



Finance & Operations Committee Meeting Transcript

June 05, 2023

MDC THE CHILDREN'S TRUST
FINANCE AND OPERATIONS COMMITTEE MEETING
(IN PERSON QUORUM WITH SOME VIRTUAL ATTENDANTS)

MEETING MINUTES

The MDC Children's Trust Meeting, Finance and Operations Committee Meeting was held on June 5, 2023, commencing at 9:33 a.m., at 3150 Southwest 3rd Avenue, 8th Floor, Training Room, Miami, Florida 33129. The meeting was called to order by Matthew Arsenault, Chair.

AUDIO TRANSCRIPTION

**CERTIFIED
ORIGINAL**

BOARD OF DIRECTORS

MATTHEW ARSENAULT, VICE CHAIR
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NELSON HINCAPRIE
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6 JACQUES BENTOLILA

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10 AMANDA GORSKI

11 LORI HANSON

12 WILLIAM KIRTLAND

13 JUANA LEON

14 SASHA LOPEZ

15 XIMENA NUNEZ

16 RACHEL SPECTOR

17 NATALIE ZEA

18 PARTICIPANT MEMBERS

19 MARDEN MUNOZ, WEBAUTHOR

20 HEIDY VALDES, WELS FOUNDATION

21 GUESTS

22 JAVIER GARCIA, CITY NATIONAL BANK

23 SEAN TRACY, CITY NATIONAL BANK

24 SCOTT KREIGER, T.D. BANK, N.A.

25 PAMELA RAMKALAWAN, T.D. BANK, N.A.

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1 P R O C E E D I N G S

2 (Thereupon, the following proceedings were held at
3 9:33 p.m.)

4 WELCOME AND OPENING REMARKS

5 MR. ARSENAULT: It's about 9:33 so I'm going
6 to call this Finance and Operations Committee to
7 order. Mark Troutman is not here today. He's off
8 so I'm running the meeting.

9 PUBLIC COMMENTS

10 MR. ARSENAULT: First, are there any public
11 comments?

12 MS. LEON: There are no public comments, Mr.
13 Vice Chair.

14 APPROVAL OF MINUTES

15 MR. ARSENAULT: Thank you. Okay. The next
16 item is approval of the May 4, 2023 Finance and
17 Operations Committee meeting minutes. Can I get a
18 motion? (Motion for approval and seconded.) All
19 in favor? Opposed? The minutes are approved.

20 REVIEW CHILDREN'S TRUST INVESTMENTS

21 MR. ARSENAULT: Next item is a review of the
22 Children's Trust investments. Today, we have
23 invited the current banking institutions, City
24 National Bank and T.D. to present on the safety and
25 liquidity of the funds held in both short- and

1 long-term investments by the Trust. Our short-term
2 assets are primarily at T.D. Bank while long-term
3 investments are held at City. I'm going to hand it
4 over to Will and Jim to talk through that before
5 handing it over to our bankers.

6 MR. HAJ: Yeah, let me just get going. Thank
7 you, everybody, and thank you to both of our long-
8 term banking partners for being here.

9 So, there's been a lot of discussion.
10 Actually, it's been in the news the last six months
11 or so about, you know, banking and the security of
12 our funds. We are a taxpayer entity to make sure
13 that our funds are secure.

14 So, we invited both of our banks to really
15 just discuss and have a, you know, how safe are our
16 funds, our investment strategies, and to answer any
17 questions that the Board may have. I just want to
18 turn it over to Bill before I introduce everybody.

19 MR. KIRTLAND: Right. Just to add, I guess, a
20 little bit detail and maybe adding context to how
21 our both T.D. Bank and City National will be
22 presenting today.

23 So, both of these institutions are qualified
24 public depositories. I know you've heard us use
25 that term and bring that up before every time maybe

1 we've had this discussion because it's very
2 valuable and important, you know, a piece of this
3 discussion and in discussing the safety of the
4 funds at these organizations.

5 Our investment policy as it's written does
6 value and the management of our fund balance in
7 well in considering how it works with our
8 investment policy is that we do value safety of
9 these funds first and foremost, as well as the
10 liquidity of the funds and as well the return on
11 investment.

12 So, sort of in that order is how we, you know,
13 we try to make our decisions in how to handle our
14 funds. But I think now what I'll do is kick it
15 over. I'll allow T.D. Bank to present first.

16 Just primarily, T.D. Bank holds our funds in
17 the, I'll call it the 1-year basis. We've had
18 multiple years of a relationship TD bank. However,
19 the funds that we hold with T.D. Bank are
20 essentially turned over and provided to the service
21 provider organizations.

22 So, when we deposit our funds directly into
23 T.D. Bank from the tax roll that's received from
24 the county, it goes into our operating account for
25 the immediate liquid funds, as well as layered CDs

1 that are maybe 30- or 60-, 90-day notes during the
2 year that we agreed to those interest rates on a
3 rolling basis.

4 So, I'll allow maybe a little bit more detail
5 than how it will be explained by T.D.

6 MR. KREIGER: Sure. I'm going to get up so
7 I'm not staring at this direction. Good morning.
8 My name is Scott Kreiger. I'm the Regional Manager
9 for Government Banking for T.D. I'm responsible
10 for all of our public relationships from Maryland
11 to Florida and I'm based here in south Florida.

12 T.D.'s very thankful for the relationship
13 we've had with the Children's Trust for a number of
14 years. As Bill indicated, we are the operating,
15 primary operating bank for Children's Trust. We
16 handle a lot of the daily operations, payroll,
17 accounts payables, those kinds of activities, as
18 well as the short-term investments for CDs.

19 We work really closely with the finance team
20 to identify what is the maximum return and also to
21 preserve the cash flow and liquidity that the
22 Children's Trust needs to carry out those
23 operations on a daily basis.

24 T.D. Bank, what we'll do is Pamela Ramkalawan
25 is the Relationship Manager for the Children's

1 Trust and I'm just going to pass out some
2 information to you. I don't want to go through
3 every handout because it would take us quite a bit
4 of time.

5 But on the left half of the folder is just
6 some information about our company. T.D. Bank is -
7 - our holding company is Toronto Dominion Bank in
8 Toronto, Canada. T.D. Bank, N.A. is a U.S. bank.
9 Our headquarters are in Cherry Hill, New Jersey.

10 We have over 400 billion in assets in the U.S.,
11 over 2000 locations in the U.S., and in Florida, we
12 have about 160 store locations in Florida.

13 On the right side of the folder is more
14 specific information on T.D. Bank in the U.S. and
15 in Florida. We are a AA-rated bank in the U.S.,
16 one of the highest ratings of any banks in the U.S.

17 We also enjoy a superior rating from Global
18 Finance as one of the safest banks in the U.S. as
19 well. We're well capitalized. Our deposit ratio
20 to loans is very favorable compared to a lot of our
21 peer banks.

22 And as Bill mentioned, we do collateralize the
23 Children's Trust deposits in accordance with
24 Chapter 280 of the Florida Statutes. And just to
25 give you a little bit of insight on the deposit

1 collateralization in Florida.

2 So, for the Children's Trust deposits, we
3 pledge on Federal Home Bank letters of credit as
4 backup security to the Children's Trust deposits
5 above FDIC insurance coverage. What that means is
6 if, God forbid, T.D. Bank would ever fail, the
7 deposits that Children's Trust has with T.D. Bank
8 would be fully protected and you would get every
9 single dollar back.

10 The way the Florida pool works is it's a
11 contingent liability pool, which means that if a
12 bank in the pool would fail, the other banks would
13 be responsible for any loss that would be incurred
14 if the failing bank isn't purchased by another bank
15 or FDIC doesn't step in to protect that bank.

16 So, what the pool does is really provide that
17 extra security to your deposits. And all your CDs,
18 all of your liquid deposits into your checking
19 accounts, all those deposits are protected by that
20 coverage pool.

21 I don't know if you have any specific
22 questions for me regarding T.D. but I think, like I
23 said, I could read through all this. I don't want
24 to because it'll take a lot of time. But, like I
25 said, I think we're a very strong, safe, secure

1 financial institution and we're definitely here to
2 stay.

3 We're looking to continue our growth in
4 Florida and into other markets in the U.S. And,
5 like I said, we are very thankful for the
6 relationship we've had with the Children's Trust
7 and we hope that we can continue to provide those
8 financial services to the Trust. I'd be happy to
9 answer any questions you might have.

10 MR. ARSENAULT: So, just a question on the
11 T.D. program and the collateral. So, right, in the
12 event of a bank failure, would those collateralized
13 assets become the assets of the Trust; is that how
14 it works?

15 MR. KREIGER: Yes. So, basically what we
16 would do is liquidate the LLC and that would
17 protect, give you the assets back. As I said, if a
18 bank in the pool would fail. So, for instance, if
19 you throw this out, if bank X, Y, Z fails and
20 they're in the pool, the other banks in the pool
21 would be responsible for any loss that that bank
22 would incur based on the market share that they
23 have in deposit.

24 So, in Florida, T.D. Bank has the third-
25 largest share of public deposits in the State of

1 Florida. So, our share would be higher than many
2 other banks. But that gives you the guarantee that
3 whatever happens, even if the LLC is for whatever
4 reason, and they're never going to not be there for
5 you, but there's the backup. It's extra backup
6 there from the other member banks' pool.

7 And in Florida, in order for you to take
8 public deposits, you have to be a member of --

9 MR. ARSENAULT: Right. So, it's the -- so the
10 loss, you're talking about the other banks would
11 have to cover is the loss --

12 MR. KREIGER: Right.

13 MR. ARSENAULT: -- of that collateral?

14 MR. KREIGER: Right.

15 MR. ARSENAULT: So, if the collateral, just to
16 use round numbers, you have \$1 billion in a
17 deposit. The bank fails. The collateral
18 liquidated only comes up to 900,000. The other
19 T.D. Banks have to cover that 900,000 --

20 MR. KREIGER: Right.

21 MR. ARSENAULT: -- loss.

22 MR. KREIGER: Right. So, for instance, T.D.
23 has a 12 percent market share roughly of the public
24 deposits in Florida right now. We would be
25 responsible for 12 percent of any loss that would,

1 any gap between the collateral and what would be
2 covered.

