

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

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

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

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

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

^ - New Member

# - Special meeting

\*\* - Resigned Member

**Staff:**

Diana Gomez, Finance Director

Keith Kleiman, Budget Director

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

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CITY OF CORAL GABLES

BUDGET/AUDIT ADVISORY BOARD AGENDA

MEETING: THURSDAY, FEBRUARY 2, 2017, at 8:00 a.m.

FIRST FLOOR, CITY HALL

405 BILTMORE WAY, CORAL GABLES, FLORIDA

MEMBERS PRESENT:

- ALEX MENENDEZ, CHAIRPERSON
- JOHN HOLIAN
- ERIN KNIGHT
- TONY A. RIVAS

CITY STAFF PRESENT:

- CATHY SWANSON-RIVENBARK, CITY MANAGER
- DIANA GOMEZ, FINANCE DIRECTOR
- KEITH KLEIMAN, MANAGEMENT and BUDGET DIRECTOR
- ELSA FUENTES, ACCOUNTANT III

ALSO PARTICIPATING:

- JOHN C. WEBER
- MICHELLE BLACKSTONE
- LEONARD ROBERTS, ASSISTANT DIRECTOR OF ECONOMIC DEVELOPMENT

1       THEREUPON:

2                   (The following proceedings were held.)

3               MR. MENENDEZ:  I don't know if you guys want to  
4       start with anything?

5               Good morning, everyone.  Today, I guess, is a  
6       special day.  We have a new appointee.  I'd like to  
7       start with that.  Tony Rivas is joining us.  He's taking  
8       over for Jose Smith, and I don't know if you want to say  
9       any words or introduce yourself.

10              MR. RIVAS:  Good morning.  My name is Tony Rivas.  
11       I run a distribution company, Snack Foods, out of Opa  
12       Locka, and I live here in Coral Gables.

13              MR. KLEIMAN:  Welcome.

14              MR. MENENDEZ:  From the actual members, I'm Alex,  
15       John.

16              MS. KNIGHT:  Erin Knight.

17              MR. MENENDEZ:  And Cheryl is out today, and that  
18       would be everyone in our group.

19              We have the City Manager here today.  She's very  
20       nice.  She's joined us.

21              MS. SWANSON-RIVENBARK:  And if I can say why I'm  
22       here.  You all are partners with us on making sure that  
23       our processes are accountable, accurate and timely.  And  
24       so we had an opportunity of reevaluating how we handle  
25       internal audit in our City, and the Board was

1 instrumental in helping us. We wanted to look at cities  
2 our size. Is it best to grow internally an internal  
3 audit operation or is it better to reach out to a  
4 private company that would have a broad range of  
5 expertise to help us with that internal audit function.

6 Through good dialogue with the Board, it was  
7 determined that-- and I also spoke to a University of  
8 Miami professor, who teaches internal auditing, and  
9 through those discussions, the Board and the professor,  
10 we recommended to the City Commission, together with the  
11 Board, that we pursue an external/internal auditor.

12 We had a consultant that was immediately  
13 conflicted out of competing, who had both internal audit  
14 experience, and also Board experience, and they helped  
15 us draft the RFP, together with Procurement. The Board  
16 sat as the Evaluation Committee.

17 We took that recommendation to the Commission,  
18 they interviewed-- they did everything aggressively and  
19 deliberate, and we took that recommendation to the City  
20 Commission, together with our-- we joined that  
21 recommendation.

22 The City Commission accepted it, and so across the  
23 table from you, after we negotiated, is our internal  
24 auditor that-- you're seeing two people, but there's  
25 really hundreds of people that bring expertise depending

1           on what type of expertise we need. We want to keep the  
2           Board well informed, and also together keep the  
3           Commission well informed, so that you all, our  
4           Commission and our residents, are comfortable with the  
5           way that we are handling our practices and our sources.

6           This is obviously an addition to the external  
7           audit that is done. And so this is the first time the  
8           Board will be sitting with the internal auditor talking  
9           about the audit plan, and so you're totally up to speed  
10          with everyone else.

11          MR. RIVAS: Perfect.

12          MR. MENENDEZ: With that said, we have, I guess,  
13          John Weber, partner at Crowe Harworth, and they're here  
14          to present the plan. And, I'm sorry, I didn't get your  
15          name.

16          MS. BLACKSTONE: Michelle Blackstone.

17          MR. MENENDEZ: Michelle Blackstone. So I guess,  
18          before we start that, do we need to go through roll  
19          call? And we'll approve the Minutes.

20          I had a question about the Minutes that I brought  
21          up with Keith just before the meeting, was normally--  
22          and maybe I'm wrong. John, you might have seen it or  
23          Erin. Normally we get a full transcript of the prior  
24          meeting, and I didn't see it in the email.

25          MS. GOMEZ: Right, because we didn't have a court

1 reporter at the last meeting, if you recall. It was a  
2 last minute meeting that Economic Development had  
3 requested in order to talk over the Codina land swap.

4 MR. MENENDEZ: Yes.

5 MS. GOMEZ: Leonard will be here later on to go  
6 over an update on that as requested by one of the Board  
7 members. So since we didn't have a court reporter for  
8 the meeting, it was a shorthand--

9 MR. MENENDEZ: It makes sense.

10 MS. GOMEZ: Mariana from the Economic Development  
11 Department volunteered to take notes and Minutes.

12 MS. SWANSON-RIVENBARK: And verbatims are not  
13 required. Sometimes it's just easier to have a  
14 verbatim, but certainly Minutes' summaries are  
15 acceptable in the way we manage our Board Minutes.

