Director, Diana Gomez**

**Assistant Finance Director, Paula Rodriguez**

**Public Works Director, Hermes Diaz**

**Public Speaker(s)**

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Agenda Item F-8 [3:10 p.m.]

Discussion regarding bonds and other financing options for the City's restoration projects. (Sponsored by Commissioner Menendez)

Mayor Lago: Any further discussion or can I move on to F-8?

Commissioner Menendez: Thank you, Mayor. F-8, last meeting and we scheduled it for today's agenda to have a discussion led by Finance regarding financing options for the restoration of City

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Agenda Item F-8 - Discussion regarding bonds and other financing options for the City's restoration projects.

Hall and other such projects. And I know I have Diana there and we spoke the other day and it was, I thought, a good idea to have Operations also to put the financing options in context. So, I think we're going to get started today.

Mayor Lago: Good afternoon.

Assistant City Manager Gomez: Good afternoon. Would you like me to proceed first?

Chair King: Yes, thank you.

Assistant City Manager Gomez: Okay, thank you. So, I think the discussion ensued about not only the City Hall restoration, but other historical assets that the City has to be able to do those improvements. And then we also talked about the possibility of also the necessity to include sidewalks and streets. As you know, our needs far outweigh the available funding. So in essence, when you're a municipality that's 100 years old, you're playing catchup in terms of sidewalks, things that are typically wear and tear over time. So, if we were to have additional funding, an infusion of funding, we could then provide more of these projects in a timely fashion and be able to bring us to the point where instead of playing catch up all the time, we're kind of at a point where now we've been able to bring up the infrastructure to an acceptable level.

Commissioner Menendez: I appreciate it. No, it's -- the way it was explained to me, and I think you did a great job, it's a lot of our projects are spread out over multiple years that by the time we get there, other projects that needed funding, it's sort of a, I think there's additional deterioration...

Assistant City Manager Gomez: Absolutely.

Commissioner Menendez: And the cost increases. So, it's sort of like a dog chasing its tail. You never -- you never quite get there. You're always chasing.

Assistant City Manager Gomez: Absolutely. One of our greatest assets, which is our tree canopy, is also one of the ones that wreaks the most havoc with our infrastructure because the tree roots over time will tear up the sidewalks and things like that. And that's part of the beauty of living in Coral Gables, but it's something that we need to address. So, if we can address it in a more holistic fashion, that would be better.

Commissioner Menendez: Appreciate it. Thank you so much.

Finance Director Gomez: Good afternoon. Diana Gomez, Finance Director. So, in discussing the -- taking the time to -- like as you know, we have the five -- well, it's not really a five year, but a capital -- the capital priority project plan, the priority capital project plans that we started in 2023, fiscal '23, where we started setting aside additional revenues that came in. We started setting it aside and putting it -- we selected capital projects that were priority for the Commission. And so

