

**City of Coral Gables City Commission Meeting
Agenda Item K-1
February 12, 2019
City Commission Chambers
405 Biltmore Way, Coral Gables, FL**

City Commission

**Mayor Raul Valdes-Fauli
Vice Mayor Vince Lago
Commissioner Pat Keon
Commissioner Michael Mena
Commissioner Frank Quesada**

City Staff

**City Manager, Peter Iglesias
City Attorney, Miriam Ramos
City Clerk, Billy Urquia
Finance Director, Diana Gomez**

Public Speaker(s)

**Dan Thornhill
Harry Pickering
Richard Cook
Tim Daniels
John Baublitz
Javier Brusos
Osi Rind
David Renshaw**

Agenda Item K-1 [0:00:00 p.m.]

Hearing regarding decision by Retirement Board to grant COLA to class members in Murrhee v. City of Coral Gables, Case No. 13-20731 CA (13) (Fla. 11th Cir. Ct.) (treating GAP and opt-outs in the same fashion) - Alternative Dispute Resolution Mechanism

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Mayor Valdes-Fauli: Next is -- we're going to take -- there are a lot of people here for COLA, which is K-1, and we will take that next.

City Attorney Ramos: K-1 is a hearing regarding the decision by the Retirement Board to grant COLA to class members in Murrhee versus City of Coral Gables Case No. 13-20731 CA (13), treating GAP and opt-outs in the same fashion. This is under the Alternative Dispute Resolution Mechanism, which was established in the settlement agreement when the case was settled. Procedurally, this is going to be a hearing that will go as follows: I will explain the terms of the ordinances that apply, as well as the settlement agreement. The City Clerk will then swear in all parties who wish to speak. At that time, the Finance Director will be given three minutes to explain her recommendation to the City Commission. And then any individual that wishes to speak will have three minutes to speak as well. And at that time, the City Commission may ask any questions of the presenting parties. This is pursuant to a procedural order that was approved by the Mayor as Chair of the Commission and shared with all pertinent parties. Pursuant to the terms of the settlement agreement, the City Commission, at its sole discretion, may, by a super majority vote of four-fifths, reject the Retirement Board's determination or reduce the amount of the proposed COLA considering the following factors: A, whether the present value of the proposed COLA exceeds the net actuarial experience of the retirement system accumulated from all sources or gains and losses since July 1, 1994; B, the amount of the Unified (sic) Actuarial Accrued Liability and whether it has been declining or increasing and the amount of such decline or increase; C, the amount of the Unfunded Actuarial Accrued Liability and the amount by which it will increase if the proposed COLA is granted; D, the number of years since the last COLA was granted; E, the percentage increase of the last COLA that was granted; F, the single-year Actuarial Experience of the Retirement Board system for each of the seven years preceding the proposed COLA and the NET Actuarial Experience over the preceding seven years; and G, the increase or decrease of the Consumer Price Index issued by the US Bureau of Labor Statistics. If the Commission fails to obtain the super majority vote, then the Retirement Board's determination shall be considered

approved. If a super majority vote is obtained, the Commission's decision shall not be overturned unless it is considered to be arbitrary and capricious. With that, I will call up the Finance Director.

Finance Director Gomez: Good morning. Diana Gomez, Finance Director. As the Finance Director of the City of Coral Gables, it is my recommendation that the City Commission reject the 2019 COLA for class members, GAP members and opt-out members. My recommendation is based on the factors listed in the ordinance that are to be considered by the City Commission in making its determination.

City Attorney Ramos: Ms. Gomez, I'm sorry to interrupt you. Mr. Clerk, can you swear her in, along with anyone else who wishes to speak?

City Clerk Urquia: Those who will be testifying before the hearing today, can you please rise? Raise your right hand. Do you solemnly swear or affirm that the testimony you will provide today will be truth and nothing but the truth?

Finance Director Gomez: The factors are: A, the present value of the proposed COLA will exceed the Net Actuarial Experience of the retirement system. The current cumulative experience lost since July 1, 1994, is approximately \$203 million, as of the actuarial evaluation report, dated for October 1, 2017. B, the Unfunded Actuarial Accrued Liability has increased from the previous year by approximately \$2 million. Contribution requirements increased by \$1.9 million from the previous year, as well. This is due primarily to the impact of the COLA lawsuit settlement. C, providing for the 2019 COLA of 3.5 percent to class members, opt-out members and GAP members would increase the current Unfunded Actuarial Accrued Liability of \$226.8 million by \$14 million and will increase the current annual required contribution of \$25.1 million by \$1.9 million. The last -- D, the last COLA was paid on May 7, 2018 per the terms of the settlement agreement. E, the COLA lawsuit settlement provided for a 2.975 percent COLA for 2013 and a 0.25 percent COLA for 2014, payable on May 7, 2018. This payment increased the UAAL -- the U -- the Unfunded Actuarial Accrued Liability by \$14.5 million. F, the Net Actuarial Experience

over the preceding seven years is a loss of \$27.5 million. G, the single-year actuarial experience of the retirement system for each of the seven years preceding the proposed COLA is listed individually in the memo provided. I'm not going to read them all. And H, the increase of the Consumer Price Index is 7 percent since the last granted COLA in January 2014. These factors support the rejection of the 2019 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.

Mayor Valdes-Fauli: Thank you. Thank you very much. Now, I'd like to call members of the public that wish to speak. Dan Thornhill (phonetic), Palm City, Florida. Yes, sir. How are you?

Dan Thornhill: How are you, sir? It's nice to be back at the microphone. Good morning, Mr. Mayor, Vice Mayor, Commissioners, Mr. City Manager and Madam City Attorney. Thank you for giving me the opportunity to make a cogent argument as to why you should approve this COLA today.

Mayor Valdes-Fauli: Dan, you have three minutes.

Mr. Thornhill: Yes, sir. I'm here to speak on behalf of your firefighters. These incredibly brave and devoted employees made a choice to work for the City. That choice was predicated on a deal. In simplistic terms, the deal was, if you commit to this, we'll commit to this in return. Part of the City's commitment was awarding a COLA upon retirement. Thus, a commitment was formed. We understand fiscal and fiduciary responsibilities. You all have done an amazing job at that. The City has never enjoyed the growth, stability and financial reserves created under your leadership, all while enjoying the same millage rate for over six years. You have committed to having the best fire service around. Your Fire Department is a fully accredited ISO Class I rated organization. This was achieved due in large part from the commitment to excellence by your firefighters. But I'd like to discuss another type of commitment, a commitment that goes far deeper than most in society can understand, the commitment we made to put our lives on the line for the residents and