16 MR. MENENDEZ: Understood. I'm just a creature of  
17 habit.

18 MR. HOLIAN: Yeah, and we've had the court  
19 reporter for two years or whatever it is.

20 MS. GOMEZ: Yes, ever since Nancy retired. She  
21 would be the one that transcribed them more into a  
22 summary format, but since we really couldn't find anyone  
23 that could provide that service, we said it's just  
24 simpler to go with a transcript.

25 MR. HOLIAN: On Page 3, the first bullet point, do

1           you remember that from the conversation, Codina Partner  
2           has the right to terminate the swap transaction within  
3           two years of the initial sale?

4                     Do you remember that?

5                     MS. KNIGHT: Yes.

6                     MS. GOMEZ: I wasn't there at that meeting, so--

7                     MR. HOLIAN: Okay. I just didn't remember it off  
8           the top of my head.

9                     MR. MENENDEZ: They had the option.

10                    MR. HOLIAN: Okay. Okay.

11                    MR. MENENDEZ: Yeah, I do, but it was very  
12           technical and very quick, so I did want to read it.  
13           It's one of those I wanted to go back and read it and,  
14           you know, but--

15                    MR. HOLIAN: Because this doesn't-- I mean, it's a  
16           summary for sure, but there was a lot of conversation.

17                    MS. SWANSON-RIVENBARK: I haven't read the  
18           Minutes. I am knowledgeable on the Staff recommendation  
19           and the status of the deal today. So if Leonard is not  
20           available--

21                    MS. GOMEZ: He is coming a little bit later. I  
22           told him around 8:30, because I told him that the  
23           internal auditors--

24                    MR. HOLIAN: Because there was a lot of info in  
25           that meeting, and there were a lot of questions.

1 MS. SWANSON-RIVENBARK: It is a complicated  
2 transaction, and-- so, if you want, I can stay or you  
3 can bring me back. I met with Leonard yesterday and our  
4 attorneys as to where we are with it.

5 MR. HOLIAN: Okay.

6 MR. MENENDEZ: With that said, do we want to  
7 approve the Minutes as is? Anybody have any questions  
8 about them?

9 MS. KNIGHT: No. I'll make the motion.

10 MR. MENENDEZ: Okay. Erin makes a motion.

11 MR. HOLIAN: Second.

12 MR. MENENDEZ: Second. All in favor?

13 MR. RIVERA: Aye.

14 MR. HOLIAN: Aye.

15 MS. KNIGHT: Aye.

16 MR. MENENDEZ: Okay. So we move pass the Minutes,  
17 and now we're on to the audit plan for the internal  
18 auditors, and you guys take it from there.

19 MR. WEBER: Great. Thank you very much. John  
20 Weber, partner with Crowe Horwath, and Michelle  
21 Blackstone, Senior Manager with our firm. So what we  
22 did is, we've kind of gone through the preliminary  
23 assessment, and have put together a proposed internal  
24 audit plan. So I just really want to walk through all  
25 of that with you to get your input. We certainly value

1 any input you have into the audit plan, timing of  
2 things, and it's a working document. And an internal  
3 audit plan is always a working document, but things do  
4 change, you know, constantly, actually, especially with  
5 financial reporting and changing systems, and things of  
6 that nature. So, as I said, it's always a working plan.

7 So, actually on Page 2, I'm going to go through  
8 the scope of risk assessment, the approach to internal  
9 audit, our engagement approach. It's very high-level.  
10 Some observations about risk, and then the recommended  
11 audit plan that we are proposing to you.

12 So really the scope of the risk assessment  
13 included, you know, us looking at any and all previous  
14 internal audits that were completed in prior years at  
15 the City, as well as just risk assessments, obtaining  
16 opinions from management and staff, which helps us to  
17 develop possible risks. And I should say, as well, as  
18 well as the Mayor, Vice Mayor, and we met with every  
19 Commissioner at the City to discuss the internal audit  
20 as well, to understand any views they have on risk.

21 We did look through Budget documents, prior CAFRs,  
22 Comprehensive Annual Financial Reports, that had been  
23 issued for the City, and from that we developed our  
24 tentative audit plan. And, as I said, a risk assessment  
25 is operated on an ongoing basis, so it's not just really

1           one day in time.

2                       So the approach-- I mean, internal audit is really  
3           an independent appraisal function, to establish within  
4           an organization, used to evaluate activities that go on,  
5           and audits are really essential in providing reasonable  
6           assurance that the City's operating in accordance with  
7           laws, regulations, contracts, grant agreements, things  
8           of that nature. Ultimately, the City is responsible for  
9           always having and designing good internal control to  
10          ensure the safeguarding of assets, as well as to ensure  
11          the efficiency of operations in spending of taxpayer  
12          dollars, you know, at the City.

13                      The objective of the internal audit is really to  
14          help the City in the charge of its responsibility. So  
15          our job is really to look at areas within the City,  
16          provide analysis, provide recommendations for operating  
17          efficiency improvements, but also to determine  
18          compliance with established policies and procedures that  
19          the City does have in place, and specifically related to  
20          compliance with laws and regulations, and having good  
21          internal controls in place to safeguard those assets.

