

City of Coral Gables City Commission Meeting
Agenda Item J-1
December 7, 2021
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Vince Lago

Vice Mayor Michael Mena

Commissioner Rhonda Anderson

Commissioner Jorge Fors

Commissioner Kirk Menendez

City Staff

City Manager, Peter Iglesias

City Attorney, Miriam Ramos

City Clerk, Billy Urquia

Finance Director, Diana Gomez

Public Speaker(s)

Javier Bruzos

Harry Pickering

Dan Thornhill

Tom Zelenak

Charles Davis

James Skinner

Maria Cruz

Timothy Daniels

Agenda Item J-1 [12:47 p.m.]

Hearing regarding decision by Retirement Board to Grant COLA to class members in Murhee V. City of Coral Gables, Case No. 13-20731 CA (13) (FLA. 11TH CIR. CT.) (treating GAP and opt outs in the same manner) - Alternative Dispute Resolution Mechanism.

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Mayor Lago: Moving on to J-1, time certain 11:30.

City Attorney Ramos: Yes, Mayor. J-1 is a hearing regarding the decision by the Retirement Board to grant COLA to the class members in Murhee versus City of Coral Gables, Case No. 13-20731 CA (13) and the Alternative Dispute Resolution Mechanism that's set forth in the settlement agreement, and ultimately, codified in the City Code. The alternative dispute resolution mechanism was established in the settlement agreement when the case was settled. The procedure established in the procedural order issued by the Mayor and shared with all participants in this party states as follows: Any person wishing to speak needs to be sworn in. The Finance Director will have three minutes to present her professional recommendation based on her memorandum. Any individual wishing to address the Commission will be afforded three minutes each. After the conclusion of the presentations, the City Commission may ask questions of any prevailing party. Pursuant to the terms of the settlement agreement, the City Commission at its sole discretion may -- by a four-fifths vote -- reject or reduce the consider -- reduce the COLA considering the following factors: One, whether present value of proposed COLA exceeds the net actuarial experience; two, the amount of unfunded actuarial accrued liability and whether it has been declining or increasing, and the amount of the decline or increase; three, the amount of unfunded actuarial accrued liability and the amount by which it will increase if the proposed COLA is granted; four, the number of years since the last COLA was granted; five, the percentage increase of the last COLA that was granted; six, the single-year actuarial experience of retirement system for each of the seven years preceding the COLA and the net actuarial experience over the proceeding seven years; and lastly, increase or decrease of Consumer Price Index issued by the US Bureau of Labor Statistics. If the Commission takes no action today or there is not a four-fifths vote, the Retirement Board's vote to grant the COLA of 8 percent will stand. If the Commission votes to reduce or eliminate the COLA by four-fifths, the City Commission will not be overturned unless considered arbitrary and capricious. Ms. Gomez.

Finance Director Gomez: Good afternoon. At the Pension Board meeting of November 17, 2021, the board voted to approve the 2022 COLA of 8 percent to the class members as required by the COLA lawsuit settlement. Additionally, the Pension Board voted to approve the same 2022 COLA to the GAP and opt out members. And according to the terms of the settlement agreement, the City Commission in its sole discretion may by a super majority of four-fifths vote reject the Retirement Board's determination or reduce the amount of the proposed COLA. As the Finance Director of the City of Coral Gables, it is my recommendation that the City Commission reject the 2022 COLA for class members, GAP members, and opt out members. My recommendation is based on factors listed in the ordinance that are to be considered by the City Commission in making its determination. Specifically, the present value of the proposed COLA will exceed the net actuarial experience of the retirement system. The current cumulative experience loss since January 1, 1994 is approximately \$194 million as of the actuarial valuation report dated October 1, 2020. The unfunded actuarial accrued liability is \$189.7 million. The unfunded actuarial accrued liability has decreased from the previous years by approximately \$20.2 million. Providing for the 2022 COLA of 8 percent to class members, opt-out members, and GAP members would increase the current unfunded actuarial accrued liability of \$189 million by \$27.8 million to over \$217.5 million, and will increase the current annual required contribution of \$22.9 million by an additional \$3.76 million to making that required payment \$26.7 million. The last COLA paid -- the last COLA was paid on May 7, 2018, per the terms of the settlement agreement. The COLA lawsuit settlement provided for a 2.975 percent COLA for 2023 -- 2013 and a .25 percent COLA for 2014, payable on May 7, 2018. This payment increased the UAL by -- the unfunded liability by \$14.5 million. The net actuarial experience over the proceeding seven years is a loss of \$26.7 million. The single-year actuarial experience of the retirement system for each of the seven years preceding the proposed COLA was listed in the memo that was provided. I won't go over all those numbers here. The increase to the consumer price index is 16.7 percent since the last COLA was granted in January 2014. These factors support rejection of the 2022 COLA as the cost associated with granting the COLA would adversely impact the pension system by increasing the funding requirement and decreasing the funded status. Although not one of the factors of consideration in the ordinance, it should be noted that the City Commission has passed a resolution instituting a

policy to budget higher than expected or higher than required amounts to the pension fund annually in order that the excess over the required contribution could be used to pay down the unfunded liability and increase the funded status. That funded status is currently at 68.7 percent actuarially determined, paid down quicker than the normal amortization. The total number -- the total annual payment amount for fiscal '22 was just under \$30 million, which allowed for \$6.8 million extra payment this past October. This policy has allowed for additional funds of almost \$29.1 million since fiscal year 2015 to be sent to the pension fund. Should the 2022 COLA be granted, the annual required contribution would increase by over \$3.7 million and reduce the amount available towards the extra payment. Therefore, the recommendation is to not grant the COLA. I'll answer any questions you may have.

Vice Mayor Mena: Unless anybody has comments now, I would open it to public comment.

City Clerk Urquia: First speaker is Mr. Javier Bruzos.

City Attorney Ramos: Mr. Clerk, can you please swear in the speakers?

City Clerk Urquia: Okay. Those who will be speaking on this item, please stand and raise your right hand. Do you swear or affirm that the testimony you will provide today will be the truth and nothing but the truth?

Unidentified Speaker: Yes.

City Clerk Urquia: Okay.

Javier Bruzos: Good afternoon. My name is Javier Bruzos. I'm the president of the Coral Gables Fraternal Order of Police, and we're representing the fine men and women of the Coral Gables Police Department, as well as the retirees. This is the third time that I'm actually here speaking to the Commission regarding the same issue. The last time was about a year ago. And I don't need

to remind anyone how bad this pandemic has been for all of us. But I believe that no one has suffered more than the retirees during this very difficult time. They have suffered not only health-wise, but also financially. The inflation rate for this past year -- which is a little bit over 6 percent -- is making it very difficult for some of them to survive. They're on a fixed income. Some of these retirees had to leave earlier than expected due to medical reasons. You have other spouses that are living on a fraction of the retiree pension that was left by their husbands as well. They're barely making it. Some have very modest pensions, so getting another job simply is not an option for them. The retirement fund is doing well. They made about 20 percent from the numbers that I saw for last year. The unfunded liability has gone down tremendously due to decisions that have been made by the Commission. But now more than ever, I believe that we can't turn our backs on the retirees. I ask you that -- to supply some type of relief to them, if not a full COLA. It's well within your right to issue a partial COLA. And I ask you to please do something to make this very difficult time a little bit easier for them. These retirees have given 20, 25, even 30 years of service to the City Beautiful, and I believe now it's the time for us to take care of our retirees and say thank you.

Vice Mayor Mena: Thank you.

Mr. Bruzos: Thank you very much.

City Clerk Urquia: Mr. Harry Pickering.