visitors of Coral Gables. There is no greater commitment than to say we're willing to die for our paycheck. Our commitment has been to respond to your medical emergencies, your traumas and your fires. Treating a trauma patient knowing they can bleed to death in two minutes or treating a person in cardiac arrest knowing they could suffer irreversible brain damage after ten minutes or entering a fire knowing it can double in size every four minutes is a job not many can do. The conscious and unconscious stress our job brings is only -- is one that only firefighters understand. Our job requires that we do that and much more. Why? Because we made a commitment to the City that we would. We committed to working during hurricanes and natural disasters, leaving our families to protect yours. Never once did our commitment waiver. I could go on and on about what we do and the effect it has in your lives as well as ours. I challenge anyone in this room to disprove what I have said. What do we tell current and future firefighters? Leave and work somewhere else because of better benefits? Leave because the City of Coral Gables does not stand behind their commitments? The City has asked us to commit to the dangers and exposures and stress of being a Coral Gables firefighter and we did. For those who -- of us who retired prior to January of 2015, we made our decision to leave based on the retirement choices, including the COLA that was in place at the time. Never did we expect after our decision was made, the City would change their commitment to us. It was wrong then and it's wrong now. We were not given the opportunity to reverse our decision, but the City was. We deserve better than that. And today, you have the power to make that difference. Your firefighters should not be looking for two of you to stand up for today for what's right. They should be looking for five of you to stand up for what's right. We made a commitment to the City of Coral Gables which we have proudly fulfilled. Now, it is your time to fulfill your commitment to us. It sometimes takes political courage to do the right thing. Today, I ask you to please, please do the right thing, just like your firefighters did.

Mayor Valdes-Fauli: Thank you.

Mr. Thornhill: Thank you, Mr. Mayor.

Mayor Valdes-Fauli: Thank you, Dan. Harry Pickering, Sunrise, Florida. Harry Pickering.

Harry Pickering: Yes.

Mayor Valdes-Fauli: Oh.

Mr. Pickering: Good morning. Dear Honorable Mayor, Commissioners and Manager. My name is Harry S. Pickering, retired major from Coral Gables Police Department, having served the City for just over 30 years, from 1976 to 2006. I received the Officer of the Year award in 1995 and the (INAUDIBLE) award in 1985 and 1995. I also served another three years in public service with the Florida Parole and Probation Commission and the US Department of Justice in the Bureau of Prisons. Last year, I addressed you about our COLA eligibility for a cost of living adjustment. And you may recall that I told you a personal study about sudden unexpected medical costs that retirees realized later in life. And in my case, it was a massive medical bill for my wife's dental surgery and reconstruction to which I had to make a substantial installment on and paying -- we're paying \$906 a month for three years, which is like having another mortgage payment and it significantly impacted our finances. But today, I'm going to tell you another very brief story about one of our pension beneficiaries who has endured a great deal of personal distress and financial crisis, a family that the Fraternal Order of Police and the men and women of the Coral Gables Police Department took up collections for and donated Publix gift cards, Visa cash cards so they could make ends meet. Her name is Gwynne Cate. Her husband, Ernie Cate, came to the Coral Gables Police Department from Hialeah Fire Department and 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 that he could never serve again as a police officer. After 13 years of dedicated and decorated service, he was forced to retire on 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, Gwynne, 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 a teenage granddaughter. In 2011, they could no longer afford

to pay the mortgage and they lost their home. They moved into a rental, but shortly thereafter, Hurricane Irene destroyed their rental home and they became homeless. Ernie died shortly thereafter. When he died, his pension was cut in half. Gwynne now lives off of half of his \$976 a month pension benefit and her Social Security. She wrote me a letter postmarked December 4, 2018, which reads: Harry, It was nice hearing from Ernie's friend. 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 do receive half of Ernie's retirement. I look forward to a raise. I still have a 14-year-old Ernie and I were 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, Gwynne Cate. P.S., the sad part of this is when Ernie died, he didn't know. He left homeless. I'm going to skip a few of my remarks because I know my time is limited. But 282 out of 881 retirees started receiving benefits prior to 2000. This represents 32 percent of our total number of our retirees. These are retirees and beneficiaries like Gwynne Cate who are struggling whose retirement benefits over the 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 or a stipend. Last fiscal year, the stock market and economy did very well and it triggered our...

Mayor Valdes-Fauli: Sir, your time is up.

Mr. Pickering: Thank you, sir.

Mayor Valdes-Fauli: Thank you. Richard Cook.

Richard Cook: Good morning, Mr. Mayor. Thank you.

Mayor Valdes-Fauli: Good morning.

Mr. Cook: Vice Mayor, Council members, Madam City Attorney, City Manager. My name is Richard Cook. I worked 33 plus years here in the City of Coral Gables Fire Department, served as the Fire Chief for 12 of those years. A number of you know -- I know very well. And I really enjoyed my time working with you, Mr. Mayor. I'm here now representing myself. I worked for 10 years after I retired and I've done well. I'm thinking about all of the members of the Fire Department who retired before me, but didn't get the benefits that I have received. These members are living paycheck to paycheck and many of them have cancer. In fact, cancer is the number-one cause of death for firefighters nationwide. It's killing so many it's unbelievable. We didn't know back in the old days that being exposed to smoke and the various things we're exposed to would kill you, but it has. And I'm worried about my brothers, Eddie Pelt and the people who retired when Eddie did. They're living paycheck to paycheck and sometimes they're having to sell their houses and move out. I implore you to reinstate this COLA to help them out because they are very financially burdened and the retirement doesn't even touch it. Thank you very much for your time and I appreciate it.

Mayor Valdes-Fauli: Thank you. Thank you very much. Thank you. Tim Daniels, Cutler Bay. Good morning.

Tim Daniels: Good morning, Mayor...

Vice Mayor Lago: Morning.

Mr. Daniels: And Commissioners, City Manager. Nice to see you've made good use of your time since I left. Thank you for entertaining our speeches here. Something that the rabbi said during the invocation struck me. He mentioned being thankful for a gas -- a tank full of gasoline. Well, you know what this COLA would mean to a lot of employees -- a lot of retirees, excuse me. It would mean a tank of gas. That's a big deal to some people, you know. We're all pretty fortunate, myself included, that this COLA -- I'd like to get it. I think I deserve it. But for some of our retirees who have been gone a long time, this is a big deal. They need this money. Secondly, I

want to point out something that happened about 15 years ago. The Biltmore Hotel had an obligation to the City of Coral Gables, had a contract. The City of Coral Gables was notified that Biltmore wasn't going to live up to that contract. They said that, well, business was off and we don't think that the contract was really favorable. And you know, even though we had agreed in good faith and both sides had looked at it, the Biltmore decided they weren't going to make those payments. What did the City do? The City insisted that the Biltmore live up to its commitment. I'm asking you to live up to your commitment. Thank you.

Mayor Valdes-Fauli: Thank you. Thank you very much. John Baublitz, Coral Gables. Morning, sir.

