

GENERAL OBLIGATION BOND PROJECT OVERSIGHT COMMITTEE
MEETING MINUTES
JANUARY 13, 2003

1. Attendance – See Attendance Sheet attachment.

Deede Jeryl Weithorn, Chairperson of the Budget Advisory Committee (BAC), was sworn in by Raul Aguila, First Assistant City Attorney of the Legal Department, as the new GO Bond Oversight Committee member representing the BAC.

2. Review and Acceptance of December 2, 2002 meeting minutes.

Committee member Frank Del Vecchio raised the issue of absences and advised the Committee that according to the City Ordinance, attendance requirements state that if a member fails to attend 33% of the regularly schedule meetings in a calendar year, the member shall be removed from the Committee. The Committee was advised that the Committee member representing the Community Development Advisory Committee (CDAC) has exceeded the number of absences allowed by City Code. The Administrative Liaison to CDAC and the City Clerk have been advised and CDAC is expected to recommend their representative to the City Commission for appointment by the Commission.

ACTION: Mr. Marty Hyman made a motion to nominate Roberto Sanchez as the new Vice Chairperson for the GO Bond Oversight Committee. The motion was seconded by Mr. Frank Del Vecchio. The motion passed unanimously.

ACTION: Ms. Amy Rabin made a motion to approve the minutes of the December 2, 2002 Committee meeting. The motion was seconded by Mr. Roberto Sanchez. The motion passed.

3. Change Orders

Mr. Tim Hemstreet informed the Committee that a Change Order approved for Scott Rakow Youth Center brought the contingency to about \$56,000. He added that a number of items that had not been budgeted in the project budget came out of the contingency such as payment to FP&L, BellSouth, for testing services and a threshold inspector. He said these are not change orders to the contractor's contract, but were paid out of the project construction contingency.

Ms. Sherri Krassner wanted to know what when the Youth Center would be completed. Mr. Todd Osborn, Program Manager from URS Construction Services, responded that Phase I would be completed within the next 30 days.

There was a discussion held regarding a Change Order on the same project in the amount of \$9,306.25 for a louvered door. It was explained that there were some enunciating equipment and door modifications that were requested by the mechanical

inspector. Mr. Osborn added that some of these are connections to the fire alarm system that notifies the Fire Department for emergency response and an additional enunciator on the outside of the building, which notifies emergency personnel responding to an emergency that there is ammonia present in the atmosphere.

Ms. Rabin wanted to know if this mechanical inspector went above and beyond code compliance and if so, why. Mr. Jorge Chartrand responded that the inspector interpreted the code in a conservative manner and it was in the interest of the City of Miami Beach to provide as many safety mechanisms as required.

4. Project Status Report

(A) Report of Status of Normandy Isle Pool Negotiations

Mr. Tim Hemstreet informed the Committee that the issue of the piles to be placed under the deck of the Normandy Isle Pool project had been resolved. He added that the contractor had originally proposed a revised engineering deck with sand and pavers construction. However, it was determined that cement piles will be used under the pool deck. The contractor did not calculate in the original bid price the additional piles needed under the balance of the structure, requiring an additional change order of approximately \$179,000.

Mr. Sanchez wanted to know when the estimated date of completion would be with the revised construction design. Mr. Osborn informed him that the proposed date of completion is September, 2003.

Mr. Leonard Wien commented that he had read an article with reference to Fire Station No. 2 Project, and that it was under construction by Construction Manager at Risk. He wanted to know the status of the project.

Mr. Hemstreet explained that the Fire Station No. 2 project could not proceed until an existing water tank is removed and new ones built at another location. He said this was not part of the original project scope and the City Commission in May 2002 amended the Construction Manager at Risk contract, and add the water tank portion to the Jasco Construction Company's contract. He continued by explaining that upon receiving the estimate on new construction documents, there was a significant price increase.

Mr. Hemstreet also added that Jasco had been investigated by the County for alleged ethical violations. Mr. Hemstreet explained that the CIP Office has researched the issue which was inconclusive. He said these results were submitted for the City Attorney's review.

Mr. Hyman wanted to know why the water tanks were not considered when the project was first proposed. Mr. Jorge Chartrand explained that initially the previous Public Works Director decided only one water tank would be replaced. He continued that the new Director has revisited the issue and disagreed with the previous decision and

recommends that two should be constructed. He added that the original plans for the Fire Station were not as extensive as they are now. They now include three bays instead of two and the addition of an Emergency Operation Center.

Mr. Mike Rotbart wanted to know if the historic building will be moved for the Fire Station project and when there will be information as to when construction would begin. Mr. Hemstreet responded that construction would roughly begin around June 2003.

Mayor David Dermer commented that the Fire Station project was a very important issue and he wanted the item on the GO Bond Committee meeting agenda every 30 days for review.

