

City of Coral Gables City Commission Meeting
Agenda Item I-1
November 12, 2024
Police and Fire Headquarters
2151 Salzedo Street, Coral Gables, FL

City Commission

Mayor Vince Lago
Vice Mayor Rhonda Anderson
Commissioner Melissa Castro
Commissioner Ariel Fernandez
Commissioner Kirk Menendez

City Staff

City Manager, Amos Rojas, Jr.
City Attorney, Cristina Suárez
City Clerk, Billy Urquia
Finance Director, Diana Gomez
Assistant Finance Director, Paula Rodriguez
Police Chief, Ed Hudak

Public Speaker(s)

Dan Thornhill
Harry Pickering
Michael Ciccolo
Christopher Challenger
Charles Davis
Joseph McNichol
Tim Daniels
Tom Zelenak
Maria Cruz
Ray Cook
David Perez
Frank Pasquarella
David Renshaw

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Agenda Item I-1 - Hearing pursuant to the Alternative Dispute Resolution Mechanism set forth in the Class Action Settlement Agreement, regarding the determination by the Retirement Board that class members in Murrhee v. City of Coral Gables, Case No. 13-20731 CA (13) (Fla. 11th Cir. Ct.), GAP members, and Opt-Out members should receive a cost-of-living increase to retirement benefits.

Larry Brooks

Agenda Item I-1 [2:15 p.m.]

Hearing pursuant to the Alternative Dispute Resolution Mechanism set forth in the Class Action Settlement Agreement, regarding the determination by the Retirement Board that class members in *Murrhee v. City of Coral Gables*, Case No. 13-20731 CA (13) (Fla. 11th Cir. Ct.), GAP members, and Opt-Out members should receive a cost-of-living increase to retirement benefits (“COLA”).

Mayor Lago: Moving on to Item I-1.

City Attorney Suárez: Mayor, Item I-1 is the hearing pursuant to the Alternative Dispute Resolution Mechanism set forth in the Class Action Settlement Agreement regarding the determination by the Retirement Board that Class Members in *Murrhee versus City of Coral Gables*, Case Number 13-20731, Florida 11th Circuit Court, GAP Members and Opt-out Members should receive a cost of living increase to retirement benefits. The Alternative Dispute Resolution Mechanism was established pursuant to the Class Action Settlement Agreement and was ultimately codified in the City Code pursuant to Ordinances 2018-11, 2018-25, and 2018-35. The Mayor has issued a procedural order to govern the conduct of this hearing that has been shared with the interested parties and is included in the record for this agenda item. The procedural order provides as follows: Any person wishing to speak must be sworn in by the City Clerk. The Finance Director, or his or her designee, will have three minutes to present her professional recommendation based on the memorandum provided to the City Commission. Any individual wishing to address the City Commission will be afforded three minutes each. After the conclusion of the presentations, the City Commission may ask questions of any party or individual. Pursuant to the terms of the settlement agreement, the City Commission, in its sole discretion, may, by a four-fifths vote, 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 of gains and losses since July 1, 1994; B, the amount of the Unfunded 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 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 U.S. Bureau of Labor Statistics. If the Commission takes no action today or there is not a four-fifths vote to reject or reduce the Retirement Board’s

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determination, the Retirement Board's determination to grant a COLA of 8 percent will stand. If the Commission votes to eliminate or reduce the COLA by a four-fifths vote, the City Commission's decision will not be overturned unless arbitrary and capricious. Any decision of the Commission to reject the Retirement Board's determination or reduce the amount of proposed COLA based on factor A alone, and regardless of the other factors specified, will not be considered arbitrary or capricious. Mayor, with your permission, I would ask the City Clerk to please swear in everyone who will be speaking today.

City Clerk Urquia: Thank you. Those who expect to testify in today's proceedings, please stand and raise your right hand. Do you swear or affirm that the testimony you will offer today is the truth and nothing but the truth? Thank you.

City Attorney Suárez: So, next, the Finance Director will present her recommendation.

Finance Director Gomez: Good afternoon, Diana Gomez, Finance Director. As the Finance Director of the City of Coral Gables, it is my professional recommendation that the City Commission reject the Board's proposed 2025 COLA for the Class Members, GAP and Opt-out Members because it would increase the unfunded liability to over \$182.8 million, increase our contribution requirements by \$3.5 million, and decrease our funded ratio by approximately 4 percent. Additionally, payment of this COLA would wipe out 47 percent of the progress we've made to date with the total extra payments, which has gone towards reducing our unfunded debt. My recommendation considers the factors listed in the ordinance that are the factors to be considered by the City Commission making this determination specifically, A, the present value of the proposed COLA will exceed the Net Actuarial Experience of the retirement system. The current cumulative experience loss as of 10-1-2023 is \$188.9 million as of the 2023 Actual Valuation Report. D, the unfunded actual liability is \$157 million as of the valuation date dated 10-1-2023. The unfunded liability has increased from the previous year by \$1.1 million. Providing for -- C, providing for the 2025 COLA of 8 percent to Class Members, Opt-out Members, and GAP Members would increase the current Unfunded Actuarial Accrued Liability by \$25.8 million and will increase the current annual required contribution by \$3.5 million. D, the last COLA paid on May 7th -- was on May 7th, 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 unfunded liability by \$14.5 million. The single -- F, the single Actuarial Experience of the retirement system for each of the seven preceding years are as follows: In 2023, it was an \$8.235 million loss; in 2022, a \$5.7 million loss; in 2021, a \$19.2 million gain; in 2020, a \$6.1 million gain; in 2019, \$469,000 gain; in 2018, a \$2.3 million gain; in 2017, an \$8.5 million gain. The Net Actuarial Experience over the preceding seven years is a gain of \$22.8 million. And G, the increase in the Consumer Price Index since January 2014 is 34.1 percent. The above factors support rejection of the 2025 COLA as the cost associated with granting the COLA would adversely impact the pension system. It is my professional recommendation that the City Commission does not grant a COLA for any amount until the system is fully funded. A COLA granted before then would cause the additional increase to the unfunded

liability, thus an increase to the underfunded status, which would adversely impact the pension system.