John Baublitz: Mayor and Vice Mayor, City Attorney, Commissioners, City Manager. I kind of want to echo everything that's being said here. But I also want to touch on the retirement system itself. We've made a lot of changes and we've made a lot of strides from where we were. The system got in trouble from the beginning when employees gave up an 8 percent raise and returned for the City to pick up the contribution. That obligation wasn't met by the City, so that put us in the hole. But since then, we've made a lot of strides to fix it. This Commission has done some great things. The Retirement Board has worked very hard and where we are today from where we were a few years ago is amazing. But when you look at that unfunded liability, what causes that sometimes are positive things, increasing the assumptions, reducing the assumption on income, what you think you're going to make in the market. So, these things have an effect, but the fund is healthier than it ever has been. What I'm asking you guys to do now is to do something for these individuals who have worked 25, 30, 35 years for this city, that have given their all to the City. Some of these individuals have been retired for decades. So, where changes affect me, I have time to fix them. I have time to make changes not only to my financial situation, but to my future. For these individuals, the future is now. One of the things that struck me when we were going through the lawsuit that took over five years to settle it, in that five years, over a hundred of our members, of our employees, of our brothers and sisters passed away. What could that COLA have meant to them, how it would have affected their life, how maybe it would have improved

their life just a little bit more before they passed. So, I'm asking you guys to do something. If it's granting the COLA, if it's a percentage of the COLA, if it's a lump sum, I'm asking you to do something. If you can pay for it out of the general fund and not touch the retirement system, even better. That way you don't affect the retirement system. But I'm asking you to do something for them. Let's be honest. Time is short for some and if we can make a difference in their lives, that's really our obligation to them. It's -- I don't mean to put pressure on you, but it is the moral thing to do. It is the right thing to do. They gave their all to the City and the City should respect that. Thank you.

Mayor Valdes-Fauli: Thank you, John. Javier Brusos, Coral Gables.

Javier Brusos: Good morning, Mr. Mayor, Commissioners.

Mayor Valdes-Fauli: Good morning, sir.

Mr. Brusos: City -- I'm sorry?

Mayor Valdes-Fauli: I said good morning, sir.

Mr. Brusos: Oh, good morning. I'm sorry. I'm here today to ask you to please do the right thing. When I started working here in the City of Coral Gables 24 years ago, one of the things that I distinctly remember was when the Chief of Police welcomed me into his office to do the swearing in. And he told me that I was joining a family. And this concept of family, we hear it quite often, especially from Chief Hudak, during the ceremony and I believe it's true. We are part of a family. We have family members that have given 25, 30 years to the City and are having a very difficult time making it financially. We have retirees that are in their 70s who had to leave earlier than they wanted to for medical reasons. We have a widow who's trying to make it out of a very small pension left by her husband. They don't have the option of getting another job and supplementing

that income. And I think that it would be the right thing to do to take care of our family in their time of need. And I ask you to do the right thing. Thank you.

Mayor Valdes-Fauli: Thank you very much, sir. Osi Rind. Hi.

Osi Rind: Good morning, Mr. Mayor, Commission, City Manager, City...

Mayor Valdes-Fauli: Coral Gables.

Ms. Rind: Attorney.

Mayor Valdes-Fauli: Yes.

Ms. Rind: Osi Rind, citizen of the City of Coral Gables. So, I don't think that there's much that I can add to express to you the importance of providing a cost of living adjustment for the retirees who they've expressed to you and you've heard from the union who really gave their lives -- many years of their lives in service of the citizens, in service of the community. For most of them, it is their only source of income and their only ability to keep up with the cost of inflation and the cost of living. The COLA is an important part of the retirement plan and there's a reason that it was - - that it is part of the plan because you want to make sure that your retirees are taken care of in view of the service and the commitment that they gave all those years. I know that you have a report from your City Administration about the factors that are to be taken into consideration in deciding this, and you certainly have the discretion to grant the 3.5 percent to give zero. But you also have the discretion to do other things. You can grant a COLA. Maybe it isn't the maximum COLA that's been recommended by the Pension Board. You can, as has been suggested previously, perhaps provide a lump sum payment to these employees who need the money at this point in their lives to help them with all of the expenses that they have. I just pulled, you know, the other day, just a part of your CAFR for the year ending September 30, 2017 and your general fund balance, just the total general fund balance since 2008 has been increasing. It went from \$9.8

million back in 2008 to now over \$60 million, at least as reported in this CAFR. So, even if you feel that there -- it's a struggle for the pension plan or a struggle for the City if the COLA -- as a recurring cost is included, perhaps you might consider granting them some form of increase in a different manner.

Mayor Valdes-Fauli: Thank you...

Ms. Rind: Thank you.

Mayor Valdes-Fauli: Very much, ma'am. Thank you.

City Attorney Ramos: So, procedurally, the Pension Board has granted the COLA. If nothing is done today, the COLA will go forward.

Mayor Valdes-Fauli: Okay.

City Attorney Ramos: If the Commission takes vote by -- takes action by majority vote, the COLA can be reduced or eliminated. The question about the separate lump sum payment, that would be a separate motion. You would have to move to reduce or eliminate the COLA and then separately have a motion to grant the lump payment, if that's what you wish to do.

Mayor Valdes-Fauli: Thank you.

City Attorney Ramos: If there's no...

Mayor Valdes-Fauli: No, no, there is.

City Attorney Ramos: Further speakers, I do want Ms. Gomez...

Mayor Valdes-Fauli: No, no. There is...

City Attorney Ramos: To address something.

Mayor Valdes-Fauli: There is -- wait, wait, wait.

City Attorney Ramos: I'm sorry, sir. Go ahead.

Mayor Valdes-Fauli: Come on. David Renshaw (phonetic). David. There, he is. Our City Attorney was trying to deny you the opportunity to speak, but we put her down.

City Attorney Ramos: So sorry, sir.

Mayor Valdes-Fauli: Stand on the microphone.

Mr. Renshaw: Good morning. Thank you.

Vice Mayor Lago: Morning.

Mr. Renshaw: Morning, Mayor, Vice Mayor, Commissioners and staff. My name is David Renshaw. I'm a business agent with Teamsters Local 769, who represents the bargaining unit employees. I'm here on behalf of the retirees and also the current employees, on behalf of the retirees and the entire bargaining unit within the City of Coral Gables. Currently, today we are seeking your approval and support on behalf of the retirees. These retirees, each of them, have lived up to his or her obligation within the City. We are now seeking on their behalf for you folks to illustrate their years of service and recognize. And with that, we ask the commitment from you folks to recognize their years of service. We implore upon you to reinstate the COLA for the retirees that are all in dire need of this current situation. With that, we ask you in closing, under deep consideration, under this very important matter in respect to the COLA. Thank you.

Mayor Valdes-Fauli: Thank you, sir.

Vice Mayor Lago: Thank you.

Mayor Valdes-Fauli: Now, you can say your word, Madam City Attorney.

City Attorney Ramos: I just wanted the Finance Director to address the idea that's come up about commitments that we made and what has changed from then until now, if you can just explain that.

