



November 11, 2025

PRIVILEGED AND CONFIDENTIAL

Retirement Board,
City of Coral Gables Retirement System
c/o Ms. Edemir K. Estrada
Pension Administrator
Gabriel, Roeder, Smith & Company
One East Broward Blvd., Suite 505
Fort Lauderdale, Florida 33301-1804

Re: 2026 COLA Determination

Dear Members of the Board:

We have completed our review of the investment results of the City of Coral Gables ("City") Retirement System ("Retirement System") for the year ended September 30, 2025, and of the cost of living increase provisions in the City Ordinance, Section 46-253(c). The purpose of this letter and attachments is to determine the cost of living adjustment ("COLA") as of January 1, 2026 only.

Background

Section 46-253(c) of the City Ordinance provides for a COLA as of January 1st if the rate of return on the market value of assets for the preceding year ended September 30th is at least +10%, the cumulative rate of return on the market value of assets since the date the last COLA was granted is greater than 0%, and the present value of such increase does not exceed the net actuarial experience accumulated from all sources of gains and losses, as provided in Florida Statutes, Chapter 112.61, effective from July 1, 1994, forward.

However, for the Class Members in *Murrhee v. City of Coral Gables*, Case No. 13-20731 CA (13) (Fla. 11th Cir. Ct.), for those members who opted out of the Class in *Murrhee v. City of Coral Gables* but advised the City in writing on or before August 30, 2018 that they wish to be treated in the same manner as Class Members ("Opt-out Members"), and for those members who retired, entered the DROP or became eligible for normal retirement after January 1, 2013 and before February 10, 2015 and signed a settlement agreement with the City ("Gap Members"), or the designated beneficiaries of such members, subsection 46-253(c)(7) provides for a separate determination as to whether these members are entitled to a COLA and the amount of the COLA based solely on the factors identified in the 2013 version of Section 50-230(c) ***without regard to net Actuarial Experience***. If the Retirement Board determines that these members should receive a COLA, and net Actuarial Experience is negative, the City Attorney may invoke the Alternative Dispute Resolution Mechanism under subsection 46-253(c)(7) by requesting a hearing before the City Commission. At the hearing, the City Commission, in its sole discretion may, by a supermajority 4/5 vote, reject the Retirement Board's determination or reduce the amount of the proposed COLA.

If a COLA is eligible to be granted and a COLA was granted in the prior year, the amount of the COLA is equal to one-half of the increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) during the year ending September 30th, not to exceed 2.75%. If a COLA is eligible to be granted and a COLA was not granted in the previous year, the amount of the COLA is equal to one-half of the increase in the CPI-W from the September 30th just prior to the date the last COLA was granted to the most recent September 30th, not to exceed the lesser of 8.0% and 2.75% multiplied by the number of years since the last increase was granted.

The first attachment (A.1) shows a history of the cost of living increases that have been granted under this provision for Class Members, including the members who opted out of the Class in *Murree v. City of Coral Gables* but advised the City in writing on or before August 30, 2018 that they wished to be treated in the same manner as Class Members (“Opt-out Members”), or the designated beneficiaries of such members. Since the Class Action Settlement Agreement dated September 18, 2017 was approved, these members were granted COLA’s retroactive to January 1, 2014 and January 1, 2013 (based on the investment results for the years ending September 30, 2013 and September 30, 2012, respectively). The formula-based COLA calculations for these two years were based on the provisions prior to the adoption of Ordinance No. 2015-03 (i.e., based solely on the factors identified in the 2013 version of Section 50-230(c) without regard to net Actuarial Experience). The “Actual COLA Granted” retroactively as of January 1, 2013 and January 1, 2014 is 2.975% and 0.25%, respectively, pursuant to the Class Action Settlement Agreement. The most recent COLA granted was 4.0% effective January 1, 2025.

“Gap Members” are treated in the same fashion as Class Members and “Opt-out Members” for future COLA determinations, so the first attachment (A.1.) applies to them as well.

The second attachment (A.2) shows a history of the cost of living increases that have been granted under this provision for all other Members (not Class Members, “Opt-out Members” or “Gap Members”). We have started the history for this chart in 2014-15, which is the first year that could have possibly applied to any member who is not a Class Member, “Opt-out Member” or “Gap Member”, as none of these members retired prior to 2015.