22                      So this is a pretty high level engagement  
23          approach. It's really kind of what we call a five-phase  
24          process. So first is understanding expectations. Then  
25          we assess risks, which is really what we're doing right

1           now in going through with you, performing audit  
2           procedures, reporting on any-- I don't like the term,  
3           findings. You know, this is kind of one of those  
4           simpler things, but it's really reporting what I like to  
5           call observations and recommendations or any areas of  
6           improvement, and then very important is the follow-up on  
7           reports that have been issued to ensure that  
8           recommendations have been implemented. And then also to  
9           kind of reassess the risk in particular areas. So  
10          there's a lot of input that goes into that. And then  
11          the various outputs we have.

12                   MR. HOLIAN: Can I ask a question about the  
13           follow-ups? As this is ongoing-- remember, we've had  
14           audits and things that were outstanding. When something  
15           is-- when you have the follow-ups, we've had pages and  
16           pages of things that have been there for years and years  
17           and years, would you bring it to their attention and  
18           say, "This needs to be resolved by such and such date?"

19                   MR. WEBER: Generally, our approach is, with all  
20           of our recommendations, we ask for a management response  
21           to include in the actual document, and we recommend that  
22           in the Management response, they include a date for when  
23           something will be implemented or, you know, policy  
24           change or something to that affect.

25                   Now, some things-- you know, very often in

1 internal auditing what we do-- we do find a lot of  
2 outdated systems, you know, and the best ways to improve  
3 efficiency are often through the implementation of new  
4 types of systems. So sometimes it's kind of hard to put  
5 dates on that, because if you're going to go down that  
6 road, you're going to need budgetary approval, you know,  
7 things of that nature. But, yes, we do recommend that.

8 MR. HOLIAN: And prioritize them, because we've  
9 carried things for years, and then they just keep, you  
10 know, kick the can down the road, and it just seems a  
11 bit futile if we don't get them off that page.

12 MR. WEBER: No, I agree with you. I have another  
13 client that they've had things on their list probably  
14 for 10 years, and their Audit Committee, you know, in  
15 the meeting four months ago says, "Enough is enough. You  
16 know, we really need to do something." But, you know,  
17 something can be on a list for a recommendation, but it  
18 could also be where the City has determined that the  
19 cost benefit of implementing something is not going to  
20 be efficient for the City. But, in my opinion, that  
21 just needs to be reported and documented, and then it  
22 really kind of goes off the list.

23 MR. HOLIAN: Okay.

24 MR. WEBER: So during our process, we did meet  
25 with a number of individuals, so we listed them all on

1 the page here for you, so you can kind of see who we did  
2 have interviews with. And then we did, as well, when we  
3 prepared this document, meet with the City manager and  
4 the two Assistant Managers, and a couple of other people  
5 as well, just to have an initial conversation on what we  
6 did, so--

7 MR. MENENDEZ: Is there a Chief Procurement  
8 Officer? They all say, Assistant.

9 MS. GOMEZ: I am currently the Chief Procurement  
10 Officer. There was a Chief Procurement Officer. That  
11 person transitioned to another role in the City, so it's  
12 a big imposition that we are--

13 MS. SWANSON-RIVENBARK: We are recruiting now.

14 MS. GOMEZ: Yes.

15 MS. SWANSON-RIVENBARK: I mean, it's posted and  
16 we're receiving--

17 MS. GOMEZ: Almost posted.

18 MS. SWANSON-RIVENBARK: I signed off on the  
19 posting.

20 MS. GOMEZ: Yeah. It's going to be posted next  
21 week, so, yes.

22 MR. MENENDEZ: Okay.

23 MS. SWANSON-RIVENBARK: But that position will  
24 report directly to Diana.

25 MR. MENENDEZ: And the position became available

1           because someone retired or--

2                       MS. SWANSON-RIVENBARK: Better fit. They were a  
3 better fit for the direction that the City is going with  
4 Procurement, and the importance really that we're  
5 placing on it felt that there was a better location for  
6 the employee within the City.

7                       MR. MENENDEZ: Okay. Thank you.

8                       MR. WEBER: So on Page 7, when you think about  
9 risk, there's a lot of different factors that affect  
10 risk, and so we're not just looking at financial risks  
11 of, you know, is \$500 missing and designing procedures  
12 really just around financial risks. So there's external  
13 risks, there's information risks, there's operational  
14 risks, strategic risks, integrity risks and financial  
15 risks. So when we go through this process, what we're  
16 doing really is looking at all areas of risk in order to  
17 help us assess what the riskier areas of the City might  
18 be. And, then, really it's going into particular areas  
19 and then identifying all of these different risks that  
20 can affect an area such as Procurement, and then that's  
21 what we're designing an audit procedures around those  
22 risks and really where we feel the greatest risk of  
23 potential error, room for operational efficiency,  
24 improvement or compliance with all of the clause and  
25 regulations that may be in existence.

1           So a couple of things about risks. You know,  
2           there's all kinds of risk, but not all risks are  
3           auditable. You know, you can design perfect internal  
4           controls, but you can still have misappropriation of  
5           assets, and that's with any organization. I mean, the  
6           biggest example of this is when you start thinking about  
7           collusion. You can have great controls in place and  
8           good segregation of duties, and a couple of those people  
9           in reviewing each others work, signing off on things,  
10          but if you do get some sort of collusion, where you get  
11          two or more employees involved, then that is a risk that  
12          is very difficult to audit.