Mayor Lago: Thank you. Mr. Clerk?

City Clerk Urquia: I'd like to call the public to speak. First speaker is Dan Thornhill.

Mayor Lago: Good afternoon, sir.

Dan Thornhill: Good afternoon. Thank you. My comments might go beyond three minutes, but there are several people here that have signed up that are going to yield their time to me. So, with all due respect, I would like to go -- you know, this is something that can't be said in three minutes. I come today with a myriad of emotions. I'm angry. God knows I'm angry. I'm hurt. But yet I'm optimistic. So, I wanted to finish that myriad of emotions with optimism. We have all these numbers. You have the numbers. Diana has all the numbers. I'm not going to bore you with all the numbers, but there is one series of numbers that is relevant, and it's the one that the actuary gave you that if you pay this COLA today, it only extends out paying the system off by almost -- not even two years. So, you could be mortgage-free in essence in two years past your goal of being 100 percent paid off in your pension system, which is a great goal, but it's not a realistic goal. You don't have to be 100 percent funded in your pension. It's a great goal and it's a great thing. I would love to be mortgage free, but I still have to pay my obligations along the way. This obligation that we have is to the employees that served the City and agreed to do what the City asked them to do. And in return, the City was going to give them certain things. And one of them was a COLA. And that COLA was agreed to. And then after people did what they did, they moved the goalposts. And I can speak on behalf of the firefighters, even though all the employees are amazing employees, from the general employees to the fire, to the police. But when the City Manager has a law enforcement background, he can appreciate what my words are. For firefighters, it's a unique line of work, okay? It's not something that any one of you can appreciate because you've never done it. We have done it. I did it for 31 years. The people in this audience have done it for decades and decades and decades. We have retirees out there that are in their 80s that literally can't drive. We just had a firefighter die this past week. God rest his soul. We've had over 20 firefighters. You want to use numbers? Here's some numbers we can use. We've had 20 firefighters. Let's talk about numbers. That's a number you don't hear about. Twenty firefighters have died that didn't enjoy a COLA that they earned by putting their life on the line. The City said come leave your family and protect our families during a hurricane, and we'll give you this. We did that. The City said work a 24-hour shift and expose your body to hazardous materials and infectious blood and work tremendous scenes that you can't even fathom what we would do at 2 o'clock in the morning when a car is wrapped around a tree, and you have two or three family members in there literally dying. You can bleed to death in two minutes, and our firefighters are out there making decisions that if somebody's going to live or die, and then go home and be with their families and act like it didn't happen and the stress and pressure put on their backs and on their knees, okay? And we did that, but we did that predicated because we

chose to work for the City of Coral Gables, but because of the deal that we had. And again, someone's going to yield their time to me, Mr. Clerk. Okay, so I'm going to continue talking. If you want someone to address that for parliamentary reasons but -- thank you, Mr. Mayor. So, the system doesn't have to be funded 100 percent. We all don't retire at one time. If this was a private corporation and it was closing next February, yes, we'd have to be funded 100 percent. Right now, we're funded at maybe 75 percent. That's a relevant number. That's high. That's a great number. We retire in staggered portions. This group that we're talking about is a finite group. Sadly, they're going to be dead sooner than later. It's going to get smaller and smaller and smaller. The system is going to make money off of this as soon as they die. If you want to compromise, let's compromise next year, because more and more will be dead. As dramatic as that sounds, that's the reality. So, that goes back to my comment, am I angry? You're damn right I'm angry. Am I hurt? You have no idea the hurt that I feel and that these people feel. I've gone to those funerals. We have another one that we have to go at the beginning of this week for Charlie McGarry. I get those phone calls from the widows. We go to their houses because they can't repair things because they can't afford people to come to their homes. It's been a decade, a decade. Five COLAs that were awarded by the Retirement Board, five have been overturned by this Commission. Not you personally, some of them by this Commission, but previous Commissions as well. The COLA that was awarded as a result of this lawsuit was cut in half at the time. Think about it, if it was your family, if it was your parents, that somebody said, okay, you know what, we're going to start -- we cut benefits for a decade. It's a decade. That's more than a decade. And they said, you know what, you did everything you said you're going to do, but we're just going to pull the plug and we're going to stop everything for a decade. Would you be okay with that if it was your family? And then put the flavor -- or the fact that it's firefighters, police officers doing what we do, what we did. You can't do that. In 2011, the City went through a really bad time; the whole country did. And the first group of employees that came to the City said, hey, what can we do to help? City Manager Salerno was here. And we opened up our contract. We said, what can we do to help? And the City said, you know what? We need to give back. And we opened up our contract and we gave 5 percent of our salary right off the bat. Firefighters, the first one at the table. We said, we want to help. And we gave 5 percent of our salary without even thinking twice because we wanted to help the City. We wanted to help. What do you need? We helped. And we did that. And Mr. Mayor -- I'm going to call you Vince. I want to make this personal because this is personal. Vince, it's ironic that you were just mentioning about the Biltmore. And I made a note while you were talking about it. It symbolizes who we are as a city, right? And the City, back in the early '90s, the Biltmore defaulted on an agreement with the City. And the City sued the Biltmore, and they got their money back. The City went after it because it was right. They went after the Biltmore because it was the right thing to do to get their money back. Because in principal, it was right. We have to do the right thing, guys. We can't keep saying, this is wrong. This is wrong. I've been to so many funerals where people come up to me at the service, at the service of a funeral where they say, Dan, when is the City going to do something about this COLA? And you know what my answer is, I don't know. I don't want to give them your phone number, but they sure as hell have mine. And I keep saying, I don't know the answer, I don't know the answer. But today is the answer, today is the time. Even if you give -- well, when you give the 8 percent,