3 MR. ARSENAULT: And do we have, I guess, do we
4 have a -- like who are the other -- like who's the
5 largest QPD banks? Are those --

6 MR. KREIGER: Sure, we can --

7 MR. ARSENAULT: -- Are the -- like is the big
8 --

9 MR. KREIGER: Wells --

10 MR. ARSENAULT: -- largest?

11 MR. KREIGER: Wells, Tourist, T.D. are the top
12 three.

13 MR. ARSENAULT: Okay.

14 MR. KREIGER: And then we can certainly, Bank
15 of America, I think is number four. And --

16 MR. ARSENAULT: But they are part of it?

17 MR. KREIGER: They're all -- yes.

18 MR. ARSENAULT: Okay.

19 MR. KREIGER: You cannot take a public deposit
20 in Florida without being part of the Florida pool.

21 MR. ARSENAULT: Okay.

22 MR. KIRTLAND: Yeah, we're part of it, too.

23 MR. ARSENAULT: Right.

24 MR. GERSTEIN: What's the difference between
25 the pool and IntraFi? The pool IntraFi?

1 MR. KREIGER: IntraFi.

2 MR. GERSTEIN: You know the system where all
3 the banks trade CDs and they're all --

4 MR. KREIGER: Yeah.

5 MR. GERSTEIN: -- you put your money in one
6 bank, but the money's actually dispersed in
7 multiple banks?

8 MS. RAMKALAWAN: He's talking about CDARs.

9 MR. KREIGER: CDARs. Thank you. So, --

10 MR. GERSTEIN: Same, yeah, yeah.

11 MS. RAMKALAWAN: CDARs.

12 MR. KREIGER: Yeah, so what that does is it
13 allows you to place CD deposits in multiple banks
14 to stay within the 250 FDIC coverage so that you're
15 covered through multiple banks. But you may have
16 CD money sitting in at Bank of Utah or Washington
17 State or somewhere else. The deposits you have
18 with us or with City National, they're staying
19 local and are used in Florida.

20 And we, like I said, the protection is that we
21 have collateral that backs those up. We have
22 Federal Home Loan Bank letters of credit that backs
23 the deposits that we have with Children's Trust.

24 Those deposits when they're cetered (phonetic)
25 and they're moved among multiple institutions, this

1 really, the FDIC coverage primarily is what they're
2 getting. They're not additional collateral
3 protection on those. So, your protection is
4 basically that you're distributing your CD proceeds
5 to multiple banks stated within the FDIC federal
6 coverage, insurance coverage, I should say.

7 Any other questions? If you do, feel free to
8 reach out to me. My card and Pamela's is in the
9 folder as well. So, we're, like I said, happy to
10 have a partnership with the Children's Trust and we
11 look forward to continuing.

12 MR. ARSENAULT: Well, I guess, could we just
13 talk rates?

14 MR. KREIGER: Sure.

15 MR. ARSENAULT: So, could you just talk about
16 the rates that we're getting and earning right now
17 on that short term? It says 08 on there.

18 MR. KREIGER: While he's looking that up, CD
19 rates right now up to about five months are our
20 normal progression, you would think the longer
21 term, the higher the rate. At about five months,
22 the yield curve is inverse right now.

23 MR. ARSENAULT: Right.

24 MR. KREIGER: So, you probably don't want to
25 go longer than five months at this point in time.

1 I know the Fed meets, I think, June 13th, 14th.
2 There's a lot of volatility right now in terms of
3 the percentage of expectation, whether they're
4 going to raise rates or not. Of course, if there
5 is, we will raise rates for the Children's Trust's
6 operating accounts.

7 And I also want to let me know that we do have
8 an intention to raise ECR in a couple months as
9 well. There are earnings credits that you earned
10 on your operating account to offset service
11 charges. So, we are continually monitoring the
12 rate environment and passing on what we can to the
13 Children's Trust.

14 MR. KIRTLAND: So, right now we have, I think,
15 about 15 open CDs. Most of them are maturing mid-
16 month of June, July, August. That's how we like to
17 layer them so that they're ready to liquidate here
18 in the summertime. Our highest expenditures with
19 the summer programs. So, right now, we have about
20 \$75 million in CDs with T.D. Bank. Those rates
21 vary from about 4.72 percent on the low end up all
22 the way up to 5.25 percent on the high end.

23 MR. KREIGER: And I think a three month is
24 about 5.4 or --

25 MS. RAMKALAWAN: 5.4.

1 MR. KREIGER: 5.45.

2 MR. ARSENAULT: And those CDs would have to be
3 collateralized as part of --

4 MR. KREIGER: Right.

5 MS. RAMKALAWAN: Correct.

6 MR. KREIGER: Yeah, all public deposits,
7 whether it's CD or liquid, have to be
8 collateralized by our program.

9 MR. HAJ: Scott, thank you. All right. Thank
10 you. Gentlemen?

11 MR. TRACY: All right. Thank you, everyone.
12 It's great to be here. My name is Sean Tracy. I'm
13 a Corporate Banking Relationship Manager at City
14 National Bank. And I have a Children's Trust
15 relationship. I'm glad that we were invited to
16 speak today.

17 Certainly, given the upheaval in the banking
18 markets within the past several months, it's caused
19 many of our customers concerns about the safety and
20 soundness of their liquidity.

21 We do have a presentation that we'd like to
22 share with you. Unlike T.D., we are not publicly
23 traded so we're glad to have this opportunity to
24 share with you some details on our balance sheet,
25 our strengths, and why we would like to maintain

1 our business relationship with the Children's
2 Trust. I would ask --

3 MR. GARCIA: May he share the presentation?

4 MR. TRACY: If you don't mind, can I ask if --
5 I was trying to conserve paper. So, it's 35 pages
6 long, our presentation. I know we only have about
7 five minutes so we're going to hit the highlights
8 here.

9 Javier Garcia is the Treasurer of the bank and
10 I asked him to present and give an overview. He'll
11 be glad to answer any questions you may have
12 afterwards. So, thank you.

13 MR. GARCIA: Thank you, all. I'm not sure if
14 you can but maybe you can share the presentation
15 with them. I think based on the layout here, it
16 might be a lot easier that way.

17 So, short side out, I'm Javier Garcia,
18 Treasurer of City National Bank. And we're coming
19 here today to basically tell you about the
20 strengths of our bank and, you know, clarify any
21 questions that you may have.

22 Just following up on your question a few
23 minutes ago, if you're part of the T.D.B. program,
24 you're part of the -- that T.D. spoke about. In
25 terms of IntraFi, that's a completely separate

1 product. I mean, IntraFi has -- like ICS is on the
2 -- that same -- the deposit sit like TDA or money
3 market. And then you have CDARs as occurring for
4 the CDs.

5 Basically, again, that's another service that
6 we offer. And we'd be, you know, happy to discuss
7 it with you guys.

8 MR. GERSTEIN: Do you offer that service?

9 MR. GARCIA: Yes. Yeah, we offer both. So,
10 but basically, with the CDAR basically just let's
11 take briefly. Explain if you maintain the
12 relationship with the bank that you're working with
13 but what the process will be technically
14 distributed among the network of IntraFi, which is
15 over 3,000 banks at this point.

16 There's nothing -- for that CD. But I think
17 based on the values that you keep with us, we'll be
18 within that limitation. But I will be an attorney.

19 But once again, just to cover here, basically,
20 what you're going to be looking for with an entity
21 that you're working with is strong capital, strong
22 liquidities, strong credit, right?

23 So, I guess, that's what we're coming here to
24 speak about. You're all familiar with City
25 National Bank and the role we have in Florida.

1 What we wanted to highlight, you know, part of
2 Q1, one of the most important accomplishments that
3 we had, whether the banking industry as a whole had
4 some deposit attribution that you probably all
5 heard, you know, on the news. We were able to
6 deliver a growth of \$560 million in Q1.

7 We were as close as possible with improvement
8 for our clients. Our clients have work towards
9 different goals. In terms of liquidity, very, very
10 important. Right after SVB, what we did is
11 mobilize all the collateral we had and the capacity
12 to increase it to as much as we could in the event
13 something were to happen.

14 And we risk or we have about \$12 billion that
15 are ready to be available at any given point in
16 time in case there's some sort of liquidity need.
17 That covers 130 percent. Again, that was Q1 -- 130
18 percent of all and insured the process of the debt.

19 We were able to increase the insured and the
20 collateralized deposits from December to Q1 from 41
21 to 51 percent. So, we're shrinking the uninsured
22 deposit piece, which is something that the market
23 is closely tracking and targeted.

24 In terms of capital, as we'll see in a few
25 minutes, again, we're well over collateralized and

1 even if we were to consider all the reliance on
2 investments, we would still have -- of capital for
3 the department.

4 In terms of investments, you had any questions
5 in -- 97 percent of our investments are backed by
6 the U.S. government. We hold very, very, very
7 little risk from our government portfolios. That
8 is something that is also very important because
9 those securities, we can borrow against those
10 securities at a minimal --

11 Like, for example, the federal bank only
12 applies 3 percent -- securities. As you know, the
13 government set up the bank funding program. That
14 would be have -- but all our -- are eligible for
15 that program. So, in case of need, we could place
16 them there.

17 And then last, we would like to speak about
18 our CRE portfolio. That may be another area of
19 concern. And speak about the strengths of the
20 credit of that portfolio.

21 Just so you know, like in terms of the LTD of
22 our series portfolio, it's only 52 percent, which
23 is extremely low. So, even in event of stress,
24 downturn of the economy, we have ample room and
25 cushion there to weather any possible, you know,

1 crisis let's say.

2 So, once again, I don't know if you have the
3 presentation in front of you. I'm here in slide 6
4 just to speak about capital that shows what
5 capitalized requirements are and what our capital
6 rate stood.

7 As of Q1, you see we have ample capital and
8 growing capital. As Sean mentioned, we're not
9 public and we don't distribute dividends so all the
10 earnings that the bank has will -- that income is
11 really -- the capital that we have.

12 In terms of to touch base on the, you know,
13 what's in the chatter in the industry about what
14 happens with unrealized losses, what happened here,
15 what happened there, we have on slide 7, it's just
16 an example of what the home equity for the last --
17 is and what it will be, even if we were to request
18 a -- all of the investments that the bank currently
19 had run into market and what effect that will have
20 on that --

21 I think you'll see there it would only drop
22 down to .6. And then on the right-hand side, you
23 have what would have happened and what happened
24 actually to -- just to show that there's nothing to
25 do one thing with the other that would end up with

1 or that they had actually negative equity in the
2 event they were to request to buy those securities.

3 They analyze just basically from a Goldman
4 Sachs analysis. They took out and we're not
5 showing the names because we don't want to, Yn be
6 putting any other bank names in here. But
7 basically, they showed a wide range of where banks
8 stand in terms of TC if they were to request a buy.
9 -- investments per value.

10 As you can see here, I mean, we begin toward
11 the stop at like 1017. Towards the bottom, it's
12 like a rock, right around 3 percent. We would
13 extend towards the very side of that analysis.

