



October 7, 2021

Board of Trustees
City of Coral Gables Retirement System
c/o Ms. Kimberly Groome, Retirement System Administrator
147 Alhambra Circle, Suite 215
Coral Gables, Florida 33134

**Re: City of Coral Gables Retirement System
Actuarial Impact Statement – Proposed Ordinance for General Employees**

Dear Members of the Board:

We have prepared the enclosed Actuarial Impact Statement for the City of Coral Gables Retirement System (“Plan”), which measures the first-year financial impact of the proposed Ordinance which would implement the following changes in plan provisions for General Non-Excludable Employees (participants in the bargaining unit represented by Teamsters Local Union 769):

- Participants shall contribute in accordance with the cost-sharing provisions of Section 46-29(1) and Section 46-34 of the City Ordinance, subject to a maximum cap of:
 - 13.5% of compensation from the first pay period after October 1, 2019 through the last full pay period before September 30, 2022.
 - 13.0% of compensation from the first pay period following the last full pay period before September 30, 2022 through the last full pay period before September 30, 2024.
- Effective the first pay period following the last full pay period before September 30, 2024, participants shall contribute in accordance with the cost-sharing provisions of Section 46-29(1) and Section 46-34 of the City Ordinance, subject to a maximum cap of 13.5% of compensation.

Summary of Findings

- The required City contribution for the fiscal year ending September 30, 2022 (payable October 1, 2021) increases by \$183,013, from \$22,712,312* to \$22,895,325.
- As a percentage of covered payroll, the required City contribution for the fiscal year ending September 30, 2022 (payable October 1, 2021) increases by 0.40% of covered payroll, from 49.50%* to 49.90%.
- The actuarial accrued liability as of October 1, 2020 remains unchanged at \$605,366,349*.

**Reflects Actuarial Impact Statement dated July 13, 2021.*

This Statement must be filed with the Division of Retirement before the final public hearing on the Ordinance. Please have a member of the Board of Trustees sign the Statement. Then please send the Statement along with a copy of the proposed Ordinance to Tallahassee.

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 Board of Trustees, and is intended for use by the Board and those designated or approved by the Board. This report may be provided to parties other than the Board only in its entirety and only with their permission. GRS is not responsible for unauthorized use of this report.

This report is intended to describe the financial effect of the proposed plan changes. No statement in this report is intended to be interpreted as a recommendation in favor of the changes or in opposition to them. This report should not be relied on for any purpose other than the purpose described above.

The calculations in this report are based upon information furnished by the Plan Administrator for the October 1, 2020 Actuarial Valuation Report dated April 30, 2021 and the Actuarial Impact Statement dated July 13, 2021 concerning plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We reviewed this information for internal 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 Plan 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.



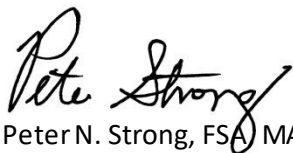
This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the Plan as of the valuation date. All calculations have 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.

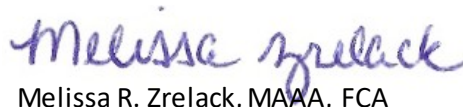
The signing actuaries are independent of the plan sponsor.

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.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Peter N. Strong, FSA, MAAA, FCA
Enrolled Actuary No. 20-06975
Senior Consultant & Actuary



Melissa R. Zrelack, MAAA, FCA
Enrolled Actuary No. 20-06467
Consultant & Actuary

Enclosures

cc: Ms. Raquel Elejabarrieta, Esq., SHRM-SCP
Director of Labor Relations and Risk Management, City of Coral Gables



City of Coral Gables Retirement System

Actuarial Impact Statement – October 7, 2021

Description of Amendment

This proposed Ordinance would implement the following changes in plan provisions:

General Non-Excludable Employees (participants in the bargaining unit represented by Teamsters Local Union 769):

- Participants shall contribute in accordance with the cost-sharing provisions of Section 46-29(1) and Section 46-34 of the City Ordinance, subject to a maximum cap of:
 - 13.5% of compensation from the first pay period after October 1, 2019 through the last full pay period before September 30, 2022.
 - 13.0% of compensation from the first pay period following the last full pay period before September 30, 2022 through the last full pay period before September 30, 2024.
- Effective the first pay period following the last full pay period before September 30, 2024, participants shall contribute in accordance with the cost-sharing provisions of Section 46-29(1) and Section 46-34 of the City Ordinance, subject to a maximum cap of 13.5% of compensation.