Harry Pickering: Good afternoon. My name's Harry Pickering, retired police lieutenant, Coral Gables Police Department. I retired in 2006 after 30 years of service. I serve on the Fraternal Order of Police, the Retiree Committee. And I just want to relay a story to you. Excuse me. I have -- just a short story, brief story. I'm passing -- the City Clerk is passing out the letter to you now. It's from one of our beneficiaries of a retiree passed away, named Ernie Cate (phonetic). Ernie and his family and his family endured a great personal distress, a financial crisis, a family that the FOP and the men and women from the Police Department went to bat for after they became

homeless and took up collections for and donated Publix gift cards and Visa gift cards so they could make ends meet and get back on their feet. Her name is Gwen Cate; her husband's name, Ernie Cate, came over to the Coral Gables Police Department from Hialeah Police Department, and he started patrolling the streets of Coral Gables in 1967. In 1980, Ernie suffered a career-ending, on-duty injury while chasing a felony suspect on foot. Several knee surgeries later, he was told he could never serve again as a police officer. After 13 years of dedicated and decorated service, he was forced to retire on a disability retirement on October 15, 1980. Over the decades, his pension gradually climbed to \$1,952 a year, but as he aged, he began to develop a number of debilitating illnesses, cardiac, pulmonary, and respiratory. Eventually, he became completely non-ambulatory, and his wife Gwen had to quit her job to care for him full-time. At the same time, because of another family crisis, they had to take custody of their teenage granddaughter. In 2011, they could no longer afford to pay the mortgage on their home in (INAUDIBLE), Florida, and they lost her home. They moved into a rental home, but then shortly thereafter, Hurricane Irene destroyed the rental home, and they became homeless. Ernie died shortly thereafter. When he died, his pension was cut in half according to the pension ordinance. Gwen now lives off of his \$976 a month pension in addition to her social security. She wrote me this postmarked letter which reads, "Harry, it was nice hearing from Ernie's friends. Since losing Ernie, life has been terrible. The hurricane took our house that we rented and everything we owned. I am now in Kentucky in an apartment because my oldest daughter lives here. My income was cut in half. I did receive half of Ernie's retirement. I look forward to a raise. I still have a 14-year-old grandchild that Ernie and I are raising. I did get cancer after he died. This is more than I can bear. It is under control. I want to go home so bad, but I can't afford to live. Please keep in touch. Thank you, Gwen Cate. PS. The sad part of this is when Ernie died, he didn't know that he left homeless." That's one story. I know I don't have time, but I could tell you other stories about how things change in life when you retire. There are a number of retirees who are having to care for their elder parents, unexpected costs that their parents didn't prepare for as the aged or after they retired, and one that our retirees aren't prepared for. There are many retirees that are struggling. Thirty -- another retiree did a study: 32 percent of our total number of retirees retired before the year of 2000. That was before the DROP plan, and there were quite a few retirees that we still have -- they're getting a pension.

They even retired before the comp plan was -- deferred compensation plan was around. So, these are retirees and beneficiaries like Gwen Cate who are struggling, whose retirement benefits over a long term have not kept up with the cost of living and inflation. It is especially those retirees for whom we are directly appealing to the City Commission for a little relief. Our retirees represent over 17,000 years of public service to the citizens of Coral Gables, and at least they deserve to be heard and have you give a serious discussion and vote on this. And -- but more than a little discussion, more than just a few minutes of your time. Please work at it and come to a compromise. Show us you mean it and that you care about us. And thank you for hearing my comments this morning.

Mayor Lago: Thank you, sir. I appreciate it.

Commissioner Fors: Thank you.

Mayor Lago: Thank you very much, by the way.

City Clerk Urquia: Mr. Dan Thornhill.

Mayor Lago: Good afternoon, sir. Good to see you.

Dan Thornhill: Nice seeing you again. If I may, can I wait for maybe everyone to come in? Because I would rather have the audience -- if I may -- of everyone.

Mayor Lago: Not a problem.

Mr. Thornhill: Because I believe everyone's going to vote.

Mayor Lago: Not a problem.

Mr. Thornhill: Is that okay?

Mayor Lago: Yeah, just...

Mr. Thornhill: If I may or...

Mayor Lago: The Commissioner stepped -- just the Commissioner stepped to go to the bathroom.

Mr. Thornhill: Yes, sir.

Mayor Lago: We haven't gotten off the Commission...

Mr. Thornhill: Because I see you've had quite a morning so...

Mayor Lago: We haven't gotten off the Commission for almost five hours so...

Mr. Thornhill: I could appreciate that.

Mayor Lago: So, we're dropping one by one by one to go to the bathroom.

Mr. Thornhill: Yes, sir. I respect that. So, if you all need a stretch, I can appreciate that as well. So, I'll hold off for a moment if I may, that way I can have everyone's attention.

Mayor Lago: You want to do a five-minute recess?

Commissioner Fors: I will say -- I mean, I'm good with a five-minute recess.

Mr. Thornhill: Please.

Commissioner Fors: But I will say just so everybody knows that when we walk out, the audio is playing.

Mr. Thornhill: Yeah.

Commissioner Fors: So, like when I stepped out, I was listening to Karelia talking about my comments, and when I came back in -- I didn't miss anything. But sure, let's do a 5-minute recess.

Mayor Lago: Do a five-minute break.

Mr. Thornhill: I'm sure you guys need it.

Mayor Lago: Alright, now we're back.

Commissioner Anderson: No, we're having fun.

Mayor Lago: Mr. Clerk.

City Clerk Urquia: Yes, sir.

Mayor Lago: That's the most I've ever had to use that gavel. Wow. Mr. Clerk...

Commissioner Anderson: Get your workout in.

City Clerk Urquia: Mr. Thornhill.

Mayor Lago: You have the full Commission.

Vice Mayor Mena: By the way, Commissioner Menendez had to -- I don't know if you -- he had to -- he's not coming back for the rest of the day.

Mr. Thornhill: Okay.

Vice Mayor Mena: Due to a prior obligation.

Mr. Thornhill: Very good.

Vice Mayor Mena: (INAUDIBLE) make that point.

Mr. Thornhill: Thank you. I'm glad everybody had a stretch. You guys have had a very long morning. My name's Dan Thornhill. I'm a retired firefighter, did almost 31 years with the City, very proud of my service with the City. I'm here to speak in favor of the COLA, and just to give a little bit of a background from the firefighter's perspective. I know, Vice Mayor Mena, you and I have talked about this in the past. And I know, Mayor, you and I have talked about this in the past as well. There's a lot of numbers and numbers can be misleading. You can make a number look like anything. And I know you're not supposed to put a face on an issue, but sometimes you need to put a face on an issue. And when I look at some of the employees and -- of the original group, I believe 213 have died of that original group of people that were affected by this. And when I look at some of the firefighters, we have one gentleman here who had to leave. He had a doctor's appointment, ironically. He's an older firefighter. I don't know if you saw him in the audience. And he's in dire need of a COLA. We've been to his house many times helping him do repairs and such because he doesn't have the financial ability to do some things on his home. But back in 2020, the Board voted for a 5.1 percent COLA and the Commission voted it down. Back in 2018, it was a 3.5 percent COLA; it was voted down. The last COLA that was granted was a .25 percent back in 2014, and it was granted. Over the last 28 years, a COLA of 8.6 percent average is what's been given to the employees. When I speak on behalf of the firefighters, we don't get social security, and that goes back to the late '50s, early '60s. And we're the only employee

group that doesn't get that. Now, that's relevant because the firefighters -- granted, we don't pay that, but nor does the City. And the question was that was negotiated over the years, but then over the years, the other employee groups enjoyed that same benefit that we had that we gave up and negotiated, but the other employee groups get it. We don't get social security. So, to keep up with inflation, we had a better benefit, and that benefit now has been whittled away. And I guess most of you up here are attorneys and you guys can understand basic contractual law where the City said, "If you do this, this and this, we'll give you this." And the City said, "Hey, if you leave your family during an approaching hurricane and protect our families, we'll give you this." If you leave our family during hurricane -- I mean, during Christmas morning and protect our families, we'll give you this. If you work a 24-hour shift, which is the cheapest, most cost-effective way to staff a fire department full-time and leave your family for 24 hours, we'll give you this. We did all that, and then at the last minute as we retired, the City changed all that. Well, we have no way to recover that. Firefighters made choices to take what's called an option. I don't know how familiar you are with all the different terminology with retirement. And we took an option predicated on the fact that we could maybe catch up with future COLAs. Well, that's been wiped out and that's not fair. We did what we were supposed to do, and we did it as firefighters on top of that. There's danger. We have cancer. We have heart disease. We have back issues. We did our job. And that's not right. And the City changed it. So, you can look at numbers -- yes, I respect numbers. I have a budget like everybody. And yes, Diana has all her fancy big numbers and stuff like that but look at those numbers as well. And when you -- at the end of the day, you still have to look at yourself in the mirror and say, you know what, I'm talking about firefighters. Yes, there's a lot of great employees, the police officers, the general employees. But your firefighters, we did what we said we were going to do based on what the City said what they were going to do, and you changed it. And you have an opportunity to help change that back a little bit today. It only takes two of you. Hopefully, it'll take five of you, but to muster up the political courage. We all don't retire at one time, so it's not going to be an impact to the system. And the fact is over 20 percent of the population of this group has already died, has already died. So, please, I urge you, please support this COLA and let's go forward. Let's help these -- especially the firefighters who don't get social security. Please, please, please help us with the firefighters and with this COLA. I thank you.

Mayor Lago: Thank you very much.

Commissioner Fors: Thank you.

Mr. Thornhill: Thank you.

Mayor Lago: Mr. Clerk.

City Clerk Urquia: Mike Chickillo.

Mayor Lago: Mr. Chickillo, nice to see you, sir. You look like half of yourself.

Mike Chickillo: Yeah, thank you. I...

Mayor Lago: Congratulations on that.

Mr. Chickillo: Appreciate that.

Mayor Lago: Congratulations.