Return on Assets

Based on the asset information received from the Pension Administrator, the **net rate of investment return** on the market value of assets during the year ended September 30, 2025 was calculated to be **10.1%**. Since the return exceeds 10%, and since the cumulative rate of investment return since the date the last COLA was granted is greater than 0%, a cost of living increase is eligible to be granted on January 1, 2026 to Class Members, “Opt-out Members”, and “Gap Members”, according to the provisions of subsection 46-253(c)(7) of the City Ordinance.

The third attachment (B) shows a 10-year history of the annual rate of investment return on the market value of assets during each year ending September 30.



Calculation of Cost of Living Adjustment (COLA) as of January 1, 2026

The amount of the COLA percentage increase calculated for Class Members, “Opt-out Members”, and “Gap Members” as of January 1, 2026 would be equal to one-half of the increase in the Consumer Price Index (CPI-W) from September 30, 2024 (i.e., the September 30th immediately prior to January 1, 2025, the effective date of the last COLA), to September 30, 2025, not to exceed the lesser of 8% and 2.75% multiplied by the number of years since the last increase was granted (i.e., January 1, 2025). As shown in attachment A.1, the increase in the CPI-W from September 30, 2024 to September 30, 2025 was 2.9%. One-half of this amount is 1.45%. Since this amount does not exceed the lesser of 8% and 2.75% multiplied by the number of years since the last increase was granted, **the formula-based COLA increase determined as of January 1, 2026 for Class Members, “Opt-out Members”, and “Gap Members” is 1.45%.**

Estimated Effect of COLA

We **estimate** that granting a 1.45% COLA as of January 1, 2026 to Class Members, “Opt-out Members”, and “Gap Members” (who were retired as of October 1, 2024) would increase the Unfunded Actuarial Accrued Liability (UAAL) and the required City contribution for the first year as follows:

Group	Increase in UAAL	Increase in Required City Contribution
Class Members	\$4,142,000	\$551,000
“Opt-out Members”	18,000	3,000
“Gap Members”	1,090,000	145,000
Total	\$5,250,000	\$699,000

These estimates were calculated using an investment return assumption of 7.00%, a 10-year amortization period (the amortization period stipulated in the Retirement System’s funding policy for benefit changes affecting only retirees, including ad hoc COLA’s granted to retirees which have not been advance-funded), the census data provided by the Retirement System for the October 1, 2024 actuarial valuation, and the actuarial assumptions used in the October 1, 2024 actuarial valuation, except for the mortality assumptions, which have been updated to reflect the mortality assumptions used in the July 1, 2024 actuarial valuation of the Florida Retirement System (FRS) Pension Plan. FRS conducted a statewide experience study covering the period 2018-2023, and this study resulted in the adoption of updated mortality tables and a new projection scale for mortality improvements. Florida Statutes require local municipal pension plans to use the same mortality tables, including the same projection scale for mortality improvements, as used in either of the two most recently published FRS valuation reports. Therefore, the new FRS mortality assumptions are required to be implemented in the Coral Gables Retirement System’s upcoming actuarial valuation as of October 1, 2025.

The actual cost would be based on the UAAL determined using the actual census data, financial information, and the actuarial assumptions to be used in the October 1, 2025 actuarial valuation.



Cumulative Experience Position

Based on the current provisions in the City Ordinance Section 46-253(c), a COLA may not be granted to members who are neither Class Members, “Opt-out Members” nor “Gap Members” if the Retirement System is in a cumulative experience loss position, as measured from July 1, 1994, forward. As shown in the October 1, 2024 Actuarial Valuation Report, the Retirement System had a **cumulative experience loss of \$194,986,786 as of September 30, 2024**, so a COLA may not be granted to members who are neither Class Members, “Opt-out Members” nor “Gap Members”.

Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

The determination of the accrued liability and the actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. Risk measures are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability and the actuarially determined contribution that result from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan’s funded status); and changes in plan provisions or applicable law. The scope of this assignment does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the plan’s future financial condition include:

1. Investment risk – actual investment returns may differ from the expected returns;
2. Contribution risk – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the plan’s funding policy or material changes may occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base;
3. Salary and Payroll risk – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
4. Longevity risk – members may live longer or shorter than expected and receive pensions for a period of time other than assumed;
5. Other demographic risks – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.



The effects of certain trends in experience can generally be anticipated. For example, if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.

Risk Assessment

A quantitative risk assessment is outside the scope of this assignment. Additional assessment may include scenario tests, sensitivity tests, stochastic modeling, stress tests, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability. We are prepared to perform such assessment to aid in the decision-making process.