it comes out to 0.8 percent over 10 years, a decade. Do the right thing today, guys. It's time. The four-fifth majority is to overrule the Retirement Board. Respect them, more importantly, respect them. It's time. It only takes two of you, it should take all five of you. But it takes two of you to say I'm not supporting the four-fifths majority and we're going to do this thing today. We're going to put it to bed. It's time to protect those who protected you. It's time. Why do we even have to have this conversation? It's absurd. You guys are respected people, you're moral people, you have integrity, you've always been good friends with firefighters. It's time to do it. I'm never going to beg. As a firefighter, I'll never beg for this COLA. I'll never beg. A firefighter shouldn't have to beg. A police officer shouldn't have to beg. And a general employee shouldn't have to beg. But I will stand here to the day I die and be here and fight for this COLA and fight for these people out here and fight for the older retirees that we have. They're making \$40,000 a year, \$38,000 a year. We make collections, we go by their houses, and we help them. There's widows out there. We have firefighters that are on disability. You can't keep doing this. When are you going to say, well, let's compromise this year and we'll do it next year? Or we're going to take a vote, but we're not going to get anything done today. Do it today. Make a motion. Make a motion, Melissa. Make a motion, Ariel. Make a motion, Kirk. It's time. Don't say, well, let's just do 2 percent this time. Let's do 5 percent this time. Let's just do a 13th paycheck. Let's do it this time, so we'll compromise next year because more of us will be dead. We just lost another firefighter on Wednesday. Make it end today. You have all the numbers. I don't need to bore you with more data. She's doing her job by saying, yeah, I'd recommend you don't do it. She's the Finance Director. She's not going to say, yeah, I recommend you spend money. It's not that much money. It only extends it out two years, you'll be 100 percent paid in your goal of being free of your debt of the pension obligation. Please, please, please, let me walk out of here with optimism and knowing that what I did for the City was worth it and that you give a damn -- excuse my language -- you give a damn about what we did as firefighters, firefighters, police officers, and general employees too, not to discount them at all, but what we did was a little bit more unique than any kind of work you can imagine out there. And I won't go into gory details, but I could tell you story after story after story. They will stay with us until the day we die. Please do the right thing. Let's get this done today. No compromise. Compromise next year, more of us will be dead. I thank you for your time.

Mayor Lago: Thank you, sir.

Commissioner Castro: Thank you.

City Clerk Urquia: Harry Pickering.

Harry Pickering: Good afternoon, Honorable Mayor, Honorable Commissioners, Mr. Rojas, Director Gomez, Chief Hudak. My name is Harry S. Pickering, a retired police major in Coral Gables Police Department, 1976 through 2007. Just a quick snapshot about what's been happening in the last 12 months for workers across the nation, then I'll get into my brief talking points. Reuter News, November 5, 2024. Boeing ratified a four-year contract with 26,000 West Coast factory

workers granting 38 percent in wage increases over the life of the contract. UAW.org, October 30, 2023. The United Auto Workers, representing some 400,000 union factory workers from the big three automakers, GM, Ford, and Chrysler Stellantis settled a four-and-a-half-year contract granting an immediate 11 percent pay increase and additional pay increases totaling another 25 percent over the life of the contract. US Department of Labor blog, August 26, 2024. The Teamsters and Anheuser-Busch settled a five-year employee contract with workers in 12 breweries across the nation. All union workers received an immediate \$4.00 an hour pay raise and an additional 23 percent in wage increases over the life of the contract. Coral Gables Teamsters general employees settled their employment contract 2024. The general employees received an immediate 4 percent across-the-board wage increase plus a \$1,000 one-time non-pensionable lump sum bonus effective October 1st, 2024, followed by another 4 percent across-the-board wage increase in October 2025, and a 3.5 percent across-the-board wage increase in May 2026. Coral Gables International Association of Firefighters firefighters' contract, a six-year agreement that was ratified on September 13, 2023, incrementally each year grants a total across-the-board wage increases of 16 percent retroactive from 2021 through 2026. Coral Gables Police contract, ratified June 11, 2024, a two-year deal covering the period from October 2023 to October 2025 grants a 9.8 percent salary increase the first year and two salary increases of 3.5 percent and 4.5 percent the second year, plus a lump sum bonus payment of \$3,000 each year, and upon ratification, officers can earn up to 300 hours of overtime, which will be counted as pensionable income towards their retirement. That's what's been happening with workers, helping them to catch up with the cost of living and inflation. One of the talking points that the Fraternal Order of Police negotiations team held during the contract negotiations was the fact that since 2015 the cumulative inflation rate had totaled 35 percent. Well, the City granted what, as a retired Coral Gables police officer, I consider a nice substantial wage of benefits contract; retirees have zero. Well, guess what, the retirees who have not received the COLA since 2017 -- and that was a 3.225 percent COLA that was not granted by the good wishes of the City Commission, no offense. It was a negotiated settlement of a lawsuit that the retirees and the three unions had filed against the City in circuit court. Prior to that, we had not received a COLA for more than 17 years in 2007. And that was only a 2.3 percent increase. I've had two COLA increases since I've been retired 18 years ago. As a result for me personally, I have seen more than a third of my purchasing power depleted, gone forever, tens of thousands of dollars lost, not to mention that when my wife died two and a half years ago from cancer, I then realized the loss of \$17,000 in income from her Social Security payments being cut off. All retirees are hurting and many, many retirees are hurting very badly. Today, just referring to the sworn police retirees, not talking about fire and general employees, sworn police retirees, we have one retiree and six surviving beneficiaries living below the official U.S. Department of Health and Human Services poverty level guidelines. That's seven police retirees living on less than \$15,060 a year based on an individual household. If based on a two-person household, we have another nine retirees living below the poverty level. If based on a three-person household, we have another 10 retirees living below the poverty line. And if based on a four-person household, we have another five retirees living below the poverty line. And that's only sworn police retirees and surviving beneficiaries. Like I said, that does not include the Fire

Department retirees nor the general employees. So, please see it in your hearts to grant us a COLA this year. Thank you for your time and thank you for your public service.

Mayor Lago: Thank you, sir.

City Clerk Urquia: Michael Ciccolo.