Mr. Hyman wanted to know if Jasco had given a Guaranteed Maximum Price (GMP). He also wanted to know what would happen if Jasco's GMP is not acceptable. Mr. Hemstreet responded that the initial GMP that Jasco gave was \$3.8 million for the water tanks and pump stations. He added that when they presented the initial GMP for the Fire Station, the cost of the project rose to approximately \$2 million over the funded amount. He continued by saying that Jasco's reason for the increase was that the budget was set a number of years ago and inflation has occurred. He added that the direction given from the City Commission and the City Manager is that the water tanks and pump stations need to be under construction first. He informed the Committee that the Administration was still seeking a final GMP, and that the City would soon make a determination as to whether or not to continue its contractual relationship with Jasco.

5. Presentation

(A) GO Bond Interest Accrual, Uses

Ms. Patricia Walker, Chief Financial Officer, explained to the Committee the accrual of GO Bond Interest and its uses. She said that interest funds, which are tax exempt from federal taxation, are accrued and deposited in the GO Bond account, where it is reserved for Arbitrage. Under existing law, interest earnings cannot exceed the rate being paid on the bond. If there are excess earnings that exceed the bond rate, these excess earnings must be repaid first to the Federal Government. She continued by saying that an accounting firm is hired to calculate what the Arbitrage payment is on an annual basis. These calculations are done on the "buy and sell" of every investment and what rates are earned. Interest earnings below the Arbitrage limit can be used to hire bond or tax counsel to give opinions or guidance on how the bond proceeds can be spent. Additional uses could include unforeseen project costs, such as litigation.

Mr. Sanchez wanted to know if the Arbitrage is calculated by calendar year or fiscal year and if there was interest available to fund projects. Ms. Walker responded that it is calculated over a three year expenditure period. She added that at this point in time, the GO Bond interest is not available for funding project shortfalls.

Ms. Rabin wanted to know if the REG Debarment investigation had been funded with GO Bond funds. Mr. Hemstreet responded that it was not paid from GO Bond funds, but that he would find out the funding source that was approved by the City Commission.

Mr. Leonard Wien wanted to know if it was legal for interest proceeds to be used for cost overruns on the Bermello, Ajamil Parks Bond projects that were not funded by GO Bond funds. Ms. Walker explained that funds cannot be spent outside of the list of GO Bond project, but that the funds that were used for this issue were appropriate according to the Bond Counsel. It was also stated that each of the projects under the agreement was at least partially funded by GO Bond funds.

6. Informational Items

- (A) The Updated Calendar of Scheduled Community Design Meetings was provided to the Committee.

Ms. Nicky Baron, a resident of Sunset Island II, spoke on the concerns of the residents on the island and how long some issues have taken to be resolved. She added that the residents want to be more involved and familiar with the cities projects.

Ms. Rabin wanted to know if the Sunset Island 3 and 4 Community meeting that was scheduled for January 15 would be happening. Mr. Hemstreet responded that he was not aware of the meeting but would get back to her.

- (B) Biscayne Pointe Neighborhood Community Design Workshop #2 Report

Mr. Hemstreet informed the Committee that the Biscayne Point Neighborhood Community Design Workshop #2 held on January 9, 2003, was well attended. There was a consensus for the proposed improvements among the residents. He added that the consultant has been given the go ahead with the Basis of Design Report.

- (C) Letter to Commission regarding REG Debarment

Mr. Hemstreet informed the Committee that a Letter to Commission was prepared to report the results of the investigation of the proposed debarment of REG Architects, Inc. Based on the independent investigator's report, there did not appear to be anything to substantiate debarment. Therefore, the debarment complaint was dismissed.

Mr. Mitch Novick commented that the City Commission had allocated \$20,000 for the investigation and wanted to know how much had been used.

Mr. Hemstreet responded that he did not know, but would inform the Committee at the next meeting how much money was expended for the independent investigation and what funding source it came from.

Mayor Dermer explained the process of debarment may be changed with two new ordinances that will be proposed by the City Attorney. He said that the screening process when a citizen initiates a complaint was one proposed change. He said that in this case there was not enough evidence for debarment.

Mr. Del Vecchio made several comments about the South Shore Community Center renovation, the recommendations of the debarment committee, the process of accepting cases for review, and what steps would be taken to ensure the carrying out of the renovation project. He wanted to know what steps would be taken to relocate the six non-profit organizations and if he could participate in the planning of the relocation of the tenants. He continued by saying that although the debarment report showed no cause for debarment, it gave a history of the entire project and the City learned from the process.

Mayor Dermer wanted to know when the South Shore Community Center project would begin construction. Mr. Hemstreet responded that REG Architects had submitted 100% documents and they are under staff review. He said the documents have gone to the Building Department and in a technical sense are permissible drawings. He added that a meeting was scheduled to go over some deficiencies in the drawings. Mr. Chartrand added that it should take about two months for design modifications and bidding to bring it to the City Commission in May.

(D) Flamingo Park/Property Management Yard A/E Authorization to Negotiate

Mr. Hemstreet reported that Pappas and Associates and URS will be in negotiations in the next few weeks.

The Meeting adjourned at 7:30 p.m.