Mr. Chickillo: It's nice seeing you all here, nice to see two new faces, although one has left right now. I wanted to start off by saying some of the stuff that Danny reiterated and some of the stuff he had said. I don't know if you all noticed the elderly gentleman in the firefighter uniform that was here earlier. He's actually 90 years old. He'll be 91 in May I believe he told us. He didn't leave because of a doctor's appointment. He left to work a job. He's working at a golf course right now to make ends meet, so it wasn't a doctor's appointment. It was actually because he had to go to work. But I'm going to speak on my behalf right now and the firefighters. And all employees, I believe, should get this COLA. It's long overdue. It's been seven years. It's been a long seven

years. It's been a long -- 2008 -- it's been about -- a long 13 years for the rank and file as well with the recession and all that. But you know, we've been in a bull market for a long, long time right now, and we haven't had a cost of living increase in seven years. And if not now, when? I mean, I spoke to Diana earlier and she was talking eight to nine years. That is unacceptable, I'm sorry. Eight to nine years -- and add seven to that -- 16 years without a COLA. That's what they're anticipating, what the City's anticipating. So, we need to do something. I don't know if you can grant the whole COLA. I don't -- I'd like for you all to talk about it. But you know, the last two - last three had been turned down. And I would ask all of you this, after you turned it down -- it's been a year -- has anybody sat back and said, you know, what can we do about this? Is there anything we can do other than what we're doing right now? Can we sit with the retirees? Nobody has a solution to this problem. It can't go on for eight or nine more years. We had 213 people die since this thing took place. We are about 816 people; 213 people, that's over 25 percent of the people who this class is involved with die. So, I mean, how many more people have to die before they get anything? Cost of living is through the roof. You all know that. I mean, I know it's happened to everybody, it's just not retirees. But the retirees are hit hard. And the social security aspect of the whole thing, it really isn't understood by you guys because it happened so long ago, I think, in the beginning of the '60s. The 6.2 percent that the City saves for our pension off our social security benefit, we used to get a higher multiplier prior to 1987-88 when the pension fund changed. Everybody went to 75 percent. We were higher than everybody else because the City was taking our contribution for social security and putting it into the pension, so we got a big bump up. But when everybody got the same pension, that money just went away, and it's forgot about. Well, if you're a Miami-Dade fireman, if you're a police officer here, a general employee here, you get a full social security benefit because you paid into it and the City paid into it for you. We can work another job and we don't get it. We don't get our social security benefit. You have to work 30 years and make substantial earnings in those 30 years to get a benefit. They took it away in the '80s under the Reagan Administration, so we don't even get our social security that we're entitled to because we didn't retire through the company or the municipality that paid the benefit for it. So, you know, we have a lot of hurting firefighters. Ed Pelton (phonetic) -- the man who was here earlier -- he's just one of many. And I can tell you in the last four weeks, we've had five or four

firefighters pass away, so the number is going to keep getting bigger, and it's a number that you all need to take into consideration when you make your decision today. And please, after you make the decision, if it comes to a no vote or a partial, whatever it is, think about what we can do in the next year so we're not standing here next year asking you the same thing again because it's going to happen again. You know, the markets are good right now. Hopefully, it's going to happen again, but it's been three years in a row that we've been doing this. So, I thank you all.

Mayor Lago: Thank you. Mr. Clerk.

City Clerk Urquia: Mr. Tom Zelenak.

Mayor Lago: Can you repeat the name?

City Clerk Urquia: Tom Zelenak.

Mayor Lago: Good afternoon.

Tom Zelenak: Good afternoon. I've been here since this morning. Good morning, Tom Zelenak, president, Local 1210, firefighters. Again, I'm here -- they've gone over a lot of this stuff. What I do want to say is that if they look at the last valuation of the pension fund, it's at \$533 million. That's over \$100 million more than what the actuarial report said last -- October of 2020. That's a big gain. All's they're asking for is a piece of the gain. That was how this whole COLA thing came about in the first place was to be a share the wealth kind of thing. We've been told, "Well, it's not been funded." Well, the funding comes from the fact that the fund produces more than what it's required to put out. The assumption rate right now is 7.5 percent, 7.4 percent actually. At 22.7 percent, that's 18 percent more -- or 14 percent more than what's required to be paid into to keep the levels going that the actuary wants in order for it to be paid off on schedule as we've always talked about. The Mayor and I have talked about this many times. I've brought -- come to you guys all with all of this. The time has come for these guys, these older people, you know, the

ones that are still alive, to have some dignity restored to their lives, to be able to go ahead and have a little bit extra change in their pocket, to live with dignity. Everything's gone up. Our health trust is going up. It's going up exponentially. These guys are in our health trust. We provide them insurance through our health trust at a discounted rate just so they can maintain, just so we can keep them in. I ask you guys just to think about these things so that, you know -- I'm sure I know the answer to this question, and I've met with you guys numerous times over the last couple of years. We're in the middle of contract negotiations also, so I know the stance of the City on conservatism, making sure that we don't overspend. But this is something that is due to these gentlemen and well overdue. Thank you, guys, very much.

Mayor Lago: Thank you.

City Clerk Urquia: Charles Davis.

Charles Davis: And thank you for hearing from me. Most of you, I don't know, because I've been gone so long. Peter is the only one that was here when I was here. I've been retired about 15 years now. A little history myself, my mother used to work for the City back in the early '60s, had to quit because she was pregnant with me, and they didn't have family leave, so she had to quit. Then my dad got hired in the late '60s, then I got on in '80. My father was a firefighter, developed cancer and died as most firefighters do. I've had a couple different types of cancers. I had to have one kidney removed. But as one of the other retirees was talking about, when I came to work for the City, we made a deal. I dedicated my life to the City, and they were going to do this for me, okay? Midway, they said, "Well, we're not really going to do that anymore. Let's change that a little bit." Everything's going up. And you know, in the last seven years, I'm sure you guys have gotten a little bit of increase in pay or hope to. I'm kind of stagnant living on a fixed income. Everything goes up. I go to the grocery store, the gas station, you know, it all costs more. And I just ask that you guys, you know, consider us old folks, and do the right thing. I dedicated 25 years to the City before I had a stroke and had to retire, you know. Every day I spent doing something for the City. When we first started televising this Commission meeting, there were cameramen standing in this

room with cam -- I volunteered to do that back before we have the automated cameras. I can go on and list the things that I did for the City, you know. But then after I left, they changed the rules, so I just hope that y'all would do the right thing. Help us out and approve the COLA, or at least part of it. Thank you.

Mayor Lago: Thank you. Mr. Clerk.

City Clerk Urquia: James -- I believe the last name is Skunel -- Skinner.

Mayor Lago: Good afternoon.

James Skinner: Good afternoon, Mr. Mayor and Vice Mayor, Commissioners. My name is James Skinner. I've been a resident of Coral Gables for 24 years. I actually moved here in September -- late August of 1997 to serve as your police chief, and I worked for the City until 2004. I do receive a small pension from the City, minimum time. I was able to purchase time and qualify for it, so I obviously have a vested interest in this issue today. I had a brief conversation with the Finance Director out in the hall before this portion of your meeting started, and she certainly is here and can verify anything I tell you that we talked about. I asked her a couple of questions. One of them is how much money on average over the seven years that the City had received from its investment, the stock market, along with the additional contribution the City has made toward this unfunded liability and the pension system, and she agreed that the numbers she presented the memo to you identified an average of approximately \$3.8 million a year income from the stock market investments, and that the City was dedicating an additional \$6.8 million towards this unfunded liability. So that, on average, about \$10.6 million in addition could go towards the unfunded liability each year. And then she also agreed from her memo that \$189.7 million is the current amount of unfunded liability, and that is correct. And then I asked her one more question, which is based on her professional responsibilities as the Finance Director and her understanding of the state statute, what would be the dollar amount of the unfunded liability that would have to be present in order for her to recommend to the Commission that a cost of living allowance be granted

to the pensioners, and she said zero, that the \$189.7 million would have to be paid off before anything could be granted. By my math, if you divide \$189.7 million by \$10.6 million -- again, on average -- it would take approximately 18 years for that unfunded liability to be relieved at that rate of compensation or that rate of contribution to it. So, at that point -- and she and I are in agreement on those numbers -- I have a rhetorical question for the Commission, and that is, as you know, although this was an individual lawsuit, I think, by two people, it'll end up being a class action suit with a couple hundred plus people involved, the people that I talk to, and obviously, the whole reason that you're here is they supported the settlement because they believe they had a good faith offer from the City to resolve this lawsuit. And in fact, the City and the plaintiffs entered into the settlement. So, the rhetorical question for the Commission is, how many of the people that supported that settlement three and a half years ago do you think would have supported it if they had understood that it would be almost 20 years before they would receive another cost of living allowance? I salute you for all the work you've done. I know there's very hard issues you're grappling with. You didn't create this situation. None of you were in the Commission Chambers obviously many decades ago when the various things happened that started us down this road, but you have the situation with us now. So, I don't envy you, but I thank you for your service.

