

CORAL GABLES RETIREMENT SYSTEM
RETIREMENT BOARD JOINT WORKSHOP WITH
THE MAYOR, CITY COMMISSIONERS AND CITY ADMINISTRATION
MEETING MINUTES
FRIDAY, OCTOBER 24, 2025
9:00 A.M.
COMMUNITY MEETING ROOM A
PUBLIC SAFETY BUILDING
2151 SALZEDO STREET
CORAL GABLES, FL 33134

RETIREMENT BOARD

Sean McGrover, appointed by Mayor Lago
Alex Mantecon, appointed by Commissioner Castro
Juan Lucas Alvarez appointed by Commissioner Fernandez
Derrek Space appointed by Commissioner Lara
Manny Carreno appointed by Commissioner Anderson
Joshua Nunez, Police Representative
Christopher Challenger, Member at Large
Sureya Serret, General Employees Representative
Troy Easley, Firefighter Representative
Diana Gomez, Finance Director
Rene Alvarez, appointed by City Manager
James Gueits, appointed by City Manager
Jose Rodriguez, Interim HR Director (per ordinance)

CITY COMMISSION

Mayor Vince Lago
Vice Mayor Rhonda Anderson
Commissioner Richard Lara
Commissioner Ariel Fernandez (via zoom)

Chairperson Diana Gomez called the meeting to order at 9:08 am and welcomed all participants and noted that this was a joint workshop between the Pension Board and the City Commission to review the health of the City's pension system and to ensure shared understanding of the Board's and Commission's roles in maintaining the plan's fiscal integrity. The City Manager, Peter Iglesias and City Attorney, Cristina M. Suarez were also in attendance.

Mr. Pete Strong of Gabriel, Roeder, Smith & Company (GRS) attended as the actuary for the Pension Board. Mr. Strong presented an actuarial overview of the Coral Gables Retirement System. He noted that the current City contribution requirement was approximately \$25.1 million, with a total actuarial liability of \$667 million. Assets were reported at \$517 million on a market value basis and \$497 million on an actuarial value basis, reflecting smoothing of investment returns over five years. The plan's funded ratio stood at 77.5% (market value) and 74.5% (actuarial value) as of the most recent valuation. The City had adjusted its assumed rate of return from 7.15% to 7.00%, and recent cost-of-living adjustments (COLA) were incorporated into the valuation.

Mr. Strong stated that the City's unfunded actuarial accrued liability was approximately \$170 million, which was being amortized through ongoing contributions and additional payments.

Mayor Lago commended the Pension Board and staff for their commitment and emphasized that the plan had improved significantly since 2012, when it was funded at approximately 52%. He described the turnaround as a major success story, attributing it to consistent additional City contributions and collaboration between the Commission, employees, and unions.

Mr. Strong concurred, stating that Coral Gables' proactive funding approach is rare; among his 25 client plans, only one other municipality was making similar additional contributions.

Commissioner Lara highlighted that the City currently contributes roughly \$32 million annually, with an additional \$9 million in voluntary contributions beyond the required amount. He credited former Mayor James Cason for initiating this additional funding program and stressed the importance of continuing it to strengthen the City's fiscal position and preserve employees' retirement security. Commissioner Lara asked for clarification regarding the risks of maintaining a low funded ratio, referencing the 52% level recorded in 2012. Mr. Strong explained that such a position could negatively impact the City's credit rating, increasing borrowing costs and limiting financial flexibility.

Vice Mayor Anderson noted that the City's commitment to reducing pension debt positively influences state-level evaluations when the City seeks appropriations. She emphasized that maintaining a secure pension plan supports all City employees, including first responders and essential services. Mr. Strong acknowledged Coral Gables' exceptional progress, stating that few other municipalities had achieved such improvement in a 12-year period.

Mayor Lago reiterated his belief that the pension turnaround reflected sound financial management and expressed gratitude to the employees, unions, and the Pension Board for their discipline and shared goals. He emphasized that decisions related to COLA adjustments and additional contributions have direct, long-term impacts on pension sustainability.

Actuarial and Funding Trends

Mr. Strong presented charts showing the history of contributions, investment returns, and funding levels. He explained that since 1999, approximately \$604 million had been contributed by the City, \$560 million had been generated from investment returns, and \$87 million had come from employee contributions. Over the past 26 years, roughly half of all pension inflows were from employer contributions and half from investment earnings. He reviewed historical funding patterns, highlighting that while normal costs had decreased significantly after 2010 due to employee concessions, the unfunded liability payments remained the largest portion of the City's annual contribution. The investment return assumption had been gradually reduced from 9% in 1999 to 7% in 2024 to align with realistic expectations and minimize risk.

Mr. Strong cautioned that each reduction in the assumption increases short-term costs but improves long-term plan stability.

The Mayor, Vice Mayor, and Commissioners discussed the impact of COLA adjustments, investment performance, and the City's ongoing commitment to make extra payments to reduce amortization time from over 20 years to approximately 6–7 years.

Risk Management and Long-Term Outlook

Mr. Strong explained that lowering the assumed rate of return results in higher liabilities but reduces risk exposure by aligning expectations with market conditions. He noted that the national average assumption rate has declined from 8% to around 7.1%. He further advised that mortality assumptions would be updated this year under state law to reflect longer life expectancies, which could increase liabilities by approximately \$14 million and the City's contribution by roughly \$1.4 million. Despite this, overall contributions are expected to remain stable near the current \$25 million level after offsetting factors.

Commission and Board Commentary

Mayor Lago emphasized that granting COLAs, while generous, creates future liabilities and should be approached cautiously. Vice Mayor Anderson reminded the group that fiscal discipline strengthens the City's standing with state officials and directly affects its ability to secure funding for capital projects.

Commissioner Lara and Mr. Strong discussed historical periods of low investment returns (2000–2009) and their impact on funding levels. The Chair and Board Members concurred on the importance of incremental assumption reductions and continued extra payments to ensure long-term solvency.

Mr. Strong projected that capital market forecasts over the next 20 years indicate an expected return between 6.5% and 7%, with the next decade likely averaging slightly below 7%. He recommended maintaining the current assumption until after the required mortality update is incorporated, with potential further review in the following fiscal year.

The pension plan's funded ratio has improved from 52% (2012) to 74.5–77.5% (2024).

The City continues to make extra annual contributions, totaling approximately \$63 million over the past decade. The assumed investment return has been responsibly reduced from 9% to 7%. The new mortality table will increase liabilities but represents sound actuarial practice. Continued fiscal prudence and collaboration remain essential to the plan's long-term success.

There being no further business, the meeting was adjourned at 10:35 am.

APPROVED ON: _____