14 Same thing with the CT or CDP ratio. Even if
15 we were to reclassify all the securities in there,
16 we'd still have right around \$500 million of excess
17 capital.

18 What else? In terms of the process as I
19 mentioned on slide 14, which is very important, on
20 the left-hand side, you have how we performed in
21 Q1. On the right-hand side, you have how the
22 industry performed.

23 As you can see, in the industry as a whole,
24 there was a, you know, I don't know if I would say
25 it modest or mild attribution in the deposits. And

1 you can see how our balance sheet, our deposits
2 fell over Q1.

3 We're very proud of, you know, delivering
4 these results in Q1. And I guess it differentiates
5 clearly, you know, how we're familiar with this
6 versus the industry.

7 In slides 15, 16, it's more of the same. You
8 can we once again, we did it in the name of the
9 local piers but we have Pierre on how we performed
10 in Q1. I analyzed from basis like 20 percent
11 growth in Q1 versus how the industry of all.

12 And what I mentioned at the beginning on slide
13 17, if anyone were having any concerns in terms of
14 liquidity, as I said, we maximized all the
15 available liquidity that equates to 44% to total
16 assets.

17 As I said, we would have right close to a 140
18 percent. But as of there, Q1 is 130 percent of --
19 So, even though, even in the event that all insured
20 deposits were to leave the bank, we'd still have
21 ample liquidity to cover those, you know, that
22 attrition.

23 Investment portfolio for the bank. Mentioned
24 it at the very beginning that 97 percent is already
25 guaranteed. All this -- should be. Also, for the

1 QPD program, et cetera, no concerns there. Very,
2 very, very minimal credit risk that is basically
3 seen here as secured money center bank.

4 What else? In terms of asset quality, on
5 slide 20, you have how we compare to our peer
6 average. That's all public information. You can
7 see their number of loans, past due. And that
8 loans-to-average loans. We performed favorably to
9 the industry on the --

10 MR. ARSENAULT: What's the date on that chart?
11 There's no date on that chart?

12 MR. GARCIA: On 20?

13 MR. ARSENAULT: Uh-huh.

14 MR. GARCIA: That's Q1.

15 MR. ARSENAULT: Q1?

16 MR. GARCIA: Yeah. Like I said, this is all
17 public information. We had a few slides on Florida
18 as well. And thinking about CRE, because, again,
19 we feel very comfortable with a partner. We
20 believe we're in the state to be if you need to
21 weather a crisis or a storm these days.

22 You can see that Florida has the state with
23 that has industry. Boom, it's finally here. So,
24 if you go to the next slide, please. Here, we're
25 just showing how Florida has been performing, you

1 know, since even before COVID, especially after
2 COVID, it's the number one state in the country in
3 terms of population and growth, et cetera.

4 On the next slide, we also have this slide
5 showing here that for the very first time, Florida
6 offers more jobs than New York. And again, this is
7 something that keeps on growing. The growth in the
8 state has been incredible and the state's about,
9 once again, like in terms of -- having -- in south
10 Florida makes it extremely comfortable versus other
11 areas.

12 The next slide just mentioning here how the
13 unemployment rate from First National in Florida
14 and in Miami-Dade County, you can see it's
15 basically it's well the -- employment.

16 So, again, I'm sure you're all familiar with
17 all this. If we want to take a closer or a
18 different tact and see the exposure, this is just,
19 Yn our approach to credit.

20 I'm moving into the next slide. Here, we show
21 the breakdown of our CRE portfolio. I mean, not
22 CRE, the entire portfolio. You can see the CRE
23 that has been, you know, an area of concern in the
24 market.

25 You can see we possess 46 percent of our loan

1 book with a very, very, very conservative LTD of
2 only 52 percent. If we were to take a different
3 back into the CRE, our position, you can see it's
4 well diversified with retail at 3 percent, 27
5 percent -- an office, 16, and all-public 15 percent
6 respectively.

7 In the next slide, we take a closer look at
8 the CRE portfolio. And that's something that we
9 need to highlight here. This has the 52 percent
10 LTD is a very, very strong, that service -- at 1.9,
11 which means that even if we were to stress the
12 whole portfolio -- we'd feel very, very comfortable
13 in terms of where we stand and our credit score
14 here.

15 On the next slide, we have the distribution
16 between retail exposure and geography. You can see
17 here that our portfolio is very well diversified.
18 There's still one -- that service corporation, an
19 LTD of only 57 percent.

20 On the next slide, we have the office, I
21 believe. Yeah, office. Once again, very well
22 diversified in terms of the quality of the
23 collateral type and very well diversified in terms
24 of the geography with only 11 percent of our office
25 exposure outside of the State of Florida.

1 Once again, 1 -- roughly 1.7, that service to
2 give percent LTD. In terms of -- in this slide,
3 once again the strength of Miami-Dade and for it in
4 general. You can see here seven out of the ten
5 office markets in the entire country are in
6 Florida.

7 You have number one, Miami. Palm Beach,
8 Sarasota, et cetera. And that goes to, you've got,
9 you know, San Francisco, Boston, New York,
10 Washington, and all of them. So, this is the right
11 place to be in case you need to -- or if the
12 economy's going to be facing a downturn.

13 In the next slide, we have maturities just to
14 further ease any potential concerns. Like we only
15 have about -- here, you can see the total. 10
16 percent or things like that, a 9 percent. So,
17 that's over the next three years what the maturity
18 profile looks like, what the LTD is of the
19 different maturities.

20 Meaning that even if we were to -- we're still
21 very comfortable with the -- that we have.

22 Next slide here, we were just, again, just for
23 the sake of -- and I don't know if I'm talking too
24 much or taking too much time -- but here's what the
25 projection is based off of our analysis of the

1 different markets here in Miami.

2 You can see here what's expected to happen in
3 the retail space. Here's where we are today. So,
4 here in Miami, the market or this analysis
5 basically projecting very, very, very mild
6 decrease, if anything, here.

7 Kind of a little bit of a hiccup but then it
8 continues further higher. The next line is the
9 apartment space. And a little bit more about
10 correction in here but as you can see, it's, you
11 know, only very mild compared to other areas of the
12 country.

13 The next one that we're showing the office
14 space, more of the same. I guess what we're
15 showing here is that, you know, this market here,
16 if you're thinking about CRE compared to what the
17 performance may or may not be, we're looking at a
18 very, very mild correction in the event the economy
19 goes into a recession.

20 Industrial. In this case, there's nothing
21 even an expiration. The values are expected to
22 continue higher over time. Nothing else to make
23 right here.

24 And the next slide, we just have a breakout --
25 of the different topics that I spoke about. I

1 guess it's if you guys have any questions. I
2 covered this as fast as I could. But I don't know
3 if you have any specific questions for --

4 MR. ARSENAULT: You're dealing with if there's
5 significant geographic -- Right. A lot Miami-Dade;
6 is that right? How do you deal with commercial
7 real estate and insurance storm risks, right, and
8 definitely impacting the value of the
9 collateralized asset or the assets you have?

10 MR. GARCIA: Well, as I said, I mean, if we go
11 back to the one where we're showing the CRH, you
12 can see based on the latest appraisals that we have
13 available, the LTDs are extremely, extremely low.
14 I don't know about how we deal with the insurance.
15 In that case, I guess you would have to get advice
16 from someone more familiarized with those topics.
17 I don't know if Sean --

18 MR. TRACY: Yeah, I mean, I can speak to the
19 insurance issue. I mean, every customer's being
20 impacted by, you know, property casualty, storm.
21 It's a recurring theme where you, you know, the
22 past couple of years, we've seen those amounts
23 double.

24 MR. ARSENAULT: Uh-huh. But, I guess, my
25 question may be better, more correct that is: Were

1 the banking standards on insurance requirements,
2 those assets?

3 MR. TRACY: Well, I mean, it's typically what
4 we are doing is requiring that they insure it to
5 the replacement cost, but what it would take to
6 build that structure again. I mean, there are
7 certainly times where we will make exceptions given
8 the strength of the liquidity that we have.

9 And if we were to do something like that, we
10 would monitor that liquidity very closely. But we
11 are not underwriting in general where we would
12 provide significant exceptions to insurance
13 coverage that would not cover the replacement cost
14 value to rebuild that structure again in the event
15 of a storm.

16 MR. ARSENAULT: And I guess it's back, I
17 guess, with replacement costs, they say, oh, well,
18 certainly, show this.

19 MR. TRACY: Yeah, that's also --

20 MR. GARCIA: This is so much higher but, I
21 guess, you mentioned before that that service about
22 1.8 times, I guess, gives us a lot of, you know,
23 comfort. Like we believe, like for the most part,
24 I would not have had any issues in terms of
25 revisiting that insurance and having issues with

1 the cash flow, et cetera, if it's still meeting our
2 guidelines, et cetera.

3 But again, if you want something specific in
4 terms of numbers, we can --

5 MR. ARSENAULT: No. Just to understand. Just
6 I think it's helpful to understand, right? I know
7 there's always a desire with local bank, we want
8 local. But then that just creates a geographic
9 risk, right, a diversity risk as well for the trust
10 and trust assets. So, just I think it's important
11 for the committee to understand the tradeoffs in
12 that and understanding that. I mean, because if
13 you have a very geographically --

14 MR. TRACY: Yeah.

15 MR. HOFFMAN: -- concentrated, -- yeah, we
16 believe it's --

17 MR. GARCIA: But I understand the situation.
18 I guess, what we do is underwrite with a very --
19 like again, it's not just at the level -- We
20 stretched all the metrics. And even though in
21 terms of -- coming a lot higher as well know, based
22 on the debt service overs that we require -- we
23 don't have that issue with us.

24 MR. TRACY: To drill down on that point a
25 little bit more, typically, when we are

1 underwriting a commercial rate and save loan, we
2 stress that projected future rate increases. And,
3 you know, historically we've done about, you know,
4 a 2 and a half to 3 percent.

5 So, of course, you've seen rates increase, you
6 know, much more significantly than that. But we
7 require our customers to, you know, lock into those
8 rates, lock into rates either via swap or balance
9 sheet loan at the time of closing. And then, you
10 know, we stress that rate nonetheless for potential
11 refinance risks in the future.

12 And so, that speaks to, I think the loan to
13 value aspect of it when it is, when it does come
14 time to refinance that, you know, given, you know,
15 given increases in, you know, insurance and/or
16 interest rates, there'll be the ability to sort of
17 that loan value. Thank you.

