

HOMELAND DEFENSE/
NEIGHBORHOOD IMPROVEMENT
BOND OVERSIGHT BOARD
MINUTES

3-19-07 – 6:00 P.M.
CITY OF MIAMI
CITY HALL CHAMBERS
3500 Pan American Drive
MIAMI, FLORIDA 33133

The meeting was called to order at 6:16 p.m., with the following members found to be

Present: Rolando Aedo
Eileen Broton
Ramon De La Cabada
Mariano Cruz
Robert A. Flanders (Chairman)
Laurinus Pierre
Gary Reshefsky
Jose Solares
Hattie Willis

Absent: Luis Cabrera
Luis De Rosa
David Kubiliun
Jami Reyes
Manolo Reyes (Vice Chairman)

ALSO PRESENT: Mary Conway, Chief of Operations
Larry Spring, Chief Financial Officer
Rafael O. Diaz, Deputy City Attorney
Pilar Saenz, CIP Department
Danette Perez, CIP Department
Zimri Prendes, CIP Department
Joyce A. Jones, City Clerk's Office

March 19, 2007

I. **APPROVAL OF THE MINUTES OF THE MEETINGS OF JANUARY 23, 2007 AND FEBRUARY 27, 2007.**

HD/NIB MOTION 07-04

A MOTION TO APPROVE THE MINUTES OF THE MEETING OF JANUARY 23, 2007.

MOVED: M. Cruz
SECONDED: R. Aedo
ABSENT: L. Cabrera, L. De Rosa, D. Kubiun, J. Reyes, M. Reyes

Note for the Record: Motion passed by unanimous vote of all Board Members present.

Gary Reshefsky noted that Updates 1, 2, and 9 referenced future discussions to take place at the next board meeting, which have not taken place. He requested that these discussions occur at the next board meeting.

HD/NIB MOTION 07-05

A MOTION TO APPROVE THE MINUTES OF THE MEETING OF FEBRUARY 27, 2007.

MOVED: R. De La Cabada
SECONDED: R. Aedo
ABSENT: L. Cabrera, L. De Rosa, D. Kubiun, J. Reyes, M. Reyes

Note for the Record: Motion passed by unanimous vote of all Board Members present.

II. **OLD BUSINESS:**

- Briefing on Homeland Defense Neighborhood Improvement Program.

Chairman Flanders: All of that being said, let us move right into the Audit Subcommittee meeting -- minutes. Rolando Aedo will take that away. Thank you.

Rolando Aedo: Thank you, Bob, and what I propose we do -- and obviously, the Board can suggest otherwise, is -- there was -- I want to make sure there's a couple of key documents in front of everyone, and it -- Excuse me. Back to Bob.

Chairman Flanders: If the Clerk will note that Mr. Pierre has arrived. Thank you.

Mr. Aedo: So, as I said, I'm going to assume, for the sake of this discussion, many of the Board members were at the Audit Subcommittee last week Thursday, but for those that weren't, you should have received a significant package of information, and we're

not going to go through it all bit by bit; that's what the Audit Subcommittee is set up to do, but there were 11 questions that were posed by the Audit Subcommittee in prior meetings that were responded to at the last meeting on Thursday, and I want to quickly go through those questions and the responses, and then really spend the bulk of our discussion, or our time today focusing on the reallocation of funds, which is going to have to be necessary for a variety of reasons, including some overruns, some scope changes, and so forth, so with that in mind, let me -- can I confirm that everyone has the 11 points for discussion? Everyone has that?

Chairman Flanders: Yes, and if I may interrupt yet once again -- sorry, Rolando. Madam Clerk, if you will note, for the record, that Gary Reshefsky is now present. Thank you.

Mr. Aedo: Many of these questions and issues have very, very quick responses. Some of them required a little bit more amount of detail, which was provided in detail at the Audit Subcommittee, and there are some issues that will still be pending a further response from the staff at the -- at additional meetings, but as I said earlier, I think that this Board would be best served during this time tonight to look at what is arguably the most critical situation, which is the reallocation of funds to cover everything from scope changes, to material costs, and other issues, and moving forward, especially with the second series of bonds being issued shortly, so with that said, I will go through these. One of the issues identified was the need for better assignment of staff to respond to the Board's questions and concerns, and the response has been that Mary Conway, the COO of the City, will be staffing the meetings, at least, in the immediate future, and I guess, depending on how the meetings evolve, she will stay on as long as -- at our pleasure. There's obviously a lot of other capable staff available, including Gary and others, but we do appreciate the fact that Mary will be making herself available to this Board and to the subcommittee moving forward. Thank you, Mary. We appreciate that.

Mary Conway: Certainly.

Mr. Aedo: The second point was, you know, we had requested a copy of the scope and contract of the professional services agreement with HDR for program management services, and that was provided. It's quite an extensive document, which we will all be going through in some detail, and it'll probably take us all -- a little bit of time to go through that, but it was provided, as requested. Might take away -- and I'm going to defer to some of my other board members, and as well as to Gary, as the cochair of the subcommittee. Overall, it seems to be a very usual and standard practice in this -- in these types of programs. We are going to be looking through the document in detail, but it will take us some time, but I imagine that we will have some future conversations and questions at additional subcommittee meetings in the future. Gary, was there anything specific --? I know you just arrived, but what we're hoping to do is go through the basic questions and the responses, and then spend the bulk of the time focused on the reallocation due to the scope changes and the shortfalls --

Gary Reshefsky: Absolutely.

Mr. Aedo: -- so I'm just going to quickly identify the point and identify the staff response.

Mr. Reshefsky: OK.

Chairman Flanders: May I interrupt --

Mr. Aedo: Of course.

Chairman Flanders: -- yet once again? Madam Clerk, if you will note that Ramon De La Cabada has arrived. Thank you.

Mr. Aedo: Point 3 was --

Mr. Reshefsky: Hey, Rolando.

Mr. Aedo: Sure, Gary.