Required Disclosures

This report was prepared at the request of the Retirement Board and is intended for use by the Retirement System and those designated or approved by the Retirement Board. This report may be provided to parties other than the Retirement System only in its entirety and only with the permission of the Retirement Board. GRS is not responsible for unauthorized use of this report.

This report is intended to determine the cost of living adjustment ("COLA") as of January 1, 2026 only and to describe the financial effect of granting the COLA to applicable plan members. No statement in this report is intended to be interpreted as a recommendation in favor of granting the COLA to applicable plan members or in opposition to it. This report should not be relied on for any purpose other than the purpose described above.

The calculations were based upon information furnished by the Retirement System for the October 1, 2024 actuarial valuation concerning Retirement System benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. They are also based on the financial information as of September 30, 2025 as reported in the custodian statements furnished by the Pension Administrator. We checked for internal reasonability and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the Retirement System and the Pension Administrator.

The calculations are based upon assumptions regarding future events, which may or may not materialize. They are also based on the assumptions, methods, and plan provisions outlined in this report. If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important plan provisions relevant to this proposal are not described, or that conditions have changed since the calculations were made, you should contact the author of the report prior to relying on information in the report.

This report was prepared using ProVal's valuation model, a software product of Winklevoss Technologies. We are relying on the ProVal model. We performed tests of the ProVal model with this assignment and made a reasonable attempt to understand the developer's intended purpose of, general operation of, major sensitivities and dependencies within, and key strengths and limitations of the ProVal model. In our professional judgment, the ProVal valuation model has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses.



This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge, the information contained in this letter is accurate and fairly presents the actuarial position of the Retirement System as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board, and with applicable statutes.

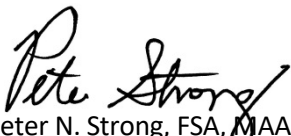
Peter N. Strong and Melissa R. Zrelack are members of the American Academy of Actuaries. These actuaries meet the Academy's Qualification Standards to render the actuarial opinions contained herein.


The signing actuaries are independent of the plan sponsor.

This actuarial valuation and/or cost determination was prepared and completed by us or under our direct supervision, and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate. In our opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. There is no benefit or expense to be provided by the Plan and/or paid from the Plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

If you have any questions with regard to the above, please contact us.

Sincerely yours,
Gabriel, Roeder, Smith & Company


Peter N. Strong, FSA, MAAA, FCA
Enrolled Actuary No. 23-06975
Senior Consultant & Actuary


Melissa R. Zrelack, MAAA, FCA
Enrolled Actuary No. 23-06467
Consultant & Actuary

This communication shall not be construed to provide tax advice, legal advice or investment advice.



Attachment A.1:
City of Coral Gables Retirement System
History of Cost of Living Adjustments (COLA) for Class Members, "Opt-out Members" and "Gap Members"