18 MR. KIRTLAND: I think just another contextual
19 item to add is as to why we have City National and
20 T.D. Bank here and the reason why this conversation
21 comes up usually this time of year is that we
22 traditionally lock away funds with City National
23 Bank equivalent to or approximately equivalent to
24 the amount that we like to store for the fund
25 balance.

1 So, essentially if City National has offered
2 us rates for a term of 12 months that are very
3 advantageous, there is some un-foreseeability about
4 what the market will do with rates in the next
5 year. But we also wanted to have them in here
6 today and for the committee to feel secure and the
7 potential decision to go ahead and secure those
8 funds for that duration.

9 MR. GARCIA: I didn't bring any market slides
10 but as mentioned earlier, it's looking like, you
11 know, the Fed is going to skip -- in June but
12 there's still a high chance that they may hike
13 again in July. That -- will be the peak of this
14 cycle.

15 How rapidly they're going to be raised,
16 there's a big disparity between the market and what
17 the Fed issues generally. As of today, I really
18 don't expect any rate cuts this year, even though
19 the markets, I think it's just kind of one or two
20 towards the very end of the year.

21 But again, that's very fluid and but, again, a
22 downturn is very, very likely to be to be coming.
23 And I guess, in terms of what form of duration and
24 our primary focus is the decision --

25 MR. ARSENAULT: Do we know -- I'm sorry to put

1 you on the spot. I guess, I understand, right the
2 philosophy makes a lot of sense. I guess, the
3 penalty rate on that, though, right, because it's a
4 12-months CD. So, should we need to tap into that
5 money, I guess, what's the penalty on that, right?
6 Because that's --

7 MR. KIRTLAND: We'd also like to maybe
8 mitigate the risk of that a little bit by layering
9 -- so they'll all be maturing together on the same
10 day. So, -- would be not to break or be penalized
11 on the entire, you know, fund balance equivalent
12 but maybe just only the portions of those, like
13 layered CDs that we have.

14 MR. HOFFMAN: Okay. So, it's different than
15 what you guys did last year. Last year, it was all
16 maturing on the same date.

17 MR. TRACY: It would be maturing on the same
18 date but they would be separate CDs. So, if you
19 only needed to tap into maybe a fund balance or an
20 emergency fund to the equivalent of 5 million, you
21 don't have to break \$30 million' worth of CDs. You
22 only have to break a \$5 million CD. But the
23 penalty rate, I'm not necessarily --

24 MR. TRACY: Yeah, the penalty rate would just
25 basically be calculated by the difference between

1 whatever we locked in the CD and if rates decrease.

2 MR. ARSENAULT: Okay.

3 MR. TRACY: You know, the time value of that -

4 -

5 MR. GERSTEIN: Okay.

6 MR. TRACY: -- based on how many days to
7 maturity. And then if rates increase, there would
8 be no penalty.

9 MR. ARSENAULT: No penalty.

10 MR. TRACY: We would just waive it.

11 MR. ARSENAULT: Okay. Got it. Why do you
12 want the maturity all on the same date versus
13 staggered?

14 MR. KIRTLAND: Well, I suppose because we
15 wanted to get them invested immediately now. I
16 mean, they've been, if we stagger them now, I guess
17 we would be holding them in an operating account
18 with maybe a less-advantageous rate until we
19 reached the date where we wanted them staggered.
20 So, that maybe something up for discussion as well.

21 MR. GERSTEIN: I mean, most institutions, even
22 in a money market is operating 5/20 time. Five and
23 a half now, you could get it at almost any place.
24 So, why we wouldn't we stagger it so we wouldn't
25 have a penalty if you had to break one? Because

1 some would be earlier; some would be later.

2 MR. KIRTLAND: Uh-huh.

3 MR. GERSTEIN: Why wouldn't we do that?

4 MR. KIRTLAND: I think the idea would be
5 there's a collateralization issue there maybe if
6 they're not --

7 MS. RAMKALAWAN: --

8 MR. GARCIA: I mean, I guess there's a lot --
9 to your point right now, on the short end is where
10 you get the most advantageous because of the
11 inversion of the curve. But by locking in some
12 percentage of those funds in CDs, you also secure a
13 very, very attractive deal over the median longer
14 term.

15 So, I guess it matters what you guys are
16 intent to do. But if you're saying you need the
17 original term, you're going to get -- by this.

18 MR. TRACY: You do not anticipate -- to be
19 here, right?

20 MR. ARSENAULT: Exactly.

21 MR. RAYES: Is a money market CD available for
22 these types of investments?

23 MR. KIRTLAND: And the rate is very good like
24 as was stated right now with the conditions. But
25 maybe one of the possible advantages would be if

1 the rates were to downturn at any point maybe in
2 the next six months to a year, we have the security
3 of having a high rate locked away in a CD versus
4 the money market, which I think is subject to the
5 volatility of the market.

6 MR. TRACY: Of course, yeah. Yes, so many
7 markets, if you bring in new money, they will --
8 for a period of time, almost like a quasi-CD and
9 give you a certain amount of movements per month.
10 I mean, it's not the same thing as having an
11 operating account. But these are QPD.

12 MR. ARSENAULT: Yeah, for QPD.

13 MR. HOFFMAN: -- are not, right?

14 MR. SALVER: Well, he's saying that there are.
15 They have --

16 MR. TRACY: Yes. No.

17 MR. SALVER: No?

18 MR. HOFFMAN: But my understand is it's an
19 allowable asset that the fund can invest in. --

20 MR. SALVER: So, that would be the answer to
21 the question.

22 MR. HOFFMAN: Right.

23 MR. SALVER: We want to maintain the insurance
24 as opposed to trying to get that short-term
25 interest rate then being staggered.

1 MR. GERSTEIN: Yeah, to follow up on what he
2 said, I didn't under -- is it a qualified public
3 depository for these funds?

4 MR. GARCIA: Yes, we are. You collateralize
5 this, has 30 million in CDs. City National Bank
6 has to collateralize them. All public funds, yeah,
7 as part of the product, we need to. That is not an
8 option -- And besides the QPD, if there were to be
9 any concerns in terms of how that program works,
10 you know -- would be another option, I guess, you
11 could say. But --

12 MR. HAJ: Bill, for the sake of the Board, can
13 you just tell us what's the percentage of moneys in
14 CDs?

15 MR. KIRTLAND: A little over 13 percent.

16 MR. HAJ: Is it --

17 MR. KIRTLAND: That is what we're holding with
18 City National.

19 MR. HAJ: Of the remainder --

20 MR. KIRTLAND: Right. Of the revenue that we
21 would bring in annually. It's a little harder to
22 hit that number or give a percentage with T.D.
23 Bank, right, because that balance is constantly
24 going down throughout the year.

25 MR. GARCIA: All right. Are there any follow-

1 up questions, you know, feel free to reach out.

2 MR. ARSENAULT: Thank you.

3 MR. HAJ: Thank you.

4 MR. GERSTEIN: Thank you.

5 MR. HOFFMAN: Thank you.

6 MR. TRACY: Thank you, all.

7 MR. ARSENAULT: Any other comments?

8 PRELIMINARY BUDGET FOR FY 2023-24

9 MR. ARSENAULT: Okay, great. Next item, we're
10 going to move to the preliminary budget for fiscal
11 year 2023-24. Today -- is going to do a
12 presentation. I provided it on the revised -- I'd
13 roll back -- projections and the five-year fund
14 balance forecast. So, I'll hand it over to Jim.

15 MR. HAJ: Chair, thank you. So, it's that
16 time of year. We have the June preliminary
17 property appraisal numbers. We have a quick
18 presentation that we will show again on Thursday.
19 We sent to all the board members the TRIM
20 schedules.

21 We apologize for getting it out on Thursday,
22 but June 1st was Thursday so we got the numbers in
23 the morning. We turned them around quickly and by
24 the afternoon, we got it to the board.

25 So, you-all have in your packets, you have

1 two. One will be the -- the rollback rate, as well
2 as the -- And today there does not necessarily need
3 to be a decision. It's more of a discussion. As
4 we will share with the full board and at the July
5 board meeting will the vote will be taking place.

6 So, just to put some of the budget highlights.
7 The core strategies page is different. They are
8 not 9 and 12. I think my brain was a little off.
9 But just again, it just correlates to the core
10 strategies for the half a mill and the --

11 MR. KIRTLAND: It actually updated it because
12 I think the schedule had been looped into the
13 agenda. So, I they're in the agenda and in the
14 packet --

15 MR. HAJ: Okay.

16 MR. KIRTLAND: -- as 9 and 12 and the
17 clarifying pages.

18 MR. HAJ: Okay. So, compared to the final,
19 the last major funding cycle going to this new
20 funding cycle, we've increased services 30.4
21 million, which is 151.9 million on a five-year
22 cycle. And it is broken down to the strategic
23 initiatives through the board retreats and the
24 board's guidance of the breakdown is 6.95 to early
25 literacy, 570,000 for early childcare, the 19

1 million that was the youth development that was
2 just approved, 2.8 for health and wellness, and \$1
3 million for program professional development, as
4 well as a lot that we're doing for infrastructure
5 support.

6 The TRIM revenues and millage on the second
7 page so the property page came out at 426 billion.
8 200 million is the roll. A millage rate of the
9 half mil would result in the following financial
10 position. TRIM revenue 202 million and it will
11 yield ad valorem revenues that will sustain our
12 best practices to keep us open to fund balance
13 line.

14 The millage rate, the rollback rate of .4457
15 will result in TRIM revenues of 180 million and
16 will yield ad valorem revenues at six below our
17 fund balance line.

18 And we're pleased again for the last six or
19 seven years that every year, we continue to drive
20 down our administrative cost for a lot that we're
21 doing that you're going to see later on with our IP
22 strategies.

23 We are now at 5.94. Back in the day in 2016,
24 we were hovering around 10. So, we brought this
25 down under 6 percent for our administrative

1 expenses.

2 And then you have the two TRIM schedules and
3 I'm not going to go through these in detail. But
4 there is a TRIM schedule of about three pages,
5 which is the first page and this will, when it is
6 approved, whenever it forms in July, this will get
7 published in the Herald and all different and
8 throughout the different media outlets.

9 The second page is the fund balance, which
10 we'll talk about soon. And the third page is just
11 the core strategies where you can analyze for each
12 of those initiatives, the difference in spending
13 from last year to this year. And with that, I'll
14 turn it over to Bill.

15 MR. KIRTLAND: Right. These are our required
16 reporting schedules. Maybe they can be a bit
17 difficult to analyze. And in consideration of what
18 the long-term forecast is so I'd like to just jump
19 right into looking at these schedules as they would
20 be reflected in a 5-year scenario and the graph
21 that we presented last meeting.