Finance Director Gomez: So, it's my understanding -- to the issue with the lawsuit, the COLA lawsuit had to do with whether or not statutes -- Section 112.61 Florida Statutes applied to the City Ordinance which states that the -- any benefit -- the benefit has to be paid only if you have cumulative gains. And I'm sorry if I'm not going to get the words exactly correct, so bear with me -- if you have cumulative actuarial gains. So, the City's position always was that that section did apply and always has applied and is part of the ordinance, but it technically wasn't listed in the ordinance, so the class says that it doesn't apply, so that's why the settlement and this alternative dispute mechanism was established. So, the City's position is that that state statute always applies in our ordinances, and so, therefore, we cannot pay a COLA unless we have cumulative actuarial gains. Based on the research that was done at the time -- the time of the last COLA, based on the information we had, it appeared that the City did have a cumulative gain, so -- but we don't have the history all the way back. They tried to recreate the history after the fact and it proved different -- it showed differently that there was always a loss. But the information of the actual reports at the time from the time that they started collecting that information shows that there was a gain at the time of the last COLA that was granted, which I believe was in 2008, prior to the settlement.

Mayor Valdes-Fauli: I'm sorry. I'm dumb, but I don't understand a word you said.

Finance Director Gomez: Sorry. So, bottom line is that the Florida Statutes...

Mayor Valdes-Fauli: Yes.

Finance Director Gomez: Are part of the ordinance. We -- the City's position has been that that statute has always been part of the ordinance. And that statute says that you can only pay for this COLA benefit through actuarial gains of the system. Currently, the system does not have actuarial gains. Therefore, you cannot pay a COLA. That is the City's position. And -- so that's kind of what I'm trying to say. So, just -- that's where we're at is that the -- it's the City's position. Now, the lawsuit settlement says that you don't have to consider that factor. You can consider factors outside of that and they list the factors to consider, and the City Commission can choose to do, by a four-fifths vote, what they want to do. So, I don't know if that clarifies it a little bit better.

Mayor Valdes-Fauli: Perfect. Thank you.

Finance Director Gomez: Sorry.

Commissioner Mena: And those...

Commissioner Keon: Can I ask a couple of questions?

Commissioner Mena: I had a...

Commissioner Keon: I'm sorry.

Commissioner Mena: Go ahead.

Mayor Valdes-Fauli: No, wait. Let...

Commissioner Keon: Oh, no?

Commissioner Mena: I have questions for...

Mayor Valdes-Fauli: Is that it? Okay...

Commissioner Keon: For Diana.

Mayor Valdes-Fauli: Okay, you have a question for...

Commissioner Mena: Yeah, so does she.

Commissioner Keon: I have a question...

Mayor Valdes-Fauli: No, I'll...

Commissioner Keon: For Diana.

Mayor Valdes-Fauli: Okay, question.

Commissioner Keon: Yeah, for Diana. Diana, what percent is the -- what is the percentage of funding of the current...

Vice Mayor Lago: Oh, unfunded liability.

Commissioner Keon: The current pension, 50 something, 60...

Finance Director Gomez: It's...

Commissioner Keon: Something percent.

Finance Director Gomez: Sixty -- the -- we are 61.7 percent funded.

Commissioner Keon: 61.7 percent funded. Okay, can you -- when you -- when you just spoke, you talked about the actuarial gain or loss. It is -- what period of time are we talking about? I mean, I know that -- I thought it was a seven-day smoothing that they used or are you looking at actuarial gain or loss since the inception of the pension system or over what period of time do we base the decision on with -- about gains or losses or whatever.

Finance Director Gomez: Sure. So, the cumulative experience loss is calculated since July 1, 1994. And that's...

Commissioner Keon: Why is that the date?

Finance Director Gomez: I'm sorry. I don't have that. That's what...

Commissioner Keon: Is it an arbitrary date or...

Finance Director Gomez: No.

Commissioner Keon: Is it that we have information going back to that date or...

Finance Director Gomez: I think it's where the -- it's how the actuary calculates it.

Commissioner Keon: That's the standard way that actuaries calculate...

Finance Director Gomez: Well, for our plan.

Commissioner Keon: I'm not an actuary, so I don't know.

Finance Director Gomez: It's in our plan that way.

Commissioner Keon: Okay.

Mayor Valdes-Fauli: Alright. Commissioner Mena, you have a question.

Commissioner Keon: Thank you.

Commissioner Mena: You have anything else?

Commissioner Keon: I'm done. Thank you.

Commissioner Mena: Okay. A couple things, Diana. The factors from the settlement -- because, again, there was a lawsuit. There was a settlement that was agreed to by all the parties.

Finance Director Gomez: Exactly.

Commissioner Mena: Those are the factors that are listed on -- in your memo, correct?

Finance Director Gomez: Yes.

Commissioner Mena: Okay. And your recommendation, based on those factors, is that we reject the 3.5 percent?

Finance Director Gomez: Correct.

Commissioner Mena: I know -- you included, in the third and fourth page of the memo, a chart that sets out, you know, based on various COLA percentages what the increase to the liability

would be and what the increased annual contribution would be. And then you also, I think, at the independent request of some of us, included a chart that talks about if you were to do a lump sum amount, and similarly, the increase to the liability and the increased annual contribution. I heard mentioned by somebody who spoke that -- is there a way to do a lump sum of some amount that would not increase the liability, and if so, how would that work? Because your chart...

Finance Director Gomez: Sure.

Commissioner Mena: Indicates...

Finance Director Gomez: So...

Commissioner Mena: For each lump sum what the increase would...

Finance Director Gomez: Right. So, in the chart, which would be the fourth page of the memo that I sent out, it gives various options. So, the first option on that chart shows the 13th check, right. That's -- everybody gets another -- an extra month of the same exact pension benefit that they receive. The total cost for that would be about \$3.6 million. And -- so, if the City had \$3.6 million that it can just fund it directly, then it would not affect the unfunded liability at all. It would -- but since we don't have \$3.6 million to just pay towards an extra payment, the -- this memo suggests that if you're going to put it into the pension fund and have the pension fund pay it, it's going to cost the City -- it's going to increase the unfunded liability by the same \$3.6 million, so dollar or dollar, and it will -- we will pay it over ten years, and so it will increase our annual contribution by about \$500,000.

Mayor Valdes-Fauli: Okay.

Finance Director Gomez: And then every single amount that's listed is just a lump sum amount. So, for instance, if you were to do a \$500 payment to each member, the total cost would be

\$465,000. Again, if you have \$465,000 in cash to pay it, then you don't put anything into the unfunded liability. This is suggesting that if you pay it out of the unfunded liability -- out of the pension funds and the City amortize it over the ten-year period, which is the amortization period for benefits to retirees.