Mr. Reshefsky: Just going back to number 1, in addition to Mary, I think we ought to note -- and if you didn't do it already -- I walked in late -- that the City CFO, Larry Spring, is here tonight, and joined us at our Audit Subcommittee meeting for about two hours, which was really helpful, and his comments were insightful, and certainly, we would have liked to have had him here in the past, and he's been very gracious to come tonight and anytime that we have any questions on some of the financial side of things, including the City's plans with selling the second series bonds and considerations that they make in that process, as well as the considerations they made in the past, and also, you should note that before Larry was a City employee, he was a member of this board when we got started very early on, so he also has an insight into what we're trying to do here.

Mr. Aedo: Thank you, Gary. Point 3 was the members had requested an explanation of the JOC administration program, and there was a significant discussion in terms of what JOC is and that 1.5 percent fee, and the evolution of Gordian Group, which, in essence, has a monopoly on this business, and at least, it was explained to my satisfaction. It's a pretty standard practice in this business. The next point was we were asking why -- we were asking for an explanation of why the City has to use JOC. My takeaway and our takeaway was the City does not have to use JOC. JOC is one of probably four tools that the City uses; JOC, design-build, the regular bid process, and there's in-house resources, so that question was answered to my satisfaction. What will be part of the follow-up to the discussion was, you know, in what time -- in what instances or what percentages is the City using JOC versus design-build versus, you know, the bidding process. What did come out from that discussion, as well, is that the City seems to be leaning or shifting more of its efforts towards less of JOC and more of the bidding process, and that is as a result of a variety of factors; the nature of the work, the time allowed for some of the work, and so forth. Hopefully, I'm capturing the essence of that.

Ms. Conway: You are, and I just wanted to add, the sheet that just got handed out to you is something that we discussed last Thursday. These are just a few representative sheets out of the JOC book itself to give you an idea of how items of work get priced, and this is just a representative sample that we discussed, and we are in the process of putting together the other information regarding the different types of contract delivery methods and the numbers and dollar amounts of jobs that we've done with each to date.

Mr. Aedo: Thank you. Point 6 was members wanted to know if the Little Haiti Park cultural and soccer projects are on time and within budget, or were there any cost overruns. There were contracts that were provided. Mary, was there -- were you prepared to speak to that in addition?

Ms. Conway: We passed over item 5.

Mr. Aedo: Right.

Ms. Conway: Did you want to go back to that one or --?

Mr. Aedo: Oh, I'm sorry.

Ms. Conway: That's OK.

Mr. Aedo: Yes. Item 5. That's what Bob was putting in front of me. Thank you, Bob. There was a request for a list of the no-bid contracts under the bond program, and I'm going to quickly go through them now. They do represent about -- originally, they represented 40 to \$50 million of projects, which currently stand at about \$80 million. Of those, it includes the Little Haiti Park Cultural Campus and -- which the names of the firms are Zyscovich and Pirtle Construction, and then the Little Haiti Park recreation component, and that's RDC, Recreational Design & Construction, and then there is the Jose Marti Gym, which has both Zyscovich and Pirtle working under that, and then there's the Grapeland Park. What the committee and myself observed, obviously, was that this was a significant number in terms of dollars for these projects, but there was some synergies because of the fact that many of these vendors had experience in these areas.

Chairman Flanders: The firm of Zyscovich had the inside track on the design services because they had actually conducted the -- and I may turn to Hattie Willis and ask for her backup here -- they had actually conducted, for the City, the charrettes and the series of public meetings that were held to ascertain what the communities wants, needs, and desires were, so Zyscovich had a working knowledge from the get-go on this particular project and did not have to ramp up or be brought up-to-speed on our dime. They already were there.

Mr. Aedo: And then I believe Pirtle had a pretty intimate working relationship with Zyscovich, so there were some synergies there, as well, and then, lastly, RDC had a proven track record in developing water parks.

Chairman Flanders: Right. Actually, I think they had just completed a water park in Broward County.

Ms. Conway: That's correct. That would be C. B. Smith and Pembroke Pines for Broward County.

Mr. Aedo: But on this point, there was significant discussion because the original budgets were in the 40 to \$50 million range and currently stand at or about \$80 million, if the numbers are current, and that is something that was significantly discussed at the subcommittee level, and Mary, is there kind of a snippet that you can tell us as to, you know, in essence, almost the doubling of the value of these combined projects?

Ms. Conway: Sure. I'll give you a few representative examples. We discussed Grapeland Park before and the fact that Grapeland Park required in excess of \$9 million of contamination remediation associated with ash material and other contaminants in the

soil. At Jose Marti Park, the primary reasons for the cost differential there, in addition to other things that we've talked about on projects across-the-board, which is just market escalation from 2001 to present, is also the fact that we had some major underground utility lines, and rather than being able to vacate a portion of street that we thought we would be able to do at grade, we actually have a major FPL duct bank and had to develop a two-story gymnasium structure to fit it into the limited land area constraints at Jose Marti Park east of the I-95 right-of-way, so right now, where Finnegan's is open, that's the area where the gym will be located. On the Little Haiti Park, issues associated with land acquisition, assembling the land, being able to do friendly acquisitions versus eminent domain, and the cost there, as well as site conditions -- we had some unforeseen conditions associated with the demolition of the trailer park and some of the septic tanks and other things that we had discussed previously, so all of those factors, in conjunction with not -- having budget estimates initially, as opposed to very detailed scopes and cost estimates, and also the significant market changes we've seen over a six-year period, all of those things together attribute to the cost changes.

Mr. Reshefsky: Just to summarize the last few items, the Board should know that we probably didn't spend as much time at the Audit Subcommittee on each of these items as we would have liked. We -- I don't want to say that we're finished going over each of these items tonight. I mean, I think what we're going to do is spend another Audit Subcommittee or two going through some of the items, like this particular item that we really -- maybe didn't spend as much time digging into each of these line items as we would have liked to have done just because our list is so long, and we plan to do that within the next, I think, month.