13           MS. SWANSON-RIVENBARK: I should interject here.  
14          We brought them in, not because there's a problem, but  
15          because we don't want a problem in the future. So this  
16          is a proactive move for us. We're not responding to  
17          some challenges that we have in place.

18           MR. WEBER: Not all risks can be identified.  
19          Making policies and procedures fail safe, that certainly  
20          may be cost prohibitive, so that's why we look at the  
21          cost benefit of controls as well and recommendations.

22           Sometimes the greatest risk is lost opportunity,  
23          and lost opportunity to improve a function to better  
24          serve your citizens of the City of Coral Gables. You  
25          know, lost opportunity to take advantage of financial

1 systems that can improve efficiency and help people with  
2 their daily work, and kind of, you know, get away from  
3 the manual and paper process of things, as well.

4 So some risks can be avoided, certainly if  
5 personnel are transparent, knowledgeable, and are  
6 learning, and I think that's part of our goal, as well.  
7 And that's where we come in doing our work, is really to  
8 help people gain better knowledge and control of risk,  
9 of improving efficiency, and really through that whole  
10 thought process of it.

11 I will say that everybody we interviewed was very  
12 forthright. We don't really feel like anybody held back  
13 from talking about their specific areas within the City.  
14 So these were really great interviews of people, and I  
15 think you got a tremendous team here throughout the  
16 entire City or people are very interested in certainly  
17 what we're doing, and interested in always making sure  
18 you're, what I'll call kind of best in class, in your  
19 operations. We don't always see that.

20 I've been through this process before, where I'll  
21 sit in a room with somebody, and we'll just talk about  
22 their approach in their area, department, and they don't  
23 want to say anything, because they're really afraid that  
24 it's an I got you type exercise, and this is not at all  
25 an I got you type exercise. That's not our goal. It's

1 not what we want to do. We're designing everything  
2 really to be your partner, and to just help the City be  
3 best in class. That's really, I think, the ultimate  
4 goal.

5 Okay. So from our interviews, reviewing  
6 documentation, we developed a risk scoring matrix for a  
7 number of areas. And, again, risks are at a point in  
8 time. Risk assessment needs to be updated on an annual  
9 basis, and it's not something we can just prepare this  
10 document, deliver it to you, and let's just work on this  
11 three years and not worry about it. So it's something  
12 we always have to take into consideration. So some  
13 other items we took into consideration when looking at  
14 the risk and the audit plan, have there been any  
15 historical issues in particular areas, what are the  
16 processes and controls in place. Based on our  
17 interviews if we identified any areas that we felt, you  
18 know, controls weren't that strong, the risk would have  
19 been ranked higher in that particular area.

20 Third party regulators, very important, and are  
21 any of these areas, you know, where you have third party  
22 regulators involved in looking at things. Those are  
23 just some examples of some additional type things we  
24 looked at from the risk.

25 Another page, I guess, you've been waiting for.

1           The first thing, though, I want to say starting with  
2           this is things are not assessed as high, moderate or low  
3           based on, boy, we think there's a big problem or an  
4           error or something's already taken place that we're  
5           aware of or went about. That is not the case, because  
6           through the risk assessment process, we have not gone  
7           into a particular area enough to really make any sort of  
8           determination on that. So these are really just based  
9           off of, again, the review of documentation, controls,  
10          prior reports, interviews with people, and really as  
11          well as our knowledge of city government and how city  
12          governments operate, and where we have seen things in  
13          the past that, you know, generally are higher risk areas  
14          or may warrant a little bit more attention early on in  
15          the audit process, okay.

16                 So the list on Page 10 here, the first one,  
17          Information Technology, you know, this is really a high  
18          risk in any organization. You know, there's a lot of  
19          systems in place. The City's infrastructure, ensuring  
20          that there's very good access controls in place to  
21          assist them, types of other input controls and output  
22          controls, as well as cyber security type risks. So we  
23          really feel that, you know, through our understanding  
24          currently of all of the different IT systems in place in  
25          the City, that IT should be a priority in a higher risk

1 type area.

2 Payroll and Human Resources. When we talk about  
3 payroll and human resources, we also include what we  
4 call retirement. That's the types of, you know,  
5 retirement, to contributions, to retirement plans,  
6 ensuring that those things are accurate, proper census  
7 data, which is people's dates of birth, dates of hire,  
8 pay rate, very important information, as well with  
9 payroll and human resources. So this is really scored  
10 high more because of the level of activity. There's a  
11 lot of forms and a lot of manual processes currently in  
12 the payroll and HR area.

13 So whenever you have more manual processes, number  
14 of forms going back and forth, going around different  
15 places to be signed off and approved, there's always a  
16 greater risk for something to fall through the cracks.  
17 In addition, you have a number of Union contracts.  
18 There's a lot of laws and regulations and compliance  
19 issues related to payroll, compensation, immigration,  
20 health and safety, so this is another area we just  
21 identified as a higher risk.

22 The Parking Services, this was really scored high  
23 due to the level of transactions.

24 MR. MENENDEZ: Right. As far as Immigration, you  
25 look at work Visas, make sure--

1           MR. WEBER: We look at the proper documentation  
2           in the City's files like I-9 Forms.

3           Parking Services, really due to the high level of  
4           transactions throughout the City, there's different  
5           types of, you know, parking taking place. You have some  
6           meters; you have where you are using your phone; you  
7           have tickets being printed out, so forth, and obviously  
8           there's a lot of cash, right. This is physical cash  
9           going through that process with the parking system.