Mayor Valdes-Fauli: Okay. Let me make comments, and then I'll recognize each of you to make your comments. I'd like to place this in a certain context. John Baublitz said that our unfunded liability is 230 some million today. That unfunded liability is \$5,000 per man, \$5,000 per woman, \$5,000 per child in Coral Gables and somebody has to pay that. Five thousand dollars per man, woman and child in Coral Gables. That's our unfunded liability. And that liability is our responsibility to you all, to the retirees and our, you know, fine police, fire and general employees, et cetera and other. That is our liability and a very sacred liability and we have to pay it, \$5,000 per person that we have thrown to our children, to our future residents. We have the second highest -- I understand -- paid police and fire department in Miami-Dade County, after Miami Beach, I hear, and it's important to consider. That is important to consider. So, I remember when I was Mayor last time that every time a negotiation came, you didn't increase our salary last time. But yes, but we increased your pension. The next negotiation was, I'm sorry, you didn't increase your pension, but you increased our salary, and you know, that's the way it is. You know, we're adults and that's the rules of the game. But you say bring it out of the general fund or increase taxes, or borrow against it with a bond. We -- I recognize that we have many retirees who are suffering. But I invite you to walk around Precinct 601, 602 in North Gables, that is south of 8th Street and east of 57th Avenue, and talk to the people there. Talk to the retired postmen and women. Talk to the retired carpenters. Talk to the retired people that live and have always lived in Coral Gables and have a right to live in Coral Gables and they are horrified that we're going to increase their taxes because they're going to have to -- they're going to lose their homes, horrified that they have to pay garbage fees, horrified that they can't make it in Coral Gables. And if we increase our taxes or if we increase, you know, our contributions to our retirement fund to bring it up 61 percent higher, we're going to make these people suffer and we're going to make them move away from Coral Gables. We have placed, in the last three years, 13.2 additional dollars into the unfunded

liability in order to make up that deficit, which had nothing at all to do with us, \$13.2 million in the last two years. And we paid \$27.5 million last year in order to fund our pensions. Somebody said reserves. Yes, our reserves have come up. But do you know that FEMA hasn't paid us the \$20 million they owe us? We still have a \$20 million hole because of Irma. If we have another hurricane -- hopefully not, God willing that we don't -- we have to bring -- we had to clean the city and we have to keep the city running with monies that FEMA will owe us. God knows when they will pay it and that is another issue. But we have a responsibility here that encompasses more than what our responsibility to you all encompasses. These are just some comments for you to keep some things in mind. And I'd like to call on the Vice Mayor to make a comment, please.

Vice Mayor Lago: Thank you, Mayor. I think you basically hit on all the points that I was going to talk to our Finance Director about in reference to how much we were contributing on a yearly basis and how the last three years we've made an incredible commitment this Commission has to make sure that we address issues that, again, I don't cast blame on anyone, but nobody on this Commission was responsible for allowing this unfunded liability to spiral out of control. We've been adding over \$3 million a year, \$4 million -- I want to say the exact numbers because I have a letter here from a certain person that makes some interesting comments about the previous Finance Director, Don Nelson, and how the City did not make the required contributions when it was requested to. So, I want to be very careful of the comments that we make here because they're memorialized forever. And one of the comments that was made in this letter that we have -- that we shouldn't turn back -- we shouldn't turn our backs on the retirees. I could speak for this Commission. Trust me, it's a very difficult situation every single year when we have to stroke millions of dollars that are not required. We could just pay the bare minimum. We make a decision to pay more than our fair share because we are making sure that we protect your pension. Right now, when we took office, Commissioner Keon and myself, and the ball was really started by -- I have to give kudos to Commissioner Quesada. They made very, very tough decisions. And our employees and our past employees had to deal with those tough decisions. But if we don't make these decisions today and we don't continue in the road we're moving forward, one bad year, two bad years could wipe out all the gains that we've made. Being 61 percent, in my opinion, is not

acceptable. We're heading in the right direction, but we need to make sure that we shore up your future, your family's future. Because the City of Coral Gables should not be the second-worst funded pension in the state of Florida -- or was, excuse me, when I started here as a Commissioner. Maybe the number has increased. Maybe we're top five, you know, from the bottom down, but it's still unacceptable, 61 percent. Nobody here would accept a D grade, and that's what I grade right now our pension funding being at, after making incredible strides. So, I will tell you that it pains me, but I take no problem on this vote today because I'm not turning my back on you. I'm not turning my back on you. We're putting over 3 to \$4 million a year that is -- we do not, as a city, have to put in because I'm making sure that we shore up your pension over the next few years. What happened here before any of us got on this Commission, even before the Mayor was here -- because when the Mayor was here, our pension was, to my understanding, 100 percent funded.

Mayor Valdes-Fauli: It was.

Vice Mayor Lago: It was a catastrophe, was a catastrophe, and I would never allow that to happen again, even if we have to tighten our belt even further.

Mayor Valdes-Fauli: Thank you.

Vice Mayor Lago: So, I will not be voting in favor of this COLA today. It pains me to do that, but when someone sends a letter and says, please don't turn your back on the retirees that served the City, by doing -- by taking this vote, trust me, I'm not turning my back on you.

Mayor Valdes-Fauli: Thank you. Commissioner Keon.

Commissioner Keon: I'd like to ask one question of Diana before I start. Diana, in addition to what we are required to pay into the pension fund because of liability for the pension, how much do we pay out of the general fund to try and pay down the unfunded liability that is not related to

any money that comes from anybody related to pension, but is just from the general fund, in addition to...

Finance Director Gomez: Sure.

Commissioner Keon: Other required payment?

Finance Director Gomez: So, that amount fluctuates every year. But in 2015, this Commission passed a resolution that said that we were going to take a base number, which was \$26 million at the time, a little bit higher than \$26 million, and make that the minimum payment that we're going to make, regardless of what the actual required contribution was. That first year, it was maybe \$24 million, so there was \$2 million of extra. And every year, we try to increase the \$26 million by a factor of 1.25 percent or something like that, as well as trying to fund anything that might have changed the payment. So, for instance, when we reduced the investment return, it maybe added an extra \$300,000 or \$400,000 and we upped it as well for that payment. We tried to. So, in the first year, it was about \$2 million. The second year, it turned out to be \$3 million extra. One year, it was, I think, just under \$4 million. Then the COLA lawsuit came in -- settlement, rather, came into play and so the annual required contribution went up by \$2 million, so then the amount that we were able to send was only \$2 million. So, over the life of the time, it's been \$13.2 million that we've paid extra and above the required minimum -- the minimum required contribution. So, we continued to try to -- as we pay more, we are able to reduce the annual requirement for the next year as bases -- and that's very technical and...

Commissioner Keon: I understand.

Finance Director Gomez: I don't want to get into many...

Commissioner Keon: No, I understand.

Finance Director Gomez: We do send -- and we don't have -- we can wipe it off, so to speak, that payment. We can wipe off and it -- less has to go to the required payment and more goes to funding the unfunded.

Commissioner Keon: The unfunded amounts.