22 However, things have shifted around a little
23 bit. As you heard about the revenue projection and
24 the overall total property value of Miami-Dade
25 County.

1 So, we started getting some information coming
2 in from various other counties maybe in the days
3 leading up to even June 1st about what their market
4 increase or the total value increase was the prior
5 year. So, we started to see this number coming.
6 And whereas we discussed this outlook in last
7 meeting only with a conservative growth of about 5
8 percent, the first assessment here now is expecting
9 a 12. -- well, it's over 12 percent growth. 12.18
10 percent growth from last year.

11 In the prior year, we had 11.73 percent. So,
12 we are seeing some consistency and high growth in
13 the past two years greater than last year. And now
14 I'm going to explain a little bit about this is
15 just again to provide you with a perspective of how
16 we finished the last five-year cycle.

17 It had a mixture of implementing some tax-
18 increase years and three rollback rate years. We
19 started out nearly at \$70 million. But again, for
20 your perspective of where the budget was to start
21 the prior cycle, we had \$70 million in fund balance
22 when we finished a total operating budget year of
23 about \$138.8 million.

24 So, now in the two scenarios that are
25 presented in the schedules before that have millage

1 rate and the rollback rate, you can see that
2 there's a wide gap in the effect next year where we
3 would finish with the half roll -- with the half
4 millage rate at \$54.1 million versus the \$31.7
5 million that the rollback rate would finish us at.
6 But, again, this is in perspective of the
7 consideration of adopting a budget in total of \$220
8 million.

9 So, the half millage rate does finish us a
10 little bit above our target fund balance compared
11 to the rollback rate, which is a little bit below.
12 And then this would maybe be the discussion if
13 there's a rate to adopt in between.

14 So, can I go to the next schedule -- next
15 chart? Thank you. There's one thing I tried to
16 generate in this 5-year scenario that could be a
17 little bit more difficult to follow than maybe
18 prior graphs that have been presented.

19 So, usually we like to present more than one
20 rate as multiple scenarios next year, and then in
21 every year following that, we're presenting the
22 same type of strategy. But in this effect or in
23 this scenario, if we were to adopt the rollback
24 rate, which is the orange line that dips below our
25 target fund balance and would be projected to

1 finish at \$31.7 million, if we were to adopt a
2 rollback rate again in the subsequent year and then
3 the remaining years of the cycle, then that would
4 effectively leave our fund balance in a deficit
5 balance below zero at some point.

6 So, we had to shift the strategy a little bit
7 to offer our committee members some insight into
8 what maybe could be considered in the coming years.
9 So, both rates. We've built a projection where
10 there's four rollback rates from 2526 through 2829,
11 which would be the first year of the next funding
12 cycle.

13 And essentially, we're giving a two-year
14 perspective right now. At half-millage rate would
15 be a tax increase and would increase our fund
16 balance, but would have an \$8.36 average effect on
17 the taxpayer.

18 And then we would essentially be able to
19 sustain and adopt rollback rate subsequently from
20 24-25, again to the end of the funding cycle.
21 Adopting a rollback rate next year would take us
22 below our target fund balance, and then we would
23 subsequently, in 24-25, have to consider tax
24 increase rate.

25 In this scenario, we didn't even propose a

1 millage rate, the full half-millage rate that we
2 can adopt. We just used a millage rate of 4790.
3 That would take us back to our equivalent fund
4 balance threshold where we feel comfortable
5 operating at.

6 But actually, even though it's a rate less
7 than the half-millage rate and to me, the minimum
8 rate that we should apply next year, it still has
9 stronger tax effects next year applying that rate
10 than applying the half-millage rate this year.

11 So, essentially, I'm going to start to let the
12 discussion take over but this is maybe a discussion
13 of where should the fund balance land next year,
14 overall taxpayer effect, but maybe what, I guess,
15 flexibilities or opportunities does it provide to
16 the Trust if we do continue to operate with a fund
17 balance at a level of about \$54 million and maybe
18 even climbing considering the rollback rate in the
19 subsequent years.

20 But in both scenarios, we are attempting to
21 propose adopting rollback rates and an equivalent
22 amount an equivalent amount of rollback rates and
23 an equivalent amount of tax-increase years.

24 MR. HAJ: Thank you, Bill. And this is
25 important to discuss. So, I do think with the

1 rollback rate, financially, we can keep the fund.
2 We can play around with it and keep the fund
3 balance where it needs to be. So, I think the
4 larger discussion of the board is where July, we're
5 starting our healthcare subcommittee to assess how
6 we can do childcare health throughout Miami-Dade
7 and other investment areas.

8 And that's, you know, you need some funds to
9 support the programming aspect over the next five
10 years. So, do we keep us where we're at or --
11 investment into this community for the next five
12 years and now we need to support it. But does the
13 board want additional investments and that needs to
14 be a discussion to the whole board maybe.

15 MS. KOBRINSKI: --

16 MR. SALVER: -- my wife and I'm eating the
17 last ice cream cone.

18 MR. ARSENAULT: I think from my perspective,
19 it looks like sort of the issue we're grappling
20 with, this spread is much more significant than --
21 and from staying in the half-mill to the rollback
22 rate because of that jump.

23 MR. KIRTLAND: Yeah.

24 MR. KOBRINSKI: So, that's what, you know, in
25 my thought process in this is, you know, I guess

1 the first question as a committee which I move to
2 is that dotted line should essentially should be or
3 -- moving forward. Right. We don't want to have
4 the trust in a position where our fund balance
5 falls below that amount. Right. And I think
6 that's our prudent management of the assets and
7 oversight of the assets of the Trust.

8 So, if we believe that to be the case, I
9 believe that's my position on it, then not
10 recommend the rollback rate because and it's
11 projecting that would put us below. Then the
12 question is: Well, does that mean that it's half-
13 mill or something else, I think is really the
14 discussion. That's my position sort of on the
15 discussion among the committee.

16 MR. HOFFMAN: Let me ask a quick question and
17 just on the projection. So, it said the growth
18 rate for the past year, I think you said 11 and 12.
19 And I've asked you this before. When you build
20 these, what roll rate do you project?

21 MR. KIRTLAND: We were more conservative in
22 the initial rate that you saw last month. We
23 discussed with the county's budgeting offices,
24 which are a separate, you know, entity from the
25 Property Appraiser Office of the county. And they

1 were ranging or using the same conservative rates.

2 In previous years, we have been a lot closer
3 using their model and around 5, 6 percent and that
4 actually occurring. Because only in 2020 or so --
5 okay. In our previous cycle in 1920, 2021, and
6 2122, those rates were 6.3 percent, 5.04 percent,
7 and 4.13 percent. So, those --

8 MR. HAJ: The actual --

9 MR. KIRTLAND: -- were the actual increases
10 year-to-year. And so, that 5 percent forecasting
11 model that we've used for years was actually very
12 accurate. So, it's been the last two years that
13 have been a bit of an anomaly being at 11 and 12
14 percent.

15 So, the question would be: Does this continue
16 or do we return back to a more, I guess, what we
17 saw historically these 5 percent growth rates or
18 maybe no growth.

19 MR. REYES: What --

20 MR. KIRTLAND: In the future years, we're
21 being conservative and returning back to a 5-year
22 expectation. So, I guess another 5 percent would
23 be the expectation. So, --

24 MR. REYES: So, it's not depending on that
25 wild growth.

1 MR. KIRTLAND: It's not continuing to depend
2 on 10 percent plus growth.

3 UNIDENTIFIED MALE: And 5 percent you said,
4 what was 5 five percent, the years before that you
5 said were in the 6s growth.

6 MR. KIRTLAND: Right. We had 6.3 percent in
7 1920, 5 percent in 2021, and then 4.13. So, we
8 actually started decreasing in those years before
9 this rapid increase.

10 MR. REYES: Okay. Sorry. I just wanted to
11 understand it.

12 MR. SALVER: First of all, Bill, what are you
13 recommending we do?

14 MR. KIRTLAND: I am essentially when I was
15 putting this together, I was very encouraged to see
16 the fact that we could consider adopting or
17 proposing this same amount of rollback rates and
18 two scenarios.

19 Now if there's a rate to consider below the
20 half-millage rate next year and where we target
21 it's landing exactly at where we want our fund
22 balance next year, my only recommendation to the
23 committee would be that's at the risk of having to
24 potentially announce future tax increase increments
25 if we were to discover future investment

1 opportunities, as Jim was alluding to will be
2 likely on the forefront.

3 If we learned anything from the past five
4 years, it's that every time you think that there's
5 maybe we're in a stable budget where because we're
6 coming out of these RPs and we've set our
7 investments, there's always things year-to-year
8 that we find opportunities to invest in.

9 So, if you're operating at a millage rate that
10 right at the break even in the fund balance that we
11 want and then a \$5 million opportunity comes in,
12 that means that, even though we don't need to have
13 millage rate next year and we just need maybe an
14 incremental rate increase, we have to announce a
15 tax increase every year that we need the additional
16 funds to invest in the opportunity.

17 So, in our half-millage model next year is it
18 gives us a ceiling to potentially invest in new
19 opportunities in the next two, at least the next
20 two or three years without having to consider
21 adopting a rollback rate.

22 If we were to adopt the half-millage rate like
23 it's been proposed, it's that we will have to
24 announce a tax increase next year to sustain
25 spending. We do not have enough revenue right now

1 to sustain the amount of expenditure commitments
2 we've made in the new RP cycle.

3 So, like I said, any rate in between, I think
4 would be at the risk of maybe from the taxpayer
5 effect and the maybe the public perception of how
6 we're spending money at the Trust is we may operate
7 with our fund balance closer to the target balance
8 next year if we were to adopt a rate in between,
9 but we will have to announce more tax increases in
10 future years if we identify additional investments.

11 Whereas in our half-millage model here, I
12 think that we could identify those investment
13 opportunities for multiple years and continue to
14 announce a zero taxpayer effect to the taxpayers in
15 multiple years throughout the cycle.

16 I mean, there's a lot of discussions I know
17 that are pending about how we continue to support
18 provider contracts throughout the cycle, and many
19 of those kinds of discussions can affect this model
20 in the future expenditures. Isaac, I hope that --
21 that's a lot of words.

22 MR. SALVER: There's a lot of words. There's
23 a lot of words. You did not answer the question.
24 But anyhow, let me just see if I understand this
25 fairly simple chart. The orange line is the

1 rollback rate?

2 MR. KIRTLAND: Right.

3 MR. SALVER: Straight up, this is the rollback
4 rate. And if we go to the rollback rate, we
5 confine our fund balance. The lowest we can find
6 our fund balance, as things exist today, is \$32
7 million?