Mayor Lago: Thank you, sir. Mr. Clerk.

City Clerk Urquia: Ms. Maria Cruz.

Maria Cruz: (INAUDIBLE).

City Clerk Urquia: Yes, Ms. Cruz. Please raise your right hand. Do you swear or affirm that the testimony you will offer today is the truth and nothing but the truth, ma'am?

(COMMENTS MADE OFF THE RECORD)

City Clerk Urquia: Thank you.

City Attorney Ramos: While Ms. Cruz comes up, I just want to make clear that the default is for the granting. The Pension Board grants the COLA; Commission has to take action to remove it. And while Ms. Gomez has explained that she would likely recommend based on what the future projections are that for the next eight years or whatever nothing would be granted, that's fine. But the Commission certainly every year has a duty to look at this under the settlement agreement, have a hearing such as the one today, and make an independent recommendation -- or determination.

Ms. Cruz: Maria Cruz, 1447 Miller Road. I've sat here many times. And we always are very nice to our police and our firemen, and we always have good things to say about how they save lives. And we always commend them, and we give them plaques, and we take pictures. I've also sat at budget meetings, and I've seen how the budget reflects salary increases for people that work for the City, and it's rare the year when we do not have salary increases. And yet, what I'm hearing today is really very hurtful, that the people that really put it all off for us -- I'm sorry. If I worked in an office, I don't think -- I may not agree because I expect my salary to be a little better, but these are people that their lives are put on the line. And we choose not to agree and give them the little more than they're begging for because they're really -- this is begging. This is money that they should be getting, okay. If we have money for salary increases, we have money to pay for phones to give whatever it is for the car use, if we have money to go on trips, and we have money to go to conferences, and we have -- look at your budgets and see how much money we have for other things. And look at them in their eyes and tell them, "No, we're not going to give you this." To me, it's shameful. If I were a firefighter in this city -- and I'm going to tell you, I have used the firefighters several times because my husband has issues. I've used the firefighters when I had a daughter that I thought was dying and they came. And you heard Valdes-Fauli today talk about his grandchild. Come on, guys. It's time to step up to the plate and help these people out. They did it for you all, all of us. They've done it for all of us. And I heard -- I understood very clearly what they said. If they were getting social security, guess what? You would have been paying that kind of money into social security; you haven't. So, it's time to do it. And let me tell you, I

hope when you're old and retired, you're a billionaire, like some people are, and you do not need COLA and you do not need retirement, but some of us do. And let me tell you, I'm very grateful when I get the little notice from Social Security saying next year, you're going to get a little more because everything else is going up. So, it's time to face the music and do what's right. Thank you.

Mayor Lago: Thank you, Ms. Cruz. Mr. Clerk.

City Clerk Urquia: Mr. Mayor, the last speaker is on Zoom. It's Mr. Timothy Daniels.

Mayor Lago: Perfect. Can you close the public comment, please?

City Clerk Urquia: Yes, sir. Mr. Daniels, could you please raise your right hand? Do you swear or affirm that the testimony you will offer today is the truth and nothing but the truth, sir?

Timothy Daniels: I do.

City Clerk Urquia: Thank you.

Mayor Lago: The floor is yours.

Mr. Daniels: Thank you, Mayor and Commissioners, and everyone else on the dais. You all are worthy of our esteem. My name is Timothy Daniels. I retired in 2008 as the Deputy Fire Chief. And I'm here, like the others, to express my support for granting of a COLA. I would like to see the entire 8 percent granted, but if you in your wisdom decide to modify that, we will understand. Excuse me. Now, I know that you have your concerns about the unfunded liability, of course, and you should. And we want that too because it's in all of our best interest. That's reasonable and proper. But at the same time, you have an obligation to address the changing times. For example, in my own life, I wanted to pay off my mortgage early, and I had a plan. That plan took a couple

of hits along the way. My wife lost her income for a while. My -- one of my sons decided he wanted to go to an expensive private college instead of a state school, so I adjusted my plan. I didn't slavishly stick to this schedule that was going to pay off the mortgage in X number of years. And I'm asking you to apply the same kind of reasonableness and logic to this situation. You've already shown that you're willing to make accommodations. You do the Mediterranean bonus. I think during COVID, you have made allowances for businesses that were struggling with fees. So, it shows that if you have the willpower, the determination, you will act on those areas. We all agreed several years ago to this settlement agreement, and as one of the previous speakers said more eloquently than I, it's an understanding and our belief that this should have been...

Commissioner Anderson: I think we lost him.

Mayor Lago: Mr. Clerk.

City Clerk Urquia: Chief Daniels, we lost you?

Mr. Daniels: Can you hear me?

Mayor Lago: Yes, Chief.

City Clerk Urquia: We can.

Mayor Lago: Yes, we can hear you.

Mr. Daniels: Okay. I apologize for the loss of video. I'm not sure what happened. I'm going to wrap up very quickly. We all agreed to that. And a point that I made once before in a previous discussion on this a couple of years ago, a few years back when the Biltmore Hotel was struggling to meet its commitment to the City of Coral Gables because income was down, you held them to account for their obligation to you, and that was right and proper. You accommodated them to

some extent, you made arrangements, but you held them to account. And I believe the City should hold itself to account now for these retirees. It's the right thing to do. It's long overdue, and I ask you, please grant a cost of living adjustment to the retirees. And I thank you for your time.

Mayor Lago: Thank you very much. Mr. Clerk.

City Clerk Urquia: That's it, Mr. Mayor.

Mayor Lago: Madam Director, how are you? Can you give me a little bit of background of where we stand? And if we were to adopt this 8 percent COLA, what would be the implications for us financially for the state of the unfunded liability? What would --? And I want you to go over a little bit about where we are over the last eight to nine years in regards to the additional monies that we've placed into the unfunded liability to shore up the unfunded liability. And also, in the end, also please mention how much money we lost this year as a result of COVID, this year and last year.

City Attorney Ramos: And I think, Diana, if you can touch on the factors, the seven factors...

Finance Director Gomez: Sure.

City Attorney Ramos: That would be helpful.

Finance Director Gomez: And first, I want to make a couple clarifying comments. So, I did -- when I spoke to Mr. Chickillo regarding how long it would take, I did say 8 to 9 years. That was on the high end. Actually, I'm looking at the presentation from the plan actuary, we would be 100 percent funded if everything stays as it is now, some time in calendar 2027, so it would be six years.

Mayor Lago: That's hoping, that's hoping.

Finance Director Gomez: Right. That's hoping everything stays the same, right?

Mayor Lago: (INAUDIBLE) that everything stays the same.

Finance Director Gomez: Exactly. So, the 20 -- the 8, 9 years is a little -- is the higher end of the scale, so that was one correction. The second correction with Mr. Skinner is that while we did speak about the individual numbers, I did not mention to him that it would take 18 years or whatever to pay it down because we didn't talk about that. We spoke about -- yes, for this last year, we did pay \$6.8 million extra, and the average of those seven years is 3.8. So, if you add those together, that does come up to \$10 million, but we did not extrapolate it to say that it would take so long to pay down \$189 million. We didn't have that conversation. There's a lot of other factors that go into play that pay down the unfunded liability.

Mayor Lago: How much did we pay last year into the unfunded liability, additional monies?

Finance Director Gomez: \$6.8 million.

Mayor Lago: What about last year?

Finance Director Gomez: The year before that...

Mayor Lago: Five?

Finance Director Gomez: Five point...

Mayor Lago: Okay.

Finance Director Gomez: Something.

Mayor Lago: So, we basically put another \$2 million on top of that. How much money did we lose in regards to COVID this year?

Finance Director Gomez: So, in fiscal '21, we budgeted a shortfall of \$12 million. We're still finishing the financials. We don't know where we're at just yet. It seems that maybe we are going to meet our budget, but it is a reduced budget, so it's less revenue than was -- so, you know, yes, a reduction did happen in our revenue. We anticipated a \$12 million -- 12.2 or 12.8, I can't remember right now.

Mayor Lago: And in the previous year?

Finance Director Gomez: We reduced our budget by \$8 million that year. We ended up breaking even or making a million dollars more than what we had...

Mayor Lago: Okay.

Finance Director Gomez: Brought it down by. So, we were affected...

Mayor Lago: So, we...

Finance Director Gomez: By COVID, but yet, we still made our obligations to pay additional to the unfunded...

Mayor Lago: That's my point.

Finance Director Gomez: Liability.

Mayor Lago: Not only did we -- not only were we affected significantly...

Finance Director Gomez: Right. And so...

Mayor Lago: Millions of dollars...

Finance Director Gomez: Exactly.

Mayor Lago: We increased...

Finance Director Gomez: Yes.

Mayor Lago: Our -- we increased the amount of monies that we spend to the unfunded...

Finance Director Gomez: Right. We have a formula that we apply every year in order to continually increase the amount that we're sending in order to be able to pay down the unfunded liability faster than what would be the traditional 20-year amortization.