Mr. Aedo: And that's what I said is that what we did -- and we spent about two and a half hours or so talking about these things, and the way we concluded the meeting was knowing that we did need to get together. The next item was the members wanted to know if the Little Haiti Park cultural and soccer projects are on time and within budget, and if there were any cost overruns. I am going to throw this back to Mary because I know we did discuss this, but I want to make sure it comes across correctly. Mary, we do have a sheet here that tells us when the construction that was started. In the case of Little Haiti cultural campus, that was on January 8, 2007. The construction is scheduled to be completed by May 2008, and I guess final permits were just issued this past February.

Ms. Conway: Correct.

Chairman Flanders: If I can jump in here just a second. Mary suggested, actually, last Wednesday I drive by the project sites. I could tell you that they are both well underway; that the sites have been cleared, and they've actually started construction. There is concrete progress in both places.

Mr. Aedo: Now, Mary, this question about any -- are there any cost overruns -- and it's kind of a universal question on many of these projects. If we were to define this as how much was allocated from the bond, in terms of what these projects will end up costing, is there a simple answer as to whether there are cost overruns, or how would those be categorized?

Ms. Conway: Specifically -- and what we'll do for the follow-up Audit Subcommittee meeting, like Gary had just mentioned, is we'll be prepared for the Little Haiti Park

projects. You have the contracts here, and you have the current schedule dates, but we'll be prepared to go through with you in detail what the original contract amount was, what any change orders have been to the contract. Now, in the case of Little Haiti soccer, we've been before you previously, and we've talked about change orders associated with the removal of the septic tanks and the underground utilities; changes associated with some illegal dumping and tires and things that were on the site; changes associated with ADA compliance when we were unsuccessful getting an ADA waiver for the stadium and had to then put in a canopy that extends over the full bleachers, as well as put in a lift to the viewing area for the referees, so there are a series of things like that that have resulted in change orders for the Little Haiti soccer project, all with very well-defined substantiated reasons behind them, and what we'll do at the next Audit Subcommittee is run through those and have a spreadsheet and a table put together so that you can see original contract amount and any change orders that were required, and on the issue of change orders, in general, I'm not aware of a single construction project that, from its inception, goes all the way through to completion and doesn't have something that arises that results in a change. In the case of the Little Haiti cultural project -- with Little Haiti soccer. Little Haiti soccer was done as a design-build project, and it was done that way deliberately so that as elements of the design were completed, construction could begin. For instance, as we were able to have the design of the fields and the lighting completed, we were able to start on that while we were still working on completing the design and the permitting for the building structures that had a longer lead time. In the case of Little Haiti cultural, those plans were taken to completion through permitting, and only then did we have a fully negotiated guaranteed maximum price with Pirtle Construction, so in the case of Little Haiti cultural, there have not been any change orders to date. I would be hopeful that, as we get through that construction, there won't be unless something significant happens, if we have a storm or some event that is unknown. We'll summarize the change orders for the soccer field when we get together at the next Audit Subcommittee.

Mr. Aedo: Mary, the document that all the board members have, in this document, there is a section that deals with both of these projects. It does show there that there was a shortfall of 1.1 million on the Little Haiti Park cultural campus.

Ms. Conway: Yes, and that is based -- and we actually didn't get to have that conversation while Gary was still at the Audit Subcommittee. We knew when we brought the final guaranteed maximum price contract for Pirtle Construction before the Commission that we had a funding gap, and we allowed it to move forward -- and Larry can chime in on this when he steps back in -- with an understanding that those funds would have to come from another source, so while you see that on the spreadsheet where we're going to go over the reallocations in detail, that's not something new. That's not on top of the contract that's already been approved by Commission; it's a part of it.

Mr. Aedo: OK.

Hattie Willis: Mary, my question to you is on -- I see that you gave us this page for the construction, and it says the soccer park. My question to you on the soccer park, is the building included in this, the rec. building?

Ms. Conway: The recreation building is a part of the contract, but we're still having discussions about whether it will proceed as designed at the smaller square footage, or

whether there's still an opportunity, if any, to try to get additional funds to have a larger facility. At this point, that's still a pending issue to be resolved. What's included in this contract is the smaller building that you've seen before, the plans.

Ms. Willis: Which smaller building because the building increased in size?

Ms. Conway: I think we had about a 1,200 -- and I apologize because this is off memory -- square foot community building. We had a NET office that was in a separate building, and then we had the restrooms, and then a portico around the entire site that connected to the parking area, and then to the soccer fields.

Ms. Willis: OK, so it went back -- it went -- scaled down?

Ms. Conway: We never changed from that because of the issue of additional revenues. There was some discussion about having a larger gymnasium, larger sized community building, and this all goes back to when we had to demolish the existing church property after we finally took possession, and it was so deteriorated. Initially, the plan was to rehabilitate that existing building that had a much larger square footage. Once that was no longer an option and we had to demolish that larger building, the cost to do the rehabilitation versus the cost to demolish and build a new structure, we had to down scale the building -- the new building design to keep the project within the budget, so the original square footage of the existing building that was going to be rehabbed was larger than the current design plans for what we can build within the remaining existing budget.

Ms. Willis: OK, when we had the town hall meeting, and the new manager was there, it was said -- it wasn't a discussion that the building was going to be 44,000 square feet. It was -- I mean, 4,400. It wasn't a discussion. It was said that it was going to be increased in size, so I guess we need to go back to the -- find the information on that. I'd like for you to research that because that was said in stone.

Ms. Conway: I was at that meeting, and it's really an issue of resources, and that's why I said that -- that's why you don't see construction of that building underway right now because we have not been successful to date in identifying additional monies to be able to build a larger building, so that's still something that is pending. Everything else in the soccer park is under construction, except that building.

Ms. Willis: OK.

Jose Solares: When you said that the rehabilitation of the church building -- was that part of the original design, or was something an idea that somebody had?

Ms. Conway: No. There were plans that were developed for the rehabilitation of the church. If we had somebody here from Asset Management, they could explain in better detail than I can, but from the time that the City began trying to acquire the church site until we finally got through the eminent domain process and were able -- we had a lot of difficulties from the property owner being able to get access to the building and being able, even once we had final payment, to get things moved out and to take possession of the building, so there was quite an extended period while we were in the process of acquiring the church building that -- for instance, after the storms from a year and a half ago, the tower that was part of the church building, the pastor allowed the roof to cave in. There was nothing done to protect it. Water intrusion occurred on the building, so

the original intent, three years ago, was to take that existing structure, do rehab of it. Unfortunately, by the time we finally completed the acquisition and took possession of the property that was no longer an option, and it was deemed an unsafe structure and had to be demolished.

