

**HOMELAND DEFENSE/
NEIGHBORHOOD IMPROVEMENT
BOND OVERSIGHT BOARD
MINUTES**

**12/10/02 - 6:00 P.M.
The Doubletree Grand Hotel
Grand Ballroom
1717 N. Bayshore Dr.
MIAMI, FLORIDA**

The meeting was called to order at 6:26 p.m., with the following members present:

Sonny Armbrister
Luis Cabrera (entered at 6:40 p.m.)
Ringo Cayard (entered at 6:27 p.m.)
Mariano Cruz
Robert Flanders (Chairperson)
Julie Grimes
David E. Marko
Gary Reshefsky (entered at 6:32 p.m.)
Jami Reyes
Manolo Reyes
Louis de Rosa
Larry M. Spring

Absent: Rolando Aedo
Marvin Dunn
Milagros Loyal

I. APPROVAL OF THE MINUTES OF THE MEETING OF NOVEMBER 12, 2002.

HD/NIB MOTION 02-33

A MOTION TO APPROVE THE MINUTES OF THE NOVEMBER 12, 2002 MEETING OF THE HOMELAND DEFENSE/NEIGHBORHOOD IMPROVEMENT BOND OVERSIGHT BOARD.

MOVED: L. de ROSA
SECONDED: M. CRUZ
ABSENT: R. AEDO; L. CABRERA; R. CAYARD;
M. DUNN; M. LOYAL; G. RESHEFSKY

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

II. OLD BUSINESS:

A. DISCUSS THE POSSIBILITY OF VIDEO TAPING FUTURE BOARD MEETINGS FOR AIRING ON THE CITY'S TV STATION.

* Report by Board Member Jami Reyes. Board Member Reyes met with the City's Communications Department to discuss the possibility of video taping board meetings on a quarterly basis. The previous consensus of the Board was that the Board is not yet ready to air meetings. When the decision to begin airing the board meetings is reached, Ms. Reyes should be involved with the editing process. Chairman Flanders agreed with the idea of video taping some of the board meetings to give the public an idea of the Board's accomplishments and to gain support from the public. He also suggested that video taping of the meetings should commence in March 2003. Board Member Cruz suggested that meetings to be video taped should be held at City Hall. Chairman Flanders suggested that Board Member Reyes should confer with CIP Director Janet Palacino before making a decision to begin airing of board meetings, to determine whether enough substantive projects are available to report on.

III. NEW BUSINESS:

A. PRESENTATION ON BOND SALE PROCEDURE BY ROBERT NACHLINGER.

* Assistant City Manager Nachlinger reported to the Board that after a six-year hiatus from the bond market -- since the inception of the City's financial emergency in late 1996 -- the City, in approximately March 2002 re-entered the bond market. Assistant City Manager Nachlinger provided the Board Members with one of the official statements for the general obligation bond issue that the Board is dealing with, and reviewed the process for issuance of bonds. Prior to re-entering the bond market, the City went out for an RFP to employ financial advisors for the City. Three firms were employed. The firms are serving in a rotation on all of the City's bond issues and also advising the City on other financial matters. The City also employed a team of underwriters to sell the bonds that the City would be issuing. A blue ribbon selection committee evaluated several proposals and selected six firms to represent the City in the sale of bonds. Prior to getting a bond issue passed, the City Attorney's Office employed both a bond counsel firm and a disclosure counsel firm for the City. After all consultants were employed, the City began working on the bond issue. Among the documents provided to the Board Members were reports from the rating agencies who reviewed the City's credit. The City's bonds are insured, rated AAA.

* Chairman Flanders addressed the incident between the City and Solomon Brothers. The City suffered a two hundred sixty thousand dollar loss due to this incident. Upon speaking with Linda Haskins, of the Mayor's Office, she explained to Chairman Flanders that the legal cost in pursuing Solomon Brothers was almost a wash. Assistant City Manager Nachlinger informed the Board that it would have cost approximately four to five hundred thousand dollars to pursue an action against Smith Barney. In order to avoid such incidents in the future, the City will be including in its bond

purchase agreements provisions under which an underwriter may/may not withdraw from a transaction.

* Assistant City Manager Nachlinger informed the Board of the amount of bonds that were sold, explaining that some of the bonds were issued at a premium. The net proceeds that were actually put in the bank after satisfying closing costs, et cetera, was approximately one hundred fifty-five million dollars.

* Board Member Manolo Reyes inquired as to what interest rate the bonds were sold at, to which Assistant City Manager Nachlinger replied that the overall total interest cost, including all fees, et cetera, was “four-ninety-seven.”

* Assistant City Manager Nachlinger explained that the bonds were rated AAA because of the bond insurance but the City’s underlying credit rating is BAA.