Michael Ciccolo: Thank you all. I'm just going to speak from my experience and I'm more speaking from the Fire side of it, which we -- I know you might know this, maybe you forgot, but we're not part of the Social Security system. We opted out, I guess, in the '50s, and so we're really hurting. So, I'm going to go back to the inception of this catch-up clause that we're trying to enact and with your help today, hopefully, we'll get there. But the catch-up clause is put in the ordinance for the years that you didn't get a COLA. And Diana, if you can correct me if I'm wrong, I believe if you hadn't had a COLA in four consecutive years, you would be granted a COLA based on the numbers of the CPI not to exceed any one year 2.75. So, you know, the most you can get any one year is 2.75. So, it's a catch-up. So, right now, it's at 8. It's been at 8 and it's at 8. The CPI over the last 10 years is 34 percent. We get half of that CPI, which is 17. We're asking for 8 right now. That's what the system says we're entitled to. It's a catch-up clause, but that 9 percent out of the 17, it's gone forever. We can't catch that again. It's history. So, this catch-up clause is so very important to us because the assumption rates have changed. The rate of return is still 10, 10 or more. That's hard to hit, 10. Think about it. In any one year, she read them, what we got certain years, 10 is a tough number. With the assumption rates -- when this COLA and the ordinance was written, the assumption rate was 9. It's like 7 and what, a quarter now? I'm not even sure exactly what it is. So, it's going to be hard to get. The economy is on fire right now. It's not going to be on fire forever. It's -- 10 percent is going to be a hard number to get. So, if you grant us anything right now other than eight, let's say you give us a five or a six, we're still out three more. The slate gets clean and now we've lost three more percent. I personally retired in 2010. With the COLA lawsuit, I lost three and a half percent. So, 3.5 percent plus 17 is 20 -- is actually 20 and a quarter percent. I'd like to get 8. Can I get my 8, please? 12.5 percent is gone forever. I can't get it back or anybody else can get it back. So, you know, it's a big number, but really is it a big number over the life of this whole retirement system that took effect in 1988, 1989, the COLA has been granted, it's like 0.8 percent. Not a lot. And if you gave us that 8 percent COLA, there we go, we got a 0.8 percent again for the last 10 years. So, it's very important that we get the 8 percent. We just can't keep doing this every year. And it's not fair to us, it's not fair to you to hear this, but the reality is the City's doing well. It's only going to push this out two more years, and it's the right thing to do. So, I implore you to please think real hard before you cast that vote. We need two people to say yes, and we get our 8 percent COLA. And it's well-deserved, and it's a long time coming. So, thank you.

City Clerk Urquia: Christopher Challenger.

Christopher Challenger: Good afternoon, Mayor, Vice Mayor, Commissioners, Mr. Manager. Christopher Challenger, 265 Sevilla, President of the Coral Gables Fraternal Order of Police, Lodge 7. I stand before you today to advocate for our brave and dedicated retired officers who have tirelessly served and protected our community. It has been over a decade since these selfless individuals received a cost-of-living adjustment. In that time, the relentless march of inflation has eroded their hard-earned pensions over 34 percent. While I acknowledge the existence of unfunded liabilities within the pension system, it is imperative to recognize that the moral and practical implications of delaying or denying a COLA, our retirees, many of whom live on fixed incomes, are struggling to keep pace with the rising costs of essential goods and services. The delay in granting a COLA has forced them to make difficult choices and sacrifice their quality of life and financial security. The absence of a COLA sends a disheartening message to our active officers as well. It undermines their faith in the system and their long-term financial well-being. While an 8 percent COLA may seem substantial, consider yourself in their position. 34 percent inflation in the last 10 years, and even if you get an 8 percent, you're still behind. It's important to remember the significant financial hardships of our retirees are enduring. If this figure is deemed excessive, I would suggest alternative options as maybe a slightly reduced percentage. Even a reduced percentage would still provide a meaningful relief. I just, I come to work every day, and I try to do my best. The retirees, they've done it. They've done their best. They were hoping the City would take care of them when they retire. And it's not just firefighters, police officers, it's City workers too. I get calls from general employees that have retired. I get emails and I can sense their frustration. They want to know what is the City going to do to help them because of the agreement that they -- when they signed up -- and I can speak for this personally. When you sign up for an agency, you look at their benefits and what they have is what you think you're going to get. And then it's bad when it gets to the end of your career and now, you're scrambling to pay for fuel, food. I just wish you guys would reach deep inside, put yourself in our position, the retirees' position, and just do the right thing. Thank you. I appreciate it.

City Clerk Urquia: Charles Davis.

Charles Davis: Mayor, Commissioners, City Manager, thanks for having me. Most of you don't know me. My name is Charlie -- Charles Davis. I retired from the Fire Department. But my City -- my family history starts with the City. My mom was a City employee in the '50s. She retired because she got pregnant with me. She met my dad in the '60s. My dad worked for the City. My dad died of cancer as a firefighter. We all -- most of the firefighters in this room have had some sort of cancer one way or the other. I've had a kidney removed from cancer. I've had two different types of cancer after that. Like Dan Thornhill said, if you push this can down the road a little bit, it'll be easier on the financial situation because we're dying. Firefighters die. You know, 20 of them have died since this has been going on. I just ask that you do the right thing. I've been retired for 20 years, and I've gotten about 5 percent raise over that 20-year period. The gallon of milk isn't anywhere near 5 percent more than it was 20 years ago. So, I just ask that -- I'm going to yield my time to Danny, and I just ask that you all do the right thing. It's about time. Thank you.

Mayor Lago: Thank you.

City Clerk Urquia: Joseph McNichol.