Mr. Solares: OK. The reason I ask that question is, on the meeting the other day, somebody questioned about Roberto Clemente Park, and it appears there is now two parks that are -- I hear. I was not involved in it, and it's the same thing. Somebody thought they were going to do something, and then they couldn't do it because for some design issues on it. Who's accountable for what is what I think I'm going to do to what is what I'm going to do? Nobody's accountable on it?

Ms. Conway: I think we're all accountable. I don't think there's anything that we could have done to have controlled the court process, the eminent domain land acquisition process, when the City was actually able to gain access to the property and to take physical control of the property once we had already initiated that land acquisition process.

Mr. Solares: I accept that one. How about Roberto Clemente Park? I think that Roberto Clemente Park was not an issue similar to the church.

Ms. Conway: The issue is similar, but different. At Clemente, there were several holes that were done in the ceiling so that the engineer could get access and to see the level of deterioration or the structural condition of the truss system and the roof system. Unfortunately, when the contractor actually -- when the plans were completed, the plans were permitted. The contractor actually got on site and started removing the entire ceiling system and expose the entire truss system. The damage was much, much more extensive than what was observed when several of the holes were done. The same thing took place when the interior drywall was removed; that the deterioration on the roof structure, on the beams, as well as the column supports, the wood deterioration from termite damage was much more severe than what was determined when test holes were done to see the condition of the structure.

Mr. Solares: I'm not addressing it to you saying it's your accountability, but it seems to me that professional architect or engineer has to take responsibility of it.

Mr. Aedo: Mary, on the issue of Roberto Clemente, which is actually Point 9 on the document, what's being asked is is there any liability on the person that's actually conducting the inspection itself?

Ms. Conway: I think we need to go back and look at that in more detail, in conjunction with some other pending projects where we may have issues of design errors and omissions, and we need to look at it in more detail so that we can ascertain whether the initial investigation work that was done was reasonable, and whether, based on what was reasonably done, you could have anticipated the level of deterioration. Based on the feedback that I've gotten from staff, I do think that the level of effort that was done was reasonable, without demolishing the entire roof structure. I think it's unfortunate that this building was just much more deteriorated than anybody could have reasonably anticipated, but we will go back and take a look at it again to verify that so that we can respond to the Board.

Chairman Flanders: Let us put this to bed by asking a question. Now that we know what we know, going forward, what safeguards do we have from this occurring in the future?

Ms. Conway: One would be, when we did some of the initial invasive investigation and the holes, we saw damage. We knew when we did that that we saw damage. What we didn't realize was the extent of the damage, and I think the lesson going forward to learn from this point forward is that once we saw a certain level of deterioration that was beyond what we would have anticipated for a building of that age, that we'd have to invest upfront more, and not just do the representative sampling, but take it to the next step before we finalize the plans and began the construction contract.

Chairman Flanders: So that, in light of the preventive maintenance of the past 25 years, then it would almost be a given that you're walking into a nest of problems?

Ms. Conway: We're finding that on several of the projects. You know, we're not finding it on a lot of others. You know, we're doing renovations and remodeling to a lot of buildings that have held up and have weathered the years very well, but we are finding on others, with termite damage in particular, that old problems were not addressed and they caused much further structural deterioration than we would have originally anticipated.

Chairman Flanders: One final question: Does the City have a good termite inspector/preventative measure in place because, going forward, we're always going to have termites.

Ms. Conway: From an operation standpoint, we're addressing that across-the-board with inspections and with preventative maintenance on all of our buildings.

Chairman Flanders: OK.

Ms. Willis: One of the things that I see that's very, very wrong with the whole situation across-the-board, and that's every project, is when we start these projects, we know from design, to the thought process, to the actual building of the project, that the money is going to increase because the cost of everything is going to go up, so who is the watchdog on these properties to make sure that, by the time whoever's project gets the time to build actually goes through the phase just like Little Haiti Park project, that somebody is watching that what we started out with the money is not enough to do this project?

Ms. Conway: The Capital Improvements Department staff are responsible for that, and the Capital Improvements office staff do update the costs on a regular basis as the plans are developed, and basically, once we get to a final plan completion level for any of these projects, if we're within budget, we're fine. If the final priced construction cost of the project exceeds the remaining available budget, we go through an exercise of seeing whether we can value engineer the project and remove elements -- but clearly, keeping the intent of the project, but to keep it within budget. We went through that exercise a year and a half ago, and there were a lot of projects that never came back before the Board because we were able to value engineer and keep the projects in the budget. There were many projects that, when they were priced, remained within the originally established budget, and then there were other projects, some of which you'll see when

we go through the detailed list, where we were not able to keep the intent of the original project and be able to construct it within the originally defined budget for the project, and those are the ones where we have to look for -- either we have to look for alternate revenue sources to complement what we already have to be able to complete the project or discuss whether the project merits moving forward, and the thing that we're hopefully going to spend most of the time this evening talking about is the proposed reallocations to be able to finish all of the projects that were started.

Ms. Willis: So you're thinking that the process that they have now, it works? Because it just seems like it's not OK.