COLA Effective Date	Fiscal Year Ending	Fiscal Year Fund Return (%)	Prior Fiscal Year CPI-W	Current Fiscal Year CPI-W	One-Year Change in CPI-W (%)	50% of Change in CPI-W (%)	Change in CPI-W since Last COLA Granted	50% of Change in CPI-W since Last COLA Granted	Formula-Based COLA	Actual COLA Granted
1/1/1996	9/30/1995	18.3%	146.900	150.600	2.5%	1.25%	8.2%	4.10%	4.10%	4.10%
1/1/1997	9/30/1996	13.8%	150.600	155.100	3.0%	1.50%	3.0%	1.50%	1.50%	1.50%
1/1/1998	9/30/1997	23.6%	155.100	158.300	2.1%	1.05%	2.1%	1.05%	1.05%	1.05%
1/1/1999	9/30/1998	8.7%	158.300	160.200	1.2%	0.60%	1.2%	0.60%	0.00%	0.00%
1/1/2000	9/30/1999	11.9%	160.200	164.700	2.8%	1.40%	4.0%	2.00%	2.00%	2.00%
1/1/2001	9/30/2000	7.9%	164.700	170.400	3.5%	1.75%	3.5%	1.75%	0.00%	0.00%
1/1/2002	9/30/2001	-7.1%	170.400	174.800	2.6%	1.30%	6.1%	3.05%	0.00%	0.00%
1/1/2003	9/30/2002	-13.1%	174.800	177.000	1.3%	0.65%	7.5%	3.75%	0.00%	0.00%
1/1/2004	9/30/2003	19.0%	177.000	181.000	2.3%	1.15%	9.9%	4.95%	4.95%	4.95%
1/1/2005	9/30/2004	10.8%	181.000	185.400	2.4%	1.20%	2.4%	1.20%	1.20%	1.20%
1/1/2006	9/30/2005	11.4%	185.400	195.000	5.2%	2.60%	5.2%	2.60%	2.60%	2.60%
1/1/2007	9/30/2006	8.0%	195.000	198.400	1.7%	0.85%	1.7%	0.85%	0.00%	0.00%
1/1/2008	9/30/2007	12.9%	198.400	203.889	2.8%	1.40%	4.6%	2.30%	2.30%	2.30%
1/1/2009	9/30/2008	-15.5%	203.889	214.935	5.4%	2.70%	5.4%	2.70%	0.00%	0.00%
1/1/2010	9/30/2009	-1.4%	214.935	211.322	-1.7%	-0.85%	3.6%	1.80%	0.00%	0.00%
1/1/2011	9/30/2010	9.1%	211.322	214.306	1.4%	0.70%	5.1%	2.55%	0.00%	0.00%
1/1/2012	9/30/2011	3.7%	214.306	223.688	4.4%	2.20%	9.7%	4.85%	0.00%	0.00%
1/1/2013	9/30/2012	16.7%	223.688	228.184	2.0%	1.00%	11.9%	5.95%	5.95%	2.975% *
1/1/2014	9/30/2013	16.1%	228.184	230.537	1.0%	0.50%	1.0%	0.50%	0.50%	0.25% *
1/1/2015	9/30/2014	9.9%	230.537	234.170	1.6%	0.80%	1.6%	0.80%	0.00%	0.00%
1/1/2016	9/30/2015	2.0%	234.170	232.661	-0.6%	-0.30%	0.9%	0.45%	0.00%	0.00%
1/1/2017	9/30/2016	8.4%	232.661	235.495	1.2%	0.60%	2.2%	1.10%	0.00%	0.00%
1/1/2018	9/30/2017	14.5%	235.495	240.939	2.3%	1.15%	4.5%	2.25%	2.25%	0.00%
1/1/2019	9/30/2018	10.9%	240.939	246.565	2.3%	1.15%	7.0%	3.50%	3.50%	0.00%
1/1/2020	9/30/2019	3.9%	246.565	250.251	1.5%	0.75%	8.6%	4.30%	0.00%	0.00%
1/1/2021	9/30/2020	11.4%	250.251	254.004	1.5%	0.75%	10.2%	5.10%	5.10%	0.00%
1/1/2022	9/30/2021	22.7%	254.004	269.086	5.9%	2.95%	16.7%	8.35%	8.00%	0.00%
1/1/2023	9/30/2022	-15.7%	269.086	291.854	8.5%	4.25%	26.6%	13.30%	0.00%	0.00%
1/1/2024	9/30/2023	12.0%	291.854	302.257	3.6%	1.80%	31.1%	15.55%	8.00%	0.00%
1/1/2025	9/30/2024	19.2%	302.257	309.046	2.2%	1.10%	34.1%	17.05%	8.00%	4.00%
1/1/2026	9/30/2025	10.1%	309.046	318.139	2.9%	1.45%	2.9%	1.45%	1.45%	TBD

* Reflecting Class Action Settlement Agreement dated September 17, 2017



Attachment A.2:
City of Coral Gables Retirement System
History of Cost of Living Adjustments (COLA)
For Members that are neither Class Members, "Opt-out Members" nor "Gap Members"

