

City of Coral Gables City Commission Meeting
Agenda Item F-1
October 22, 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 Speaker(s)

Sergio Masvidal

Maria Cruz

Jackson Holmes

Agenda Item F-1 [11:37 a.m.]

A Resolution of the City Commission establishing its intent to reimburse certain project costs incurred with proceeds of future tax-exempt financings; providing certain other matters in connection therewith; and providing an effective date.

(Sponsored by Commissioner Menendez)

City Attorney Suárez: (INAUDIBLE).

Mayor Lago: Yes, ma'am?

City Attorney Suárez: (INAUDIBLE) read it into the record.

Mayor Lago: Thank you.

City Attorney Suárez: F-1 is a resolution of the City Commission establishing its intent to reimburse certain project costs incurred with proceeds of future tax-exempt financings -- financing, providing certain other matters in connection therewith and providing an effective date.

Finance Director Gomez: Good morning. Diana Gomez, Finance Director. So, at the September 10th Commission meeting, a discussion item regarding bonds and other financing options was brought by Commissioner Menendez. He requested that the Administration bring forward to an intent resolution to eventually issue new tax-exempt financing for the purpose of financing the restoration of City Hall, Venetian Pool, as well as infrastructure projects including streets resurfacing and sidewalk repairs and replacement. In order to ensure funds are available as we move forward with the projects but prior to actually issuing insurance of the bonds, we were asked to bring forward this intent resolution. Pursuant to internal revenues regulations, the City must establish its intent to reimburse itself for expenditures it incurs prior to the issuance of tax-exempt financing. This resolution will establish the official intent and allow the City to reimburse itself for expenditures incurred during the -- before -- prior to securing the bonds. We anticipate to use this intent resolution for the design cost of the stated projects. A bond resolution authorizing the financing would need to come in front of the City Commission at a later point in time, at a subsequent meeting, and we anticipate that we wouldn't actually issue bonds for about a year. Staff was asked to structure the bonds so that it would be repaid over a period not to exceed 15 years using the \$5 million of recurring set-aside revenues for the capital -- the priority capital improvement projects and that -- use that as a revenue source to pay the debt service. So, these parameters allow for a bond issuance not to exceed about \$58 million. It doesn't mean that we have to take out the full amount, that's just the maximum that could be with the parameters of 15 years and the \$5 million available for repayment. So, we had -- earlier we had outside counsel on the call, I'm not sure if they're still on the Zoom. They had to drop off a little after 11. And I also have Sergio Masvidal with me from our financial advisors from PFM if you have any specific questions about the current market, interest rate environment, credit rating concerns and things like that. And if you have any questions, I'm here to answer them.

Commissioner Castro: I do have a question. I'm reading some magazines and there's some misinformation out there online and on actually paper, and I just want to touch base on a memo that you sent us, and I want it clarified for the residents that are listening that this does not affect our AAA bond rating, correct?

Finance Director Gomez: So, an intent resolution that is the item -- is the resolution that's here has no effect on our credit rating. So, this is just an intent resolution. All it says is that the City intends at a later point in time to go out to debt and -- but in the meantime, if we want to start with design work and things like that, we can use our available cash and reimburse ourselves with the actual bond issuance that we issue in a later date. So, one, the intent resolution absolutely has -- credit rating agencies don't even concern themselves with intent resolutions. Even issuing of the bond, issuance of the bond, I do not believe it would have any negative impact on our ratings, mainly -- you know, in and of itself, right? So, there's other factors that could come into play, but in and of itself, the issuance of the bond, having the repayment source available, having the revenues to make the payment, not going over our coverage ratios or our debt ratios, there's no reason that the rating agencies would look at it negatively.

Commissioner Castro: Okay, so let me go ahead and clarify it one more time. It will not affect our AAA bond rating. Just so everybody has a clear understanding that it's on writing. You're our Finance Director. I trust you and I hope the rest of the community trusts you as well.

Commissioner Menendez: I have a question in terms of intent resolution. Has the City issued intent resolutions in the past?

Finance Director Gomez: Yes.

Commissioner Menendez: And if so, could you --?

Finance Director Gomez: Sure. So, we have issued intent resolutions in the past. Most recently, we had done an intent resolution back in 2021 -- in July of 2021 for the Mobility Hub, the construction of that Garage 1 project. So, we issued an intent resolution. We have used some of the -- we have used funds for the design related to that project. We have not yet issued those -- that project or have not issued those bonds yet. So, when we do issue those bonds, we can at that point in time reimburse ourselves for these -- the design costs that we actually have already spent.

Commissioner Menendez: What was the dollar amount attached to that?

Finance Director Gomez: That intent resolution was done for \$42 million at the time. That's what we thought that the project would be, that amount has changed since. In my coverage calculations, I use the more -- the later estimate of approximately \$65 million in my coverage calculations to make sure that if we were to take out that debt plus this debt where we would be with our coverage. And so, the coverages are fine using both numbers, but the intent resolution is out there. That intent resolution is no longer valid for us to start construction on the Garage 1 because too much time has passed from that time. However, all the design, there's no time limit for the design work, so we can still reimburse ourselves for the design portion. But for construction, you have to start construction within 18 months of the intent resolution in order to use the intent resolution as a

reimbursement source. So, if we were to decide to break ground, we would have to actually go out for bonds and take out the money for the Garage 1 Mobility Hub.

Commissioner Menendez: And with regards to...

Finance Director Gomez: And I'm sure that we've done other intent resolutions. I believe we did one for the Public Safety Building when we took out that debt, so...

City Manager Rojas: Diana, what's the total debt? \$109 million, currently?

Finance Director Gomez: So, right now -- so, principal alone is \$107 million, interest of \$37 million, so a total of \$144 million, including principal and interest of outstanding debt.

Commissioner Menendez: Since I think anybody who has a 401k and likewise knows that there is a market for municipal bonds nationwide, my understanding, I think the public understands that municipal bonds are issued throughout the entire country, every state, every city, pretty much in every county for projects, infrastructure, especially infrastructure. Could you elaborate a little bit how that plays out, you know, in terms of what municipal bonds do and how they are used? And if perhaps you want to bring in...