the idea was to try to fund those projects as we went along and at the time it was decided not to go out to debt. And so we have been doing that, and for fiscal year '25 coming up now, the last two projects on that listing are Phillips Park, which will be fully funded after the next year's -- the fiscal 25, and then City Hall. And so, however, in order to accumulate those funds, it would take several years before the total funds would be available to do the construction of this -- or the renovation of this building. So, if it is determined that the funds are needed right away and that waiting to accumulate the funds is not in the best interest of the City, then issuing a bond is the best mechanism to obtaining those funds. In the current market conditions, bonds are cheaper than bank loans. So, we would issue -- we could issue a special obligation bond as opposed to a general obligation bond. So, a general obligation bond is a type that you need to -- it's voted debt, so you need to go out for a referendum and that takes at least a year to get that underway. So, that's not -- I'm not talking about general obligation bonds, I'm talking about special obligation bonds or special revenue bonds. And that allows the City to use any legally available revenues, revenues without restrictions, to pay for the debt service. So, typically when we're going out to bond and we're thinking about what projects to do, we need to identify how much we need and for how long we want to take those bonds -- that debt out for. So, as you know, as we've talked about throughout the budget process, we've identified a little more than -- a little bit over \$5 million per year as available revenue that we have been putting towards this priority plan. So, staff recommendation would -- could be to allocate that \$5 million -- the \$5 million of that revenue towards the debt service payments for this debt. \$5 million for debt service would provide -- for 10-year debt, it would provide about \$42.5 million of funds. For 20-year debt, it would provide for \$67.5 million worth of debt. And for 30-year debt, it would provide about \$84.5 million worth of funds. So, one -- a couple of things to consider is that in tax rules on bonds say that we need to spend about 85 percent of the proceeds within three years of issuing the debt, so we have to make sure that we are timely in when we are taking out the debt. So, one consideration -- and we have done in the past -- is to issue an intent resolution in advance of the actual issuing of the debt. This allows the City to spend available cash, cash and fund balance, and then reimburse ourselves once we issue that debt. So, it gives us time to do assessments and design without eating into the three-year spend-down project period. So, while, you know, right now, the amounts that I had given that I mentioned before, they're based on current market conditions, they were number runs that my financial advisor had -- or our financial advisor has -- had done for me and it's based on issuing the debt now in October, as an -- for example. So, obviously, rates and things may change, but you know, right now interest rates are -- we believe that they're going to be coming down as the Federal Reserve is talking about lowering rates and things like that. So, you know, it is unknown what the rates would be in the future, so we will not be able to secure rates until we actually take out the debt. But again, the intent resolution and the period in advance gives us time in order to be able to do some of that preliminary design work and then get reimbursed once we actually go out for debt, once we know. But the intent resolution provides us a not to exceed dollar amount and a not to exceed time frame of debt. So, that is something that, again, the City has done in the past and it allows us to then start moving forward with projects and then we would -- the intention is that, you know, we're committing the funds for the repayment of the debt service, therefore, we can, you know, move forward knowing that we will be able to reimburse ourselves for all the

assessments and things and design work that is necessary. I don't know if you have any questions or...

Commissioner Menendez: Any thoughts? I'll withhold until the end. Any of my colleagues want to ask any questions or --? I mean, I think the point here is the City's been looking for solutions for a while. I think we've all been frustrated over time. I think residents have been frustrated over time. They don't understand that we do have these things, you know, these important items as priorities, but it's a matter of getting there. It's almost being on a treadmill and you never quite - - it says you ran 10 miles, but you're still in the same spot. So, that's why I asked Diana to come up and talk about options that perhaps we haven't discussed recently. And I think, yeah, at least in my opinion, they're viable, viable options that should be considered.

Vice Mayor Anderson: So, I did have a couple of questions and it's been some time since we've talked about bond options and I'd like to, you know, follow up on this at a later point in time, but as I recall we had talked about, you know, tranches of funds that could be taken out, when the best timing is. You know, we do have an election coming up which typically has, you know, a positive effect after an election and opportunities for lower interest rates in the future. And I do believe the interest rates are going to be coming down. But we also have to deal with capacity, you know. I know we mentioned sidewalks, you know, as a never-ending treadmill of stuff to work, but typically, we've run into a problem of capacity. How many contractors are available? We don't have enough contractors. So, taking out debt on something that we're not ready to spend on is not always a wise way to move on it, especially since that's something that, you know, we typically can bring back some money on from Tallahassee. City Hall is clearly the priority. The timing, though, I think would be dictated by what comes back in a way of the engineering and architectural drawings and when it would be ready to, you know, be shovel-ready essentially. Do you have a sense of when that would be?