Ms. Conway: The only comment that I'll make there is some of what we discussed at the beginning of the Audit Subcommittee -- and Bob, I'll defer to you to weigh in on this as well. When the City put together the Homeland Defense/Neighborhood Improvement Bond, I think it was a significant positive effort, but it was a bond plan that was developed in a four- or five-week period. The time that was allowed to come up with the projects and the types of projects, there were cost allocations, or budget allocations made to those projects. What we found, over time, for all the various reasons that we discussed earlier today, as well as in previous meetings, is that once we had more defined scopes of work, cost estimates, market fluctuations, unforeseen conditions, that those budget estimates for some of the projects, they were reasonable, and we were able to complete the projects within those budgets. For some of them, we actually had surplus monies, and we'll talk about that later, but for many of the projects, they required additional funds to be able to complete them. What we're doing for upcoming future City bond allocations is more upfront detailed work regarding scopes of work, cost estimates, having plans designed with other revenue sources so that they're fully priced and ready to go, and right now -- and Larry Spring can talk about this later when we talk about the financing and the future steps with the bond, but right now we're looking at additional bond issuances, not just to complete Homeland Defense/Neighborhood Improvement projects, but also to begin extensive street improvement projects throughout the City. For the majority of the projects that will be funded through the first series of that bond, we already have the plans on the shelf ready to go, so we have done a significant amount of upfront work over the last two years. We have -- not only do we have detailed scopes and project cost estimates, but we actually have design plans that are completed and ready to go. I think what you're seeing here is transitioning from what was done initially with this bond to learning lessons over the last several years so that we're better positioned moving forward.

Mr. Aedo: I don't want Ms. Willis to feel like she's alone in her comment, if I understood it correctly, but I think that the Administration needs to do a better job of utilizing our Board as a resource in some of these decisions whether projects go forward or not, and I think we talked about that at our audit meeting, and I hope that happens more in the future in terms of whether projects should be scrapped or downsized, or even started. I also think that what concerns me and what we're going to try to get to the bottom of are projects that were scrapped where we've spent money on them already for design, and third, projects where we are going to maybe sell some bonds for the construction money because we've already spent money on the design. I think that was a fatal flaw that began here about a year ago. I think Mary mentioned something about, in the future, we're going to price the projects so that we have them ready for when we get the money, but I think that's a distinction, if I'm correct, from what she said a year ago of design them and then we'll get the construction money, and then the last point I want to make is

I think we need to stop talking about 2002, about what we did in 2002, where we threw money at each project because I don't think that is the cause of where we are today. I think a lot of the projects that we're seeing that are over budget are over budget because they were scoped out after the fact for design, and then things escalated, so I think we need to talk about more recent problems and cost overruns, not 2002.

Ramon De La Cabada: You know, basically, the City was not ready to deal with all this good fortune that came from the bond, or maybe didn't have the proper infrastructure to properly assess and budget out projects. I guess the question that I have is, do we have the proper infrastructure now, when you're talking about issuing new bonds and everything else so that we properly budget things? How are things going to be different this time around?

Ms. Conway: As far as our preparedness now versus before, one of the items that we talked about on number 2 and why are we using program management services at all. That's a part of the reason. A part of the reason is to be able to have additional staff resources so that we can address the projects more thoroughly on the shorter time frames that are before us. That is one of the pivotal areas. Another thing is we actually have one or two people who are dedicated full-time to review of plans, to preparing cost estimates and take-offs on plans, so that's something that, through the program management contract, we've been able to add some of the technical expert services that we didn't necessarily have previously so that, going forward, we'll be better positioned. We've also implemented -- we didn't have an automated database for how we tracked projects, schedules, cost estimates five years ago. All of the finances for all of the capital projects were tracked manually on spreadsheets. We implemented, three years ago, a comprehensive electronic database, which is actually the database that generates all of the financial information and the reports that you'll see in the City's capital plan, and that database also has project schedule dates for project milestones, so we have a lot of tools and things in place now that we didn't have three and four years ago that we've put into place so that we can mirror best practices for the delivery of a capital program and engineering projects.

Mr. Aedo: There was a point, which is Point 7, which the Board had requested how they're going to account for the incremental maintenance and operations that would be necessary for all the capital improvement programs, and we were presented with the Capital Improvement Program 2005/2006, which includes a section called "Operating Impact," which, I'm assuming, uses best practices in determining the incremental percentages of funding required for the maintenance and operation of these additional projects. That was one point that was made at the meeting. The other one was that the project analysis form has been further modified to specifically identify the -- over a five-year period of time, the operating costs associated with the project, so those were two points that were in response to that question. The other question -- and then I think we're going to jump into the reallocation -- was there was significant concern by not only us, as board members, but by residents, about the closing of multiple parks within the same district, and the question was posed, who ultimately makes that decision, and is the Commissioner fully aware of the impact of those decisions, and the response back was that the, yes, the Commissioner is fully aware of when that happens, and I guess, ultimately, if his constituents have a concern about that, then they should approach their Commissioner's office.

Ms. Conway: And I'd just like to add also, when we were talking about preparedness, in a particular instance, in District 1, with Grapeland Park and Fern Isle, both of those projects were funded with the first series bond proceeds, so there was a desire to get them designed and implemented with those first series dollars, and while it was and has been very inconvenient for the local residents to not have those facilities available because they're both in construction at the same time, going forward, without having the pressure of having the money in hand and having two projects in the same neighborhood impacted, we certainly intent to try to minimize impacts, and we have done that to a certain extent with the pool projects that we've been doing around the City that are also funded through the bond.

Mr. Aedo: Mary, to the point earlier, moving forward, is it fair to say that the City staff and the Commissioners are taking concerted efforts to not bring major amenities and parks offline? Are there going to be more instances of when major assets within one district will be offline?

Ms. Conway: I think the answer, at least, as the plan exists today, is no. What we have been doing, though, is we're not beginning construction until right after the summer session ends and school starts because the summer session is when we see the highest usage in most of the pools, so we are trying to do that advanced planning.

Mr. Aedo: And then the final point, before we get into the allocation, was that the members had requested a pretty specific breakdown of all the projects in terms of how they relate to true homeland defense projects, the police training, the fire stations versus parks programs, for example. We do know -- we all did know going in that half of these projects were, in essence, going to be non-homeland defense related, but I do think that, based on the reallocations that we're about to hear about in just a few moments, those percentages may have shifted somewhat significantly, so I want to use it as a segue -- and Mary, will you encourage us to follow you on this document? Is that what I'm anticipating?