Joseph McNichol: Good afternoon, Joseph McNichol. I served the City of Coral Gables the hundreds of other City of Coral Gables employees who are unable to appear to ask for your consideration to approve a cost-of-living allowance to retirement system beneficiaries in some amount or format. We're all well aware of the actuarial status of the City's retirement system. Do not dispute the system's Unfunded Actuarial Accrued Liability. Your sustained commitment to steadily reduce the amount of the unfunded liability is acknowledged and genuinely appreciated. Two significant factors, just reiterating what the predecessors have mentioned, for you to consider first is the increase in the Consumer Price Index, which is estimated at 34 percent since 2014. That significant increase countered by the fact that only one COLA in the amount of 3.225 percent has been awarded in the last 15 years, 15 years. I don't know exactly how this increase in the CPI over the last 10 years compares to other similar historical periods, but the compounding impacts of a significant increase such as this is the major reason why we're here, even with the full understanding of the ongoing fiscal challenges of reducing the unfunded liability. A second significant consideration is the City's ability to retain full-time employees, especially your public safety employees. It's not only retirees paying close attention to this hearing, but active employees are paying very close attention also. In the now 99-and-a-half-year history of the City of Coral Gables, it's been our collective good fortune at all levels to serve an organization that enjoys a very well-deserved reputation for excellence in municipal governance. A reputation for excellence that hundreds of retired employees in the system have made decades-long contributions to, to sustain during our period of service. So, in the full spirit of this alternative dispute resolution process, the City's retired employees respectfully request you grant a cost-of-living allowance in recognition of the significant individual and collective contributions we've all made to the prosperity and success of the City of Coral Gables. Thank you very much.

Mayor Lago: Thank you.

City Clerk Urquia: Tim Daniels.

Tim Daniels: At my age, I need notes. First of all, thank you for allowing me to speak. Mayor, Vice Mayor, Commissioners, new city manager, not that new, but nice to see you, and City staff. You know, we -- first, introduction. Tim Daniels, I was a retired Deputy Fire Chief. I was also a member of the Retirement Board for 10 years, and was also chairman of the Retirement Board for a period of time. And of course, I urge support for the full 8 percent. You know, it's good to want to fund the actual funding, pardon my flubbing that, but it's extremely important also to recognize what everyone else has pointed out here. We haven't gotten a COLA in 10 years, and you know, you've already heard it multiple times. I don't have to repeat it, all right? And I'm going to liken it to you having a mortgage. You have a 30-year mortgage, and you set a goal, you want to pay

off your mortgage in 20 years. That's a good goal and you should do that. But then you find out that your roof needs to be repaired. You don't put off repairing the roof. You fix it and you readjust that appointment of resources, and you pay off your mortgage in 22 years or 23 years, all right. Our roofs are leaking, okay? In some cases, literally, our roofs are leaking, and we can't fix them, all right? This is -- you've heard numbers, but these numbers are people. These are people who are hurting, who work for you loyally, work for the citizens of Coral Gables, risk their lives, work long hours, endured abuse for the City. And all they're asking in return is that you do the right thing. We need two or three people, hopefully all five, to support this 8 percent COLA. It's going to require political courage and just some basic decency. And I'm sorry to be so blunt, but that's the way I see it. So, thank you very much for your time and please make that decision in our favor. Thank you.

City Clerk Urquia: Greg Webber. Steve Bush. Tom Zelenak.

Tom Zelenak: Good afternoon, everybody. I know most of you, you know most, you know me. I'm Tom Zelenak. I was the President of Local 1210 Firefighters, before I left. I also served on the Retirement Board. I also served as the 175 chairman. So, I've been around for a while. I never -- you know, I've gotten to talk to you and share my feelings on this. You've heard it all, so I'm going to just get real simple here. We need two votes. I need two brave people sitting up there. Last year, we had a couple brave people that tried to get a compromise done and somehow that compromise was turned on its head after we left the room. Don't let that happen this year. Two votes, it's over. We all walk away. Have a great day.

City Clerk Urquia: Ms. Maria Cruz.

Maria Cruz: Maria Cruz -- Mrs. Maria Cruz, 1447 Miller Road. I'm sitting here. And of course, you know, I don't have a horse in the race other than my appreciation for the work of our police, our fire, our general employees do for us, the residents. And I think it's -- I'm sorry, some people are going to get offended. I think it is very hypocritical and ironic that every year we have high-paid employees in this city that get executive benefits because we don't want them to leave, because we want them to stay. And because of that, we have to give them a little more. But yet the people that retired, the people that devoted their lives to us, they're gone. We don't have to worry about them anymore. If you talk to people like me that get Social Security and Florida Retirement System, we get COLA almost every year. You don't have to wait 10 years to get COLA. And it is shameful that a city like ours, that a city that brags about the fact that people love to work here because we are very good to our employees, have people that because they retired, they cannot survive on what their pension is. I think it's shameful. I think it's about time that you all face what you're doing because someday you may be in the same position, and I hope people will remember what you did for others. Not everybody will be in the same position because some of you are better off than what these people that devoted their lives to us are. And I think it's time. It's past overdue. I mean, I'm really, really cringing at the idea that for 10 years they

haven't gotten anything. I think it's shameful. I think some of you when you go home, and you put your head on the pillow should be asking for pardoning for abusing these people. Thank you.

City Clerk Urquia: Joe Hamilton. Ray Cook.

Ray Cook: Good afternoon, Mr. Mayor, Vice Mayor, Council, Mr. City Manager, who I really don't know you. I worked 34 years for City of Coral Gables. I was the Fire Chief for 12 years. Every one of these gentlemen here, I know; every police officer, I know. Charlie Davis's dad, he and I had my first save in 1976 before most of you even thought about this. I'm here to talk about the firefighters, some who are not living now, but those who are living in squalor. I talked to different people, different firefighters all over this United States, and they're just wondering, what are we doing? How come we can't get anything? How come we can't get what we bargained for, what we worked for? There's a lot of people here who do things, as Dan said, that you'll never see, you'll never know about. Dan's being coy. Dan was in New York City climbing around in 9/11. Our team was up there, the County, and our Florida Task Force One, Florida Task Force Two. These are routine things for us, but they're not routine. Hurricane Andrew. I don't know how many of you were here during Hurricane Andrew, but every one of these guys was serving out there, climbing on trees, getting into houses, opening the roadways, making sure we could get to the hospitals. You know, you couldn't get to the hospitals. The roads were all blocked. These people have worked tirelessly, and they deserve what was bargained for. I'm not really looking at myself, although with this percentage of what, 30-something percent that's been killing us. I'm looking for the people who can't do anything for themselves. I can still do things for myself, but I'm getting close. And I just ask that you would look in your heart and do what you should do for these people. They're great people. They will never let you down. You fall down now, they're going to jump on you, fix you, get you to the hospital, or the police officers will come and make sure they get rid of the bad guys. All these things, you take that for granted. It's not for granted. Every call may be your last, and we lived through it. So, thank you.