8 MR. KIRTLAND: Yes.

9 MR. SALVER: And then it will only go up from
10 there based on what I'm looking at here.

11 MR. KIRTLAND: It will increase if we
12 knowingly now that we have to apply a millage rate
13 next year that --

14 MR. SALVER: That something other --

15 MR. KIRTLAND: -- is a tax increase.

16 MR. SALVER: -- something other than --

17 MR. KIRTLAND: And it has the state taxpayer
18 affect or greater than applying the half-millage
19 this year.

20 MR. SALVER: Right. So, because, I, you know,
21 I tend to look at the dotted line, which is what
22 the board has recommended as our reserve basically,
23 right?

24 MR. KIRTLAND: Yes.

25 MR. SALVER: And, you know, personally, you

1 know, I think we should stick with what keeps us
2 closest to that. Because if not, if we do go with
3 the half mill, you know, we are almost back in the
4 same position we were, you know, in having 60
5 million bucks in the bank and, you know, that's
6 really not the position, you know, I want to put
7 the Trust in.

8 So, I mean, you know, I know that, you know,
9 proper planning would dictate that we look at a
10 five-year scope. But I for some reason, I mean, I
11 don't know if it's old school or just, you know, my
12 school that you know, I'd like to look at this
13 situation one year at a time.

14 And, you know, that's why it was important to
15 me to hear from you well, for this coming year, you
16 know, what I would suggest, you know, as, you know,
17 I'm not going to suggest the whole five, but I'm
18 not going to suggest the rollback rate. I'm going
19 to suggest maybe something a little bit above the
20 rollback rate.

21 I mean, I don't mind, you know, announcing a
22 tax increase, you know, if it's, you know,
23 practical, it's not, you know, extreme. And it
24 will still, you know, let the fund balance be at a
25 level where we're comfortable with low enough where

1 we're comfortable with it.

2 Because again, we're not in the business of,
3 you know, saving money and accumulating cash. You
4 know, we need to push, you know, cash on the
5 streets. And having, you know, from the lowest
6 point is having 32 million bucks in the bank, we're
7 not broke. And we can probably do anything with
8 \$32 million.

9 And, you know, with the anticipation of
10 getting more and refurbishing and resupplying that
11 at some point in the not-too-distant future. So,
12 you know, so you're telling us that, you know,
13 let's say 4.7 is appropriate for this year, which
14 you were talking about our in-between number?

15 MR. KIRTLAND: Yeah.

16 MR. SALVER: I would be in support of that.

17 MR. KIRTLAND: Just to reiterate, would it
18 still resolve the tax increase?

19 MR. SALVER: It'll be -- yes. It will
20 absolutely be a tax increase.

21 MR. KIRTLAND: Yes.

22 MR. SALVER: But, you know, it's not -- it
23 doesn't potentially put us in a position where we
24 have \$63 million in the bank a year and a half from
25 now.

1 MR. ARSENAULT: I'd like to ask a question.
2 I'm Imran. You want to go first? Go ahead.

3 MR. GERSTEIN: You said it will cost a tax.
4 They say the \$8 if the rollback goes in.

5 MR. KIRTLAND: Right.

6 MR. GERSTEIN: If we do it your way, what does
7 it actually cost?

8 MR. KIRTLAND: So, knowing the entire taxpayer
9 effect of --

10 MR. GERSTEIN: Well, yeah, I mean you said --

11 MR. KIRTLAND: Right.

12 MR. GERSTEIN: -- it would cost the \$8.

13 MR. KIRTLAND: Well, that's just the
14 incremental change from the prior year. I mean, of
15 course, to each taxpayer, it means something
16 differently.

17 But on average, right, the -- it would --
18 adopting a rollback rate or adopting a half-millage
19 rate over the rollback rate, the half millage
20 affects the average taxpayer by the \$8.36
21 increment. But next year, if you were to adopt a
22 rollback rate and then the required millage rate to
23 sustain our fund balance, even though it's less
24 than half millage, it would have an \$8.82 effect
25 from the prior rollback rate.

1 So, essentially, we're looking at, even though
2 they have two very different effects on the one-
3 year projection of the fund balance, they have a
4 nearly not identical but they have a very similar -
5 -

6 MR. GERSTEIN: I guess, what I'm asking you is
7 how much more money does an average taxpayer pay if
8 instead of doing the rollback, you do the 5, the
9 half mill?

10 MR. KIRTLAND: Well, I think it's set at just
11 above \$70-some for the average taxpayer if we were
12 to adopt that.

13 MR. ARSENAULT: Can you come up there to the
14 ledge?

15 MR. KIRTLAND: Oh, right.

16 MR. ARSENAULT: 75.5?

17 MR. KIRTLAND: Right. 75 -- right \$75.56 on
18 average. Of course, this has been a number that's
19 been under scrutiny in the past because again,
20 there's just such a wide discrepancy on the high-
21 end, low-end range of the property in the taxpayer
22 effect. This is just trying to draw it, I guess,
23 into one number so we can look at it analytically.

24 MR. HINCAPIE: So, to follow up what he said,
25 is there an issue picking another rate that's in

1 between the green line and the red line?

2 MR. KIRTLAND: I would say that the only issue
3 would be using a rate that takes us exactly to the
4 fund balance target next year means that in any
5 subsequent year after that, we will have to
6 announce a tax increase if we identify a new
7 expenditure.

8 If we identify new expenditures after adopting
9 half-millage rate, we can continue to use our
10 existing fund balance and then continue to do adopt
11 a rollback rate millages without --

12 MR. HINCAPIE: -- the rates, I'm just trying
13 to understand, and then the property values went up
14 another 10 percent, would you get more money in --

15 MR. KIRTLAND: We would still obtain those off
16 the rollback rates in those years so --

17 MR. HINCAPIE: Okay.

18 MR. KIRTLAND: So, it's independent of the
19 growth of the property values.

20 MR. HINCAPIE: I got you.

21 MR. KIRTLAND: We're just bringing the
22 equivalent left. That's why the taxpayer effect in
23 year 24-25 is still greater than or almost equal to
24 the half-millage rate adoption this year is because
25 the expectation is --

1 MR. HINCAPIE: So, you think it's best to get
2 it over with now and then --

3 MR. KIRTLAND: I would -- that's what the
4 projection is saying, right, is that even though
5 it's a higher rate and our fund balance climbs, you
6 know, we did not necessarily want it to climb or
7 get further away from our goal, it has a lesser
8 taxpayer effect than it would be if we rolled back
9 this year and millage applied it next year.

10 And I think that we can continue to consider
11 rollback rates in subsequent future years in this
12 cycle without having any taxpayer effect.

13 MR. ARSENAULT: But that shouldn't have
14 impact. The rollback rate is just matching the
15 same revenue as the previous year. So, right, if
16 I'm understanding the top chart, all the charts
17 with rollback rates, the property values could go
18 up 20 percent.

19 MR. KIRTLAND: Exactly.

20 MR. ARSENAULT: It wouldn't matter. That
21 chart wouldn't change.

22 MR. GERSTEIN: Got it.

23 MR. ARSENAULT: Right?

24 MR. KIRTLAND: Right. Exactly.

25 MR. GERSTEIN: What happens to the mission

1 that we have if we adopt a rollback? Everything
2 that we want to do.

3 MR. KIRTLAND: Everything currently that we
4 want to do would have the effect of our fund
5 balance dropping to \$30.7 million next year. We
6 don't have to adjust or cut programs in the one-
7 year term.

8 But if there was, for some reason, the
9 consideration of any rollback rate again two years
10 from now, then we'd have to consider what we're
11 doing with our provider initiatives or else the
12 fund balance would just continue to --

13 MR. SALVER: So, programs --

14 MR. KIRTLAND: -- plummet. Uh-huh.

15 MR. SALVER: -- could potentially --

16 MR. KIRTLAND: Uh-huh. Right.

17 MR. HOFFMAN: -- have to be cut.

18 MR. KIRTLAND: As the schedules would show,
19 right, in the trend proposal is that our revenues
20 or expenses are in excess of -- right -- our
21 proposed budget but being \$222.8 million. A
22 rollback rate only brings in the equivalent of
23 about -- tax revenues of about \$108.4 million.

24 So, at some point, we'd need it to bring in a
25 millage rate or adopt a millage rate that brings in

1 our annual revenue somewhere to the equivalent of
2 the \$222 million of budgeted expenditures.

3 MR. ARSENAULT: There's an argument to be made
4 that that tax revenue balance is a proxy for
5 explaining the growth of our community and the
6 potential need for services for that community,
7 right? I mean, every chart we look at is just
8 growth, growth, growth.

9 So, to assume that we know, yes, this is all
10 the Trust is going to have to do is that dotted
11 line over the next five years. Right? I mean
12 that's the argument. We'd have to say, hey, we
13 have this half mill, you know, use it, and provide
14 services.

15 MR. SALVER: You know, it's -- look. How, you
16 know, how much are you and us willing to, you know,
17 change or how much of a delta do we want to put on
18 our current programs, you know, to, you know,
19 moving forward?

20 Because we have two choices. You know,
21 there's nothing, literally nothing from a
22 governmental perspective that says, well, you can -
23 - that we have to have a \$30 million or a \$32
24 million reserve or \$35 million reserve. I mean,
25 there could be several months or a half a year

1 where we have \$10 million.

2 So, in other words, that delta could come from
3 reserves, even though it brings us below best
4 practices. You know, or that delta can come from
5 new taxes and, you know, growth from, you know,
6 taking it from the community, you know, rather than
7 taking it from within. You know, and I'm, you
8 know, I'm of the feeling maybe we can do a little
9 bit of both.

10 You know, I don't mind growing. And, you
11 know, and just because you know, the real estate
12 values, you know, increase, doesn't mean the
13 population increased, although it did, I'm sure.
14 And it doesn't necessarily mean that our needs
15 change that much.

16 Really, you know, if you drill it down, it
17 really only means that, you know, the -- that
18 exists in Miami-Dade County is more expensive than
19 it was the prior year. And it's being reflected on
20 the tax roll.

21 So, you know, I don't mind growth. You know,
22 I think we're doing a great job. But let's, you
23 know, I don't agree with just saying, okay, let's
24 put the pedal to the metal, you know, see how much
25 money we get, and then we'll think about how to

1 spend it. You know, there isn't a medical program
2 that we would need to make investments in. You
3 know, unless budgeting. And let's, you know,
4 budget it, and come up with a millage rate that
5 supports it and move forward.