10          Parks and Recreation, really we felt this was more  
11          high because of the level of decentralized activities.  
12          We generally find too that there's usually room for  
13          improvement in internal controls in parks and rec  
14          related to the taking in of funds, as well as really  
15          having the right documentation in place for waivers of  
16          liability, things of that nature, when you are running  
17          your operations right, you know, and you're responsible  
18          for a lot of children, as well, through these  
19          activities. So a lot of supplies, equipment, you know,  
20          various types of cash receipts coming in. And, again, I  
21          think a big part of this is more of a decentralized  
22          activities. There's always, you know, usually more room  
23          for error when things are decentralized versus a  
24          centralized process.

25          Public Works. So here we're talking about

1 facilities, utilities, sanitation, landscape and  
2 engineering. There's been some staff turnover. There's  
3 also a lot of activity in this area, and we really need  
4 good controls in place to manage, oversee projects.  
5 Work order changes, you know, is a big one, for example,  
6 right. You know, permitting processes, things of that  
7 nature.

8 MS. SWANSON-RIVENBARK: Our capital plan is also  
9 over almost \$200 million over five years.

10 MS. BLACKSTONE: That's another point, too,  
11 because it's more long-term, and the longer projects go  
12 on, the better the chances that some things could fall  
13 through the cracks, and paperwork not getting to where  
14 it's supposed to be.

15 MR. WEBER: If you continue on Page 11, Fuel and  
16 Fleet. So here it is more high risk, because of the  
17 impact on safeguarding fuel and facilities certainly,  
18 and there's always possibilities of personal usage when  
19 it comes to fuel services or controls over the City's  
20 fleet, personal use of city vehicles, things of that  
21 nature.

22 Again, I just want to reiterate, we are not saying  
23 anything is wrong or we found anything, but these are  
24 just areas that have always been kind of important, we  
25 feel, to look at.

1           Development Services. Here is building code,  
2           planning and zoning. Really, it's kind of more moderate  
3           to the level of impact affecting residents. This is  
4           really an area that does affect residents, building  
5           permitting activity, feed calculations, assessments,  
6           collections of funds. You know, so most City we look--  
7           this is part of our audit plan for really most cities.  
8           You know, again, it can be a very decentralized process,  
9           and there's a lot of activity taking place here, but I  
10          think, based on our initial interviews and understanding  
11          of documentation and controls, we didn't feel this was  
12          more of a high risk area, but more of a moderate risk.

13          Procurement/Disbursements, it's pretty straight  
14          forward. I mean, procurement/disbursements affect every  
15          city department, very important to have internal  
16          controls over these processes and reviewing and  
17          especially warning and monitoring contracts with that  
18          process.

19          Cash Management, this is really related to the  
20          handling, reconciling of cash receipts, and when we say,  
21          "Cash receipts," we're talking about cash, as well as  
22          checks, electronic funds transfers, things of that  
23          nature. And this is, you know, again, nothing in  
24          particular jumped out at us in this area. You know, one  
25          thing we kind of looked at is external audit reports and

1 any sort of findings that were there in the past few  
2 years, which there weren't any, so we didn't really feel  
3 that this was much of a higher risk area.

4 P-cards and Gas Cards always, you know, an area  
5 where certainly opportunity presents itself to  
6 individuals to maybe do something they're not supposed  
7 to be doing. But, again, the controls in place over  
8 P-cards and gas cards that certainly limits any risk  
9 there. So that's really more in the moderate category,  
10 at least from our understanding currently of the process  
11 in place.

12 And then the last one on the page is Land Leases.  
13 And this is really from the standpoint of really  
14 understanding the contracts in place, revenues,  
15 appropriate revenues being collected from leases and  
16 monitoring of contract requirements. That's a big part  
17 that we like to look at, is really contractual  
18 compliance, making sure that your leasees are following  
19 the agreement that you put in place.

20 The Law Enforcement Task Force and Strike Force,  
21 this is really related to the monies that are used and  
22 received in that area, and it's really more related to  
23 compliance with how the monies are spent and determining  
24 appropriate compliance.

25 You know, I can tell you the Department of Justice

1           seems to be making its way through the State of Florida.  
2           I have known four clients now that they have gone into  
3           and audited funds related to this. They're very  
4           specific with those type of funds and how you can spend  
5           them, how you're supposed to do accounting for them and  
6           so forth. So I think it's just an area that needs a  
7           little more attention, a little be sooner, versus later  
8           down the road.

9           MS. SWANSON-RIVENBARK: We handle our property  
10          audits separately with an expert in police property,  
11          audits, rape kits, ammunition, evidence. All of that is  
12          handled separate from this process, and you can receive  
13          those reports, as well.

14          MR. WEBER: The next area is Settlements.

15          MR. MENENDEZ: I'm sorry, what are the  
16          ramifications of the Department of Justice coming in:  
17          Is it fines or is it-- like do they stop--

18          MR. HOLIAN: It's got to be money.

19          MS. GOMEZ: Stopping programs.

20          MR. WEBER: They stop your funding until you  
21          comply with what they want to see.

22          MR. MENENDEZ: And I remember those audits. They  
23          would count like 100 percent of the evidence room, if I  
24          remember correctly. And the sample sizes were huge.