Funding Implications of Amendment

See attached exhibits.

Certification of Administrator

I believe the amendment to be in compliance with Part VII, Chapter 112, Florida Statutes and Section 14, Article X of the Constitution of the State of Florida.

For the Board of Trustees
as Plan Administrator



Actuarial Impact Statement

Plan

City of Coral Gables Retirement System

Actuarial Valuation Date

October 1, 2020

Date of Report

October 7, 2021

Report Requested by

Board of Trustees of the City of Coral Gables Retirement System

Prepared by

Peter N. Strong, FSA, EA, MAAA, FCA

Group Valued

All active and inactive members of the Plan

Plan Changes Being Proposed

General Non-Excludable Employees (participants in the bargaining unit represented by Teamsters Local Union 769):

- Participants shall contribute in accordance with the cost-sharing provisions of Section 46-29(1) and Section 46-34 of the City Ordinance, subject to a maximum cap of:
 - 13.5% of compensation from the first pay period after October 1, 2019 through the last full pay period before September 30, 2022.
 - 13.0% of compensation from the first pay period following the last full pay period before September 30, 2022 through the last full pay period before September 30, 2024.
- Effective the first pay period following the last full pay period before September 30, 2024, participants shall contribute in accordance with the cost-sharing provisions of Section 46-29(1) and Section 46-34 of the City Ordinance, subject to a maximum cap of 13.5% of compensation.

Participants Affected

All active General Non-Excludable Employees (participants in the bargaining unit represented by Teamsters Local Union 769).



Actuarial Assumptions and Methods

Same used in the October 1, 2020 Actuarial Valuation and the Actuarial Impact Statement dated July 13, 2021.

Some of the key assumptions/methods are:

Investment Return	7.40%
Mortality Tables	Same mortality tables used in the July 1, 2019 actuarial valuation of the Florida Retirement System.
Actuarial Cost Method	Entry Age Normal

Amortization Period for Any Change in Unfunded Actuarial Accrued Liability

N/A (since the unfunded actuarial accrued liability as of 10/1/2020 remains unchanged after reflecting the proposed ordinance; otherwise, 20 years for plan amendments affecting active members).

Summary of Data Used in Report

See page 11. Same used in the October 1, 2020 Actuarial Valuation and the Actuarial Impact Statement dated July 13, 2021.

Actuarial Impact of Proposal

See attached exhibits.

Special Risks Involved with the Proposal that the Plan Has Not Been Exposed to Previously

None.