Finance Director Gomez: So, I don't. However, that was -- when I mentioned the intent resolution, an intent resolution is just that, it's an intention of the City Commission to come back at a future date and issue the bonds in a future date. However, it identifies the repayment revenue that would pay off that debt service and it kind of like sets that aside so that we know that we're going to use that money for future debt service. It allows us to do the studies and design in the current using available cash and or that debt service payment that so let's argue that we decide not to go out to bond in a future time, then at least I know that we have the revenue that we were setting aside for that debt service payment to pay off the design work and everything that we had, but in the meantime, what we're doing is we're borrowing against ourselves knowing that we will be able to reimburse ourselves with the debt funds when we do take the debt out at a future point in time. And just for context, if we were to do 10-year debt, as I mentioned \$42.5 million is the maximum that we could with \$5 million of repayment. Right now, per my financial advisor, the interest rates would be -- the all-in interest rate would be about 3 percent that we would pay. So, rates are not terrible. We are AAA rated. We will get the best rates. You know, bond rates are much better than bank loan rates for us. So, again, that's just the current market conditions. I agree with you

that I believe that the rates are -- we have indication that rates are going to be coming down, so they may even get a little bit better. Even at the 30-year debt, for example, based on the number runs, it's 4.16 percent for 30-year debt if we were to take it out. So, the interest rates are not horrible for the City right now, so -- but the idea is you're right, not necessary -- if I take out, if we go out to debt tomorrow or next week or next month or whenever, the earliest we can go out, that clock of we have to spend 85 percent of it within three years, that starts ticking. So, I agree that we should not start -- we should not take out the debt until we have all the design work and the assessments and all that done, there is no real time frame. Once we issue the intent resolution, there is no time frame for us to be able to reimburse ourselves for design and engineering type work. So, we can reimburse ourselves. But if we decide to go out to debt a year and a half from now, we can still reimburse ourselves, even though we spent it today or after the interim resolution.

Vice Mayor Anderson: But we have money in City Hall right now to do the design and engineering work.

Finance Director Gomez: So, I'm not sure exactly how much we have in City Hall to do the -- I don't know how much.

Assistant Finance Director Rodriguez: So, because we've been setting aside some money into the project in addition to the phases that we've been doing, we have about \$800,000 available now, which I've been speaking with Operations to just monitor whether that covers what they need now. That'll get them started. And then the budget estimate that you'll see on Thursday, we have about -- we're adding another 200, I'm going to call it \$200,000 to the budget, just naturally before anything else changes to City Hall. So, that'll give them about a million dollars to start some of that work. Obviously, that's not going to take us very far for the structural, but it'll allow them to get started.

Commissioner Menendez: Okay.

Vice Mayor Anderson: So, I'd ask you to be able to bring that information back to my colleagues before we make some votes on the budget. You know, if we need, you know, an additional \$400,000 or something to make -- get this stage over with, because there's no point in going out for essentially a loan on something until you know what the entire project is going to cost. And for that, you need the architectural and engineering drawings done first.

Assistant Finance Director Rodriguez: Right. So, there's two ways that we would approach that, right? So, one way is as we work with Operations, making sure if they need a couple hundred thousand dollars more to get that done, then we'll find it within other projects where we may come back and say, we need to shift some priorities, right? City Hall's the priority. Or if an intent resolution was passed, then that would alleviate the requirement for us to look in other places. So, just two options.

Vice Mayor Anderson: Okay, yeah, I'm not prepared to move forward on that today, an intent resolution. I'd like to sit down with the City Manager and staff to drill down on the details further.

Assistant Finance Director Rodriguez: What I mean by today is before the million dollars runs out.

Commissioner Castro: Yeah, I really -- I really like your recommendation because not only are we waiting for 85 percent of those funds to be wasted or to be used, but we're also saving on interest when we have the money in-house. So, I think the option that you're giving, Commissioner Menendez, I think it's a really good option.

Commissioner Fernandez: So, I have a question. I guess it's more logistical. Let's say you have \$42 million that you can get January 1st. Where would that money be used? What is shovel-ready? Obviously, City Hall is not. We're still at least a year away before being able to undertake a renovation after the assessment is complete. But sidewalks, we have about what, \$9 million of sidewalks that need to be done?

Public Works Director Diaz: The estimate that we have quantified is about 5.6.

Commissioner Fernandez: Okay. We have to...