Finance Director Gomez: Can I ask Sergio Masvidal with PFM just what he sees about how we issue bonds? And he has clients that are different cities, and he may be able to give a little bit more information on that.

Sergio Masvidal: Sure. Good morning, everyone. Sergio Masvidal, PFM Financial Advisors, 2222 Ponce de Leon Boulevard. To your question, Mr. Commissioner, municipal bonds are issued, you know, hundreds of billions of dollars across the country every year. The -- they're issued for all sorts of purposes. It could be roads, schools, bridges, you know, municipal facilities, stadiums, things like that. So, yes, they're issued for all sorts of purposes across the country.

Commissioner Menendez: I guess this would be, Diana, other than the intent resolution that you mentioned that we did in 2021, or the Commission did in 2021, do you have perhaps reference other bond issuances that we've done in the past?

Finance Director Gomez: So, in the memo, attached to the memo, there is a -- there is some pages from the budget book, and it talks about the different series of bonds that we've done. So, the most recent -- let's see, so in 2022, we did a refunding of the Miracle Mile and Giralda streetscape projects, but that was a bond that was taken out originally in 2016. In 2021, we did new money for sanitary sewer, forced mains, and then we refunded a bunch of -- of series from 2013, 20 -- 2004, 2015. So, we refunded several to get better interest rates at that time. Also in 2021, we refunded the 2011 series and 2013 series. So, we did a bunch of refundings again to get better rates at that time. When we do refundings, we do not add more time to the bonds. We tend to just

get the better rate. We're not trying to kick it down further. We're just -- and then in 2018, we did the Public Safety Building with the attached garage. We did -- with its own garage, not the other garage. In 2018, we also did -- refunded the 2012 -- the refunding of the 2011 Neighborhood Renaissance Program bonds. So, we did a lot of refunding most recently. And so, the new issuances were the Public Safety Building, some sanitary sewer. So, those are the most recent new money issuances.

Commissioner Menendez: And my last question for now is we have, you know, projects in the pipeline and the funding for those projects is multi -- sometimes multi-year. We move money every year towards a particular project. And those projects, I know the residents would like things to happen now, but because of funding restraints, we have sort of an extended plan to fund them. What is the benefit? Why do counties and cities --? What -- how does it benefit the cities and the counties? How does it benefit what they're trying to do to achieve for the residents? Perhaps you want to -- why they do it.

Finance Director Gomez: So, I mean from our standpoint, it's mostly timing. I would say is that if you have a need, if the City has a need to do something sooner than it would take for us to accumulate the funds over time, that's when you issue bonds. Also, when in an inflationary environment where you start saving today and it's going to take you three or four years to save, what you thought was going to cost you \$10 million may now cost you \$16 million three years from now because -- and then so you met your \$10 million goal of savings, but then you still need more money. So, it's just -- from my standpoint, I believe one of the main things is just the timing of when the project needs to be done. But I'll turn it over to Sergio if you have any...

Mr. Masvidal: Those are two great points right there as to why municipalities issue debt. I think it's really to bring projects forward faster than they would be able to be brought forward if there was PAYGO funding. Another rationale municipalities will use is if you put an asset in place today and you PAYGO fund it, then that asset is already paid for, yes, but the residents that will enjoy that asset for the next 20, 30, 40 years don't pay anything for it. So, there is some equity in, you know, the repayment of that debt for residents that are enjoying that asset in the future.

Commissioner Menendez: Okay. I don't know if my colleagues have any comments.

Commissioner Castro: I wanted some clarification. It was for repairs for City Walk? I'm sorry.

Finance Director Gomez: City Hall.

Commissioner Castro: City Hall and also for sidewalks?

Finance Director Gomez: So, the -- Commissioner Menendez had requested that it was for the historic projects of City Hall restoration and the Venetian Pool facility as well as streets and sidewalks.

Commissioner Castro: So, that would cover potholes, alleys?

Finance Director Gomez: So, it's -- the idea -- and I will defer to Commissioner Menendez on exactly what -- but it was the re-milling and resurfacing of streets and replacement of sidewalks that needed -- I believe that there's a program of streets and sidewalks that doesn't have the full funding available. We're doing each year certain amounts each year, and so the idea, as I understand it, is to try to get more done in...

Commissioner Menendez: If you don't mind...

Finance Director Gomez: Yeah.

Commissioner Menendez: I, through the Manager, ask the Assistant City Manager to talk about that.

Assistant City Manager Gomez: Good morning, Honorable Mayor, Vice Mayor, Commissioners, Joe Gomez, Assistant City Manager. Commissioner, yes, so for example, in the case of sidewalks, the program right now we have funded for this coming year, I believe it's \$1.5 million. The needs for 2026, which we lumped all together, all the needs, approximately total about \$6.5 million in terms of sidewalk needs. Similarly, in street resurfacing, we've looked out to fiscal year 2025 and that probably will be another \$1.5 million to \$2 million. Beyond 2025, we've got to go back and do a new pavement survey and analysis because there's been a lot of growth and change in the city, so we want to be sure we capture all the needs that are out there. So, more than likely, there will be additional needs identified in the coming years for resurfacing.

Commissioner Menendez: With regards to -- and Diana said -- explained that it's not from one -- overnight that things happen, you know. But in terms of being able to address City Hall restoration, which we already had an engineer report explain that we need to take action. The complete restoration of City Hall, citywide sidewalk, citywide roads, timeline. What this, for example, this kind of funding, what would it do in terms of the timeline to be able to complete those types of projects as opposed to going about the usual patterns that we do for funding?

Assistant City Manager Gomez: As our Finance Director pointed out, it helps with timing because if the funds are available sooner rather than later, we don't have to defer projects to year two, year three, four. We can accelerate that work sooner rather than later.

Commissioner Menendez: Would you, for example, with sidewalks and City Hall and the streets, once funding is available, would those types of projects be perhaps completed within a three-year window, three or four-year window?