6 You know, I just, you know, I'm not that
7 comfortable with saying, okay, hey, look, the new
8 millage rate might yield us \$202 million that we
9 can have and then figure out how to spend it.

10 I'd rather really have a plan on, you know,
11 what, you know, 2020, 2021 -- what is this, 2024,
12 2025 that we're talking about or 2023?

13 MR. HAJ: 2023 and '24.

14 MR. SALVER: 2023 and 2024. Hey, let's, you
15 know, what is that fiscal year going to look like
16 and what we need to fund the operations there. You
17 know, and personally, I don't mind dropping this
18 \$32 million to \$15 million. Because it's still a
19 ton of money that we're just sitting on.

20 MR. KIRTLAND: Well and investing. Right.

21 MR. SALVER: You know, I'm not saying -- we're
22 not an investment company.

23 MR. KIRTLAND: Yeah.

24 MR. SALVER: We're here to, you know, to
25 safeguard, educate, you know, and improve the lives

1 of our children in Dade County.

2 MR. HINCAPIE: Isaac, that's in a way, we're
3 investing in our children. So, I would say that we
4 are in the -- it's a different type of investment
5 and I would disagree and I would tell you that
6 there are many, many needs.

7 And yes, you know, for some people it's been
8 good but there are many who have a lot of needs
9 that -- and I foresee really tough times ahead for
10 a lot of our people in our community, especially
11 the disenfranchised. And just --

12 MR. SALVER: I'm hearing what you're --

13 MR. HINCAPIE: So, what I'm suggesting is that
14 we do not do the, you know, the targeted fund
15 balance and that, I don't know if, you know, the
16 recommendation is -- and I'm assuming the
17 recommendation is to stay on the green line as
18 opposed to the red, which is the, you know, whole
19 millage. Is that what you're saying?

20 MR. SALVER: You're contradicting yourself,
21 counsel, because I'm not saying anything different
22 than you are. I'm just saying where the money is
23 coming from.

24 MR. HINCAPIE: Correct.

25 MR. SALVER: Like so, holding a fund balance

1 for the Children's Trust is counterintuitive to
2 what you're saying. You know, we should spend
3 every single penny we get on programs period. And
4 we're not in this to --

5 MR. HINCAPIE: --

6 MR. SALVER: -- we're --

7 MR. HAJ: Let's let Isaac go ahead. Go ahead,
8 Isaac. And then.

9 MR. SALVER: Yeah, you know, I mean, I just
10 wanted to make that point. You don't -- we're
11 saying exactly the same thing.

12 MR. HINCAPIE: I'm just saying that it
13 shouldn't come from reserves. That's what I'm
14 saying. It's where is it coming from?

15 (Talking over each other)

16 MR. HAJ: It's slightly different than Nelson
17 did. I think if it's the particular reserve is
18 best practices. I think that exists for us to
19 ensure and to protect continuity of programs that
20 could be in place, needs that the organization may
21 have. I wouldn't be -- I don't think I would go
22 for lowering it, you know, if it's \$10 million. If
23 there's a need and then we're going to come close
24 and to come on the fund balance because, I mean, if
25 that's best practices is set up, I think it

1 probably makes sense to try to follow what that is.
2 If that's been determined to be the responsible
3 portion in these types of entities, to keep that
4 fund balance to ensure that you have the operating
5 capital.

6 I think it makes sense to stick at it. I
7 mean, we've worked really hard to preserve -- we
8 worked hard to lower it when it was ridiculously
9 excessive. We've always strove to maintain a
10 balance.

11 So, that part of it I don't agree with. And I
12 do think that the large disparity does create -- it
13 would make it a little bit more difficult as he
14 said.

15 MR. GERSTEIN: Two things. One, to address
16 your point. It was interesting. City National had
17 a bunch of charts. One of their charts was that
18 Florida's the number, the fastest-growing state
19 right now in 1,217 people a day, which translates
20 to 445,000 a year. And clearly, Dade's going to
21 get a whole lot of those.

22 So, yeah, we have a lot of new population
23 coming in and they're going to need a lot of help.

24 But number two, going back to my days at the
25 board from 2004 to 2010, we had virtually no fund

1 balance when the disaster hit in 2009 and 2010.

2 And all the programs that we put online, everybody
3 got horrible cuts.

4 Some of them closed down because they couldn't
5 take it. They were only a year or two into their
6 programs, hired a bunch of people, and they were
7 gone. They took 25, 35 percent cuts because we
8 didn't have a fund balance like this.

9 So, there was no way to keep the continuity,
10 you know, there. And so, I mean, I have to tell
11 you, I've seen it and there is a downfall coming.
12 I don't know how bad it's going to be. Something's
13 going to happen in the next year. There's not a
14 bank, financial institution that's betting on us
15 being in a robust economy next year.

16 So, there is a large difference between the
17 red and green line. And maybe we can compromise on
18 this. But you do need to keep a fairly high fund
19 balance just be able to explain it to people.
20 That's all?

21 MR. ARSENAULT: Here would be my, I guess,
22 because I understand the timeline for this, right,
23 the July board meeting would be the actual -- the
24 July Finance Committee and then the board to
25 approve the breadth.

1 MR. HAJ: Correct. July Finance Committee to
2 recommend --

3 MR. ARSENAULT: So, I think what we're having
4 is really good conversation here about what you're
5 saying is, hey, there's a projection of potential
6 future greater need. Right. And I understand and
7 agree with, well, we don't just want to say, hey,
8 we'll just keep a bunch of money in the bank
9 because there might be some greater need with that.

10 I think this understanding, I mean, talk about
11 it. We talk about housing being an issue here,
12 right? We talk about education and challenges with
13 that. So, I mean, I guess what I would like to see
14 is if there's any sort of understanding -- I know
15 you have the five-year cycle for existing programs,
16 what types of things does the Trust see coming down
17 the pike as part of that large population growth,
18 as part of the current challenges in the community
19 where you can demonstrate to say, hey, we might be
20 coming to you in the next year or two for these
21 types of programs because I think that's what you-
22 all need to be able to demonstrate is these are
23 impactful programs, these are programs worth
24 spending money on.

25 I think having maybe a clearer sense of that

1 before we go in July to understand that would at
2 least help me to say, okay, I'd be comfortable for
3 more of a cushion for next year understanding that
4 these are your views of the needs of the community
5 above and beyond what we have reviewed as part of
6 the cycle. Is that fair? Does that make sense?

7 MR. SALVER: You know, from a governmental
8 perspective, you know, I think you guys are under,
9 you know, you're not understanding the value of the
10 reserve. You know what I'm saying? I think you're
11 over emphasizing the reserve.

12 You know, reserve funds means funds that are
13 not being used. You know, we're just it's money in
14 the bank. It's really nothing more than that as it
15 was presented today, why we had two bankers, you
16 know, telling us how safe, you know, our millions
17 and millions of dollars in the bank are going to
18 be, you know, based on the different products that
19 they're offering us.

20 You know, I like Nelson, we are in lockstep in
21 our attitude and feeling about putting money on the
22 street because that's where our money really
23 belongs.

24 MR. HAJ: Uh-huh.

25 MR. SALVER: So, you know, I don't mind

1 spending more money. You know, my mindset is not
2 locked into the rollback. I understand that, you
3 know, we might be publishing that we're raising,
4 you know, our millage rate.

5 But I'm not saying, you know, just, you know,
6 go to five for no reason, you know, for, you know,
7 go to 5.5 mils just to, you know, just to be able
8 to put our hands on \$202 million and change. You
9 know, I'm saying if we have a proper plan that
10 requires us spending more money, let's, you know,
11 let's do that.

12 But I really don't want to sit here collecting
13 the money, watching our reserve go up to \$60
14 million and then figure out how to spend it. Okay.
15 So, you know, Jim noticed this and I'm sure that,
16 you know, the Judge knows this, too. But we've,
17 you know, we've had time to where the public has
18 come to us and said, you know, you guys, you know,
19 are sitting a whole bunch of money that should be
20 on the street.

21 You know, you guys show us how to get the
22 money on the street. And then, you know, we'll
23 approve an appropriate millage rate to fund
24 whatever you guys, you know, bring to us.

25 I mean, you know, I think that's fair. And,

1 you know, again, as far as, you know, bringing the
2 mean reserve rate, you know, down below \$32
3 million, you know, that's what it's there for.
4 It's a reserve. You know, we need things in the
5 reserve.

6 In our city budget, you know, if there's a
7 hurricane or something like that, and we have
8 unscheduled expenses, you know, we can go out and,
9 you know, hire companies to clean up and or, you
10 know, come and mitigate flooding and this and that.

11 And it comes out of that and then we, you
12 know, refund it to the levels that we're
13 comfortable. You know, yeah, you know, the amount
14 of 30 million bucks, you know, we're comfortable
15 with that because that really relates to your low
16 administrative cost more than anything else to keep
17 this ship loading properly.

18 And yes, I mean, if there were fluctuations,
19 you know, in the reserve, and we ever need it, you
20 know, it will affect programs. But that's pretty
21 much on a doomsday, you know, on a doomsday. And,
22 you know, I don't think that's being projected.

23 You know, yes, there's going to be going to be
24 some changes in our economy but, you know, I don't
25 think it's going to be like 2007, 2008, 2009. So,

1 anyway, those are my thoughts.

2 MR. HINCAPIE: To that point, we don't know if
3 it's going to be to the 2007, 2008. However, I do
4 know that in 2008, you know, the Kidship care
5 program was one of the programs that was cut and
6 that was a voices program and it was a program to
7 keep families together. And we had to get --
8 remove grandkids from their grandparents because
9 the Children's Trust cut it.

10 I do not think and I feel very passionately
11 about this because it goes in the first programs
12 that I know which ones they are. Kids in foster
13 care and that's not fair.

14 MR. SALVER: Is that --

15 MR. HINCAPIE: So, it was back in --

16 MR. SALVER: -- true?

17 MR. HINCAPIE: -- 2008.

18 MR. GERSTEIN: But that was the past. It was
19 bad. I mean, it was bad.

20 MR. GERSTEIN: It was bad.

21 MR. SALVER: You know, it was --

22 MR. HAJ: I understand that was to central
23 heart. I don't know --

24 MR. HINCAPIE: Right.

25 (talking over each other)

1 MR. HINCAPIE: I went on the record to try to
2 open about it. So, I fully support going to the
3 half millage.

4 MR. GERSTEIN: See, the Trust never coming
5 back and nobody, you know, all of a sudden, there
6 was this horrible crisis. Nobody had put together
7 any reasonable concerns about it at that time.