Finance Director Gomez: And just to -- for clarification, the City has always made its minimum required payment. I just want to make that clear. I don't -- my records and the records of the actuary reports show that we have always made the minimum required contribution. Albeit, there have been years where zero was the minimum required contribution years and years and years ago. We weren't required to -- we never not made a payment that we were supposed to make, so I just want to clarify that.

Vice Mayor Lago: I don't mean to interrupt Commissioner Keon, but I think it's important that we note today -- because I've gotten several letters and I've spoken to several retirees that they claim that -- again, I'm not talking about this Commission. We're talking about Commissioners who are not here today, and I want to make sure we clear that up. They say did not pay the required contribution, and that's an -- that's a, you know, continued theme that comes up in reference to why we're in the position we're in today.

Commissioner Keon: Right. But I think...

Vice Mayor Lago: I just wanted to say that because...

Commissioner Keon: I think...

Finance Director Gomez: I researched it, and I can't find any year where it shows that we did not make our required contribution.

Commissioner Keon: It seems, looking back at the record, it was my understanding -- none of us were there at the time, but it's my understanding that, at one point, the pension fund was 100 percent funded.

Finance Director Gomez: Yes, funded.

Commissioner Keon: So, there was no unfunded liability. It was 100 percent funded, and so there was some period where the contribution was minimal or very low or none or whatever that period was because between the gains on investment and the payments being made, there was no -- that it was 100 percent funded. So, to Mr. Baublitz's point, that the current pension fund is well funded at this time, it isn't well funded. It's 61 percent funded. I think, for most pension systems, you have to be well into the 80 percent to 100 percent to be considered a well-funded pension system. So, we don't have a well-funded pension system. We still have a very large unfunded liability that we continue to pay. And so, in addition, I think it's important that you note that -- and for the public to note that in addition to the required payment for the -- to the fund for -- to pay out all of our contributions to the people that are currently receiving pensions and whatever, we also -- the City -- from the general fund, already contribute an additional 2 to \$4 million a year, since 2015, in order to shore up this unfunded liability and to try and bring this pension fund into that 80 to 100 percent funded place so that you can do this going forward. I have received a number of letters from the public, as well as from members -- or from retirees and current people asking about a COLA. And I don't know why that language was ever used. I don't know why it was called a COLA because a COLA is generally a cost of living adjustment that usually is made annually and it's usually tied to the cost of living index, like you see in Social Security. This is tied strictly to the investment gain in the pension system in a given year. It's not over a period of years. It's not ever -- it's given in one year. So, I'm not sure why -- I think it's important that everyone understand that this is -- although it is referred to as a COLA, it is generally not -- it is generally not what we see defined as a COLA where it is an annual cost of living that you have, like with Social Security or some other payments that go forward. This is really tied to the investment and the gain on investment in a given year and because of the -- you know, we had two financial crises

in a relatively short period of time, and between the two of them, there were considerable losses. Although we are recovering now, those losses still dog us. They -- we have this \$226 million unfunded liability that we continue to have to pay down in order to ensure that this pension system serves everyone that is due those dollars throughout their lifetime. You know, and we all recognize -- I have children that are, you know, young, married with young children and I look at what their lives are like. I look at what my life was like at that time. I have -- you know, I'm a senior citizen along with all of you that are retired and I can tell you how -- the effect that that has on so many people that I know also because the cost of living has not -- has outpaced the cost -- the income that most people have. We are finding it a very, very difficult thing. Now, most -- I think the average age of a firefighter, they tell me, in the City of Coral Gables is like 54. And I think the average age of a police retiree is 52. And generally, you live 25 more years. You have a long period of time, you know, between the time you retire and you get income to anticipate living only, you know, off of that pension, but that is a choice you make. And I have great sympathy, and if there was a way that I could give money to this woman who is living in dire straits and who is a widow, whose husband has died and now has cancer, has a young family member that she's responsible for -- you know, if I could do that, I would do that in a heartbeat. I would do it in a heartbeat. But there's not a mechanism through this to do that. So, this is either you grant everybody or you grant nobody. And...

Mayor Valdes-Fauli: Thank you, Commissioner.

Commissioner Keon: The fact that you have to grant everybody is -- I can't support it because of what it does to the unfunded liability going forward.

Mayor Valdes-Fauli: Thank you.

Commissioner Keon: When this pension is more well funded, you know, yes, that will be an issue for a Commission long after us. But for now and in this moment, you cannot grant that COLA that the Pension Board has recommended.

Mayor Valdes-Fauli: Thank you, Commissioner. Commissioner Mena. Alphabetical order.

Commissioner Mena: I don't want to repeat anything. I think you guys have sort of eloquently addressed the issue about the unfunded liability and the impact on that and the import of it. You know, my only question is -- and I know this would be a separate vote, but whether or not there would be any appetite to doing some sort of lump sum that doesn't increase in unfunded liability. And Diana, how that would work. Would that be from the general fund and what would that look like? I just want to have the discussion of whether or not -- because I think the biggest concern up here is the unfunded liability and our responsibility to continue addressing that and not compromise it. And so, I wouldn't be comfortable doing that. But if there's a way to do that without doing so is what I'd like to discuss separate and apart from the COLA discussion. But we can do that after.

Commissioner Quesada: A few quick questions. The settlement that we had, what was the impact on unfunded liability, if you recall?

Commissioner Mena: \$14 million.

Finance Director Gomez: \$14 million.

Commissioner Quesada: So, we had a \$14 million...

Vice Mayor Lago: Swing.

Finance Director Gomez: And a \$2 million...

Commissioner Mena: Increase.

Commissioner Quesada: Swing at that time.

Finance Director Gomez: Increase to the annual payment.

Commissioner Quesada: When you say -- if -- so, I'm looking at here -- of course, my computer turned off right now. I'm looking at here page 4 of your memo and the lump sum amounts, you know, that if we make a -- if we were to do \$1,000 total cost, it would be \$931,000, easy math. When you said take it out of general fund, you mean take it out of the reserves, our unrestricted reserves that we have.

Finance Director Gomez: We would have to figure out where to take it from. We don't have \$931,000 that we could just apply. Something else would have to give in this year's budget. If it waits until next year's budget...

Commissioner Quesada: Why can't we take it from reserves?

Finance Director Gomez: We can.

Commissioner Quesada: Okay.

Finance Director Gomez: And so, then we would be under our required 25 percent fund balance requirement. So, we have a 25 percent reserve requirement per resolution passed by this Commission that says we need to maintain a reserved fund balance of 25 percent. Right now, that number is less because of the FEMA reimbursement that we expect to get.

Commissioner Quesada: So, you're saying -- but yeah, so we're -- if our unfund -- what's our current unfunded liability as we sit here today.

Finance Director Gomez: This current -- it's about \$226 million.

Commissioner Quesada: So, then we're -- and our reserves are 38, 39.

Finance Director Gomez: Oh, the...

Commissioner Mena: Yeah, walk us through that 25 percent calculation.

Commissioner Quesada: Yeah, because -- so, technically we're under it no matter what. We'd have to be at \$50 million.