Actuarially Determined Contribution (ADC) - Reflecting Proposed Ordinance

A. Valuation Date	October 1, 2020					
	<i>Total</i>	<i>Elected</i>	<i>General Excludable</i>	<i>General Non-Excludable</i>	<i>Police Officers**</i>	<i>Firefighters</i>
B. ADC to Be Paid During Fiscal Year Ending	9/30/2022	9/30/2022	9/30/2022	9/30/2022	9/30/2022	9/30/2022
C. Assumed City Contribution Date	10/1/2021	10/1/2021	10/1/2021	10/1/2021	10/1/2021	10/1/2021
D. Annual Payment to Amortize Unfunded Actuarial Accrued Liability	\$ 19,364,929	\$ 27,694	\$ 3,240,844	\$ 5,823,935	\$ 5,762,842	\$ 4,509,614
E. Total Normal Cost	8,273,928	231	1,528,626	1,654,921	2,644,165	2,445,985
F. Increase in Normal Cost due to Expected Payroll Growth	<u>248,219</u>	<u>7</u>	<u>45,859</u>	<u>49,648</u>	<u>79,325</u>	<u>73,380</u>
G. Total Contribution Requirement	27,887,076	27,932	4,815,329	7,528,504	8,486,332	7,028,979
H. State Contributions	145,830	0	0	0	93,559	52,271
I. State Contributions Discounted to BOY	<u>136,999</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>87,893</u>	<u>49,106</u>
J. City and Members Combined = G. - I.	27,750,077	27,932	4,815,329	7,528,504	8,398,439	6,979,873
K. Expected Member Contributions	4,588,624	0	1,054,466	1,264,421	1,255,146	1,014,591
L. Expected Member Contributions Discounted to BOY	4,427,723	0	1,017,491	1,220,084	1,211,134	979,014
M. Member Cost Sharing	442,547	0	0	442,547	0	0
N. Member Cost Sharing Discounted to BOY	<u>427,029</u>	<u>0</u>	<u>0</u>	<u>427,029</u>	<u>0</u>	<u>0</u>
O. Net City Contribution* = J. - L. - N.	22,895,325	27,932	3,797,838	5,881,391	7,187,305	6,000,859
P. Net City Contribution as % of Covered Payroll	49.90 %	N/A	36.02 %	46.51 %	57.26 %	59.15 %

* Interest at the 7.40% annual rate must be added from October 1 to the date(s) of deposit.

** Reflects Actuarial Impact Statement dated July 13, 2021.



Actuarially Determined Contribution (ADC) - Actuarial Valuation**

A. Valuation Date	October 1, 2020					
	<i>Total</i>	<i>Elected</i>	<i>General Excludable</i>	<i>General Non-Excludable</i>	<i>Police Officers**</i>	<i>Firefighters</i>
B. ADC to Be Paid During Fiscal Year Ending	9/30/2022	9/30/2022	9/30/2022	9/30/2022	9/30/2022	9/30/2022
C. Assumed City Contribution Date	10/1/2021	10/1/2021	10/1/2021	10/1/2021	10/1/2021	10/1/2021
D. Annual Payment to Amortize Unfunded Actuarial Accrued Liability	\$ 19,364,929	\$ 27,694	\$ 3,240,844	\$ 5,823,935	\$ 5,762,842	\$ 4,509,614
E. Total Normal Cost	8,273,928	231	1,528,626	1,654,921	2,644,165	2,445,985
F. Increase in Normal Cost due to Expected Payroll Growth	<u>248,219</u>	<u>7</u>	<u>45,859</u>	<u>49,648</u>	<u>79,325</u>	<u>73,380</u>
G. Total Contribution Requirement	27,887,076	27,932	4,815,329	7,528,504	8,486,332	7,028,979
H. State Contributions	145,830	0	0	0	93,559	52,271
I. State Contributions Discounted to BOY	<u>136,999</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>87,893</u>	<u>49,106</u>
J. City and Members Combined = G. - I.	27,750,077	27,932	4,815,329	7,528,504	8,398,439	6,979,873
K. Expected Member Contributions	4,588,624	0	1,054,466	1,264,421	1,255,146	1,014,591
L. Expected Member Contributions Discounted to BOY	4,427,723	0	1,017,491	1,220,084	1,211,134	979,014
M. Member Cost Sharing	632,211	0	0	632,211	0	0
N. Member Cost Sharing Discounted to BOY	<u>610,042</u>	<u>0</u>	<u>0</u>	<u>610,042</u>	<u>0</u>	<u>0</u>
O. Net City Contribution* = J. - L. - N.	22,712,312	27,932	3,797,838	5,698,378	7,187,305	6,000,859
P. Net City Contribution as % of Covered Payroll	49.50 %	N/A	36.02 %	45.07 %	57.26 %	59.15 %

* Interest at the 7.40% annual rate must be added from October 1 to the date(s) of deposit.