Ms. Conway: Yes. What I'd like to do is invite Pilar Saenz, our assistant Capital Improvements director to come up and just run you through one or two of the line items so that, if you didn't get a chance to look at the e-mail and her little tutorial about how to read the spreadsheet, we can do that quickly, and then the way that we set up this spreadsheet is -- and again, this was at the request of the Audit Subcommittee members, I think, was a great idea. Any project that is recommended to reallocate monies to cover a funding need on another project is highlighted in the pink, and those are the ones that I'd like to be able to go through and then explain where the -- which projects are receiving monies, why they were deemed a priority, some of the rationale that we used when we went through and made the recommendations.

Pilar Saenz: What I'd like to do is take you through a little understanding of the sheet, especially for the benefit of the members who were not present on Thursday evening. I'm going to run you through a project that has an additional funding demand, and then a project where we are taking the dollars available from second series and reallocating them. What all the pink items do is create that pool of funding that gets reallocated to the shortfall items.

Mr. Aedo: These recommendations, have they -- are they recommendations that need to be approved by Commission, and prior to even getting to that point, I would imagine they're being vetted out by department heads, police chiefs, fire chiefs, et cetera.

Ms. Conway: All of the recommendations have already been discussed internally at a staff level with the various client departments and with the City Manager. All of these recommend -- these two spreadsheets that basically show all the recommended reallocations, along with the capital plan and the streets bond, have been distributed to all of the district Commissioners, and we're in the process of setting up and performing the briefings of the Commissioners of this, which will be part of the capital plan that will be discussed at the April 12 Commission meeting, so that we have an opportunity to go through and have the detailed discussion, and then, as is typical when the capital plan is presented -- because, obviously, this is a significant document -- any changes that are desired to what's recommended in the plan are typically stated on the record during the discussion of the capital plan, and then those adjustments are made subsequently, but the information is in the hands of everyone, and we're in the process of getting feedback. We did one Commissioner briefing today; we have three tomorrow, and I think we're set for the Mayor and one of the last Commissioners next -- I think, on Wednesday.

Mr. Aedo: Thank you.

Eileen Broton: I understand that. I'm just wondering if, since we had done the initial recommendations for approval, that we shouldn't have seen it first before it would be recommended to the Commissioners, et cetera.

Ms. Conway: That's why we're here. You are seeing it first.

Mr. Reshefsky: It's not going to the Commission until April? Is that what you said?

Ms. Conway: Till April 12.

Mr. Reshefsky: So are you looking -- is your suggestion that you're looking to the Board to vote as an advisory board on each of these allocations?

Ms. Conway: Well, I guess what we're looking for or what we'd like to do is be able to run through and just, at least, initially -- we're happy to stay here and go through item by item by item tonight, but what we're looking to do is not on a project by project level because you'll see, when we get into this, you can't do it that way. In some areas, it's relatively simple to say that we're recommending shifting money from police preparedness initiatives to the police training facility. In other areas, it's not that simple to be able to make that type of a correlation, which is why we've given you this report in two different formats. The first format that you were just looking at mirrors how you've been used to seeing the project report on your monthly Bond Oversight Board information. The second report, what we did was a sort by district so that you could, as well as the district Commissioners, could see the representative allocations within a district, so that while monies may have shifted around within a regional area of the City, that the approximate total remained pretty much the same, maybe a slight decrease, but where we had slight decreases, we had other revenue sources separate from the bond that came in, and in some instances, we saw some slight increases, but you could see that we made our best effort to try to, at least, geographically, keep things in relatively the same area that they were, so rather than asking you to, you know, give us an

advisory approval line by line by line, what we'd like to do is get any specific comments or feedback you may have regarding the reallocations and the merits and any feedback you have so that when we sit down with the Commissioners and the briefing -- I mean, ideally, if the Board was prepared to -- and I wouldn't expect you to be able to this evening -- it's a lot of information, but we would love to be able to have an advisory recommendation of the reallocation plan. Right now it's an issue of timing. The information was distributed to the Bond Oversight Board members in the Audit Subcommittee virtually at the same time that it was distributed to the elected officials, and then the Audit Subcommittee, and tonight's meeting, and what I'm anticipating will be another Audit Subcommittee, if that's the will of the Board, will occur before the April 12 Commission meeting.

Chairman Flanders: I wonder if the Chair -- that I might entertain a motion that we have a form which actually tracks reallocation. We're supposed to see where every dollar goes. I don't have a quarrel myself, personally, with any of the reallocations, but I do have a problem with not having a record of what the original intent was, where the money was supposed to go, how we're reallocating it because somebody may come back to us and say, why did you take our money away from us, or in other words, you want a paper trail, and I would be happy to entertain a motion from somebody that we create a form, just as we've done the tracking form where the City staff, CIP, actually makes a recommendation; it comes before us, and we actually act on it.

Ms. Willis: I want to add something to that, Bob. I have a problem. Bob said he didn't, but I do because, see, my problem is I'm going to raise a flag. The first question that want to get back to my Commissioners and everybody on this committee is you moved the money -- when you move it -- just like you moved it in the police area, is it going to be moved back in my district? Is it going to be moved back in your district? Because if you're going to take money from one of my projects and move it into somebody else's district, I got a problem with that because my district is the one that has the least amount of things being built on a continuous basis. Now that's unfair, and if it's going in somebody else's district, I think it would be unfair to move their money somewhere else without them knowing what you're doing. The second thing to that is is like Bob says. We need to be aware of what you're moving, when you're moving it, and before you move it, so that we can say to our Commissioner that we have a problem with that because we do have to go back to our constituents and our community and say to the people in our neighborhood associations that we agreed to whatever it is that you're saying.

Chairman Flanders: I don't want to gang up on Mary, but I would like to correct one thing that you said. I don't know if you were here, but a question was asked about District 5. District 5 actually has more projects in work than any other district, with Little Haiti Park and everything else. On the other hand, it was systemically starved over the years, and we all know that.

Mr. Solares: I'm not even talking about specifically about districts. It seems to me people got committed -- in Margaret Pace Park -- I don't know which district it's on -- but I assume the residents in that area were promised to get something done in their park. Now all of a sudden, they're going to reallocate \$2 million out of Margaret Pace Park. The residents in there, they were expecting something. And let me tell you. I did not vote to take it out of there. It seems to me that if the Commissioner wants to take it out, it seems to me it's the Commissioner's responsibility to go over there and say, hey,

Margaret Pace Park, you're not getting any money, but I don't see myself, as a member of the Board, saying take it away from Margaret Pace Park.