Mayor Lago: So, let me just add a little bit of more color to your comment, and I want to put this on the record. So, in the middle of COVID, an unseen condition like we've -- pandemic like we're facing, or we faced -- thank God we're coming out the other side -- the Manager and yourself sat down with each one of us and talked about where we were financially. Everyone in this Commission decided to add an additional \$2 million in trust and in commitment to our employees to ensure that we took advantage of the best times in regards to the stock market so that we could pay down this debt that was given to us. We didn't earn it ourselves; it was given to us, but we accept the responsibility because it's under our watch that we must take care of it. So, when I have these individuals, these past employees that come and speak before us, I've said it before and I say it again, it is not an easy task to tell them no. But what I will tell them, and I tell them always, and I tell them when I meet with them is that they can rest assured that I'm going to do everything in my power to be as conservative as possible fiscally where their retirement would not be in the

disaster that it was before when I walked in at 48 percent funded. Because to me, that's a travesty, and that's a lack of respect for the employees after their years and years and years of hard work on behalf of this community. And I would -- in a pandemic, it would be much easier to look at our Manager and say, "Hey, don't take a \$12 million loss. Just take it from the unfunded." Instead of putting \$7 million, it'll only be a \$5 million loss, and we can potentially buy parks and we continue doing sidewalks and renovating projects and doing things, but we didn't do that. We tightened our belt, and we increased the amount of money that we paid down to the unfunded. That is a commitment that I want to make sure never falls on deaf ears. Because it's very easy to say, you know, give us something. But we have shown, this Commission has shown that, you know, we do respect the employees, but that we're willing to do what it takes, especially in a pandemic year, where we lose \$12 million to go from 5 to almost \$7 million. And I want to make sure -- and I (INAUDIBLE) right now because I cannot vote in favor of this today. If I vote in favor of this today, what will be the implications in regards to the unfunded liability?

Finance Director Gomez: Alright, so...

Mayor Lago: I need a number.

Finance Director Gomez: So, it would increase the unfunded liability by \$27.8 million. Since 2015, the extra payments that we've made has been \$29.1 million, so it'd essentially wipe out 96 percent of all the progress with one COLA increase.

Mayor Lago: So, I want everybody to -- everybody on this Commission, before you vote today, to really think about that, that we're about to make a decision where if we vote in favor -- and trust me, I know it's a tough decision at that. There's nothing more that I would love to do is to gavel this down today and say I vote in favor of raising -- providing the COLA, walk away, and then saddle another Commission with an additional almost \$30 million in debt. I cannot do that. I cannot do that. So, I've been clear about my stance. If anybody else has any other comments, would you like to put something on the record? I welcome it.

(COMMENTS MADE OFF THE RECORD)

Mayor Lago: Excuse me. You asked to be heard. I don't have a problem...

Mr. Chickillo: Okay, thank you.

Mayor Lago: But there's a process here. There's a process. And I -- what I ask is you don't have to respect me, but at least respect the body itself. And I give you all the time that you'd like to speak, and I've met with you multiple occasions, but I think there has to be just a little bit of more respect.

Mr. Chickillo: Okay, so...

Mayor Lago: Not to me, not to me, not to me.

Mr. Chickillo: So, let me ask you a question. Are you going to let me speak or not? Because if you're not, I'll leave. But if you are, I don't want to hear the lecture from you, Mayor. You sit here and you've done it time and time again in meetings with us. The money that you pay extra into that pension system, how much was it in 2013 when they stripped all our benefits? Three point something million, \$4 million? That money that you're putting in extra is the money that came off our backs.

Mayor Lago: Could I interject one second?

Mr. Chickillo: It came off our backs.

Mayor Lago: May I?

Mr. Chickillo: Sure.

Mayor Lago: May I treat you with a little bit more respect than you're treating...?

Mr. Chickillo: I'm giving you all the respect...

Mayor Lago: No, you're not.

Mr. Chickillo: I can.

Mayor Lago: No, you're not. I'm asking...

Mr. Chickillo: I'm giving you all the respect I can.

Mayor Lago: I'm asking you -- if I may...

Mr. Chickillo: Yes.

Mayor Lago: If I may, if I may. I wasn't here in 2013.

Mr. Chickillo: Well...

Mayor Lago: But wait. I wasn't here in 2013.

Mr. Chickillo: You can read though.

Mayor Lago: It doesn't matter.

Mr. Chickillo: You can read (INAUDIBLE).

Mayor Lago: But you're blaming -- again, I'm addressing issues that happened in the past, and this Commission has to address those issues, but I didn't strip you of anything. I wasn't here, neither was anybody on this Commission.

Mr. Chickillo: The Commission did. I didn't say you did; I said the...

Mayor Lago: I understand.

Mr. Chickillo: Commission did.

Mayor Lago: But we're dealing with certain things that happened in the past when the pension was not...

Mr. Chickillo: All...

Mayor Lago: Properly funded to the way it should have been, and we went negative.

Mr. Chickillo: I wanted to acknowledge -- just say yes, Mike. Just say yes, we took money from the employees. Just say that we contributed that money -- that money that you say that you're putting in extra...

Mayor Lago: I didn't take money from the employees.

Mr. Chickillo: Pardon me?

Mayor Lago: I didn't take money from the employees.

Mr. Chickillo: The Commission did back in '13. They stripped our pensions by 35 percent. And now on top of it, they did that, and now it's time for us to get a COLA, and you don't want to give it to us. You know, this big invisible club, the unfunded liability, is nothing more than a mortgage payment. And who in the -- who agreed in that lawsuit that we were going to have to be 100 percent funded? I've been here 38 years involved with the City and never has it been 100 percent funded.

Finance Director Gomez: Sure it has been. It has been.

Mayor Lago: Would you like...?

Mr. Chickillo: When did we...

Mayor Lago: Would you like to...?

Mr. Chickillo: Agree to...

Mayor Lago: Sir.

Mr. Chickillo: 100 percent funding?

Mayor Lago: Sir, speak to me. Speak to me, and let's have a little bit more respect for the Director, and I will ask her the question, through the Manager, who she works for. And it'll be very simple. You asked her a question. Let's give her the opportunity to respond. Madam Director, through the Manager, will you please respond to the gentlemen's question?

Finance Director Gomez: Back into 1999-2000, it was over 100 percent funded. I'm trying to find the page on the...

Mayor Lago: Just give her a moment to answer you.

Finance Director Gomez: Actuary report. But it was -- so -- and the...

Mr. Chickillo: I didn't hear the year, sorry.

Finance Director Gomez: I'm sorry?

Mr. Chickillo: I didn't hear the year.

Finance Director Gomez: 1999 or 2000. I'm trying to find the exact year. It was definitely -- in 1999, it was 104 percent funded, and I have that in a presentation from the...

City Attorney Ramos: I just want to make clear that the standard is not 100 percent funded. The standard is the seven factors in the memo, which is what you should be considering today.

Mayor Lago: And that's what I...

Finance Director Gomez: Right.

Mayor Lago: But we're answering the gentleman's question because, again, he blurted out from the side of the room he wanted to be heard, and I'm giving him every single opportunity, like we do to every single person here. But all I'm asking for is just -- we can have a conversation, but let's be respectful because I respect you. We just may have a different opinion.

Mr. Chickillo: I think I am respectful.

Mayor Lago: I'm...

Mr. Chickillo: Okay? I think...

Mayor Lago: Sir...

Mr. Chickillo: I am respectful.

Mayor Lago: Sir, I don't -- I -- to be...

Mr. Chickillo: I think that I am respectful, Mayor. I do.

Mayor Lago: I don't think you are. I think you're -- I think -- to be honest with you, I think you're rather antagonistic, and I think that she's trying to provide you an answer and you're not giving her a moment to respond.

Mr. Chickillo: I didn't just interrupt her, somebody else did. I didn't interrupt her.

Mr. Thornhill: If I may. I'm sorry if I (INAUDIBLE). I know this is kind of out of protocol. And I agree with Ms. Gomez. I do believe that it was 100 percent funded at one time. But then at that point, I believe the City for different reasons -- and I don't want to speak to the reasons why -- but I believe it ceased making the obligation it needed to at the time.

Finance Director Gomez: That's not true.

Mr. Thornhill: I believe you're wrong about that because Mr. (INAUDIBLE) and Mr. Brown, I had conversations with them at the time that they didn't make the proper payment that they needed to because it was overfunded at the time.

Finance Director Gomez: We always made the required payment.

Mr. Thornhill: Required...

Finance Director Gomez: The actuarial required payment...

Mr. Thornhill: Required payment...

Finance Director Gomez: Which is our obligation.

Mr. Thornhill: Okay. (INAUDIBLE).

Mayor Lago: But how about we do this? How about we do this? You made a statement. You made a statement, and let's give her -- let's give our director the opportunity...

Mr. Thornhill: Sure.