Public Works Director Diaz: And obviously, the contract may increase in price, so it's probably going to be more. We know that there are other sidewalks that we don't know about that it's probably going to be larger than that. The bulk of that money will be City Hall, obviously. As far as the rest of the work, it's -- you know, if we're told that there's this influx that's coming -- of money coming, then we can set ourselves up to have additional contractors that can do it. If you tell me I'm going to get that money right away, right now, I could tell you I can't, right? But if the Commission says, we're going to give you -- you're going to have whatever, \$7 million to spend over the next three years on sidewalks, we could set up ourselves and scale efforts so that we can go ahead and move forward and proceed with that.

Commissioner Fernandez: How long do you think that scale up effort would take you before you can start actually using that money?

Public Works Director Diaz: About a month maybe. I have to go through -- get several contractors, go through a procurement process.

Vice Mayor Anderson: Can you...?

Commissioner Fernandez: So, again, we go back to that January 1st date.

Public Works Director Diaz: That sounds -- if I start tomorrow...



Vice Mayor Anderson: Was it four months? I didn't hear.

Commissioner Fernandez: Four months.

Public Works Director Diaz: Three to four months, yeah, if I start tomorrow.

Commissioner Fernandez: If you start tomorrow, right. So...

Public Works Director Diaz: Exactly.

City Manager Rojas: Commissioner, keep in mind that we're talking about not only City Hall, we still have Phase 2 of Venetian Pool, and of course, the streets and sidewalks.

Commissioner Fernandez: Correct. And we also have the Coral Gables Museum that has tons of work to be done. Oh, that's another question I had for you. The reimbursement calculates into that 85 percent, correct?

Finance Director Gomez: No. So -- well, yes and no. So, and let me be clear because maybe I kind of get a sense that maybe something is not -- I'm not being clear on something. So, again, the -- so for an intent resolution, all that has to happen is the Commission has to pass a resolution that will be drafted by counsel to say -- you know, so it's not going to happen today, right, we don't have that resolution. So, that intent resolution says that the City Commission agrees to issue X -- up to X million dollars' worth of debt up to X many years of maturity for the following X number of projects. It doesn't have to be exactly specific and it can change. So, if you list five projects and you only work on three of them, it's fine. So, it's just an idea that you have everything that what the intention for that bond that we're planning to issue will be and how we're going to plan on paying for it. And so from that point of the intent resolution, we have in theory an indefinite amount of time for which we could then take out the bonds and reimburse ourselves for design and engineering type work. We do have 18 months to reimburse ourselves for construction, actual work performed. So, in theory, you would use available cash on hand to start some of that design work. We would have to be able to have the cash available. Like I couldn't write a contract for all the \$42 million unless I'm just going to use against my fund balance, which I would never recommend to do because I don't have that much available cash to move forward without actually taking out the bonds. But in theory, the design, engineering, maybe some preliminary work is in a reasonable amount that we could float it ourselves with available cash and then reimburse ourselves in a year or whenever we decide to take out the actual debt when we are like closer to shovel ready, maybe having already done the procurements involved and have contractors ready and lined up and said, okay, now we need the cash so that we can actually move forward. We are shovel ready; we are going forward. So, that's where the intent resolution kind of puts those rules, for lack of a better word, into play so we know this is how we're going to pay it back. We have committed these funds for that purpose. Because again, if it should be decided in the future that,

oh, we're not going to go out the debt, well then I still maybe I spent some money, how am I going to pay for that? So, the debt, the five million in this example that I gave, I would set that aside in a reserve to say I have those funds available to pay myself back before I take out the debt should the debt not happen in the future, right? So, that's kind of where I just want to make sure that that is very clear if you have any questions about that stuff. Yes.

Mayor Lago: So, if I may.

Finance Director Gomez: Yes.

Mayor Lago: Does anybody have any other questions or any other statements they would like to make?

Commissioner Menendez: I'll reserve towards the end, another statement.