City Clerk Urquia: Dean James. Allen Rizzo. John Perotti. David Perez.

David Perez: David Perez, representing the Coral Gables Professional Fire Historical 1210. Mr. Manager, good afternoon. I stand before you in the hopes of this Commission granting the COLA for the retirees. We've talked about different numbers here today, and I want to share with you all a little bit of history. I think this might have happened before some of you were on the Commission. In 2014 and 2017, there were benefit reductions to the employees that it's in your package, it was presented to the Pension Board during that meeting. There was an \$80 million savings to the unfunded liability based on benefit reduction to the employees. That's important. That's important that you all realize that because that was on the backs of the employees. You know, someone mentioned earlier cancer, and I'm going to share with you the International Agency for Research on Cancer. Cancer is the leading cause of death in firefighters today. That is not a union thing. That is not a state thing. That is the International Agency on Research on Cancer. They have determined that cancer is the leading cause of death in firefighters. All of us,

every single one of us here, firefighters past and present, we all know what we signed up for. We're ready to pay the ultimate price if necessary. But not one of us signed up for cancer. We did not know that. And today, it's in our gear. It's not necessarily what we're exposed to, but there is a chemical in our liner, PFAS. It's a forever chemical. You cannot get rid of it. You can't burn it. You can't wash it away. You can't bury it in the ground. It does not go away. It's in our gear. We're exposed to it every single time we put that gear on. And as I told you, all of us knew what we were signing up for, but cancer was not part of it. That research led to three in every five firefighters will be diagnosed with cancer at some point or another. Now, I'm not going to put personal stories about the gentlemen standing behind me, but there are individuals who are sitting in this audience that had to deal with cancer, that had a bout of cancer in some way, shape, or form. This COLA is important for many reasons. It's important to them, to their families. Now, I'm going to share with you also one of the previous speakers also talked about a retention problem. That gentleman was right. Current employees are watching what's happening here today. If this Commission, if this City does not take into consideration the hard work, a life of dedication to the City that was given by these employees and a COLA is not granted, they see what's happening. Your retirement problem is going to lead to a retention problem because these employees here are going to say, what am I doing here? Why do I stay when there are other cities providing better benefits? Your retention problem is going to lead to a recruitment problem, which is why some of our departments here are facing almost 40 vacancies. Because again, there are benefits that are better elsewhere. For instance, local fire departments, we are now competing with 24/72, a minimized work week in the fire service. That is something that this City, that this agency will have to deal with. We are being surrounded what used to be 24/48, work 24 hours, off for two days. Now departments are going to 24/72, three days off, as a benefit to their employees because they see the toll the job takes on the individual with PTSD and other issues in the fire service. So, again, I stand before you asking you to please grant this COLA for the retirees who have dedicated a lifetime of service to this city. Thank you.

City Clerk Urquia: Mr. Mayor, I'm going to go to Zoom next. First speaker is Frank Pasquarella. I'm going to ask the gentleman to please raise his right hand. Do you swear or affirm that the testimony you'll provide today will be the truth and nothing but the truth, sir?

Frank Pasquarella: Yes.

City Clerk Urquia: Thank you.

Mr. Pasquarella: Good afternoon, Mayor, Vice Mayor, City Manager and committee there. Appreciate the opportunity to talk. My name is Frank Pasquarella. I spent 19 years with the City of Coral Gables as a firefighter, then a paramedic, and eventually a lieutenant. It's 19 years because I gave all until I couldn't give anymore, until my injuries were such that I couldn't perform the job up to the standard. And that forced me to go out on a disability. And disability is different from normal retirement. You don't get to take advantage or have the privilege of some of the other benefits. So, that's very impactful. I also would like to reiterate, and I echo everything that my

coworkers -- and I've worked with all of them that are there -- all of their comments and all of their frustration and their anger, I'm right there with them. The fact that we didn't pay into Social Security is another little thing, because the fact that I'm coming up short, I can't even lean on the Social Security to try to get some kind of benefit, some kind of buffer, some kind of COLA, if you would, replacement, because I'm not getting it from the City of Coral Gables. I'm angry as well. You know, when I applied, I applied at four or five different fire departments. I actually got called by three others besides the City of Coral Gables, but I chose the City of Coral Gables because of their status, their pride, and supposedly how they looked at their employees. I can remember becoming a Class 1 fire department because that's what, you know, the City wanted. They prided themselves on having the best fire department, plus the best police department. We've all given everything that we can give always and then some. So, to constantly -- you know, I think this has been 18 years for me. I remember getting one COLA. I hear people talking about two or three. I have to check because I may have not gotten something that I deserve. I don't know. But it is really concerning. And you know, you have to focus on people sometimes. It seems that the money sometimes is blinding. Everybody is consumed or some people are so consumed with the money, they have this goal that they have to achieve, but they lose focus on what's really important. And that's humanity. That's people. We're the people that got to where you are, that represented so well that businesses and people wanted to move to the City of Coral Gables. I've got a folder in my file cabinet full of accommodations, bragging about my service and my crew and how excellent we were. And then yet, I can't get the help that I thought I signed up for, that I would get from the City Beautiful. So, please, I'm asking you as a disabled person that gave my all, like I said, two votes, do the right thing, be remembered for something so positive. What you do will echo in eternity. Thank you.

City Clerk Urquia: Next speaker is David Renshaw. Mr. Renshaw, if you could flip your camera around and raise your right hand.

David Renshaw: I don't know why it's doing it that way, but this is my right hand. I can sign in and sign back on if you like. I can go upside down too.

City Clerk Urquia: Do you swear or affirm that the testimony you'll provide today will be the whole truth and nothing but the truth, sir?