25          MS. GOMEZ: Those are more the property ones that

1 are going to be handled separately with the other--

2 MR. HOLIAN: Store them internally. We can't get  
3 rid of them.

4 MS. SWANSON-RIVENBARK: We also have a best  
5 practice check now. Before it was an inventory of  
6 what's there, and now we question, also, why is it  
7 there. \$300,000 in cash, when it could be in a bank. X  
8 number of rape kits, when it should be over with the  
9 Examiner. Those kinds of things.

10 MR. WEBER: Settlements. That relates to any sort  
11 of litigation settlements. I think it's important to  
12 look at the controls in place, the authority, and the  
13 process for authorizing settlements. There's different  
14 levels with that, and it's an important area certainly  
15 to make sure that there's good practices in place,  
16 because these are, you know, tax payer dollars that are  
17 going out to settlements, and that needs to have goodod}  
18 controls and processes over that.

19 These other areas on this page, Bank Accounts and  
20 and Reconciliations, Petty Cash, Debt Management, City  
21 Clerk, Police and Fire Accreditations, we felt these  
22 were all pretty low areas of risk based on, at least the  
23 controls that we were made aware of, our understanding  
24 of what's in place related to these. I think, though,  
25 with Petty Cash, I think what we'll probably do, though,

1 is just some surprise petty cash counts, you know,  
2 throughout the year, just kind of incorporate this. I  
3 mean, they only take a few hours. It doesn't take long,  
4 you know, to do something like that. So we'll probably  
5 just incorporate those throughout the year.

6 So the internal audit plan-- really, what we put  
7 together was a two-year plan. This is a three-year  
8 contract that we have with the City, but we just didn't  
9 feel it was really appropriate to go out a full three  
10 years since things do change so much, so we have a  
11 recommended two-year plan.

12 And certainly during the second year, we'll work  
13 with you, as well as City Management to determine what  
14 would be best for the City for a third year. We do set  
15 aside hours in year two to do follow-ups for audits done  
16 in year one, because, again, if nothing's been followed  
17 up on, then it's kind of like, here's a report, put it  
18 on a shelf, and we don't want it to collect dust there,  
19 so-- and, again, any audit plan can change at any point  
20 in time, and that's why we want to make it very flexible  
21 and work very close with you, as well as City  
22 Management, so that, you know, we can change it, as  
23 needed, to best serve the City.

24 So with that, we have put together, for year one,  
25 a recommended plan looking in the areas of Information

1 Technology, Procurements and Disbursements, Public  
2 Works, Payroll and Human Resources, Fuel and Fleet, and  
3 the Parks and the Rec. So we put-- you know, we have  
4 the project name on there, and the description, and the  
5 description is really what we think we want to look at  
6 in each particular area.

7 Now, I will say, as we get more in depth into a  
8 particular area, some of this may change a little bit as  
9 we learn a little bit more, and sometimes, as well,  
10 during the actual audit process, we'll determine  
11 something or look at something or see something and may  
12 need to expand in a particular area or cut back in a  
13 particular area, as well, based on what we're finding  
14 with, you know, controls and the systems in place,  
15 efficiencies, and things of that nature.

16 So then we put the hours. You know, this is our  
17 best guestimate at this point in time based on these  
18 audits, and the description of the work we would start  
19 off with the plan of doing. However, this does change,  
20 and so it may require more than 160 hours in the  
21 Procurements/Disbursements area, depending on what we  
22 uncover, what comes up through that audit and through  
23 that process. So we will work very close with our  
24 liasion in each one of the audits, and make sure that  
25 our liasion is understanding the procedures we're going

1 to do, what we're going to be performing, and then  
2 working very close. If things change, you know, weaken  
3 the process or something to that affect. So those are  
4 the recommended audits for year one.

5 And then year two is, again, Information  
6 Technology, I just don't think we should leave alone,  
7 especially when it comes to penetration, assessments and  
8 penetration testing for any sort of cyber security type  
9 threats, and we have Parking Services, Developmnet  
10 Services, Settlements, Cash Management, Procurement  
11 Cards/Gas Cards. And then we do have time built in  
12 there for follow-up procedures. If we don't need all of  
13 that time, we won't use all of that time, and we'll use  
14 time in other areas of a particular audit.

15 MR. HOLIAN: I have a question. When you look at  
16 the audit plan, and I'm looking at year one-- I'm  
17 unfamiliar with an audit plan so excuse my naivety on  
18 it-- but if you complete 350 hours on Information  
19 Technology, and then go to Procurement, is it sequential  
20 or simultaneous? How does that work?

21 MR. WEBER: Generally it's sequential, but when  
22 we're doing, for example, Information Technology, and  
23 that's kind of under way, we'll start the planning  
24 process for the next audit, you know, because they do  
25 involve different departments. So it's not like we're

1           just going to be, you know, taking all of the time in  
2           one particular department, but-- so there could be, you  
3           know, really two or three going on. Once this gets  
4           rolling, two or three going on at one particular time.