* Board Member Cayard inquired as to whether there were any changes in the twenty-eight million plus surplus dollars or unallocated dollars. CIP Director Palacino reported that no changes had occurred, the funds are still unallocated and it is a subject that each City Commissioner will have to address, and the funds will probably be addressed as projects for which dollars are needed are identified. Board Member Cayard also inquired as to whether the unallocated funds mentioned are accruing interest on a daily basis. Assistant City Manager Nachlinger explained to the Board that at present, interest income on the bonds is being held in the capital improvements fund, which ultimately will be available for the City Commission and this Board to review and to allocate. The present interest rate is at about three percent, which translates into approximately four and a half million dollars per year. Board Member Cayard inquired as to how funds are disbursed, to which CIP Director Palacino replied that some guidelines are already in place, and additional guidelines are being established within the CIP Department. She reviewed the existing general guidelines with the Board.

* Assistant City Manager Nachlinger explained that when the City pursues a construction contract, a performance bond is required in the contract, so if the contractor fails to complete work or abandons work, the City would then approach the bonding company to complete the job. This is being done to avoid future Smith Barney type incidents. He also explained to the Board that the transaction which Smith Barney withdrew from had nothing to do with this Board. It was a refunding transaction of some existing debt and did not have any effect at all on the funds for the Homeland Defense/Neighborhood Improvement bond.

* Chairman Flanders reminded the Board that every dollar of the two hundred and fifty million dollar bond issue, as well as the interest accrued is over-subscribed to the point of two to one. CIP Director Palacino will be providing the Board with a progress report on every dollar expended on every CIP project.

* Board Member Cruz related to the Board that approximately a year ago, there was something in the newspapers about the City finding forty-eight million dollars of bond funds that had not been used, and many people did not understand that Finance Ms. Haskins appropriated the funds to the general budget. The monies were allocated, but were not used or implemented. He voiced a concern as to whether there would be any chance of that process repeating itself.

* Chairman Flanders replied that the Board is not just dealing with two hundred and fifty-million dollars, but will actually be dealing with approximately half a billion dollars, and the monies Board Member Cruz referred to have been added to the pot. In the past, the City took some Federal monies, used them for projects which they weren't intended for and appropriated them to the general fund to pay salaries. The Federal Government required that the City re-route those monies back into capital improvement projects, and the City has complied.

* Board Member Spring inquired as to whether the Board would also receive reports on how funds are invested while

waiting to be spent, i.e. investment strategy, short- and long-term.

* Finance Director Scott Simpson reported to the Board on the very conservative, fundamental investment policies related to debt management, investment and financial integrity adopted by the City, and to the extent that the Board would want these reports, they are included in a monthly report published by the Finance Department for all financial matters and can be provided to the Board.

B. AUDIT COMMITTEE REPORT.

* Report by Board Member Gary Reshefsky. The Audit Committee decided to schedule another meeting to discuss issues related to Margaret Pace Park and other park projects that may or may not be run by the CRA (Community Redevelopment Agency).

* Board Member Julie Grimes requested an accounting on the Pace Park Project and that will be discussed at the next Audit Committee meeting. All interested parties, including The CRA were welcomed to attend the next scheduled Audit Committee meeting

* The Audit Committee met with Ed Blanco, Projects Supervisor of the Parks & Recreation Department to discuss endorsement of three projects which the Committee reviewed, and a packet regarding same was sent to each Board Member. The projects under consideration are as follows:

* (1) Roberto Clemente Park Water Sports Playground Project.

The Roberto Clemente Park was allocated one point one million dollars in the bond.

* Board Member Reshefsky reported that this project would require fifty thousand dollars from the bond and would be matched by fifty thousand dollars from the Miami-Dade County Safe Neighborhood Parks Bond Program, representing a 50/50 match for a one hundred thousand dollar project which is expected to be built very soon on a State contract.

* Mr. Blanco addressed the Board and further explained that the Roberto Clemente Park Project would require a fifty thousand dollar allocation from the Safe Neighborhood Parks Bond and a one hundred thousand dollar allocation from the Homeland Defense/Neighborhood Improvement Bond Program, for a total of one hundred and fifty thousand dollars. Mr. Blanco described the project as a water sports playground, as opposed to a park. He explained the difference between a park and a water sports playground. A park would include many more amenities than a water sports playground, which basically entails water slides. The water sports playground is to be located within the existing park.

* Board Member Reshefsky indicated that the Audit Committee unanimously voted to recommend approval of this project, and that the project should be ADA (Americans with Disabilities Act) compliant. The Committee was informed by the Parks Department that the project would be ADA compliant. Board Member Marko voiced a concern that the project should be accessible to both visually impaired and mobility impaired individuals.