Mayor Lago: Okay. It seems pretty obvious that my colleagues want to go out for debt. I'm not a fan of debt. I oppose putting more debt on the City. We haven't done it since I've been here and I think that we need to be very careful. That's just my opinion. I would request that my Commissioners, if they're willing to do it, if you look -- if you study finances and you see what's going on right now in market trends, they're expecting in the next two years for rates to go down. They're hoping to see a potential, you know, quarter, half basis point over the next 45 to 60 days, maybe 90 days, hopefully, before the end of the year. Some people say it's election related, some people say it's the market -- the market deems it appropriate, but I think over the next two years you're going to see potentially see rates drop by a point and a half and that's just pure speculation. I don't have a crystal ball, but I think that the more you wait, the better rate you're going to get. That's number one. Number two, through the Manager, I would request that the director speak to our bonding agencies and have a conversation. If we go out to market and we incur \$42 million worth of debt, how will that potentially affect our bonding -- our bonding rating? For some that's not important; for me, it's important. When you go to market and you go and get \$42 million of debt, you save some pretty significant money. That's number two. Number three, I think that we should all get a report through the Manager's Office in regards to our sunsetting of debt. I know we have sunsetting debt that's coming in eight years or six years or something to that effect. It was like 20-something million dollars, I think it was. It was the first tranche; it was \$20 million. I think it's important to get that number and see what happens once we sunset that debt, which by the way, our staff did an amazing job a few years ago in getting all that debt and basically refinancing and getting some seriously significant savings. So, I commend you and your department for doing that. I think there's a lot of ways to do it and we've done it year over year over year. We have to tighten our belt and we have to budget. I know that there's a lot of projects that need to be done, but I think going out to the market and getting \$42 million to me is a little risky and I think that we should, number one, wait to get better rates because rates are supposedly going to drop. Number two, find out what could happen if we incur \$42 million of debt from our bonding standpoint and also get a summary update in regards to our debt. That's just my opinion.



Finance Director Gomez: If I may, so one, the rates, we would not lock in any rates until we actually go out to debt in a year or two years, whenever we decide to do the debt. So, we're not locking anything in today, one. Number two, I would never recommend or even mention it if I thought that it was going to affect us negatively with the bonding rating agencies. So, I have had those discussions, not with the rating agencies directly because they're not going to tell me what will happen this, that or the other, but I have had those conversations with my financial advisor who says that as long as there is repayment, the ability, the wherewithal to repay the debt and it does not take our ratios to some extreme amount, there is no concern from the rating agencies.

Mayor Lago: If I may.

Finance Director Gomez: Yes.

Mayor Lago: With all due respect because I have...

Finance Director Gomez: No, no, that's fine.

Mayor Lago: I hold you in the highest regard. I've known you from before you were even here at the City.

Finance Director Gomez: Yes.

Mayor Lago: I would like that in writing. Because at the end of the day, I don't want to -- I don't want to have an issue in the future saying, hey, we lost our rating, we incurred debt and then, no, that was -- that was recommended by staff. I just want to make sure that markets will support -- will support that amount of debt.

Finance Director Gomez: Sure.

Mayor Lago: Because when I deal with my bonding company, you know, they're very clear with me. You cannot -- you affect -- your bonding capacity will be affected whether it's an aggregate or cumulative based on how much money you have in the bank. You've got to have more money in cash to be able to go out and get more bonding...

Finance Director Gomez: Right.

Mayor Lago: More capacity. It's all about capacity so...

Finance Director Gomez: Right, you cannot over-extend yourself, yes.

Mayor Lago: So, I'm just -- and I asked for it in writing and my bonding agency provides it in writing as a backstop -- as a backstop to my request.