Assistant City Manager Gomez: I think more realistically, it would probably take about five years to complete all of that, but you'll see progress moving and there'll be activity out there. City Hall, for example, is a project that will probably take, once the construction starts, anywhere from 18 months to two years to complete because of the age of the building.

Commissioner Menendez: I think the price tag, the most recent price tag, was above \$20 million.

Assistant City Manager Gomez: Right now, the very, very, very preliminary estimate is somewhere in the neighborhood of 20 to \$25 million, but until we get into the weeds, into the building, we won't really know the exact cost of that.

Finance Director Gomez: So, from the timing standpoint of the intent resolution as well as when to issue bonds, the idea is that we would use this next year to do all of the design and engineering, reporting, and pay for it using the general fund, using this intent resolution with the intention that we're going to reimburse ourselves, get all of the design and engineering done for all the projects and then be able to be going out for debt at some point next year in order to then start construction.

Commissioner Menendez: So, it's like you've explained, it's a methodical process, very detailed and one step at a time.

Finance Director Gomez: Right. So, the reason that intent resolutions have been used is so that we don't have to wait to accumulate the funds for the design and engineering. We have access to available cash and be able to use it and then know that we're going to reimburse ourselves. The problem with taking out the bonds today and then starting the design work, well, once we take out the bonds, we have three years to spend 85 percent of the bonds. And so, if we waste a year, a year and a quarter, a year and a half on design, it eats into the amount of time that we know it's going to take for the projects to actually get done. So, this is just a mechanism to allow us, to give us that extra time that is needed in order to be able to have everything shovel-ready before we actually go out for bonds. And so, then I will need to come back to the City Commission to issue the bonds at that point in time. And I would say it takes about two to three months to issue bonds from the time that we say, okay, we are going to issue it in October. We need to start working on it in, you know, whatever July or August of the -- you know, beforehand. And so, we would bring forth an item to the Commission for those -- for the issuance of the bond as we have in the past.

Commissioner Menendez: Thank you for answering those questions.

Mayor Lago: Madam Vice Mayor?

Vice Mayor Anderson: I have a question for our Finance Director. Okay, you talked about having the opportunity to reimburse, but we do have the funds available for doing the design for City Hall, for instance.

Finance Director Gomez: So, there is funding available for City Hall. My understanding is that the majority -- maybe there's some money available for design, but the amount -- there's not -- I don't know if they're sufficient. But yes, we can use the money that we have first in order to limit the amount that we would otherwise need to reimburse ourselves later. So, if we have, as the Assistant City Manager was talking about, the funds that we have currently available for sidewalks, we can use those funds and not -- then just take out additional monies later on for the -- it will limit the amount for the debt. I'm not sure if we have sufficient funds available in City Hall because we have the funds available for the third floor project for certain. It's split out to a certain -- for the different aspects of City Hall. I'm not sure that we have sufficient funds in there to do the entire design and assessments and engineering, all those -- I don't know that we have enough for all of that, and I would have to defer that over to Public Works or CIP on that piece of it. I'm not sure if we do -- if we have the funding available for the design for the Venetian Pool or the design available for the larger project.

Vice Mayor Anderson: So, let's stop and just...

Finance Director Gomez: Sure.

Vice Mayor Anderson: We'll do one at a time because that's the only way you can really examine this. Because from my examination of the budget, we have on hand \$6.727 million for City Hall cash right now. And from my discussions with staff, we can get the architectural drawings and engineering designs done with those funds. If anybody in staff disagrees, please inform me.

Mayor Lago: For \$6.7 million?

Vice Mayor Anderson: Yeah.

Finance Director Gomez: So, those funds were assigned to -- not all of it's available for design.

Mayor Lago: Let's give an analysis.

Finance Director Gomez: Yeah.

Mayor Lago: I mean, very quickly. I mean, if it's a \$20 million project, I don't -- that's a lot more than we actually need. I mean, that's an exorbitant amount of money to do design documents. If you tell an engineer, an architect, that you're going to pay them \$6.7 million to do this job, I mean, they'll jump at it.

Vice Mayor Anderson: So, but we also have \$1.5 million of that for the windows, So, you deduct that...

Mayor Lago: Correct.

Vice Mayor Anderson: That leaves you \$5.2 million, which is still an adequate amount to get this project set for shovel ready.

Mayor Lago: I don't see how this job could cost not even half that.

Vice Mayor Anderson: No, I understand. I understand. So, I have asked some questions around about how long it takes to get the design done, and we're talking about a year out from now for getting the design done. And that's just a rough...

Assistant City Manager Gomez: Yes, ma'am.

Vice Mayor Anderson: Ballpark estimate.

Assistant City Manager Gomez: That's correct.

Vice Mayor Anderson: And we know how, as we get closer to an event...

Assistant City Manager Gomez: So, we'll have to do the assessment first, which typically takes four to six months, which will determine the scope of the design that'll be needed. It's not your conventional -- conventional design project because of the nature of the fact that it's rehabilitation work.

Vice Mayor Anderson: Right. So, from what I can see on our budget, we have enough money currently to get this design work done and get this shovel ready. It may be a year, it may be more than a year, it might be even 18 months before we're ready for that because inherently things take time. The windows are a good example. Those were supposed to be ready this past summer, the mock-up, and it wasn't ready until mid-November.

Assistant City Manager Gomez: Correct.

Vice Mayor Anderson: So, we haven't even seen it yet. So, I've got the same type of question, so you might want to just hang up here. On Venetian Pool, the City currently has on hand \$4.345 million for the restoration work of pool buildings and facilities. Last year we spent \$2.639 million on restoration of pool facilities, some of which were state appropriations that were obtained in 2022, all right? I don't see in the next year an additional project coming up until we start to get to the filtration system. And that's not projected to start for some time because we have to get design done. Has there been a change in that?

Assistant City Manager Gomez: I believe the way the Venetian Pool is being done is being done in phases. So, we're doing one phase now. We're also doing restoration of the tower separately

because of structural issues that have been identified with that separately, but that's all being done at the same time in this first closure of Venetian Pool.

Vice Mayor Anderson: So, that's with the funds that we currently have?