Vice Mayor Lago: I think we're at \$48 million from the last time.

Commissioner Quesada: I know, but I -- she doesn't like to talk about it since we haven't received the FEMA money yet.

Finance Director Gomez: Of the current year...

Commissioner Mena: Oh, okay.

Finance Director Gomez: I'm talking about '17 because we haven't...

Commissioner Quesada: Assuming we have...

Finance Director Gomez: We haven't done...

Commissioner Quesada: The FEMA money, I think that's the ballpark...

Finance Director Gomez: Right.

Commissioner Quesada: Number.

Finance Director Gomez: So, the unassigned total fund balance, which is -- should be the 25 percent number, currently is \$38.1 million. I believe the...

Commissioner Quesada: Okay.

Finance Director Gomez: At 9/30/17, the amount that was to be received by FEMA was -- I don't have it in front of me.

Commissioner Quesada: It's about 13 or \$14 million...

Finance Director Gomez: Well, it should be...

Commissioner Quesada: Was it not?

Finance Director Gomez: The number should have been about \$42 million to meet the 25 percent calculation. Actually, I do have it here.

Commissioner Quesada: I just need a ballpark.

Finance Director Gomez: Yeah.

Commissioner Quesada: I don't need the exact number.

Finance Director Gomez: I want to say \$42 million should be our 25 percent reserve.

Commissioner Quesada: So, you're saying anything that we give would be -- if we were to give anything and take it out of the general fund or the reserves, it would cause a violation of our own resolution...

Finance Director Gomez: Correct.

Commissioner Quesada: On that.

Finance Director Gomez: The...

Commissioner Quesada: But it's something we created.

Finance Director Gomez: The FEMA reimbursement -- well, that's a known use of that fund balance, right. That is a -- the whole purpose of the -- I think even the resolution may even say that it's to be used for things like disasters and things like that and that's how we deplete the -- you know, we could use the fund balance and then replenish it.

Commissioner Quesada: Yeah.

Finance Director Gomez: That's a known use of the unrestricted fund balance.

Vice Mayor Lago: Diana, and that resolution that we, as a Commission, took on, I think -- is it safe to say played a role in us possibly getting our triple...

Finance Director Gomez: Sure, absolutely. I...

Vice Mayor Lago: Triple triple bond rating?

Finance Director Gomez: Absolutely. That is a major factor for...

Commissioner Quesada: Okay.

Finance Director Gomez: That...

Mayor Valdes-Fauli: Which saves us money.

Finance Director Gomez: Rating agencies look at.

Commissioner Quesada: I don't want to keep piling on. I want to see if...

Vice Mayor Lago: No, no, of course.

Commissioner Quesada: There's something that we can do here.

Finance Director Gomez: So, the 25 percent is...

Commissioner Quesada: So...

Finance Director Gomez: \$42.5 is what it...

Commissioner Quesada: Got it.

Finance Director Gomez: Should be, okay.

Commissioner Quesada: Just hold for one second. Police and Fire, one of the greatest parts of the City, absolutely. We're thankful. It's -- we don't even need to say that. I think everyone knows that. I'm going to agree with what everyone said. However, it still pains me that -- the fact that, yeah, we've been struggling with it, but they've been struggling with it as well. And tell me if --

I know we're in a hearing state so this is a little different. Is it possible to negotiate something as we sit here today? And what I'm thinking is if maybe we can have an open conversation with the union and the retirees and maybe we can work something out to say we can give a lump sum now if we work out some agreement that the next time that the contracts are up for police and fire, you know, they'll agree at this time -- and I don't know if I can do this, so -- I'm looking at the City Attorney. Tell me if I can do this or not. To say that...

Mayor Valdes-Fauli: We've done that already, Commissioner.

City Attorney Ramos: They're two completely different things. So, you have a class of people in the retirees.

Commissioner Quesada: I understand.

City Attorney Ramos: And then you have your CBA, and I would not tie one to the other. Aside from that, this ADRM is part of that settlement agreement, so I would treat this entirely separate. Now, if you wish to grant a lump sum, that's absolutely doable today, from a legal standpoint.

Commissioner Quesada: Correct.

Mayor Valdes-Fauli: But let's focus on what we have today. And if you want to bring that as a separate motion for discussion in the future, we can do that. But this is a very strict process of -- we're governed by state law.

Commissioner Quesada: No, no. It's related to the settlement, yeah.

Mayor Valdes-Fauli: And let's concentrate on what we have before us today. And I'm not opposed to your idea, but bring it forth...

Commissioner Quesada: Yeah.

Mayor Valdes-Fauli: At some other time.

Commissioner Quesada: Because I think it's more palatable for us up here, as one or two of the speakers mentioned, to do it out of the general fund so that there's no increase in unfunded liability. Now...

Mayor Valdes-Fauli: But remember, the general fund...

Commissioner Quesada: It's still a difficult thing to stomach, it is, because I remember when we reached a settlement and it's -- and I'm telling you, sitting on this side of it -- you know, and I'll be honest with you, it's gotten even harder now with this Mayor because the last time he was in office, it was zero, the unfunded liability.

Mayor Valdes-Fauli: It was zero.

Commissioner Quesada: So, it's -- it gives you -- there's a stark contrast and it gives you that perspective of, man, how did we get here. We know how we got here. Look, I'm in favor of a lump sum. I don't think there's support on this dais for it.

Mayor Valdes-Fauli: Okay, but there's...

Commissioner Quesada: But if we can work out something that we could work out some sort of agreement, which you're telling me we can...

Mayor Valdes-Fauli: But not as part of this discussion today.

Vice Mayor Lago: Can I add something to Commissioner...

Mayor Valdes-Fauli: Yeah, but...

Vice Mayor Lago: Quesada's comments?

Mayor Valdes-Fauli: Please make a motion.

Vice Mayor Lago: I would love nothing more than to give a lump sum. I also agree with Commissioner Quesada. Let me tell you why I would vote no, and it's a very simple question. Do you feel -- I know you don't have a crystal ball -- do you feel that, as per what's happened in December with the stock market and the pension fund itself, do you feel that we're headed in the right direction 2019, or you think that we've had...

Commissioner Quesada: Hey, you're asking her a question...

Vice Mayor Lago: I'm asking her...

Commissioner Quesada: She can't answer, man.

Vice Mayor Lago: I know that. I got to -- listen, this is a serious...

Commissioner Quesada: How's the stock market going to do this year, Diana?

Vice Mayor Lago: I'm asking...

Mayor Valdes-Fauli: Why don't we make a motion?

Vice Mayor Lago: It's a serious question because if anybody paid attention in December, we started off this year on the wrong foot. So, either we can pay it upfront now, a lump sum, or we

can pay it in the back end if we're short and not allow the pension to slip because we're going to have to deal with that this year.

Finance Director Gomez: As of December, the pension fund lost like \$38 million, so...

Mayor Valdes-Fauli: Okay, can I...