5           MS. GOMEZ: And so I have a question in terms of  
6           the order. So Procurement is doing a process review and  
7           we're having a consultant come in to do-- look at our  
8           code and procedures, so how we do things is most likely  
9           going to change a little bit. So I don't know if it  
10          makes sense to maybe push it a little bit later or do it  
11          now, so you can identify the issues that we have to make  
12          sure that we correct them in the rewrite of the code,  
13          and the policies and procedures, so just kind of food  
14          for thought in terms of planning, and we can maybe  
15          discuss that a little bit more in terms of the timing of  
16          it, but I don't want it to be, oh, yeah, we know that  
17          that was bad and we're in the process of fixing it, you  
18          know.

19          MR. WEBER: Right. Right. Actually, that was a  
20          big discussion topic.

21          MS. SWANSON-RIVENBARK: That's why we moved it to  
22          year two.

23          MS. GOMEZ: It's in year one right now.

24          MS. SWANSON-RIVENBARK: Oh, you moved it back,  
25          okay.

1 MR. WEBER: I thought we moved it to year two.

2 MS. GOMEZ: Okay.

3 MR. WEBER: Let me double check that.

4 MS. SWANSON-RIVENBARK: But that was a very  
5 specific discussion we had on, if we know that we're  
6 going to be challenging the process, do we have the  
7 audit perform to identify areas of improvement or do we  
8 test the changes against the audit. So obviously since  
9 I've got one that has it on one page, and they have it  
10 on another, it's still a work in progress.

11 MR. WEBER: Yeah, you're correct, because I  
12 remember that. Yes, that was year two. And I think we  
13 discussed maybe moving Parking actually to year one, I  
14 think is what we discussed.

15 MS. GOMEZ: Okay.

16 MR. MENENDEZ: I'm not sure the size of the  
17 Parking Services, and how much actual cash is received,  
18 but when we build those new parking lots, are we going  
19 more into automation? By year two, will we be almost  
20 completely automated or will there be a lot of spots  
21 that are still doing cash?

22 MS. SWANSON-RIVENBARK: Oh, absolutely correct.  
23 Most of our transactions are meter related transactions  
24 or pay by phone now. We also have the pay masters. We  
25 do have some coin collection, and then the cashiering

1           has to be both-- as a community service, has to be both  
2           credit card and cash. So what is it, \$12 million  
3           collected in the parking revenue? So it's a lot of  
4           quarters.

5           MR. MENENDEZ: The 12 million is in actual  
6           physical currency?

7           MR. KLEIMAN: No. No. No. No.

8           MS. SWANSON-RIVENBARK: It could be by check. It  
9           could be credit card and pay by phone. The amount of  
10          cash collected is getting smaller and smaller as  
11          revenues continue to increase, but we have-- even our--  
12          we had certain garages that are antiquated that never  
13          accepted credit cards before, and we went ahead and  
14          added credit cards to the choice for consumers.

15          MR. MENENDEZ: Yes. I remember we talked about  
16          that.

17          MR. HOLIAN: You used to have to sign the receipt  
18          at the parking garage.

19          MS. SWANSON-RIVENBARK: We're getting better every  
20          day.

21          MR. MENENDEZ: John, they did that to you.

22          MR. HOLIAN: Exactly.

23          MR. MENENDEZ: As we handle less cash, there will  
24          be less of a risk. I would assume that the risk there  
25          is actual physical money versus--

1           MR. WEBER: Well, not necessarily, because when  
2           you have a lot of electronic transactions, and depending  
3           on who's managing those transactions, outside vendors  
4           type thing, ensuring the controls are in place over that  
5           as well, as so that's a risk as well.

6           MR. MENENDEZ: Okay:

7           MR. WEBER: Okay. So really the next step is to  
8           get, you know, approval for us to proceed with the audit  
9           schedule, and then we'll begin scheduling those audits,  
10          and, you know, performing the audits, and reporting  
11          results of audits to you, you know, as they get  
12          completed, and then as your meetings take place.

13          MR. MENENDEZ: Anybody have any questions about  
14          the internal audit plan as is; any recommendations? I  
15          feel like it was very comprehensive.

16          MR. HOLIAN: How many hours were spent on  
17          interviewing and researching to present this?

18          MR. WEBER: A lot. You know, I have to look at  
19          the exact hours, but it's about 22,000, so, you know, we  
20          have a blended hourly rate or \$140 an hour.

21          Mr. HOLIAN: I don't care about the cost, I'm  
22          actually concerned with how much time was spent on the  
23          grounds, reviewing, looking.

24          MR. WEBER: Well, over 100 hours just on the  
25          grounds.

1 MR. HOLIAN: It is extremely comprehensive.

2 MR. MENENDEZ: We have a request that we get this  
3 electronically.

4 MS. KNIGHT: Do we have it on email?

5 MR. RIVAS: I have it.

6 (Simultaneous speaking).

7 MS. KNIGHT: Oh, I have it right here.

8 MS. SWANSON-RIVENBARK: We'll also be, depending  
9 on what your actions are, forwarding it to the  
10 Commission, as well. The Commission has asked for  
11 periodic updates, and we want to talk with you all as to  
12 what-- should that be a quarterly update, what should we  
13 be doing with the Budget and Audit Advisory Board  
14 presenting to the Commission, whether it is findings or  
15 other things. They just want to be kept in the loop.  
16 They're really pleased with the caliber and the review  
17 that the Board is doing, and they just want to stay--  
18 make sure that they're staying vigilant.

19 MS. GOMEZ: Are you guys ready to approve the  
20 audit plan and what do you recommend in terms of how  
21 often do you want to see them come back here?