Assistant City Manager Gomez: Yes.

Vice Mayor Anderson: The \$4.345 million?

Assistant City Manager Gomez: Yes, ma'am.

Vice Mayor Anderson: There's not an additional shovel-ready project available on Venetian Pool?

Assistant Finance Director Rodriguez: My understanding is the \$4 million or so that we have now covers the renovation or the repairs that are in the current plan, that there's another portion of the facility, the tower, that is not funded at this time. It has not been a project that we have discussed yet for funding because we're -- they're working on completing this first phase, but there is an additional section of the facility that needs to be renovated that is not funded at the time. And just to go back on City Hall for a moment, on City Hall, the funding that is in that project, there's only about \$800,000 or so that can be used towards the design. The rest of the funding in that project is assigned to other portions of the project and so a significant amount of it, just under \$2.5 million -- \$3.5 million, is assigned for the windows specifically. And then there's the work that's underway on the third floor, which includes some of the remediation of the third floor as well. There's also some work on the tower and the renovation of the cottage. So, the funding that's allocated to City Hall now has specific uses assigned to it, and only about \$800,000 is assigned for the design now.

Vice Mayor Anderson: And what is the estimated -- the amount needed for design?

Assistant City Manager Gomez: Vice Mayor, as you know, we've got the RFQ out. We're going through a selection process now to select. Once we select that consultant and we sit down and negotiate the scope in terms of the phase and all that, we'll have a much better idea as to what that cost is going to be. And again -- but right now, my guess that the design is going to be well over easily a million and a half dollars for the rehabilitation, could be more. Again, until we don't sit down and negotiate with the consultant that is selected and go through it in detail in terms of the assessment that's required, types of testing that may be required in order to test for the materials and all that, we won't really have a precise number for you.

Vice Mayor Anderson: Okay. Other than precise number, when is this RFQ process going to be completed?

Assistant City Manager Gomez: I spoke to Procurement this morning. They are in the process of scheduling the interviews with the consultants. I believe the intent is to bring it to the Commission, the intent to award in December for the December Commission meeting.

Vice Mayor Anderson: So, I'm looking at a spreadsheet that was provided to me as of September 6, 2024, about the City Hall project phase and current available funding less expenses and encumbrances indicated \$4.572 million, okay, as far as available funding right now on the projects. And you have 6.7. That should leave you \$2.2 million for design and engineering drawings. Is that correct?

Assistant Finance Director Rodriguez: So, I'm not sure which document you're reviewing. If it was prior to the '25 budget being adopted, the amount that would have been there, the 4.5 available would have included 2.5 for the windows. And then it would have included probably about just under maybe \$600,000 or so that would have been unassigned to be used for the larger facility project. And then the other portions would have been assigned for the tower, the cottage, and the third floor. I'd have to look at the specific breakout. But at that time in September, anything within that project was assigned except for about \$600,000 or so. Don't quote me on the exact number. I'd have to look at it, which would have been used towards the assessment and any design, anything that was left over towards the design of the larger facility. But that...

Vice Mayor Anderson: I'm happy to share the sheet with you. It's dated September 6. It covers structural assessment and renovation. It covers windows, towers, third floor remodel, first floor remodel, cottage, current renovations, prior renovations, overall facility prior restoration...

Assistant Finance Director Rodriguez: Yes, I recall.

Vice Mayor Anderson: City Hall recertification, City Hall parking lot illumination, recertification, and City Hall roof replacement. So, all those items, 16 lines were in there. And you know, that's where I come up with the math, simple math, that there should be \$2.2 million available because -- and then you have funding planned in the 2025 budget estimate of an additional \$1.3 million on top of that...

Assistant Finance Director Rodriguez: Right.

Vice Mayor Anderson: That's expected to come in.

Assistant Finance Director Rodriguez: The '25 budget of a million -- \$1.3 million more or less, the million of it was going towards the windows to bring the total budget of the windows to \$3.5 million. If you'll recall in '24, we gave it 2.5, another million in '25. And then the \$300,000 or so is the additional funds that we brought over for the larger project. So, it would have taken that \$600,000 or so to the \$800,000 that we have available for the assessment and design, which we freed up during the budget process.

Vice Mayor Anderson: So, let me ask you this question because interest rates are high right now. Why do you feel it's critically necessary that we do the intent resolution now as opposed to when we get the RFQs back or the proposals back?

Finance Director Gomez: I'm sorry. Could you re --? I was discussing something with the advisor. Can you repeat?

Vice Mayor Anderson: That's okay, that's okay. Why do you feel with interest rates as high as they are right now, it's critically necessary for us to address this now as opposed to when we have more information...

Finance Director Gomez: Sure.

Vice Mayor Anderson: Available to us because the clock will be ticking, you have 18 months.

Finance Director Gomez: Yes, so no -- so let me be clear because maybe it's clear that I'm not -- it's not -- I'm not being clear. The intent resolution does not set any interest rates, does not do anything except for allows us to reimburse ourselves whenever in the future we choose is the best time for the City to go out and get bonds. At that point in the future is when interest rates are locked in. It's when we're now analyzing the market conditions. We're deciding everything that we're deciding at that point in some future. So, as an example, on the Garage 1 Mobility Hub, we took that intent resolution out in 2021. No interest rates are locked, nothing has happened. I have spent money on assessments and engineering studies or whatever we had to do, design, and it's sitting there as a receivable on our books waiting for the day that we choose we are ready to go out for bonds. When we choose to go out for bonds at that point in time, and so it's already been 2021 -- we're in 2024, so it's been over three years. Whenever we go to draw out bonds, that's when the interest rate would be set. And then since we did that intent resolution, we can take out enough funds in that one to pay ourselves back for the design cost of the project, and no clock was ticking. The only clock that was ticking is that we would have had to have started construction within 18 months of the intent resolution if we wanted to be reimbursed for the construction. So, the fact that we -- so, that window has closed in that we did not start construction within 18 months, maybe it's three years. I get a little confused. But we missed the window to start -- it was three years -- to start construction from the time of the intent resolution. Since we didn't start construction, we cannot start construction on the Mobility Hub right now and expect to get ourselves reimbursed when we take out bonds in the future. We can't do it. It's no longer allowed. But even if it's two years from now, we can reimburse ourselves for the design because there's no time limit for reimbursement. So, the only thing that this intent resolution does, it satisfies the IRS regulations to allow us to reimburse ourselves for any design and engineering costs and construction costs with a later issuance. But the construction costs, if we don't take it -- so once we start construction, once we actually start construction or actually finish construction, then we have a certain time limit from which we have to take out the debt. So, this is not -- so we are not