Commissioner Menendez: Diana, and City Manager, taking everyone's comments into consideration, their concerns into consideration, what you and the ACM presented in terms of options, I think taking everything into account, I think you need direction. And I don't think anything is necessarily set in stone like you said, but you need direction. And I'm willing to make a motion to allow the Administration to take the necessary steps to come back to the Commission with the details, with all the information, but setting a site going forward that if everything does fall into place, if all the questions are answered in a favorable way, that perhaps one day sooner rather than later, we can address City Hall, we can address the Venetian Pool, we can address sidewalks and streets, not over a 10, 15, 20-year period, but in a short term, which is what the residents want and I think in my heart, we all would like to do. So, I'm going to make a motion just so that you all can move forward and prepare what you need to prepare and answer the questions that have been asked of you.

Commissioner Castro: I'll second.

Commissioner Menendez: So, my motion will be the City Commission -- well, Madam City Attorney, you have a question?

City Attorney Suárez: I just want to clarify, is that to go as far as bringing back the intent resolution?

Commissioner Menendez: Well, once I read it...

City Attorney Suárez: Oh, my apologies.

Commissioner Menendez: You'll know it. The City Commission hereby instructs the City Administration to bring back an intent resolution to issue debt for the City's historic structures and citywide street and sidewalk infrastructure and to set aside the \$5 million assigned to the five-year capital funding program as the revenue for the debt service of this debt, not to exceed a maturity of 15 years. Is that enough information for you to be able to move forward?

Finance Director Gomez: So, what I would do is I would ask my financial advisor to give me an estimate of what a 15-year with a \$5 million repayment, what the maximum dollar amount would be available. I'm assuming then the resolution would have a not to exceed that dollar number with the 15-year max. And then it would -- I guess it would need to list out which projects, again, not in detail detail, but like if it's going to say City Hall, Venetian Pool, XYZ, you know, and you know, streets and sidewalks, so it would have to list the intended projects for the -- that that intent resolution would cover. And then yes, and then we would -- that would be sufficient for us to

move forward with this, the idea that eventually they will be -- the debt would be issued and the revenue assigned to make the payments.

Commissioner Menendez: And this will get at least you all moving in a certain direction, obviously, coming back, answering all the questions, and there will be other questions down the road. And I just want to make sure everybody -- it's clear to everybody, you know, what the City will be taking on.

Finance Director Gomez: Right. And prior to actually issuing the debt, that's not the only time a resolution would have to come in front of the Commission. We would have to come in front of the Commission with the actual resolution to actually issue the bonds and there is a process for which typically getting -- actually getting bond funds, that process is about a three-month process. So, you know, we can't just turn around the next day and go get bonds. We would have to go through the process of issuing bonds and that is about a three-month process. So, before we know that, okay, we're ready to need the actual cash, you know, three months prior, we would start the process of actually doing the resolutions and the necessary things that have to happen in order to do that. And so part of that is also meeting with the rating agencies. When we're actually going to issue debt, we do meet with the rating agencies and actually they rate our credit at the time. So, every time we go out for new money is we would then reach out to two of the three because usually you only need one or two of them to actually rate a particular deal and so they would go through their due diligence process of asking all the questions and all the information that they need to do in order to rate that specific bond issue. Right, so one thing to understand is that cities have an initial credit rating, like we have an underlying credit rating, ours is AAA, and then each bond issue has its own credit rating or its own rating. And so, typically in the past, special obligation bonds, even though we are AAA rated, the special obligation bonds would be rated at AA, not AAA, just because that's just generally it's one notch before, it's not general obligation bonds. However, I noted recently that some of the rating agencies have gone to also allowing that AAA to go to the special obligation bonds. And I believe not too long ago, we were actually -- one of our bonds were actually upgraded to AAA that was AA rated just because they've changed the way that they do their ratings. So, at that time, that's when they would, you know, express any concerns and actually rate us and actually talk to us. And typically when you go out for new debt, we get our -- our current rating gets usually reaffirmed or changed, right, there is always an option that -- I mean, I'm not saying that it can't change. I've always come up here and I've always told if we start, you know, not having a fund balance reserve, if we're not making extra payments to the pension, if we're not -- if we don't have stability in our budgeting process, if we don't have flexibility, those are the things that are going to affect -- negatively affect our credit rating. So, if all other things considered equal, just the mere fact of actually issuing additional debt for which we have the wherewithal to pay to actually finance it, that would not necessarily cause a rating. There are other factors, but again, and I've told -- I've said it many times, I don't know the factors. They do not tell us "if you do this, your rating will be increased or decreased." I don't know that and I cannot tell you with any kind of certainty that if I make -- if I go -- if I make a right turn, I'm not going to get a rating decrease or if I go make a left turn, I'm going to make -- you know, I