Mayor Lago: To respond through the Manager, please.

Mr. Thornhill: But the bottom line is, at the end of the day...

Mayor Lago: Can I give her the response? Just can I...

Mr. Thornhill: Sure.

Mayor Lago: Give her the...

Mr. Thornhill: No, please.

Mayor Lago: May I just give her that moment, please?

Finance Director Gomez: Again, the City has always made its required payment. They perhaps did not make extra payments, but they always made their required payments, which is the obligation of the City to do.

Mr. Thornhill: Okay.

Finance Director Gomez: So, we've always made our required payment.

Mr. Thornhill: They made the required payment, okay. I'll accept that. But the difference goes back to what I said before. Sometimes numbers can be misleading, and sometimes it takes political courage and doing the moral thing, doing the correct thing. And when you make promises to an employee, and especially for firefighters -- and I can't speak for police and the general employees because they're all good people -- but when you talk to the firefighters and 33-year veteran here, a 31-year veteran here, a 33-year veteran there, a 33-year veteran there, and to do the line of work that we do and have done and the damage it's taken to our bodies -- and I don't want to go into medical backgrounds, but I can tell you some horror stories of what it's taken to our bodies, the medicines we take, the long-term damage it's done to our bodies, we did that predicated on a set of circumstances that the City said, "If you do this, we'll give you that," and we did that. And the City changed it after we did all that, so that's one issue right now on the table that you can help remedy that.

Mayor Lago: And I understand that.

Mr. Thornhill: No, please let me finish, please if I may. So, that's one issue on the table. Secondly, when you look at these numbers about being 100 percent funded and so on, yes, we all want to be 100 percent funded. That's fiscally responsible; I agree. However, that would be super important if we all retired January 1st of 2022, if every employee was to retire that month. It's all staggered...

Mayor Lago: I understand.

Mr. Thornhill: So, 80 percent funding is a healthy number. We're going to hit that benchmark.

Mayor Lago: I understand.

Mr. Thornhill: That's a very, very important number. That's good. And the City has been -- and a lot of it's under your leadership, and I commend you for that.

Mayor Lago: But can I say something please?

Mr. Thornhill: Please.

Mayor Lago: May I?

Mr. Thornhill: Please.

Mayor Lago: May I? I would like to have a conversation amongst my colleagues on the Commission floor.

Mr. Thornhill: Okay, I...

Mayor Lago: If you would allow me to do that.

Mr. Thornhill: I...

Mayor Lago: I know that you're running -- you -- both of you are running this Commission today, but if you would allow me just the privilege...

Mr. Thornhill: We're not...

Mayor Lago: Just the privilege...

Mr. Thornhill: We're not running anything.

Mayor Lago: If you would allow me the privilege just to run this meeting, I would be grateful for that.

Mr. Thornhill: Sure. If I was running...

Mayor Lago: If you would allow me.

Mr. Thornhill: It, I would say eight oh -- 8 percent, and we would make a motion four zero, but I'm not running it, please. But I just wanted to make some relevant points because it is a little misleading, but you got to put the moral factor into this as well.

Mayor Lago: And why -- but you -- so you -- are you saying that the last two times that I voted against this, I was being immoral? Is that what...

Mr. Thornhill: No.

Mayor Lago: You're saying?

Mr. Thornhill: I'm saying what...

Mayor Lago: I'm trying to understand you here.

Mr. Thornhill: I'm trying...

Mayor Lago: Explain it to me.

Mr. Thornhill: I'm trying to make sure that these new members of the Commission understand from our vantage point that the City made a deal with us. The City said, "If you do this, this and this, we will give you this and this," and we did that.

Mayor Lago: So, again, can I...?

Mr. Thornhill: We don't get social security.

Mayor Lago: May I respond to you?

Mr. Thornhill: And then because...

Mayor Lago: But you do get...

Mr. Thornhill: We did that...

Mayor Lago: But you do get...

Mr. Thornhill: And then the City changed that.

Mayor Lago: But you do get other forms...

Mr. Thornhill: And the way you can correct that...

Mayor Lago: You do get other benefits.

Mr. Thornhill: Is to do...

Mayor Lago: You do get other benefits.

Mr. Thornhill: I'm sorry?

Mayor Lago: You do. You get 175 money. There's 185 money. The City has never touched that money ever. We've been -- unlike other municipalities that have gone and dipped into that...

Mr. Thornhill: That has nothing to do with the City budget.

Mayor Lago: But hold on a minute. Hold on a minute, hold on a minute. We are being responsible. We are being responsible because it's very easy to throw by the wayside our \$7 million commitment that we're making out of taxpayer money every single year that we started making eight or nine years ago, and we've grown it to \$6.8 million this year. That is a huge, significant commitment by the City of Coral Gables. So, at the end of the day, let's not toss that by the wayside because if we don't do that, we don't get to where we are today with paying this down even faster.

Mr. Thornhill: Sure.

Mayor Lago: So, I think -- but that's easy to say, you know, we're owed that.

Mr. Thornhill: Mr. Mayor...

Mayor Lago: I didn't run up the credit card. Nobody in this Commission ran up the credit card to 48 percent to the second lowest funded pension in the state of Florida. I mean, that to me, when I walked in was given to me in a silver platter to address, along with Jim Cason and my other colleagues in the Commission. But we've taken that responsibility, and we've moved forward to address the issue. I'm just giving you my opinion.

Mr. Thornhill: Absolutely.

Mayor Lago: And I would love nothing more if I can to continue having a conversation with my Finance Director if you would allow me to.

Mr. Thornhill: And the Commission has done an amazing job and inherited a huge mess. I agree with you 100 percent, 100 percent. And going forward, I commend you for taking the leadership to do what you're trying to do, I agree. But what's on the table today is something that you still have an opportunity...

Mayor Lago: I understand that.

Mr. Thornhill: To turn something into a positive.

Mayor Lago: Can I take control of this meeting or...?

Mr. Thornhill: You may. And I just wanted...

Mayor Lago: May I?

Mr. Thornhill: To correct some of the things and just interject a little bit that we did.

Mayor Lago: Thank you, my friend.

Mr. Thornhill: I thank you very much.

Mayor Lago: I appreciate that.

Mr. Thornhill: Thank you very, very much.

Mayor Lago: Thank you so much.

Mr. Thornhill: I appreciate it. Thank you.

Mayor Lago: Thank you. Madam Director, we were speaking.

Finance Director Gomez: So, in the 2000 valuation, we were 105 percent funded. The 2001 valuation, we were 99.2 percent funded.

Mayor Lago: Okay.

Finance Director Gomez: So, we had -- and prior to that, we were 100 percent funded. Since then, it has gone down to its lowest point of 52.1 percent funded, so never in the 40s...

Mayor Lago: Sorry.

Finance Director Gomez: That I know...

Mayor Lago: 52 percent.

Finance Director Gomez: No, I just want...

Mayor Lago: I apologize.

Finance Director Gomez: To clear the record.

Mayor Lago: Excuse me.

Finance Director Gomez: And then...

Mayor Lago: Thank you for correcting me.

Finance Director Gomez: In 2012, it went to 52.1 percent funded. And then now it's been climbing up since then. This is the actuarially determined...

Vice Mayor Mena: What's the percentage now you said? I apologize.

Finance Director Gomez: Now, it's 68.7 percent. This is the actuarially determined funded ratio. When they -- when people talk about an 80 percent funded, all that, yes, on a market basis right now, if you take a snapshot of the assets in the fund, perhaps we are 80, 85 percent funded. But if next month the market crashes, we can easily go back down to X -- you know, whatever percent. So, we always do it on an actuarial basis. It's the way we've always done it.

Vice Mayor Mena: Understood.

Finance Director Gomez: It's not fair to say we're 68 percent funded when you want us to put more money in the fund, but then we're 80 percent funded when you want us -- when you want to pay more out of the fund.

City Manager Iglesias: If I may say. This is a perpetual fund, and it uses a five-year smoothing, so the actuarial amount would be the five-year smoothing because it is a perpetual fund. So, sometimes that works for the high and also works for low to get that smoothing because of market fluctuations.

Finance Director Gomez: Right. With regards to the funded status, the state statute is what requires that the cumulative experience be positive before you consider an additional benefits such the COLA. It has already been determined in our ordinance -- in our -- per the settlement

agreement that it was considered an additional benefit, and therefore, the state statute says that we must be in a positive actuarial gain position. Per our City Attorney who mentioned -- yes, so these are the factors that we consider for this purpose; that is true. We consider the factors that we went over, so it doesn't have to be 100 percent funded before the factors -- before the Commission could grant it. However, the question was asked, When would I recommend it? So, when would I recommend it? I would recommend it when we have met the state statute requirement, which equates to the 100 percent funded because yes, we -- you know, at 80 percent -- is 80 percent funded good enough? Maybe, but maybe not because then you have one bad year, you drop down, you added liability of \$27 million. You're going to come down right away by three or four percentage points there, so it is a -- it's something that, obviously, it moves, and we don't know what's going to happen with the market with all the other assumptions. So, we are being conservative in the way we're dealing with things. We have been putting additional monies into the fund. Based on the actuarial -- the pension actuary's estimations, if everything remains constant how we've been doing it, we will be to 100 percent funded in 2027. So, that is -- yes, that's five and a half-ish years from now, and I understand...