setting any rates, we're not dealing with the economy right now, with the rates, we're not doing any of that right now. All we're doing is saying, we intend at some point to take out bonds in the future whenever it's ready -- whenever we're ready to take out the bonds. I think that that time should be after we've finished the design and engineering studies, and we are shovel ready. At that point is when I think is the soonest, the earliest that we should take out the bonds. And we could even wait and just borrow against our own funds and then issue it even later if the market is not the best in a year from now. This is just giving us flexibility in order to be able to reimburse ourselves later. It's just a tool that we have, again, if it's for the intention -- like so for right now, if we choose to not go out for debt for the Mobility Hub, the amount of money that we spent on the design, we would have to just fund it. We would just have to pay ourselves. We're not going to get it back from a bond issuance. We would just have to find monies and we have some monies set aside to cover it because we're conservative to make sure that we have the available funds to cover it should we not go out for bonds. So, there's nothing -- there's no interest rates being set right now. There's nothing -- and that's why I said earlier that the credit rating agencies don't care, and I say that, you know, respectfully. They don't -- there's no issue with us taking out an intent resolution because it does nothing.

Vice Mayor Anderson: Yeah, no, they don't care about the intent resolution, what they'll care about is if we take out the bonds. And at that point, it will affect the budget.

Finance Director Gomez: I mean, again, it won't affect the credit rating because we have the wherewithal to pay it back.

Vice Mayor Anderson: I understand, but that will be analyzed at the time.

Finance Director Gomez: Yeah, so when we go out to the bonds, part of going out to bonds is going to the credit rating agencies and say, hey, we're going out for bonds, can you please rate the bonds that we're taking out? Like what will you rate us as we're taking out --? For every bond issuance, we get a rating, assigned to it. I believe we go to two credit rating agencies each time we decide that we're going out. So, in that three-month period that I was talking about that it takes us to issue debt, I will then start calling the rating agencies and say, hey, we are actually going out to debt, give us a rating. We pay -- you know, you have to pay their fees. That's part of the whole process of getting -- issuing bonds. So, at that point in time in the future is when we would actually lock in rates, get quotes for, you know, who's going to offer us the best rates on the debt and things like that. So, let's just argue that we're ready. Our earliest point to be ready is in a year from now and the rates are terrible. We may say, you know what, let's wait a little bit longer. Let's not take it out right this moment. We have flexibility to -- you know, but if from now until then we say, wow, we're pretty close to having all the design and engineering done and rates are great, then maybe we do take out the bonds. Yeah.

City Manager Rojas: But we would still have to come to the Commission.

Finance Director Gomez: We absolutely have to come to the Commission to start that process.

Mayor Lago: Do we have anything else that we'd like to discuss?

Vice Mayor Anderson: No.

Mayor Lago: Okay.

Vice Mayor Anderson: Let's just go.

Mayor Lago: Is there a motion?

Commissioner Castro: I'll second that.

Commissioner Menendez: I'll make it.

Commissioner Castro: I'll second.

Mayor Lago: Mr. Clerk?

City Clerk Urquia: Mr. Mayor, I have members of the public requesting to speak on the item.

Mayor Lago: Okay.

City Clerk Urquia: First speaker, Ms. Maria Cruz.

Maria Cruz: Mrs. Maria Cruz, 1447 Miller Road. Let me start with a caveat. I'm not a finance person. My husband was, but he's not around to give me advice. So, I'm going to start by telling you we have an elephant in the room. And the elephant in the room is what I'm trying to understand because we did have an intent letter for the Mobility Hub. Actually, from what I hear, that intent letter is still good. We can be reimbursed for what we spent. So far, so good? Okay. Okay, but we cannot go ahead with the bond because we did not start the construction within 18 months. Now, what's that? Explain that.

Finance Director Gomez: We cannot start -- we cannot start the construction and expect to be reimbursed from the bonds when we issue.

Ms. Cruz: Unless you did the intent letter?

Finance Director Gomez: No, no, no, because time has passed. We're just talking about the Mobility Hub. So, on the Mobility Hub, if we started construction tomorrow, we would have to pay for that with other funds. We couldn't take out the bonds, the intended bonds that we were

going to take out and then reimburse ourselves. But we could take out the bonds tomorrow for the Mobility Hub and then do the construction, no problem.

Ms. Cruz: Okay. But the problem is that if I follow correctly what has been asked, you know, we're concerned that having that intent letter and the possibility of the bond may affect our rating. Right, that's what has been proposed or discussed. Well, it's been three years, I don't see people knocking on the door to have the Mobility Hub built, so if having the intent letter affects our ability to keep our rating, maybe it's time to say, hello, goodbye to Mobility Hub. Get rid of that so we can move on with other things that people really want. That's my thing. If we keep waiting, a la Mobility Hub, \$42 million to start with, 60-some plus by now, I'm sure more because 60-some was what, two years ago? Look at Burger Bob's. If we keep kicking the can down the road, doing whatever we need to do here is going to be humongous. The money, we're not -- instead of saving money, we're going to have to be spending more money. Enough is enough. Guys, you need to listen. What is important, okay? I'm sorry, but I praise you for talking about the streets and the sidewalks. You're touching on things that people want. I mean, I drive in this city plenty, taking kids here and there. I'm going to tell you, you have heard me say, I think I live in Hialeah, maybe worse places because there are potholes all over the place. And if they're not potholes, then we have chickenpox on the street because they close this pothole, then this one opens, and we have different color on the street, okay? There are some things that are important to our residents, to the people that live in Coral Gables, the people that choose to live here, the people that care to maintain this world-class city, and that is how we look. And I'm sorry, just saying that we're going to look like Disney World but not doing anything about the roads and the sidewalks doesn't work. So, yes, we do need to come forth with the means to fix City Hall. This is ours. This is the people's house. We need to fix it so it doesn't get any worse. And then we need to fix the down streets so we do not have to worry about -- and you can ask Mr. Diaz how many times I call them on Pisano because they close that pothole, and guess what? Next time it rains, it's open again, okay? So, I'm talking from experience. I see it. I don't live in a dream world. I don't live in Disney World. I live in the City of Coral Gables only since 1976, okay? Okay, so I think enough is enough. You need to do what the people want you to do. And I'm sorry, I read the magazines, I read the blogs, I read everybody, I read the newsletters, and enough of the misinformation, please.