* Mr. Blanco informed the Board that he was unsure as to what degree this project would be ADA accessible.

* Board Member Manolo Reyes inquired as to the cost of maintaining the project, and whether or not the Parks Department had incorporated maintenance cost for this project into its budget.

* Mr. Blanco answered that, yes, maintenance cost had been incorporated into the Parks budget, and it will cost approximately five thousand dollars the first year to operate the project. The funds to operate the water sports playground will come from the Parks operation budget of the general fund.

* Board Member Reshefsky reported to the Board that the Audit Committee requested of the Parks Department that for any future projects submitted for consideration by this Board, an estimate of what it would cost to operate, maintain and have security for said project should be provided.

* Chairman Flanders reiterated that there are bond funds earmarked for Roberto Clemente Park and this project would use about one tenth of the funds, the project has a matching grant, and if the Board approves the project, the recommendation would be forwarded to the City Commission with the proviso that a line item appear in the Parks Department budget next year to ensure that it is provided for, because at present, no such line item exists. It is the hope of the Audit Committee that every project the Board approves will go to the City Commission with a line item provision. The Parks Department has agreed to keep a running tab on every project that has been approved regarding the cost of maintenance and programming.

* (2) Moore Park Playground Equipment Project.

One point one million dollars of bond funds are earmarked for Moore Park. This park is in desperate need of playground equipment. The Parks Department desires to

expend one hundred twenty thousand dollars of bond funds to procure playground equipment for Moore Park.

* Board Member Armbrister inquired as to resurfacing the track at Moore Park as well as procuring playground equipment.

* Mr. Blanco indicated that the Parks Department will approach the Board concerning the resurfacing of the track at Moore Park once bids for the project have been received.

* Board Member Grimes raised a concern as to whether the Parks Department would be coming forward with a prioritized list of projects to be presented to the Board and whether, as to some of the projects to be considered, the Board would be taking retroactive action.

* Board Member Reshefsky informed the Board that per Mr. Blanco, the water sports playground project emanated from Commissioner Winton's Office.

* (3) Bryan Park Tennis Court Project

Twenty-one thousand, three hundred fifty-eight dollars of bond funds have been earmarked for Bryan Park, of which sixty-eight thousand dollars would be required to convert a basketball court to a tennis court. Tennis is becoming very popular in the neighborhood of Bryan Park, and Commissioner Regalado is in support of this initiative.

* The Audit Committee recommended that Board endorsement of this project be conditioned upon a report from the Parks Department as to why it is pursuing this project. Board Member Reshefsky received a satisfactory explanation from Parks Director Albert Ruder as to why this project is being pursued.

* The Audit Committee recommended Board approval of all three projects submitted by the Parks Department, as outlined above.

HD/NIB MOTION 02-34

A MOTION TO ADOPT THE SUGGESTION OF THE AUDIT COMMITTEE THAT THE HOMELAND DEFENSE/NEIGHBORHOOD IMPROVEMENT BOND OVERSIGHT BOARD RECOMMEND TO THE CITY COMMISSION APPROVAL OF ALLOCATION OF FUNDS FOR PROJECTS SUBMITTED TO THE BOARD BY THE PARKS DEPARTMENT, INCLUDING THE ROBERTO CLEMENTE PARK WATER SPORTS PLAYGROUND PROJECT, THE MOORE PARK PLAYGROUND EQUIPMENT PROJECT AND THE BRYAN PARK TENNIS COURT PROJECT; FURTHER, THAT FUNDING FOR MAINTENANCE OF EACH PROJECT BE IDENTIFIED AND SET ASIDE BY THE CITY COMMISSION.

MOVED: M. REYES
SECONDED: L. de ROSA
ABSENT: R. AEDO; M. DUNN; M. LOYAL

Note for the Record: The motion was passed by unanimous vote of all Board Members present.

HD/NIB MOTION 02-35

A MOTION REQUIRING AS STANDARD PROCEDURE THAT ALL FUTURE REQUESTS FOR ENDORSEMENT, APPROVAL, OR RECOMMENDATION OF FUNDING OF CIP PROJECTS BY THE HOMELAND DEFENSE/NEIGHBORHOOD IMPROVEMENT BOND OVERSIGHT BOARD BE ACCOMPANIED BY AN ESTIMATED BUDGET LINE ITEM FOR OPERATION AND MAINTENANCE OF SAME.

MOVED: G. RESHEFSKY

SECONDED: M. REYES
ABSENT: R. AEDO; M. DUNN; M. LOYAL

Note for the Record: The motion was passed by unanimous vote of all Board Members present.