8 MR. SALVER: Right.

9 MR. GERSTEIN: Someone told me, you know, one
10 year, we had 2 million. The next year, we had 10.
11 The next year, we had 20. So, everybody was trying
12 to get the money on the street as fast as possible
13 without necessarily understanding all the potential
14 consequences if the economy suddenly tanked. No
15 one saw that coming like that.

16 MR. SALVER: Well, you have your work cut out
17 for you.

18 MR. KIRTLAND: That sounds like fun. Okay. I
19 know I can I just speak to the fact that what makes
20 this exercise challenging at June 1st is that we
21 went into the exercise several months ago involving
22 the board and the committee members saying this is
23 how -- let's plan around how we're going to spend
24 this in the next two to three years. But our idea
25 back then was the original or the previous revenue

1 projection.

2 So, it coming in this quickly that there's
3 something like 12 percent rather than 5 percent, it
4 would, I guess, the reason it's good to come in
5 June as the fact that we could come in July with
6 maybe a reset decision on what the potential future
7 years to investments would be and we have a
8 different, totally different type of outlook.

9 MR. HAJ: I'm actually going back. I will try
10 to get the recommendations. But really led to this
11 increase or this five-year RP just came out the
12 door. So, that was where all the money went to. I
13 do know with help, there will be an increase.

14 I mean, we're going to start meeting. We're
15 in only 150 schools. We're at half the public
16 schools. I'm not talking about charter, public,
17 private, home schools. But how do we -- the main
18 shot is how do we take care of health of our
19 children. I don't know how much the investment
20 will be but there will be additional dollars, and
21 then we'll circle back with other programming if we
22 can.

23 But going back with the 5 year, we don't know
24 what the future looks like. So, I'd just like to
25 put ourselves in position, and I think we learned

1 from '08 just openly accepting -- this community
2 greatly appreciates what the Trust did during COVID
3 to support all our providers.

4 We came out great for COVID just as well. We
5 had the ability to do so. So, I'd like to continue
6 doing that, however it looks.

7 MR. GERSTEIN: How much money do we actually -
8 -

9 MR. KIRTLAND: Oh, well, I mean, year-to-year,
10 it's been the rates have been climbing so rapidly
11 that a few years ago, it might have only been a \$1
12 million and now maybe we're projecting something
13 like \$3 million or something. So, I mean, so I'm
14 thinking of what our other revenue accounts are.

15 MR. GERSTEIN: Whether we can develop a
16 program that's actually funded from the funds that
17 we've made on our reserve so that people know we're
18 holding money to protect the other programs. And
19 of the money we're making, we're actually spending
20 again on new programs. So, --

21 MR. KIRTLAND: I know that they're not going
22 to be -- well, they're not specifically tied to the
23 revenue earned. But in the projection, right, is
24 we're trying to expect the revenue growth based
25 upon the holdings during the year.

1 So, in the expenditures side of the budget,
2 what we would like to build into each year's budget
3 in the five years are the additional programs as a
4 result of the revenue effect on the fund balance
5 that we see.

6 So, I guess that's in short, we are trying to
7 expect what that interest earned will be so that we
8 put it in the programs. I don't know that there's
9 a one-for-one type of line that we can draw but --

10 MR. ARSENAULT: Over the last ten years, we
11 saw that wasn't a line item that --

12 MR. KIRTLAND: No, not at all.

13 MR. HOFFMAN: The interest here and now.

14 MR. ARSENAULT: The interest, I believe very
15 strongly in the reserve. I think that's part of
16 our management of the Trust. For like this chart
17 heading. But like I guarantee there's a chart like
18 this shown in 2006 and '07 where, oh, price per
19 square foot is going to keep going up, right?

20 You know, so, it can -- it -- we don't know
21 that. I don't know that, but so we have to just be
22 prepared for that. But at the same time manage
23 that. So, I look forward to -- and I don't know if
24 I'm asking I just want to be clear for like a
25 formal recommendation for additional programs and

1 things like that.

2 But I just need something to understand what
3 the Trust staff is thinking about, the needs of the
4 community that are potentially coming down the pike
5 above and beyond what we've already approved for
6 this cycle.

7 Right. I think that, I mean, having a sense
8 of that would help us, right, make this
9 recommendation and decisions. What are the needs
10 of the community that you think are coming that are
11 potentially not included in that, you know, fund
12 goal, you know, that would help me in deciding
13 whether, you know, what we think is appropriate for
14 next year.

15 MR. HAJ: And then we are -- but the needs are
16 huge. I mean, we have to just keep back with our
17 waitlist for our scholarship. We have 2,000 kids
18 on the waitlist scholarships that could eat that
19 money up that we had to waitlist. So, --

20 MR. SALVER: Scholarships for what?

21 MR. HAJ: Early childcare scholarships for
22 children and it's over disenfranchised communities.

23 MR. HINCAPIE: If you make 1,000 above, you're
24 still not making it. And you can't put your kid in
25 early childcare. So, you have to decide between

1 either working and making money to feed your
2 families or putting your child in daycare.

3 MR. ARSENAULT: We're working --

4 MR. HINCAPIE: I think -- Yeah, I'm sorry. I
5 think we need to, I agree with going back and
6 coming back and tell us the needs. But, you know,
7 I -- we've come a long way since, you know, 2000 --
8 since the Trust came to be. And I remember days
9 when the community would come and fight. Might be
10 one of them in 2008 and then, you know, other
11 communities in '10 and '12.

12 And in the last few years, we've gotten to a
13 place where the community has come to -- they've
14 always trusted the Trust because they've managed
15 because we've managed because Isaac, you've been
16 here for a long time and you've made sure that the
17 finances are where they're supposed to be in and
18 that there isn't a shadow of a doubt of impropriety
19 or anything that goes that way.

20 However, the needs of the community have
21 increased. And I feel that I have complete trust
22 on Jim and the staff that they are doing what's
23 best for the community, and they are really, and I,
24 you know, I'm a witness because I see, you know,
25 Juliet putting aces all over the place.

1 And when you do that, when we start looking at
2 adverse childhood experiences, I know that I'm not
3 coming here, you know, and they're just saying,
4 yeah, we'll do it, we'll do it. It's they're doing
5 the things that are -- that I do believe have to be
6 done so that communities and the most
7 disenfranchised one, which are the ones in foster
8 care. But they have nobody to speak for them.

9 And they're making a difference. So, that's
10 why I fully support the halfway so that you can
11 continue to do the work that you've been doing so
12 well.

13 MR. ARSENAULT: Matt. I'm going to have to
14 go. Going through the resolutions. If we can go
15 to the resolutions and --

16 MR. HINCAPIE: Great discussion.

17 MR. ARSENAULT: Yeah, we'll pick up the
18 discussion.

19 MR. HAJ: Happy to do that. Any objection to
20 moving onto to the next agenda item?

21 UNIDENTIFIED MALE: No.

22 RESOLUTIONS

23 MR. ARSENAULT: All right. Resolution 2023-A,
24 authorization being sought to waive the formal
25 competitive procurement process and, contingent

1 upon the final merger, to enter into contract
2 agreement with Confident Clouds, LLC, as a result
3 of a change in agency ownership to merge IT, LLC to
4 Confident Clouds, LLC, to ensure the continuous
5 delivery of services for a term of 12 months
6 commencing October 1, 2023 and ending September 30,
7 2024.

8 May I have a motion?

9 MR. SALVER: Motion.

10 MR. HINCAPIE: Second.

11 Any recusals? Any discussion?

12 MR. HAJ: Mr. Chair, I just -- the full board
13 -- presentation. So, there is a presentation that
14 goes with these three resos. I don't --

15 MR. SALVER: Just make sure it's shorter than
16 the bank.

17 MR. ARSENAULT: All right. I'll take the
18 vote. All in favor, say aye. Opposed?
19 (Resolution passed.)

20 Next resolution, 2023-B, authorization to
21 renew services and execute related agreements with
22 multiple IT vendors, total amount not to exceed
23 \$1,888,268 inclusive of \$50,000 contingency fee for
24 IT budget and enhancement projects for a term of 12
25 months with two agreements commencing October 1, 23

1 and ending September 30, 2024, and request a waiver
2 of the procurement process.

3 May I have a motion?

4 MR. REYES: Motion.

5 MR. SALVER: Second.

6 Any recusals? Discussion? Nothing to be
7 heard. To a vote. All in favor say aye. Any
8 opposed? (Resolution passed.)

9 And then the last resolution, 2023-C,
10 authorization to negotiate and execute contracts
11 with six providers identified herein and selected
12 following a competitive solicitation amount not to
13 exceed \$3,473,514, inclusive of a \$250,000
14 contingency for enhancement and unforeseen needs
15 for various terms commencing dates as indicated
16 below and subject to appropriation in each year to
17 support the infrastructure of the Children's Trust.

18 May I get a motion?

19 MR. REYES: Motion.

20 MR. GERSTEIN: Second

21 MR. ARSENAULT: Any recusals? Discussion?
22 Okay. With that, all in favor, say aye. Opposed?
23 (Resolution passed.)

24 Those are the resolutions. CEO report?

25 CEO REPORT

MR. HAJ: Mr. Chair, I'll be brief. What's not on here is the TRIM meeting. It's September 12th to September 19th will be the TRIM meeting. I encourage everyone to be here. We need that to pass our budget for the year.

The Battle of the Books is taking place on July 13th. All our programs participate throughout the community and this is an exciting event.

And the Children's Press Expo. This is our -- we learned last year -- well, we used to have, doing it at FIU, we had close to 15,000 come through the door.

We heard from the community and we're now doing it at three sites in the community.

For the last couple years, it's hot so we've found Jim with his AC. So, in July and August that we can have it and these are the dates. Booker T. Washington is the central on July 22nd. July 29th is the South and at Florida Memorial August 5th. So, I hope you can swing by and join us. Thank you, Mr. Chair.

ADJOURNMENT

MR. ARSENAULT: With that, our meeting is adjourned.

1 (Thereupon, the meeting was adjourned at
2 11:06 a.m.)

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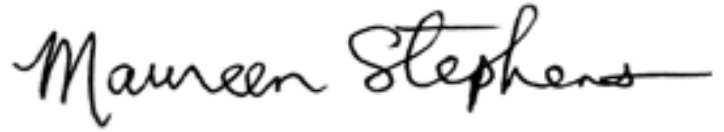
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22 CERTIFICATE OF TRANSCRIPTION

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24 The above and foregoing transcript is a true and
25 correct typed copy of the contents of the file, which

1 was digitally recorded in the proceeding identified at
2 the beginning of the transcript, to the best of my
3 ability, knowledge and belief.

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6 MAUREEN STEPHENS, Transcriber

7 February 15, 2023
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