City Clerk Urquia: Jackson Holmes.

Jackson Holmes: Thanks very much. I'm sure it's no surprise to any of you that I support the Mobility Hub as if my life depended on it because it's true in relation to my financial life. But the reason I signed up on this card is strangely to remind people that because of Israel's attacks throughout the Middle East, we have now lost the Saudi, the US-Saudi petrodollar. We have lost our supremacy in the world economy. When we had the Great Recession -- why is our City Finance Director not talking about this? Why didn't she meet with me to talk about it? We got ourselves out of the Great Recession by printing money because we had the US-Saudi petrodollar, and we could do what all the other countries can't do. That is just print money. We printed \$19 trillion. Bravo, Ben Bernanke. He rescued us because we had the US-Saudi petrodollar. Sir, this

is why Richard D. stuck with me, right? So, now we've lost that. Now what does that have to do with financing the needed repairs on City Hall? Rates are probably going to start going up, even for the City. My mortgage is probably going to start going up. We are in deep trouble. And so, when you, Vice Mayor Anderson, asked the question about what are the rates, right? I mean, fortunately, we don't have to address that now. But I think we need to keep in mind maybe the City should do a ceasefire resolution because our economy is done. We've lost the petrodollar. Thanks.

City Clerk Urquia: Thank you. That's it, Mr. Mayor.

Mayor Lago: Do you have a motion and a second?

City Clerk Urquia: I do. Commissioner Fernandez?

Commissioner Fernandez: I didn't get to speak, but yes.

Mayor Lago: Go ahead. Speak now, please.

Commissioner Fernandez: No, I just -- very simple. The reason Commissioner Castro and I got elected is people wanted a different way of doing things in Coral Gables. They didn't want to continue the kick the can down the road approach. They wanted things done now. As the Finance Director said, we do have an issue with inflation. Every penny that we're saving today is worth a lot less in five years when we actually take on these projects. Today we're dealing with emergency repairs in City Hall that should have been done years ago. Our sidewalks are a disaster. And it wasn't until we got elected that we've increased the funding for our sidewalks. But we still have, I think the number they gave us was \$6 million of sidewalks that need to be repaired. For a resident who's sitting at home, seeing those sidewalks every single day, seeing people trip, and we've gotten the emails of people who have tripped on our sidewalks, it doesn't matter to them if we take out a bond for \$5 million, which is not going to impact their taxes, it's going to come from the money that we are setting aside and use the funding today to address those projects. This resolution has nothing to do with taking out the bond. It's about setting us up to be able to get reimbursed for the expenses that we're going to have in design. It could take 24 months. It could take 36 months to actually take it out. And to Ms. Cruz's point, I think what the Finance Director was trying to explain is we will get reimbursed for the construction, we just cannot begin construction until we get the bond if we wait more than the 18 months, three years. So, now it's three years. So, we have three years. If it takes us three years and two months to begin construction, we just have to have taken out the bond before construction begins. So, I'm in favor of this. I think we need to set ourselves up to be able to address these projects not five years from now, but address them today. Burger Bob's is a perfect example. Prior Commission thought it was crazy that \$400,000 was what it was going to cost us to repair Burger Bob's, and today we're at, what, \$1.8 million? We can't continue to allow this to happen because it's costing our taxpayers every single day. So, I'm a yes.

City Clerk Urquia: Commissioner Menendez?

Commissioner Menendez: Yes.

City Clerk Urquia: Vice Mayor Anderson?

Vice Mayor Anderson: As I indicated, I think this is premature because we don't have enough facts and data. I'd be happy to revisit this on a more precise basis in the future. In a physically sound -- fiscally sound budget requires planning, and it must be done so thoughtfully. We do have money on hand to be able to do the construction planning on City Hall. We currently have \$6.727 million in City Hall's budget. It's not necessarily a time to be discussing this. The planning and architectural drawings, the engineering drawings will be done in a year, year and a half and we can thoughtfully decide how much at that point in time we need to take out for City Hall. If this was confined to City Hall, it would be an easier decision now. If you look at Venetian Pool, we don't even have the shovel-ready designs done yet for expenditures that are, I guess, wanting to be made, but we have no idea what they're going to be. We have saltwater intrusion issues to deal with in the future. We don't know where we're going to put the filtration yet. We have no shovel-ready designs. The appropriate time to contemplate that is when you know what you're going to be doing with it. Sidewalks, we currently have \$1.76 million available for sidewalk replacement, another \$944,000 for new sidewalks, and three pending grant applications that could easily double or more that amount. We don't have the results yet back from those grant applications. I personally took the time to knock the doors of the folks on Riviera near the high school in order to be able to complete the sidewalks on that street. We did Alhambra South. There was overwhelming support for that. Grant applications are pending for that to be able to provide that funding, and that's why I feel that with the grants we'll have at least \$3.7 million for sidewalks. But we have to face the reality. There's a limited number of contractors. There's a limited amount of bandwidth for contractors to fulfill this work. So, we need a more precise formula before we start just throwing money at stuff to be able to determine whether or not the work can actually be done. Then you have the weather. We've had episodes of weather and rain this particular year that are well in excess of the county's average of 52 inches a year. We're talking numbers in excess of 250 inches. You can't pour sand when it's raining. It damages the cement. So, before we're doing that, any financing we need to roll up our sleeves, make sure that every single year we're doing these grant applications there is a high availability and demand of grants to be able to fund a lot of the sidewalk projects and it will relieve our city's budget and our taxpayers of the burden of having to pay for them out of their pocket. We are a donor community. We donate to the rest of the state a lot of money through our taxes and sales taxes. It's time for us to get the money back. In repaving, we currently have \$1.53 million in our budget for repaving. Some of the delays we have encountered on repaving are due to the lack of material and contractors to do the work. The \$1.53 million that we do have available for repaving, \$975,000 of that came from appropriations that we obtained back in 2022 during our Tallahassee -- the Commission's trips to Tallahassee. So, over half of that money came from our efforts and bringing money back into our