don't know and they do not tell us very clearly. They will not give us that information. However, what I do know and as I have said it before on the record is also that when we started making all those significant strides to be more financially stable, to set aside a fund balance reserve policy, to make an extra payment towards the funding of the pension, unfunded liability, things like that, all I know is that at that point is when we were upgraded to a AAA. So, in my estimation, in my professional opinion, those are the types of things that they are looking for, for stability, financial stability and sustainability for years to come. So, if that is affected in different ways, then that is where I believe and my discussions with my financial advisor have led me to believe that that's what would cause us to be downgraded perhaps.

Commissioner Menendez: So, I made -- so this is just one step of a multi-step process. And thank you for the, you know, explanation of the details. And like I said, you know, when -- if it passes, you all come back with legislation, but between now and then, hopefully all the questions can be answered so there's no lingering doubt. So, I made a motion. Any colleague wants to...?

Commissioner Castro: I seconded it.

Commissioner Menendez: Okay.

Vice Mayor Anderson: So, I understand, you know, you've made a motion. There was not a written resolution available on this, not only for the courtesy and the information for the rest of this Commission here, but for the public as well. This is a big decision. And frankly, I already said, I think it's premature. The Historic Preservation Board, I think, needs to weigh in on this. The necessity for drawing debt down now as a means to an end to address this building is not -- we're not ready, okay. You know, I've been trying to get this focused on this for some time. So, in my view, this is premature. It should have been put on as a written resolution as opposed to a discussion item only. They should come back with -- after an opportunity to sit down with staff, as I've requested with the City Manager, with the Finance Director, as a written resolution, with the detail necessary in it to be able to make an appropriate decision. So, for those reasons, my vote on this is no.

Commissioner Menendez: Okay.

Commissioner Castro: In a very respectful manner, I believe that the motion was to direct staff to come back, right? It's not -- it's not going into debt right now. It is researching which is the best way to go about this. And then they'll come back to the Commission and then we'll vote on it. We're not voting on -- on issuing a bond or acquiring debt right now as it is. We're voting on them coming back to us with the best solution possible.

Vice Mayor Anderson: And I've asked for that to be deferred to the next Commission meeting so that the necessary research can be done on this. I think the Historic Preservation Board needs to weigh in. We need to look more into the timing of stuff. We talked about capacity. Voting on

something at this point in time when we don't have architectural drawings or engineering drawings and looking into it, it would not yield the information that you're looking for because we don't have the timing down. Okay.

Mayor Lago: So, we have a motion and a second on the floor.

City Clerk Urquia: Yes, sir. Commissioner Fernandez?

Commissioner Fernandez: Yes.

City Clerk Urquia: Commissioner Menendez?

Commissioner Menendez: Yes.

City Clerk Urquia: Vice Mayor Anderson?

Vice Mayor Anderson: No.

City Clerk Urquia: Commissioner Castro?

Commissioner Castro: I'm clarifying once again; this is a motion to direct staff to come back with the best solution possible about bonds. This is not about voting yes or no if we want to acquire debt.

Finance Director Gomez: So, my understanding based on the Commissioner's -- it's to come back with an intent resolution. The intent resolution is stating that the City intends to go out to debt and therefore allows the City Administration to start borrowing against its available cash and is setting aside -- identifying the revenue, the \$5 million that would otherwise go to the capital project priority project plan for the debt service, meaning setting it aside. So, it's in a sense, it's saying this is -- we do intend to go out to bond. When we actually take out the bond is yet to be determined, but for these purposes we are planning to take out debt and therefore you are authorizing the City Administration to start spending against its available reserve -- available cash, available reserves in order to start the design and engineering and assessment process for the projects which will be identified. And I understand it's just City Hall, Venetian Pool, streets and sidewalks is my understanding.