COLA Effective Date	Fiscal Year Ending	Fiscal Year Fund Return (%)	Prior Fiscal Year CPI-W	Current Fiscal Year CPI-W	One-Year Change in CPI-W (%)	50% of Change in CPI-W (%)	Change in CPI-W since Last COLA Granted	50% of Change in CPI-W since Last COLA Granted	Formula-Based COLA	Actual COLA Granted
1/1/2015	9/30/2014	9.9%	230.537	234.170	1.6%	0.80%	1.6%	0.80%	0.00%	0.00%
1/1/2016	9/30/2015	2.0%	234.170	232.661	-0.6%	-0.30%	0.9%	0.45%	0.00%	0.00%
1/1/2017	9/30/2016	8.4%	232.661	235.495	1.2%	0.60%	2.2%	1.10%	0.00%	0.00%
1/1/2018	9/30/2017	14.5%	235.495	240.939	2.3%	1.15%	4.5%	2.25%	2.25%	0.00%
1/1/2019	9/30/2018	10.9%	240.939	246.565	2.3%	1.15%	7.0%	3.50%	3.50%	0.00%
1/1/2020	9/30/2019	3.9%	246.565	250.251	1.5%	0.75%	8.6%	4.30%	0.00%	0.00%
1/1/2021	9/30/2020	11.4%	250.251	254.004	1.5%	0.75%	10.2%	5.10%	5.10%	0.00%
1/1/2022	9/30/2021	22.7%	254.004	269.086	5.9%	2.95%	16.7%	8.35%	8.00%	0.00%
1/1/2023	9/30/2022	-15.7%	269.086	291.854	8.5%	4.25%	26.6%	13.30%	0.00%	0.00%
1/1/2024	9/30/2023	12.0%	291.854	302.257	3.6%	1.80%	31.1%	15.55%	8.00%	0.00%
1/1/2025	9/30/2024	19.2%	302.257	309.046	2.2%	1.10%	34.1%	17.05%	8.00%	0.00%
1/1/2026	9/30/2025	10.1%	309.046	318.139	2.9%	1.45%	38.0%	19.00%	8.00%	0.00%

Attachment B:
City of Coral Gables Retirement System
Ten-Year History of Annual Investment Returns

Year Ended:	9/30/2025*	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Market Value of Assets, Beg. of Year	\$501,201,628	\$433,871,610	\$395,934,534	\$490,846,682	\$415,903,798	\$387,911,773	\$395,141,940	\$371,168,727	\$339,166,648	\$326,724,946
Market Value of Assets Adjustment, Beg. of Year	(105,410)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Book Value of Assets, Beg. of Year	383,526,979	349,278,104	349,238,788	332,518,142	303,019,931	292,331,196	293,707,474	282,555,445	283,126,211	289,668,634
Total Receipts	102,249,504	99,876,405	95,415,340	149,831,038	124,416,313	140,133,522	139,822,556	99,364,875	117,176,946	132,919,745
Investment Income	7,440,135	7,182,318	7,098,029	6,379,796	5,949,396	5,687,831	5,710,033	5,222,713	4,833,080	5,657,582
Realized Gain/(Loss)**	46,428,285	46,449,734	5,822,754	29,523,888	46,406,915	22,778,998	17,117,463	24,896,688	14,333,399	3,973,388
Total Disbursements	(114,131,270)	(116,992,599)	(106,079,141)	(166,562,718)	(144,880,041)	(155,728,804)	(162,016,034)	(116,345,975)	(135,006,742)	(147,291,351)
Book Value of Assets, End of Year	421,607,016	383,526,979	349,278,104	349,238,788	332,518,142	303,019,931	292,331,196	293,707,474	282,555,445	283,126,211
Unrealized Gain/(Loss)**	N/A	33,081,143	37,864,995	(111,632,794)	45,437,637	17,303,290	(5,884,156)	12,821,184	32,572,844	18,984,125
Market Value of Assets, End of Year	540,989,359	501,201,628	433,871,610	395,934,534	490,846,682	415,903,798	387,911,773	395,141,940	371,168,727	339,166,648
Market Value, EOY	\$540,989,359	\$501,201,628	\$433,871,610	\$395,934,534	\$490,846,682	\$415,903,798	\$387,911,773	\$395,141,940	\$371,168,727	\$339,166,648
Total Receipts	102,249,504	99,876,405	95,415,340	149,831,038	124,416,313	140,133,522	139,822,556	99,364,875	117,176,946	132,919,745
Total Disbursements	(114,131,270)	(116,992,599)	(106,079,141)	(166,562,718)	(144,880,041)	(155,728,804)	(162,016,034)	(116,345,975)	(135,006,742)	(147,291,351)
Market Value, BOY	501,096,218	433,871,610	395,934,534	490,846,682	415,903,798	387,911,773	395,141,940	371,168,727	339,166,648	326,724,946
Investment Return	51,774,907	84,446,212	48,600,877	(78,180,468)	95,406,612	43,587,307	14,963,311	40,954,313	49,831,875	26,813,308
Rate of Return	10.1%	19.2%	12.0%	-15.7%	22.7%	11.4%	3.9%	10.9%	14.5%	8.4%

* Market Value, Investment Income, and Gain/Loss based on Mariner's Investment Performance Review Period Ending September 30, 2025, updated with the most recent investment values as of November 10, 2025.

** Unrealized Gain/(Loss) values shown as N/A are combined with Realized Gain/(Loss).