Mayor Lago: If everything remains perfect.

Finance Director Gomez: Exactly.

Mayor Lago: But we continue to...

Finance Director Gomez: Right.

Mayor Lago: Put almost \$7 million...

Finance Director Gomez: Right.

Mayor Lago: A year.

Finance Director Gomez: Right. And it's been increasing. Because if you guys remember -- if we remember a couple of years ago when we talked about it, we were looking at 11 or 13 years. So many years, it hasn't dropped since then, and we're already now at a five-year mark, so we've been doing better than what we anticipated when we first started discussing this. So...

City Attorney Ramos: So, before the Commission starts to deliberate, I just want to remind everybody -- because there's been a couple of people that have said the same thing. The Commission's not voting in favor of the COLA. The COLA right now is 8 percent. If the Commission does nothing, the retirees get 8 percent. If the Commission wants to reduce or eliminate the COLA, a motion needs to be made.

Vice Mayor Mena: Let me -- and let me clarify that a little further. You spoke about there was a deal back in whatever year -- I apologize -- you said it was, and the City went back on the deal and all these things. Here's my problem. Whatever happened leading up to today, one of the aspects of that was the settlement of this lawsuit where there was a process agreed to that I'm bound by, right? The process is basically what the City Attorney just described, and then our Finance Director has to go through seven criteria that were set out in the settlement. So, I'm here -- I'm a fiduciary of the City. I have that agreement in place. I have a memo from my Finance Director saying -- going through the seven criteria and telling me it's not there, the support is not there. It doesn't satisfy those seven criteria. So, that was part of what was agreed to as well by the lawsuit that somebody filed and there was a settlement, and the City Attorney can kind of give us the background of that, if necessary, but that's also part of how we got where we are today. And that's the tough part. I want to be careful with -- and I think the City Attorney was saying the same thing. It's not required that it be 100 percent, to answer your question. That's not a requirement, you know. What I just described as far as those seven criteria which are outlined in the memo is what we have to evaluate. That's what we have. That's what we're looking at. You throw out the number 80 percent as a healthy number. I appreciate that point. I understand the point you're trying to make. I'm also being told that that number -- from an actuarial perspective, which is what

we have to go by is what we always go by -- is really closer to 68 percent. So, we're not even at the 80 percent that you're using. And I understand -- and I hear your point. You can do numbers different ways. I got it; I understand. But to be fair, we do always use...

Finance Director Gomez: Yep.

Vice Mayor Mena: Any time we talk about this, that number. So, that's the problem I have. And so, look, I think the biggest comment that I've heard today that I appreciate from Mr. Chickillo is we're going to do what we do today, but I think we should have a conversation instead of waiting till this meeting next year. That's a fair point, you know, and...

(COMMENTS MADE OFF THE RECORD)

Vice Mayor Mena: And so, if -- give us a chance to finish, and then, you know, I'll leave it to the Mayor whether he wants to have additional comments. So, you know, let's -- we can talk about that, but I'm sitting here today with the settlement that was reached, with the criteria, with a memo from my Finance Director saying A, B, C, D, E, F, G, and all the history, and the unfunded liability that the Mayor walked us through, and I hear your point, and I respect what you're fighting for. I think it's a little unfair though to couch it as, you know, a moral issue. I don't think that's right because you guys made decisions and you guys also reached certain agreements. You mentioned one of them, but you're not calculating the last one, the settlement agreement. And I'm trying to just weigh all that. The other I think very important point -- I think Mr. Daniels mentioned -- is the unfunded liability is for everybody, and the health of the system is for everybody, including the retirees, and our current folks, and everybody that's part of the system, and we have to be fiduciaries towards that. So, that's where I stand with it today, but I'll turn it over to my colleagues.

Unidentified Speaker: (INAUDIBLE) additional comment, sir.

Commissioner Anderson: No.

Mayor Lago: After the Commission has spoken. Thank you, sir.

Commissioner Anderson: Are you ready?

Commissioner Fors: I had a quick question. What is the -- if this number is available -- the average -- in this class, what is the average pension revenue or projected pension revenue?

Finance Director Gomez: The pension revenue?

Commissioner Fors: Or not pension revenue.

Finance Director Gomez: Pension payment?

Commissioner Fors: Pension income from the payees.

Finance Director Gomez: So, yeah, I don't have that information. That is something that's managed by the pension system. I know that there are 864 members of this class, and the December payroll for those 864 members was \$3.277 million according to the retirement administrator. So, if you want to just do a quick math from that, we can get to an average number, but that doesn't, you know -- 3.276978 divided by 864 -- \$3,792 a month. Three thousand, seven hundred ninety-two dollars and seventy-nine cents a month, but that's not -- I don't know that -- I mean, that's just a mathematical average, not a -- some people make more than that each month...

Commissioner Fors: Right.

Finance Director Gomez: And some people make a lot less than that each month.

Commissioner Fors: So, an 8 percent COLA adjustment would be an 8 percent increase on that number?

Finance Director Gomez: Yes.

Commissioner Fors: Average, but obviously, they're...

Finance Director Gomez: Yes.

Commissioner Fors: All over the board.

Finance Director Gomez: Um-hmm.

Commissioner Fors: An average might not be very useful in this analysis because...

Finance Director Gomez: Right, right. But the -- yeah, the 8 percent COLA would -- it would increase the unfunded liability to \$28 million -- by \$28 million over the next 10 years, paying it down \$3.7 million additional each year for 10 years amortization.

Mayor Lago: Commissioner Anderson.

Commissioner Anderson: We got here with an assumption rate that was unrealistic of 9 percent. And when we had our meeting with the team, you know, reviewing this issue, I had to express concerns to -- that the 7 percent was a little on the rich side. We're coming out of a pandemic. We're not quite sure where the economy is going. We can hope that it continues, and we continue to grow in a positive direction. This for me is a very difficult year to make this type of decision, whether you call it a moral decision or any other decision. I understand the value of pensions. My husband is on one. My father was on one. And you know, I just think it's premature at this time because we don't want to erase the progress that we've made. We have residents as well that are

asking for many things; traffic calming, that are life safety issues, their -- that the children are safe, and their pets are safe. Yet, we have to budget it out as well. I'd like to start this conversation earlier in the year so that we can include it in the budget process. I'm not prepared to move forward with a COLA increase this year.

Mayor Lago: Thank you, Commissioner. With that...

(COMMENTS MADE OFF THE RECORD)

Mayor Lago: You know what's incredible? What's incredible -- and I love you because you're my neighbor, but you guys...

(COMMENTS MADE OFF THE RECORD)

Mayor Lago: Would never do this with Raul here, never. And you guys get away with so much and...

Ms. Cruz: We love you.

Mayor Lago: No, but it's -- but to be honest with you, and to be honest...

Vice Mayor Mena: It's disrespectful (INAUDIBLE).

Mayor Lago: There has to be a level of the decorum in the meeting, and I feel like...

Ms. Cruz: I'm asking.

Mayor Lago: I feel like anybody -- you guys are running the meeting. Take over.

Ms. Cruz: I asked.

Mayor Lago: Go ahead.

Ms. Cruz: I asked.

Vice Mayor Mena: No, Maria, Maria, but then the real sweet spot is when you came up earlier to criticize people for being on the phone and all that kind of thing, you know, it's a little unfair the way...

Ms. Cruz: Well...

Vice Mayor Mena: But you -- it's kind of a one-way street sometimes because sometimes we're on the phone because you're texting us.

Mayor Lago: Yeah.

Ms. Cruz: But I'm not an...

Vice Mayor Mena: Yeah.

Ms. Cruz: Elected official.

Mayor Lago: Like I have...

Vice Mayor Mena: So...

Mayor Lago: Residents texting me.

Ms. Cruz: Okay.

Vice Mayor Mena: Yeah.

Ms. Cruz: True.

Mayor Lago: Because you were texting us before.

Ms. Cruz: I'm not an elected official. I've been demoted. I'm not mayor anymore. So, listen, as for the year 2020, I want you all to know, for the year 2020 -- okay? -- 259 City employees make over \$100,000. And if you look at the budget book, if you look at the budget that you all signed, everybody got a little salary increase. The benefits were not touched in 2020, when we were going through difficult times. And I contacted the Administration and said, "Okay. City of Miami Beach is asking people to take furlough. City of Miami Beach is putting people on part-time, et cetera, et cetera." This City chose not to touch anybody. Everybody kept getting their salaries as scheduled, their retirement, everything was fine, okay? But yet, the people that save our lives do not get a break also. You know, there comes a point when you have to say what's fair is fair.