Chairman Flanders: No, no, no. Actually, in that particular example, Margaret Pace Park was funded with something else, and it didn't impact this particular bond.

Mr. Reshefsky: Bob, I think we got to come up with some kind of mechanism to --

Chairman Flanders: Yeah. That's what I'm saying.

Ms. Willis: But can Mary answer the question, though?

Chairman Flanders: I'd like to entertain somebody creating a mechanism where we can track this because, quite frankly, look, the practicality of this -- pragmatically speaking, the Mayor wants it, and the Commissioner of the district wants it, and the people want it, and it's money within their district, or it's money within a particular department, like the Police Department, where, you know, it makes common sense. On the other hand, this Board is supposed to know, and not only that, we're supposed to say yes or no, vote it up or vote it down.

Ms. Willis: I need Mary to answer my question. Go ahead.

Ms. Conway: Which question?

Mr. Aedo: Will the money stay within the district, generally speaking? Because you spoke about that at the Audit Subcommittee. These reallocations -- talk about the reallocation of the money and how they will impact the districts.

Ms. Conway: Yes. If you look at the other spreadsheet, and if I might answer the Chair's question in conjunction with this. This is the tracking mechanism. This spreadsheet is the document that will show -- and it'll be then incorporated onto the report that you're used to seeing on a monthly basis, which is the last item in your packet that has this high level summary report, but then also is backed up by the individual sheets that show every expenditure on every single project within the City that is funded through this bond issuance.

Ms. Willis: Does the money move from district to district when you're moving this money? When you move it, do you move it inside the district?

Ms. Conway: For the most part, yes.

Ms. Willis: When you move this money from wherever you moving it from one project, does the money that you move stay in another project inside the district?

Ms. Conway: For the most part.

Ms. Willis: So the answer is no?

Ms. Conway: It's not a perfect dollar for dollar.

Ms. Willis: So the answer is no? You can move it somewhere else.

Ms. Conway: We did our best effort. The project dollar amounts -- we have to have a final total -- the original HD total was 255 million. We have to have a final total of 255 million. Depending on what the total value is of a project that needs money versus one that gives up money, we couldn't necessarily do the correlation to the penny, but if you look at the total summary by district, you'll see that they're very close.

Ms. Willis: I don't have a problem with that. To me, \$2 million is missing, and \$2 million in my district means a whole lot to me, and I'm sorry. I don't agree with that, so I'm going to bring that to my Commissioner. I don't agree with that. You take \$2 million from my district, to me, that's taking thousands of dollars of food out of a kids mouth to me because my district is starving. My streets are the worst. My everything is the worst. I don't agree with that, and I don't think you should do it because now it's only \$2 million. Next time, it'll turn into \$10 million, so I don't agree with that. Who made that decision to do that? Who came up with this?

Ms. Conway: Actually, if you look at parks in District 5, just the park projects that are within District 5, you see an increase of \$2 million, and what you're not seeing on here that was part of the decision-making process is we looked to fund projects with other revenue sources so that projects could be completed.

Chairman Flanders: So what you're saying, Mary -- and I think that -- Hattie, if you'll just bear with me a second. This isn't the actual accurate price of all the projects. This is just what the bond has contributed towards those projects.

Ms. Conway: That's correct.

Chairman Flanders: Those projects actually total much more than you see here, and I'm sure the other figure can be gotten so that you could see the actual full expenditure, but believe me, it's beyond what you see here. I think Larry Spring wanted to address you issue, as well.

Larry Spring: These funding gaps, if you will, that you're seeing here, my office, working with our financial advisor and bond counsel for the Homeland Defense bond in preparation for the next issuance that we're getting ready to do, is looking through the documents to see that there may be a possibility of issuing completion bonds. The completion bonds would allow us, without going back to referendum, to fund whatever those shortfalls that occurred in certain projects due to the cost allocations and things that naturally happened in these bond issuance. We were talking about bond issuance that take ten years to implement. That language is sometimes included in the bond documents, so we're researching right now to see if that is indeed the case for this particular issuance. We also have other bonds that we are actually going to issue probably about 30 days after we do the second tranche of Homeland Defense. The streets bond, which are some of these other revenue sources that Mary's been referring to that will help complete some of the projects in all of the districts if they -- obviously, if they comply with those bond proceed parameters. Like Mary said, it's not a perfect system in doing the reallocation. The answer to your question, yes. Dollar for dollar, the answer is no, but we're trying our best to get to a place where it is equitable to all the districts at the end of the day.

Ms. Willis: What I hear right now is making my stomach nervous. I'm saying, at the end of the day, what Bob said, I agree with him. We need to know, and I need to know how often it's going to happen. That's a part of what he's asking, and I want to know when it's going to happen, and I want to make sure it's fair and balanced. I don't care if you move the money to get another project on course that needs to be done, but if you're going to do it, I want it to be done in my district because I think that's not fair when you take the money, and how often do you do it?

Chairman Flanders: I think that this form, which obviously shows quite clearly, in the pink and in the teal, where the money is being reallocated. It's obviously a good blueprint. It appears that this is fair and equitable, and I don't think anybody sitting on this panel or part of City staff would put up with anything less than fair and equitable, and I mean that sincerely, Hattie.

Mr. Reshefsky: Mr. Chairman, I agree. If I could make a suggestion -- because we're spending a lot of time here not accomplishing anything, in my opinion, as far as this list goes -- there's about 60 pink lines, I think. I counted them. I want to hear the logic the City Administration has come up with on each of these pink items, and I think we ought to vote on it and make it a recommendation to the Commission saying, yeah, that makes sense. I think this Board needs to impart their advice to the Administration on whether this seems logical.