22 MR. HOLIAN: I'd like to defer to you guys. What  
23 would you recommend would be your best practice for  
24 reporting to the Board? What do you think works? I  
25 mean, do you need to be here every month? Hopefully

1 not.

2 MR. WEBER: No. There won't be-- well, there  
3 won't be an audit issued every month. I mean, we're  
4 certainly available every month, if you would like us  
5 every month, but, you know, it makes sense and with most  
6 of our other clients, it's either presenting one audit  
7 report, two audit reports, sometimes three. It kind of  
8 depends on the audits, and when they get done and the  
9 timing, you know, with that. So, you know, I'd be happy  
10 to certainly, once the audits are completed and we have  
11 management responses, and really I'd like to have them  
12 still in draft form, and then come present them to you.

13 MR. MENENDEZ: That works with me. If it's  
14 something very material, I'm sure we'll have like--

15 MR. HOLIAN: Yeah, and coordinate it through  
16 Finance based on our schedule. I mean, if you have one  
17 audit, and it's not burning, you know, and something  
18 else is--

19 MR. MENENDEZ: It may not be necessary for you to  
20 come in if it's just a findings--

21 MR. WEBER: And also, you can-- we can, you know,  
22 put in a process where you get draft reports when  
23 they're completed, as well, prior to a scheduled  
24 meeting. It's really up to you and how you would like.  
25 We have clients that do things-- everyone's doing

1 something different

2 MR. HOLIAN: Right. I'd say, let you guys figure  
3 it out what the schedule is, and we--

4 MS. GOMEZ: We'll make sure that they come at  
5 least a couple of times throughout the year, two or  
6 three times throughout the year, and when it's  
7 necessary.

8 MR. WEBER: Makes sense.

9 MS. GOMEZ: So do they get a green light on the  
10 audit plan?

11 MR. MENENDEZ: Yes. I'd like to make a motion to  
12 give a green light on the audit plan.

13 MS. SWANSON-RIVENBARK: You're the Chair, so  
14 someone else can make the motion.

15 (Simultaneous speaking).

16 MS. SWANSON-RIVENBARK: Not that I argue with the  
17 motion.

18 MR. HOLIAN: I'll make a motion to approve the  
19 audit plan as presented.

20 MS. KNIGHT: I second that.

21 MR. MENENDEZ: All in favor?

22 MR. HOLIAN: Aye.

23 MS. KNIGHT: Aye.

24 MR. RIVERA: Aye.

25 MR. MENENDEZ: Okay. Thank you very much.

1 MS. GOMEZ: Leonard is probably walking in any  
2 second, because he told me he was parking.

3 MR. MENENDEZ: Can we jump out of order and go to  
4 discussion items?

5 MS. GOMEZ: Yeah.

6 MR. MENENDEZ: We can either do discussion items  
7 or we can do scheduling.

8 MS. GOMEZ: Both.

9 MR. MENENDEZ: Next on the agenda is Leonard  
10 coming in now, so since he's not here, do you want to go  
11 over discussion items? Anything else that anyone wants  
12 to bring up for informal discussion?

13 MS. GOMEZ: I want to bring something up, if  
14 that's okay.

15 MR. MENENDEZ: Great.

16 MS. GOMEZ: The City recently received its triple  
17 A bond rating from Fitch, so we have three triple A  
18 ratings.

19 MR. MENENDEZ: Congratulations.

20 MS. GOMEZ: We're very excited about it.

21 MR. MENENDEZ: We are very excited, as well.

22 MS. SWANSON-RIVENBARK: And it was a rigorous  
23 review. They really looked at the practices, the amount  
24 that we pay to the unfunded, the amount that we budget  
25 for reserves, and the commitment, the policies that have

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

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

9           MR. KLEIMAN: We feel like proud parents.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11          MR. ROBERTS: We did.

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

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

16          MR. ROBERTS: Yes.

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

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

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

20          MR. MENENDEZ: That's the 11.4?

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

25                 So if you remember the details of the transaction,

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

4 MR. MENENDEZ: Okay.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 MR. MENENDEZ: It was also the appraisal.

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

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

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

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

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

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

12          MS. SWANSON-RIVENBARK: Excellent answer.

13          MR. HOLIAN: Trick question.

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

1           that \$2 million came in.

2           MS. GOMEZ: Right.

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

8           MR. HOLIAN: Not around here.

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

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

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

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

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

25                 (Simultaneous speaking.)

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

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

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

9           MS. KNIGHT: Yes.

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

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

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

14          MR. MENENDEZ: I have them here.

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

16          MS. GOMEZ: Okay.

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

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

1 appraisal.

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

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

9 MR. ROBERTS: The existing Public Safety Building.

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

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

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

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

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

24 MR. ROBERTS: Absolutely.

25 MR. MENENDEZ: Thank you.

1           And, Diana, is that it?

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

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

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

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

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

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

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

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

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

18          So does the 23rd tentively work for everybody?

19          MS. KNIGHT: Yes.

20          MR. RIVERA: Yes.

21          MR. HOLIAN: Works for me.

22          MR. MENENDEZ: All right.

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

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

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

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CERTIFICATE

STATE OF FLORIDA            )  
  )  
COUNTY OF MIAMI-DADE    )

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

DATED this 13th of February, 2017.

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Estela L. Valle  
Shorthand Reporter and Notary Public