Vice Mayor Mena: What's the biggest item...

Ms. Cruz: When you have...

Vice Mayor Mena: In our budget, Maria?

Ms. Cruz: What was that?

Vice Mayor Mena: What's the biggest item in our budget?

Ms. Cruz: Well...

Vice Mayor Mena: By far.

Ms. Cruz: But we could have -- since we knew that it was going to be a rough year...

Vice Mayor Mena: Did the current firefighters...

Ms. Cruz: We could have cut the...

Vice Mayor Mena: And police officers get pay increases and things that they negotiated this year as well? Yes, so it's not just -- it's easy to point to one person and say they got a salary increase, but...

Mayor Lago: And if I -- can I ask...?

Vice Mayor Mena: And if you're...

Ms. Cruz: What I'm saying is...

Vice Mayor Mena: Recommending that we should have furloughed our entire workforce this year...

Ms. Cruz: No.

Mayor Lago: But can I also...?

Ms. Cruz: I'm not saying the whole force.

Vice Mayor Mena: Which is it?

Mayor Lago: Could I...?

Vice Mayor Mena: So, which is it?

Mayor Lago: Can I have...?

Ms. Cruz: A little (INAUDIBLE).

Vice Mayor Mena: They're all tough decisions.

Mayor Lago: Ms. Cruz.

Vice Mayor Mena: They're all tough decisions.

Mayor Lago: Ms. Cruz, can I also add something to that, please? I think it's important.

Ms. Cruz: Yeah.

Mayor Lago: When I got into office, nobody here had to deal with this. I walked with the firefighters to review their existing homes. When I say "homes," I mean where they conduct business, the firehouses. And in my opinion, it was deplorable, the conditions that they were -- that they had to work in. They had mold issues, and there was a litany of other things where, again, we could spend hours talking about it. If you look at it today, the investment that this Commission, this Administration has taken in regards to our firefighters, find me firefighters in Miami-Dade County that have better accommodations than the City of Coral Gables who deal with a better community than the City of Coral Gables. So, we take it very, very seriously to make sure that our employees, not only our firefighters and police, that we give them the best that we possibly can. But I have to at certain points show fiscal restraint because you're trying about almost \$30

million into the unfunded liability. And to me, I just -- again, I haven't gotten a pay raise myself, both in the private or in the public sector, and I'm being very, very careful, especially after COVID, to ensure that my business is running as steadily as possible. And we're trying to be as thoughtful and careful as possible. But I can't make a decision today in support of a COLA which my staff - the staff of the Manager, excuse me, clearly is not 100 percent in favor of. And Ms. Gomez, did you have anything else you wanted to add?

Finance Director Gomez: No.

Vice Mayor Mena: One more quick point.

Mayor Lago: No, I just wanted to make sure -- I heard -- I thought she was going to say something. That's why -- I didn't know if she wanted to add something. Okay. And this gentleman also wanted to say something here...

Vice Mayor Mena: Yeah.

Mayor Lago: Because he wanted to speak also. And I want to give him also an opportunity.

Vice Mayor Mena: To Maria's point...

Ms. Cruz: May I please finish?

Vice Mayor Mena: Because I think this is important to the exact point...

Ms. Cruz: Yes.

Vice Mayor Mena: You're making. You probably were here a few months ago when David Perez was up here who wants eight additional full-time positions on the Fire Department, and who

wanted to make a commitment -- he wants a commitment from the City that by the time the new firehouse opens on Sunset, there's going to be additional positions budgeted and funded. So, I'm not -- my point is, I understand the point you're making, where you can pick any item in the budget and say, "Well, instead of doing this, you should do that." I get it, but there's also competing interests within the department itself, and it's important to note that.

Ms. Cruz: But I think you're missing the point. We're talking about the future. We're talking about the people that are still working here. I'm talking about the people that are retired and were counting on getting a little more, like people on Social Security get. I told you when I get the little notice saying I'm going to get a little more, insurance is going up, oops, it's covered. They don't get that.

Mayor Lago: Ms. Cruz.

Ms. Cruz: And it's time for us to take care of those people.

Mayor Lago: Ms. Cruz.

Ms. Cruz: That's all I'm saying.

Mayor Lago: May I...?

Ms. Cruz: The people that are working now, you know what? They're working now. They're healthy; those people are not.

Mayor Lago: Ms. Cruz, may I have control of the meeting?

Ms. Cruz: Yes, you have. And I love you because you're not condescending when you talk to me. Thank you.

Mayor Lago: I just would love to have a little bit of control in this meeting.

Ms. Cruz: Thank you.

Mayor Lago: And it's -- I think my generosity is starting to not bear fruit anymore. The gentleman in the front row who would like to say a few words, please.

Mr. Pickering: Thank you very much. I would -- it would be great if the rest of the firefighters and police officers get another chance to speak. When I was up here speaking, you know, I didn't prepare well enough. And there's always things that come to mind, you know, that you think of later. From hearing from the Finance Director the Year 2027, that's a godsend. Because at the Retirement Board meeting just a few months ago, the actuary projected that we'd be 100 percent funded by 2029. I've also heard from the actuary, you know, at a Retirement Board meeting in years past that it could be pushed back to 2034. I mean, we don't know -- just like the Finance Director said -- we don't know how the economy's going to go. It could be 2027, it could be 2029. You know, it could be 6 to 10 years. I mean, that's a lifetime. I mean, I'm 67 years old. My wife is 69. She had Stage 3 cancer. I was always hoping someday that she would outlive me to be able to collect my pension and to support her throughout the rest of her life. But you know, that may not happen because we don't know when we're going to get another cost of living increase. And as Ms. Anderson said, well, let's discuss it at a budget hearing next year. Well, you can't discuss it at a budget hearing because you don't know what the fund's going to do and you don't have the actuary's letter. I mean, yeah, you could discuss it at the next budget hearing and say, okay, we're going to sock away, you know, \$1.5 million or whatever it was to give a reduced COLA, no matter what the fund does. But I mean -- and you don't have to grant an 8 percent COLA. You could grant a 6 percent COLA, a 4 percent COLA, a 2 percent COLA, even a 1 percent COLA. I mean, one of the things that was discussed in the lawsuit was a 1 percent COLA every year, but that was rejected during the lawsuit. I can talk here -- I can talk for 30 minutes just about the lawsuit and what all went on.

Vice Mayor Mena: But that's an important point you just made.

Mr. Pickering: Yeah.

Vice Mayor Mena: That's a -- I think...

Mr. Pickering: You know, I think about this stuff when I'm sitting.

Vice Mayor Mena: No, but that could -- maybe that could have been the agreement.

Mr. Pickering: Yeah.

Vice Mayor Mena: And if it was, we'd be giving you a 1 percent COLA today.

Mr. Pickering: Oh, no, it was rejected. It was...

Vice Mayor Mena: Right.

Mr. Pickering: Rejected.

Vice Mayor Mena: Right, it -- right.

Mr. Pickering: Yeah.

Vice Mayor Mena: It was -- that's not what was agreed. If it...

Mr. Pickering: I know.

Vice Mayor Mena: Was...

Mr. Pickering: I understand. No, I understand your point.

Vice Mayor Mena: This is what was agreed.

Mr. Pickering: This kind of stuff I think about...

Vice Mayor Mena: And so here we are.

Mr. Pickering: (INAUDIBLE).

Vice Mayor Mena: That was my point is I can't control what was agreed to.

Mr. Pickering: Yeah, I know.

Vice Mayor Mena: But I have to now live with it and deal with it. And what I have is, again, a memo from the Finance Director addressing the seven points outlined in the settlement agreement, and I'm trying to do the best I can with that.

Mayor Lago: So, it's...

Mr. Pickering: And (INAUDIBLE) we didn't either.

Mayor Lago: So, it's the seven points in the memo. And also, I have to deal with the 68 percent funded pension, which like I said before, when I walked in here, was 52 percent. And I was wrong, and I can hear you all the way up here. So, I -- I was wrong.

(COMMENTS MADE OFF THE RECORD)

Mayor Lago: I was wrong, I was wrong. So, with that being said, I'll entertain a motion to either reduce or to eliminate the COLA.

Commissioner Anderson: I'll make the motion.

Commissioner Fors: I'll second it.

Mayor Lago: Mr. Clerk.

City Attorney Ramos: What is the motion to do? I'm sorry. The motion is to reduce or eliminate.

Mayor Lago: Reduce or eliminate?

City Attorney Ramos: If it's to reduce, to what number?

Commissioner Anderson: To eliminate.

Mayor Lago: To eliminate.

Commissioner Anderson: Yes.

Commissioner Fors: Yes.

Vice Mayor Mena: Yes.

Mayor Lago: Yes.

(Vote: 4-0)

Mayor Lago: Thank you. Have a nice day.