city so we don't have to spend taxpayer dollars or pay interest on that money. Remaining \$564,000 came from taxpayer dollars. Then we encountered delays as well when projects are shifted in different directions. The Alhambra Circle South is an example of that. It's been waiting for a long time because the sidewalk issue has been contentious. We do need to listen to the people that live there, their ballots and move forward on that project. Lastly, this intent resolution is vague. It's not limited to repaving. It's not limited to sidewalks, it's other infrastructure projects. I think we owe it to the taxpayers to define what it is that we're going to be using it for and not be vague about what we're using it for. Have a plan, have a shovel-ready plan. Any bank would require you to have that. You need to have that going forward. So, at this time, I'm a no on this. In the future, taking it project by project, I would be entertaining, you know, an intent resolution at that time and be a yes at that time, but right now I'm a no.

Commissioner Castro: Commissioner Menendez, I believe we're headed the right way to keep our City beautiful, and I think one day we will remember when we see that this has been the most beautiful the city has ever been, one day we'll remember that it was you who took the first step, okay? So, I commend you for bringing up this resolution and I vote yes.

Commissioner Menendez: Thank you, but it's a team effort. Staff, residents, everybody, but we need to move forward together. Thank you, though.

City Clerk Urquia: Mayor Lago?

Mayor Lago: Madam Finance Director, may I have a few words? So, I've reserved my comments just so I could have some one-on-one time.

Finance Director Gomez: Sure.

Mayor Lago: When was the last time that we as a city secured debt for this type of projects that did not deal with, for example, water main, sewer extensions, Public Safety Building? Would you say it was the Renaissance project that was probably 14 years ago...

Finance Director Gomez: No.

Mayor Lago: 15 years ago?

Finance Director Gomez: No, so the intent -- the last time we did an intent resolution was in 2021 for the Mobility Hub.

Mayor Lago: I understand, but let's talk about...

Finance Director Gomez: For that one, it was -- I believe it was the Public Safety Building, which was in 20...

Mayor Lago: The public -- in regards to the...

Finance Director Gomez: 2018.

Mayor Lago: In regards to the Mobility Hub, that had a self-funding strategy to pay for itself through parking revenue. That's number one. Number two, the Public Safety Building is a critical component to public safety. Now, I'm a big believer in budgeting versus debt. I've done it in my private sector business. That's the way that I run my home. I will not incur credit card debt on the future. The interest rates are massive right now. So, at the end of the day, I think it's critical to budget over a two-, three-, four-year period to address our needs versus taking the easy route, which is just taking debt. This is like a credit card that eventually you have to pay back. Currently, we have \$144 billion worth of debt on the City. What would be the proposed debt if we -- let's meet in the middle. You said \$68 million, between 44 and 45, to \$68 million. You want to say \$60 million?

Finance Director Gomez: So...

Mayor Lago: If you include the \$60 million and include the debt on that portion, what would we be looking at in regards to the \$144 million plus this new number?

Finance Director Gomez: So, if this one is limited to \$58 million, that's the maximum that the repayment source would allow. And depending on the Mobility Hub, if we would take out the \$65 million, then that is where...

Mayor Lago: Forget the Mobility Hub.

Finance Director Gomez: Okay, I'm sorry.

Mayor Lago: We're just talking about this.

Finance Director Gomez: Okay, so this one...

Mayor Lago: This is the front burner item for this Commission.

Finance Director Gomez: Okay, so based on the parameters that were provided, this debt, we said that the 15-year repayment with the identified repayment source would allow us to take out -- not to exceed about 58 -- \$58.5 million worth of debt.

Mayor Lago: Okay, does that also include not only how much we're taking out, but also the debt that we're paying on that over the 15 years? Is that the total amount?

Finance Director Gomez: I'm sorry, I'm not understanding.

Mayor Lago: Of the principal. We have the principal and then we also have the debt.

Finance Director Gomez: We would take out \$58 million and we would repay -- the repayment schedule would be what it is.

Mayor Lago: What would be the repayment schedule...

Finance Director Gomez: Okay.

Mayor Lago: Plus, the principal, so people understand. Because it's not just the \$58 million, it's the amount of money that you're paying in interest and that's critically important.

Finance Director Gomez: Yeah, so give me one second. I'm going to...

Mayor Lago: You know, people fail to mention that. It hasn't been mentioned at all in this Commission meeting. That's the important thing.

Commissioner Fernandez: I don't think he understands it.

Mayor Lago: I understand it.

Commissioner Fernandez: Because we're not talking about taking out debt today.

Mayor Lago: I understand that.

Commissioner Fernandez: We're not. You're trying to push a point. You're trying to drive a narrative...

Mayor Lago: Commissioner...

Commissioner Fernandez: That is not...

Mayor Lago: Commissioner, if I may?

Commissioner Fernandez: Not consistent with what we're discussing here today.

Mayor Lago: Commissioner, if I may.

Commissioner Menendez: Diana, are we voting on the bond today?

Finance Director Gomez: We're not.

Commissioner Menendez: Okay.

Finance Director Gomez: So...

Mayor Lago: But if I may.

Finance Director Gomez: Yes, I can answer your question and I'm going to ask you to come up just to make sure I'm reading the right page. I'm reading it off my phone. So, we would pay in total that much of interest, right?