Mr. Spring: The swapping that goes on is not going to happen a lot. Not completing projects is not going to happen at all. We're trying to be fiscally accountable and fiscally responsible, particularly as it relates to this bond issuance because Wall Street is watching, and the voters, you, all of you, voted on a referendum that had specific projects listed, with specific dollar amounts allocated to it. Yes, you can do some switching within the parameters of the entire bond issuance. However, at the end of the day, money cannot be moved from, you know, Larry's Park that we will create tomorrow that doesn't even exist. We still have to fulfill our commitment that the voters voted on, and there's no way of getting around that, so I want to -- I hope my words make you feel more comfortable that we do have a professional staff here, not only myself, CIP, the finance group, our financial advisors, our bond counsel; everybody watching and making sure that we fulfill our commitments related to this bond issuance because we want to be able to go back to market and do more bonding because the 255, it was great, but it's still not enough. I do agree with Mr. Reshefsky's recommendation, although I was going to recommend, because you're just getting this report today, that you even consider perhaps doing a call meeting between now and the board meeting, where you can fully consider it.

Mr. Aedo: Building on Gary's recommendation, what would make it easier for us in that more thorough review of this document, if there was like a cover memo, bullet points that basically laid out the rationale of the reallocation, I think that would make it easier because -- and I also would like to -- these reallocations, we're thinking of it moving from one specific project to another, and the reality is it's all going to one big pool, and there's an amount there, and we're looking at the shortfalls, and we're trying to spread the pain or minimize the pain across the districts.

Mr. Spring: Per the referendum -- and this is not just the City of Miami's bond issue -- it's any bond issue that lists projects. You have to do the projects that are listed. We can't go and then create new projects. When you come down to a situation like we're in,

you do have to make these hard decisions, and that's why I said they often put the completion bond parameters in those bond issuances as a means of covering it. At the end of the day, our financial advisors, our bond rating agencies are comfortable, you know, that we're ahead of this curve, and at the end of the day, if a project is short, then the bond is short and then we have to make those hard decisions to decide which projects we have to try to find another source to complete or we say we're not going to do that right now and we'll catch it in the next GOB coming forth.

Mr. Aedo: The final decision is made on these reallocations by the Commission?

Mr. Spring: Yes, sir.

Mr. Reshefsky: When is this going to the Commission?

Ms. Conway: April 12, so we have three weeks before this will be before the Commission, and then give me a couple days, but I commit that by Thursday we'll have a memorandum out that explains the rationale because, in the case of District 2, we were very cognizant that the parks monies for District 2 were in the second series, and that the quality of life money for District 2 was in the second series, and none of that was touched.

Mr. Reshefsky: Are we having a meeting before April 12?

Chairman Flanders: What I'd like to do is poll the Board I think we may need possibly two meetings? City Attorney, if we hold an Audit Committee meeting at MRC and the majority of the Board shows up, and of course, it's noticed, and they -- we do a straw poll and we know that it's going to pass, could then we send something to City Commission saying that we endorse these changes?

Mr. Aedo: This is so fundamental and so significant, is there anything that precludes us from simply convening a BOB meeting? I mean, it's almost semantics, but let's just have a meeting and --

Chairman Flanders: Music to my ears, if that's what you want to do.

Mr. Aedo: -- I think this --

Rafael O. Diaz: You would need a meeting of the full board to send a recommendation up.

Mr. Aedo: Yeah, so I think that would be the most expeditious thing, just to have a meeting and make it all happen at that one meeting. In advance of that meeting, we'll have the strategy memo, and we'll vote the recommendation up or down.

Chairman Flanders: Well, then I'll entertain a motion --

Mr. De La Cabada: Second. I mean, I'll -- motion to convene a meeting.

Chairman Flanders: -- to hold a special meeting between the regular scheduled meeting in order to handle this specific issue, so you make a motion?

Mr. De La Cabada: Yeah. I'm making a motion that we convene in order to address these issues before --

Mr. Reshefsky: Second.

Mr. De La Cabada: -- the April 12 deadline.

Chairman Flanders: OK, and we have a second. Any further discussion?

Mr. Aedo: Friendly amendment. If possible, to have that meeting before the Commission meeting, but after you've had your discussions with all the Commissioners.

Ms. Conway: That'll be very simple since four of the five briefings -- one was today; three are tomorrow --

Mr. Aedo: OK.

Ms. Conway: -- so I'm sure the remaining two of the Commissioner and the Mayor will happen this week.

Mr. Aedo: Because, for obvious reasons, I think that's going to be important for us to know where these Commissioners stand on these recommendations.

Ms. Conway: And then we'll have to, based on the short time frame, we'll have to check availability for the location, and then ask all of you to be as accommodating as possible with your calendars.

Chairman Flanders: OK, Gary, you made the motion. Would you accept that amendment?

Mr. Reshefsky: Yes, sir.

Chairman Flanders: Will the second accept that amendment?

Mr. De La Cabada: Absolutely.

Chairman Flanders: OK. Any further discussion? All in favor?

The Board Members (Collectively): Aye.

Chairman Flanders: Anyone opposed? OK. Motion carries.

HD/NIB MOTION 07-06

A MOTION TO CONVENE A SPECIAL MEETING OF THE HOMELAND DEFENSE/NEIGHBORHOOD IMPROVEMENT BOND OVERSIGHT BOARD TO ADDRESS ISSUES SET FORTH AT TODAY'S MEETING PRIOR TO APRIL 12 DEADLINE, BUT SUBSEQUENT TO THE BRIEFINGS OF THE MAYOR AND CITY COMMISSION.

MOVED: R. De La Cabada
SECONDED: G. Reshefsky
ABSENT: L. Cabrera, L. De Rosa, D. Kubiliun, J. Reyes, M. Reyes

Note for the Record: Motion passed by unanimous vote of all Board Members present.

III. CHAIRPERSON'S OPEN AGENDA:

Chairman Flanders thanked Walter Harvey for his service to the board for the past five years.

IV. ADDITIONAL ITEMS:

HD/NIB MOTION 07-07

A MOTION TO ADJOURN TODAY'S MEETING.

MOVED: M. Cruz
SECONDED: J. Solares
ABSENT: L. Cabrera, L. De Rosa, D. Kubiliun, J. Reyes, M. Reyes

Note for the Record: Motion passed by unanimous vote of all Board Members present.