* A discussion was had concerning whether the Board should establish as standard operating procedure the requirement that if an approved project is valued at one hundred fifty thousand dollars or less, the project should be completed within a six-month period and if an approved project is valued at one hundred fifty thousand dollars or more, the project should be completed within a one-year time period. CIP Director Palacino suggested that project design should be addressed separately when considering completion time for projects. Board Member Reshefsky suggested that time limitations should be established for equipment purchases. CIP Director Palacino indicated that establishing time limits would depend on the specific project being considered at any given point in time. However, on a project-by-project basis, the CIP Department will develop schedules that include planning, design, bidding, construction, permitting, et cetera, and the Department will be providing quarterly reports to the Board on all projects.

* Discussion on the concept of the Parks Advisory Committee was deferred.

C. SCHEDULE FUTURE BOARD MEETINGS. (Dates and locations)

HD/NIB MOTION 02-37

MOTION TO HOLD THE NEXT MEETING OF THE HOMELAND DEFENSE/NEIGHBORHOOD IMPROVEMENT BOND OVERSIGHT BOARD AT THE MIAMI RIVERSIDE CENTER (MRC), 10TH FLOOR MAIN CONFERENCE ROOM ON THURSDAY, JANUARY 16, 2003, COMMENCING AT 6 P.M. OR ON THE ALTERNATIVE DATE OF WEDNESDAY, JANUARY 22, 2003, AT THE AFOREMENTIONED TIME AND PLACE.

MOVED: J. GRIMES
SECONDED: L. SPRING
ABSENT: R. AEDO; M. DUNN; M. LOYAL

Note for the Record: The motion was passed by unanimous vote of all Board Members present

IV. CHAIRPERSON'S OPEN AGENDA.

Item deferred

V. ADDITIONAL ITEMS.

Board Member Cruz raised concerns about the One Miami Project greenway issue which is to be discussed at the December 12, 2002 City Commission meeting. He inquired as to whether the funding for the project was coming from the bond issue or from the general fund.

CIP Director Palacino informed the Board that the developer of the One Miami Project requested that the City provide four million dollars-plus to improve City property in conjunction with this development. Dollars have been identified from the Homeland Defense Bond -- gateway funds in the amount of eight hundred thousand dollars; greenway funds in the amount of four hundred

thousand dollars; downtown infrastructure funds in the amount of two point nine million dollars.

* Diane Johnson, Development Coordinator, Department of Real Estate & Economic Development reviewed the design phase of the One Miami Project and explained that this particular project is critical to the further development of downtown Miami. Any funding received from the bond issue will be supplanted by whatever grants the Department is able to receive for the project. The developer of the project is contributing funds for development of the greenway and will be maintaining it, as well.

* Chairman Flanders inquired as to whether any grant monies were presently available for the project, whether monies were already allocated, what the budget impact on various departments would be as regards the cost of operating and maintaining the project, and what the anticipated completion date of the project is.

* Ms. Johnson informed the Board that the related group would assume all costs for the operation and maintenance of the river walk and all public areas to the water's edge. As to matching grants, there are none presently in hand. The Department anticipates it will be two years before construction actually starts, which would allow for time to apply for and receive grant monies.

* Jason Walker, Senior Staff Assistant of the Office of Commissioner Winton informed the Board by way of background that when the Commission approved the One Miami Project, representatives of the project requested that the Commission consider funding of the project.

* Brett Bibeau, Assistant Director of the Miami River Commission (MRC) informed the Board that the MRC has been requested by the City Commission, through Resolution 00-320 to provide the City Commission with an advisory recommendation on any river-related project or river-related agenda item that the City Commission is to hear. Mr. Bibeau read into the record the MRC's advisory recommendation of approval of the One Miami Project, subject to strict adherence to the river walk design provisions, and that funding sources other than the Homeland Security and

Neighborhood Improvement Bond issue greenway and gateway line items be used for development of the greenway.

HD/NIB MOTION 02-36

MOTION TO RECOMMEND CITY COMMISSION APPROVAL OF THE ALLOCATION OF FUNDS FOR THE DEVELOPMENT OF THE ONE MIAMI PROJECT RIVER WALK.

MOVED: M. CRUZ
SECONDED: L. de ROSA
ABSTAINED: D. MARKO
ABSENT: R. AEDO; M. DUNN; M. LOYAL;
G. RESHEFSKY

Note for the Record: The motion was passed by unanimous vote of all Board Members present.

HD/NIB MOTION 02-38

MOTION TO ADJOURN TODAY'S MEETING.

MOVED: J. GRIMES
SECONDED: J. REYES
ABSENT: R. AEDO; M. DUNN; M. LOYAL;
G. RESHEFSKY

Note for the Record: The motion was passed by unanimous vote of all Board Members present.