(COMMENTS MADE OFF THE RECORD)

Finance Director Gomez: So, in the 15-year term, it would be \$23 million of interest and so a total after the repayment of the 15 years, it would be about just under \$75 million.

Mayor Lago: So, add that \$75 million to \$144 million, you're talking about probably what, about \$225 million what the City would have in debt, correct?

Finance Director Gomez: For immediate -- yes, but the things fall off.

Mayor Lago: I understand, but let me just -- I know, we have things that sunset. But let me answer my colleagues to the left. I know we're not talking about -- we're not talking about the debt. I understand that we're not signing that today, but this opens the door to take the next step to be able to assume this debt. So, let me read you a little quote, okay? The greatest country in the world, the strongest, most financially viable country in the world, on August 1, 2023, Fitch Ratings, one of the country's three major credit rating agencies, announced that it had downgraded the US credit ratings from a AAA to a AA. Fitch had been reassessing the nation's creditworthiness over the last two months, putting the US on a negative watch for the end of May 2023, moving into the 2024 year. In the risk assessment, Fitch cited the expected fiscal deterioration of the US government over the next three years, not one year, three years, growing national debt, growing national debt -- which is the same thing. We'll be growing -- we'll be growing our debt from \$144 million to \$225 million -- and the erosion in the standards of governance over the last few years as reasons behind the downgrade. So, my point is, while moving forward today will not affect our AAA bond rating, we're taking out the debt and a few other outliers that may come into play nationally, locally, could potentially...

(COMMENTS MADE OFF THE RECORD)

Mayor Lago: You good? Okay, I just want to make sure you're okay, Ms. Cruz. So, what ended up happening was that all these things come into play and could potentially result in our national

-- in our triple bond rating being affected. So, just put that out for the record. So, it's not \$144 million in debt, it could be almost a quarter of a billion dollars' worth of debt that the City could be having. Number two, we have significant funds already in the City Hall for budgeting. We have those numbers. If we assumed as we sunsetted Phillips Park and that came to an end, after that park was completed, we could potentially use those funds over the next two years and phase this project out into two phases, number one being the third floor and number two being the second and first floors, and achieve the project without having to get debt out, just using a budget. I believe that. I think we can do it. Okay, the second issue, the sidewalks. Please refresh my memory, I don't have the budget book in front of me. They said that we have increased the amount of money that we've added to budget to the sidewalks. Is there been an increase from last year's budget in sidewalks to this year's budget? So, I want to put the correct numbers on the record.

Finance Director Gomez: Yes, I'm not sure and I'll have to ask Paula to join me up here or if maybe if Public Works knows the answer to that. I don't have the book in front of me, so I just don't know if there was an increase or not and I apologize.

Mayor Lago: No worries.

Commissioner Castro: There was an increase.

Mayor Lago: No worries. We want to see...

Finance Director Gomez: In streets.

Mayor Lago: I'd like to see what the increase was.

Finance Director Gomez: Was it sidewalks? Did you say in streets or sidewalks?

Mayor Lago: Sidewalks, sidewalks.

Commissioner Fernandez: From 1.25 to 1.5.

Mayor Lago: So, we had about a quarter of a million-dollar increase. Perfect, welcome. That's a budgeted increase, so I welcome it. Yes, sir.

Public Works Director Diaz: We'll have to double check the budget.

Mayor Lago: No worries, we can find out. It's okay. And I think that we can -- we can deliver on increased sidewalks through a budgetary process. Now, in regards to what I mentioned to you before about -- we talked already about the Mobility Hub, that it's going to be funded, if it would have been done, through parking revenue, which is an opportunity to, again, not take out -- to have a funding source that doesn't affect the City, because you can increase the parking revenue if for

some reason or another, we need a little bit of financial buffer in one form or another. So, when we talk about Burger Bob's, I think it's critically important that that was brought up right now. With Burger Bob's, I was astounded by the numbers that were coming in from Burger Bob's in the beginning. I just couldn't believe that a project that was just getting a refresh, simple interior renovation -- we at one point talked about not even removing the drywall, but then we were able to find out that the MEPs, the electrical, the plumbing, and the mechanical were in dire shape. So, we removed the drywall. In removing the drywall when I walked the site, as Madam Finance Director, you can tell -- you can tell everyone here, we found extensive structural damage to the building. Unless you have X-ray vision and you're part of, you know, the X-Men, there's no possible way that anybody through the drywall could see the amount of structural -- structural work that had to be done there. You have those change orders. I ask you to make them please public record so that people can see what resulted in change orders. What were the reasonings for the change orders that happened, from the original budget item to the final budget item, and what were the additional scope items that we as a city requested? There are certain things that we requested that we upgraded, but one of the main items was the structural integrity issues that we found. Okay, so in closing, I'm a no vote on this. Again, it's not that we're voting today to approve the debt. What we are doing today is taking one step further in potentially being able to approve that debt. And I think we can achieve the same goal through a budgeting process without having -- without having to incur any debt and put the City, in my opinion, in a financial situation to move forward. So, my vote is a no. Thank you.

(Vote: 3-2)

Vice Mayor Anderson: I just -- since you don't have the budget book in front of you...

Finance Director Gomez: I was told -- I was that it was \$250,000 increase for sidewalk replacements.

Vice Mayor Anderson: So, the prior available on sidewalk as we began our budget process was unused funds, \$1.297 million. We added an additional \$1.5 million, which is where we came up with the \$2.8 million, which went to my point that we have to have bandwidth to do the work. You can throw all the money you want at it, but if you don't have contractors out there to get the work done, you have to, you know, find the right contractors, get the engineering work done, have the -- you know, have the work done as well. So, we added money, but we didn't use up what we had available last year. Same thing -- you know, same thing from sidewalk, new sidewalk installation, we had leftover money, \$430,000, and we added another \$570,000 to it, and that's where we came up with the nine hundred and some odd thousand dollars. And of course, we have grant applications out where that can be used as matching funds and exponentially increase the total amount available. So, that's just for the record. I've already voted.

Mayor Lago: Thank you. So, we're going to move on to item F-11. Thank you, Madam Finance Director and your team. Thank you so much.