Mr. Renshaw: Yes, I do. And in all seriousness, thank you. I apologize for the flip on the video here. I just -- David Renshaw, Teamsters Local 769. Mayor, Commissioner, City Manager, just wanted to take a moment and also compliment what the firefighters have done, what they continue to do. And we as the Teamsters, the other bargaining unit out of the three there, wanted to come and respectfully have it noted on record that we are in support. And we do hope that you give these due considerations for the ones that have served. Thank you.

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

Mayor Lago: Okay. What is the will of the Commission?

Commissioner Castro: Okay. This is a vote that I got massacred multiple, made fun of, mocked, because I did last time by the gentleman sitting next to me, the Mayor. We need to look at the big picture and see how our decisions offset the rest of the City. We need to talk about retention. We need to talk about recruitment. And we need to send a message to our current employees and look at the vacancies we currently have with police. Over 20 firefighters have passed away in these past 10 years, and that for me is unforgivable. The retirees have invested years of loyal service to the City. They risked their lives to keep us safe, and I think now is the time for us to repay that and keep them safe as well. A lot of retirees are hurting, as a lot of the retirees here stated. It would make a two-year delay to fully fund the pension, two years. And we will be making such an impact in so many lives right now. If we approve this 8 percent COLA, we'll send a great message to all the people that are here, but to the rest of our employees, that this is a city you want to work for. Let's think about the City as a whole, and let's pay respect to the retirees that keep us safe, which kept us safe for so many years. I think everybody knows where my vote will stand, and you can go ahead and keep on making fun of me and massacring me with all your comments. My vote will stay the same.

Vice Mayor Anderson: Mayor?

Mayor Lago: Yep.

Vice Mayor Anderson: Last year, when I spoke about this item, and we had a suggestion for after the initial vote, a flat check amount, I said that we needed to include this in the budgetary process. Because looking at this in a vacuum while we have negotiations on labor contracts and other items is a disservice to the individuals that have sat here and spoken here today. Because we're talking about budgeting for something that we haven't budgeted for. And based upon that, I'm going to ask and make a motion that we include this as a line item in our budget so that we can have proper planning in the future for these types of items and have a reserve.

Commissioner Fernandez: Second. I think that's a conversation that we had last year, and you and I were on the same boat about, you know, we go through the budget process, and this doesn't come to us, unfortunately, because of the timetable, until after we've gone through the budget process. So, I agree with you. I would like to see this as a line item on the budget so that we can be prepared for it, but so they can also understand they're being taken care of when the budget is approved and it's a streamlined process when we get to this point in November, or last year, in December. But you're right. I mean, we've gone through the budget process, and this always comes after the fact.

Vice Mayor Anderson: Right. And in each contract negotiation, these numbers are not -- have not been taken into impact. So, when we're doing current labor negotiations for folks, they do

need to realize there's a cost to the retirees when we've already spent all the money. So, we need a plan in advance. So, I'm going to start with that as the opening remarks that I have.

Commissioner Castro: This is something that I mentioned before the budget, and we still didn't do anything about. This is something that last year we said we were going to do, and guess what? We haven't done it. I think now's the time.

City Clerk Urquia: So, we have a motion and a seconder. Commissioner Fernandez?

Commissioner Fernandez: Yes.

City Clerk Urquia: Commissioner Menendez?

Commissioner Menendez: Could you restate the motion?

City Clerk Urquia: The motion would be to begin planning for the retirees' raises or COLAs during the budget process.

City Attorney Suárez: So, if I could just clarify that. I think it would be to include in the budget process funding for the potential COLA for the Class Members, the Opt-out Members, and the GAP Members.

Vice Mayor Anderson: It's a reserve. Okay, so we're not looking for funds to take from something that's already been budgeted.

Commissioner Menendez: But that does not end the conversation.

Vice Mayor Anderson: No, I didn't say it ended the conversation.

Commissioner Menendez: No, I'm asking for clarification.

Vice Mayor Anderson: Right.

Commissioner Menendez: Okay.

Assistant Finance Director Rodriguez: So, just to make sure that staff is clear on the direction, right? So, we did talk about this in the budget process, and the discussion has always been that we don't know what the outcome of the pension calculation is going to be at the end of the year. This is something that is not -- information that's not available to us during the budget process. And so, if this is the motion to go ahead and give direction to include it in next year's budget process, is it something that you want us to budget based on an assumption of a percentage COLA or at a flat rate, right? So, the impact that we're talking about now is over \$3 million. So, if we were

going to contemplate an amount similar to last year's results, we would have anticipated a \$3 million line item in the budget. Or are you looking to just set aside a certain dollar amount that would be included in the budget for --? Or what type -- it's a little bit -- so the difficulty in this is the planning process, right? So, if we were going to plan for a flat amount that would make the assumption that you were not going to approve the percent COLA. If we were going to plan for a percent COLA, that would then assume -- that would be the, I guess, worst-case scenario financially, best-case scenario for the retirees, right? I don't want to discount -- I never want my comments up here to discount the work that you've done. I will one day be a retiree as well. And so, while I appreciate that, so just my comments or my discussion is not to take away from that, just to make sure that I understand what the direction is or what it is that you want staff to do with this motion. Are we to contemplate a flat rate in the budget or are we to contemplate a \$3 million percent COLA?

Vice Mayor Anderson: So, I'm going to provide some clarity.

Assistant Finance Director Rodriguez: Okay.

Vice Mayor Anderson: Okay. We never know how much it's going to cost for us to have a hurricane, the size of the hurricane, whether we're going to have two or one massive hurricane, but we have a reserve, okay.

Assistant Finance Director Rodriguez: Right, so with all due respect, we do not budget for that reserve. That reserve comes with any surplus that we have left at the end of each year. That \$50 million reserve that we have is not a budgeted dollar number. That is, anything that's left over at the end of the year goes into a separate reserve. I don't budget for that. If I budget, my budget actually would account for a zero-dollar reserve at the end of each year. We just happen to have revenue over expenditure each year and have funding that we can put aside.