** Reflects Actuarial Impact Statement dated July 13, 2021.



Increased Contribution Allocations for General Excludable and Non-Excludable Members

A. Valuation Date	October 1, 2020 - Reflecting Proposed Ordinance (For Fiscal Year Ending September 30, 2022)		
	<i>Total</i>	<i>General Excludable</i>	<i>General Non-Excludable</i>
B. City Contribution (Before Cost Sharing)		36.02 %	49.89 %
C. City Contribution 10/1/2009 Baseline		40.31	31.04
D. Increase, Not Less Than Zero		0.00	18.85
E. 50% of Percentage Increase (50% x D.)		0.00 %	9.43 %
F. Total Member Contribution Rate (E. + 10%) for Excludable Employees; Min of (E. + 10%, 15%) for Non- Excludable Employees		10.00 %	15.00 %
G. Adjusted Member Contribution Rate Per Ordinance, Effective from the First Pay Period After 10/1/2019 through the Last Full Pay Period Before 9/30/2022		10.00 %	13.50 %
H. Active Payroll as of 10/1/2020 (Expected)		\$ 10,544,664	\$ 12,644,211
I. Adjusted Cost Sharing Contribution ((G. - 10%) x H.)	\$ 442,547	\$ -	\$ 442,547

A. Valuation Date	October 1, 2020 - Actuarial Valuation (For Fiscal Year Ending September 30, 2022)		
	<i>Total</i>	<i>General Excludable</i>	<i>General Non-Excludable</i>
B. City Contribution (Before Cost Sharing)		36.02 %	49.89 %
C. City Contribution 10/1/2009 Baseline		40.31	31.04
D. Increase, Not Less Than Zero		0.00	18.85
E. 50% of Percentage Increase (50% x D.)		0.00 %	9.43 %
F. Total Member Contribution Rate (E. + 10%) for Excludable Employees; Min of (E. + 10%, 15%) for Non- Excludable Employees		10.00 %	15.00 %
G. Active Payroll as of 10/1/2020 (Expected)		\$ 10,544,664	\$ 12,644,211
H. Adjusted Cost Sharing Contribution ((F. - 10%) x G.)	\$ 632,211	\$ -	\$ 632,211



Participant Data

October 1, 2020

	Total	Elected	General Excludable	General Non-Excludable	Police Officers	Firefighters
Active Members						
Number	614	0	120	236	156	102
Covered Annual Payroll (expected)	\$ 45,886,247	\$ 0	\$ 10,544,664	\$ 12,644,211	\$ 12,551,464	\$ 10,145,908
Average Annual Salary	\$ 74,733	\$ 0	\$ 87,872	\$ 53,577	\$ 80,458	\$ 99,470
Average Age	41.4	0.0	46.2	44.0	38.0	35.0
Average Past Service	9.6	0.0	9.0	10.4	10.0	7.8
Average Age at Hire	31.8	0.0	37.2	33.6	28.0	27.2
Service Retirees, Beneficiaries & DROP Participants						
Number	914	4	149	396	191	174
Annual Benefits	\$ 42,984,885	\$ 52,586	\$ 6,678,223	\$ 12,294,217	\$ 12,390,056	\$ 11,569,803
Average Annual Benefit	\$ 47,029	\$ 13,147	\$ 44,820	\$ 31,046	\$ 64,869	\$ 66,493
Average Age	65.9	73.7	68.6	67.4	64.4	62.0
Disability Retirees						
Number	57	0	2	20	25	10
Annual Benefits	\$ 2,214,624	\$ 0	\$ 93,574	\$ 455,159	\$ 1,201,239	\$ 464,652
Average Annual Benefit	\$ 38,853	\$ 0	\$ 46,787	\$ 22,758	\$ 48,050	\$ 46,465
Average Age	63.6	0.0	77.7	61.6	61.8	68.9
Terminated Vested Members						
Number	25	0	3	13	9	0
Annual Benefits	\$ 715,741	\$ 0	\$ 98,570	\$ 287,313	\$ 329,858	\$ 0
Average Annual Benefit	\$ 28,630	\$ 0	\$ 32,857	\$ 22,101	\$ 36,651	\$ 0
Average Age	46.9	0.0	47.2	47.7	45.6	0.0