Commissioner Menendez: I hate to interrupt but...

Finance Director Gomez: Sure.

Commissioner Menendez: When you bring that to the City Commission, as I said, I want all the questions answered. I'm not -- I don't expect that next meeting or the meeting thereafter. I just

want to start the ball rolling. And when you do, after answering all the questions, whatever new questions come along, after you answer all those questions, whatever you bring to the City Commission has to be voted on then. It's not automatically you present it and it moves forward. There will be a second, another round of votes. So, this vote, in my opinion, unless I'm wrong, please, you know, just because you bring intent resolution, there may be questions there that at the end of the day the Commission's not comfortable, doesn't want to move forward.

Finance Director Gomez: So, with the intent resolution, gives the City Administration the permission to start spending because we have agreed as a city to move forward and take out debt in the future.

Commissioner Menendez: But we vote on that.

Finance Director Gomez: You vote on the intent resolution.

Commissioner Menendez: Right. That's what I'm...

(MULTIPLE PARTIES SPEAKING IN UNISON)

Commissioner Fernandez: (INAUDIBLE) voting on today.

Commissioner Menendez: That's my point.

Finance Director Gomez: What's that?

Commissioner Castro: (INAUDIBLE).

Commissioner Fernandez: That is not what we're voting on today.

Finance Director Gomez: That's not what we're voting on today.

Commissioner Fernandez: Correct. And I think that's...

Commissioner Menendez: (INAUDIBLE).

Finance Director Gomez: I'm sorry, yes.

Commissioner Fernandez: I think that's where the confusion has come about. I think you're -- the way you're explaining it, that's what we're voting on today.

Finance Director Gomez: No, no, no.



Commissioner Fernandez: That's not what we're voting on today.

Finance Director Gomez: I'm sorry, that's not my intention.

Commissioner Fernandez: We're voting on laying the groundwork for potentially getting to that at an upcoming meeting if -- you know, all we're hearing is, you know, the rates will come down after the election. We're getting closer to the election. So, we want to make sure that the option is on the table for this Commission going forward and we have that option available.

Finance Director Gomez: Sure. My understanding is that today's motion is just to direct staff to come back with an intent resolution.

Commissioner Menendez: Correct.

Unidentified Speaker: Right.

Finance Director Gomez: At the time that we bring back that intent resolution, that intent resolution needs to be voted on, and if it passes, then it instructs -- it gives staff the permission to utilize available funds to move forward. And then even after that point, at some point in the future before we actually take out the debt, we have to come back to the Commission to say we are now ready to take out this debt, are we going to do this, and you know, here are the market conditions at that point in time, so on and so forth, because you have to give us permission to move forward, right. It costs money for us to go talk to rating agencies and to all -- do all this. So, we -- so there is that process as well. So, I'm sorry if I was being confusing with that. It's not my intention.

Mayor Lago: We're in the middle of a vote.

Finance Director Gomez: Yep.

Mayor Lago: Mr. Clerk.

City Clerk Urquia: Commissioner Castro?

Commissioner Castro: My answer is yes.

City Clerk Urquia: Mayor Lago?

Mayor Lago: My answer is no.  
(Vote: 3-2)

Mayor Lago: And let me tell you why. Very simple. This is opening the door to putting ourselves in a position. If you told me we're accruing \$5 million, \$4 million, \$3 million, I wouldn't have an

issue. It's a \$42 million debt accrument. Even if we have a mechanism in place to repay it back, I don't like that the number is so robust in regards to debt. If you would have told me that we would have paid off, we would be sunsetting some debt this year, it's perfectly fine. At the end of the day, I think it's a little bit too much for my appetite and I prefer to budget it over a three, four year window and address these main concern projects. So, but again, I respect my colleagues, but I think it's way too much debt to put on the City.