Vice Mayor Lago: I just want to make -- I just want to...

Mayor Valdes-Fauli: I would like to call...

Vice Mayor Lago: Put that on the record because that's pretty important.

Mayor Valdes-Fauli: I would like to call for a motion, which doesn't exclude our taking up, you know, what Commissioner Quesada suggested in a different setting, in a different -- you know, last in February, in March, somewhere. Can I hear a motion?

Vice Mayor Lago: I'll make the motion to deny the COLA.

Mayor Valdes-Fauli: Second?

Commissioner Keon: I'll second.

Mayor Valdes-Fauli: Okay. It's moved and seconded. Will you call the roll, please?

Vice Mayor Lago: Yes.

Commissioner Mena: Yes.

Vice Mayor Lago: If you say no, it's okay.

Commissioner Quesada: No.

Commissioner Keon: Yes.

Mayor Valdes-Fauli: Yes.

(Vote: 4-1)

Mayor Valdes-Fauli: Thank you very much.

Vice Mayor Lago: But I'd like also to make...

Mayor Valdes-Fauli: Yeah, I like what you...

Vice Mayor Lago: To have a dis...

Mayor Valdes-Fauli: Suggested.

Vice Mayor Lago: To hear what Commissioner Quesada...

Commissioner Quesada: So...

Vice Mayor Lago: Has to say.

Commissioner Quesada: Here's what I'm thinking. I think it's been tough for us and I'm on the way out. I've got two meetings left or something like that. And I've always...

Vice Mayor Lago: By the way, you can -- we can make a motion to change that really quick, if you'd like to stay. We can lobby you not...

Commissioner Quesada: So, look, I've always been for as aggressive as possible in the pension system, but look at -- I'm doing this eight years now and I've seen it's tough. It's tough. And the things that we heard today, it's absolutely true. And look, sometimes, it's hard for us to stomach when we hear, oh, someone retired at 50 or 55, and oh, hold on a second, those in the private sector have to work much longer. And the argument goes back and forth. But when it comes down to it is you're right, you know. Discussing the Biltmore contract and not following those obligations, that rings very true with me because I remember being a part of that and fighting with the Biltmore to get them to pay, and it's true. And the way I see it is as a give and take process and it's been tough. I know it's been tough the last 15 years related to this. But you know, at the same time, the fiscal aspect of it -- I want -- look, I want to keep this conversation open. I think this is one of the first times we've ever had a conversation of making a lump sum payment coming from the general fund. We've had it sort of in one-on-one conversations with the union, but that's the first time that it's really coming up here. And I want the rest of the Commission to really think about that, you know, moving forward. The unfunded liability is not something that we want to mess with. What the Mayor said is absolutely true. It's something that we have to deal with. And yes, you don't -- we don't know what the future is going to bring with additional expenses, you know. We pay more than 24, \$25 million a year...

Mayor Valdes-Fauli: 27.

Commissioner Quesada: To deal with that -- \$27 million a year to deal with that unfunded liability. That's a monster payment.

Vice Mayor Lago: Does that include the gravy on top, Diana?

Mayor Valdes-Fauli: No.

Vice Mayor Lago: No.

Mayor Valdes-Fauli: No.

Vice Mayor Lago: Correct?

Finance Director Gomez: I'm sorry.

Commissioner Quesada: Any every time we try to pay it down...

Mayor Valdes-Fauli: \$27 million.

Vice Mayor Lago: Commissioner Quesada just said we pay \$27 million.

Finance Director Gomez: Right.

Vice Mayor Lago: For current...

Mayor Valdes-Fauli: Plus \$13 million...

Vice Mayor Lago: And past employees. Plus we pay on top...

Mayor Valdes-Fauli: \$13 million in the...

Finance Director Gomez: 27 in total.

Mayor Valdes-Fauli: Last three years.

Finance Director Gomez: The total payment that we make.

Commissioner Keon: But we have a required contribution.

Finance Director Gomez: Right.

Commissioner Keon: That is owed...

Finance Director Gomez: Our contribution this past year...

Commissioner Keon: To these people...

Finance Director Gomez: Was like 25.

Mayor Valdes-Fauli: Okay. We'll take a ten-minute break.

Commissioner Mena: Hold on. Can I just say one last thing?

Mayor Valdes-Fauli: Go ahead.

Commissioner Mena: I just -- I wanted to just add that -- you know, and I asked a few questions about it and I just want to say I'm also very interested in exploring the possibility of a lump sum payment. I think we have a -- I understand we have a budget and I understand it makes -- it presents challenges, but I think we can look at that budget and find ways...

Finance Director Gomez: Sure.

Commissioner Mena: And find ways...

Finance Director Gomez: So, I have...

Commissioner Mena: To make it work.

Finance Director Gomez: I can make...

Commissioner Mena: And...

Finance Director Gomez: A clarification.

Commissioner Mena: Yeah, and -- you know, again, I come back to, again, I think the biggest concern is the unfunded liability. I think we said that.

Commissioner Quesada: Yeah.

Commissioner Mena: So, if there's a way to do this without impacting that -- and I understand it's going to impact something. Whatever -- you know, you take money from here, you have to take...

Finance Director Gomez: Correct.

Commissioner Mena: You have to put it somewhere else. But I think that's important. And the last thing I would say, just before you address that, you know, I also -- listen, I'm an attorney. I respect agreements and contracts and obligations. I just want to make clear -- I know it's uncomfortable, but in my view, we are. We have a settlement agreement. It lists certain factors that we have to consider. I have a memorandum from our Finance Director that goes one by one through those factors and makes a recommendation. That's the system that was agreed...

Commissioner Quesada: Oh, and I...

Commissioner Mena: To in the settlement.

Mayor Valdes-Fauli: Okay. I would like...

Commissioner Quesada: And I didn't mean to imply that I believe that we're violating the agreement.

Commissioner Mena: And so I think that's an important context as well. So, again, I'd like to find a way to do something here without...

Mayor Valdes-Fauli: And I know we can find a way...

Commissioner Mena: Impacting our unfunded liability.

Mayor Valdes-Fauli: I know we can find a way. If we can find a way to have a commitment to have a park within a ten-minute walk of every house in Coral Gables, we can find a way to honor or respect our retirees. And I would like to take a ten-minute break, please.

Commissioner Mena: I think...

Mayor Valdes-Fauli: No, you can't. No, no. The public hearing is closed.

Mr. Thornhill: With all due respect -- and I appreciate the opportunity to speak again, but there are some things that are being said that aren't accurate.

Mayor Valdes-Fauli: Okay. No...

Mr. Thornhill: But it's important...

Mayor Valdes-Fauli: Let's take a break.

Mr. Thornhill: Before you take your break...

Mayor Valdes-Fauli: Thank you.

Mr. Thornhill: That you understand that.

Mayor Valdes-Fauli: Thank you. No. You're out of order.

Commissioner Keon: Go ahead. I'll listen to you.