Vice Mayor Anderson: Okay. So, our policy is to have a 25 percent reserve in order to avoid spending those dollars so that we have them available to clean up after a hurricane, and we can (INAUDIBLE) operations back on board as quickly as possible. Okay. What happens when you spend the money because you didn't have a reserve is now you have to scramble and borrow in order to take care of obligations that you didn't save for. We need to save for these things. Okay, so going forward in the budgetary process, when we're receiving the advice of our financial director, I want to be able to take into account potential COLA amounts, just like you do when there's potential litigation amounts that corporations do reserves for, or you have potential reserve amounts. If you're a condo association, you have roof repairs to do, structural repairs to do, there's a reserve that's there so that you can use it. It doesn't mean you're going to spend it. You can use it when it's available there. Now, how much that reserve should be is something that can be a separate discussion. But we need to have a line item. Just like I asked for a line item to be put in for ADA remediation on the capital improvement budgets because for some reason all these years

we never ever had it. We need to have it in there so that we take care of the things that we need to take care of.

Assistant Finance Director Rodriguez: Certainly. So, if I'm hearing the direction that you're giving and if that's the vote, during the budget process we will talk about a set aside of a certain dollar which may or may not cover whatever decision is made next -- the following November or December, but we would have a pot to be able to draw from.

Vice Mayor Anderson: Correct.

Assistant Finance Director Rodriguez: Okay.

Mayor Lago: So, Madam Vice Mayor, if I may just add something for you to give some thought until we have the next discussion on the budget. We have different options when you talk about COLA. You have a 13th check. You can grant the COLA. And remember, that COLA is reoccurring every year in perpetuity. It continues to expand. So, if you grant the COLA and you're going to put money aside, remember that money has to be put aside to take care of that COLA. Is it a 13th check or is it granting the COLA as it is, which will increase our unfunded liability? Are you talking about putting money aside just for a 13th check, or are you talking about just putting money aside in case we have to grant a COLA, or we're inclined to grant a COLA? You don't have to answer me now. You can just think about it if you like.

Vice Mayor Anderson: No, I can think about it. But at the bare minimum, we need to be planning for a 13th check or a lump sum check. You know, these numbers are troubling because of, you know, the unfunded liability. And the amount it increases, it impacts the current employees, it impacts future employees. But I think at the bare minimum, we have to start budgeting. Because if we don't budget for it, these discussions become more painful every single year.

Commissioner Menendez: Yes.

Vice Mayor Anderson: Yes.

Commissioner Castro: I disagree. I feel like voting for this is already giving up on the first option, which is granting the 8 percent. So, my vote's a no.

Mayor Lago: Yes.

(Vote: 4-1)

Commissioner Fernandez: I don't think I voted.

City Clerk Urquia: You had already voted.

Commissioner Fernandez: No, no. You started with Menendez.

City Clerk Urquia: Commissioner Fernandez?

Commissioner Fernandez: Yes.

City Clerk Urquia: You were first.

Commissioner Fernandez: When?

Mayor Lago: Before.

City Attorney Suárez: Before the question.

City Clerk Urquia: Yes, before.

Mayor Lago: So, moving on to the issue at hand, continuing the conversation. What is the will of the Commission?

Commissioner Castro: I'm a yes vote.

Vice Mayor Anderson: If I had all the money in the world, I would absolutely grant the full COLA because these employees absolutely deserve it. I prefer to do a lump sum this year because it will, you know, provide us enough predictability in the budget to be able to move forward. And hopefully, we budget a little more wisely next year to account for these things. So, I'm a no vote.

City Attorney Suárez: Now, Mr. Mayor, if I can just clarify, if there is no motion by the Commission, then the COLA that was determined by the Retirement Board stands, right, if the Commission doesn't take any action. The Commission would have to take action to either eliminate the COLA or reduce the COLA based on, of course, the factors that are set forth in the settlement agreement.

Commissioner Fernandez: I have a procedural question for Madam Director. We reach 100 percent funded. What happens to the COLA at that point? Is that still something that comes to Commission for approval?

Finance Director Gomez: So, the way that the ordinance is written -- and I'm going to ask the City Attorney to keep me honest -- is that the COLA cannot be granted unless there are cumulative gains in the plan. When we're 100 percent funded, that does not necessarily mean there's cumulative gains available to pay for the COLA. So, the analysis would have to be done at the time, and we would determine -- it would be determined by the actuary at that point in time what the cumulative gains are.

City Attorney Suárez: So, the Net Actuarial Experience would have to be positive. And then it would -- you know, it would be granted, it would have to be granted.

Finance Director Gomez: Right, but it doesn't necessarily -- just because you're 100 percent funded doesn't necessarily mean that the Net Actuarial Experience will be positive.

Commissioner Castro: So, to clarify, taking no action would approve the recommendation of the board?

City Attorney Suárez: It stands. The determination of the Retirement Board would stand at the 8 percent COLA for the, to be clear, for the Class Members of the Murrhee class action, the GAP Members and the Opt-out Members.

Commissioner Castro: Okay, I just want to make it clear one more time. It is a delay of only two years for the pension to be fully funded. I know the numbers seem a lot. I know it's scary. I know we feel we don't have the money. Guys, it's two years and the difference we're going to be making is huge. Just keep that in mind.

Commissioner Fernandez: In my -- I mean, but I think this has been the second time that I've had the toughest vote being up here. I've spoken to many of you, I've spoken to many others who weren't able to make it today and I understand the financial impact. And I think last year, we were close to a compromise. We came fairly close to at least issuing something. I do not want to walk away from here again with zero. I think that even if we're able to do an additional check, we need to put money in your pockets. We need to ensure that you're able to pay your bills. Eight percent, we're looking at \$25,800 -- I'm sorry, \$25,800,000 with an annual increase to the contribution of almost \$3.5 million. That's something that for next year we're automatically \$3.5 million less than where we are today, going into next year's budget, not even factoring in what next year might be. I mean, just with all the question marks we have right now, City Hall being the biggest one, we don't even know what the cost of that's going to be. It's just -- I mean, it's a situation that all of us have been placed in. None of us were here when the decisions were made to put the unfunded liability in the situation that it's in. And we're having to make the tough decisions here now. I just can't get to the 8 percent. I mean, it's just, it's going to cost us someplace else. And the question is, where can we cut? I mean, I have no problem working on a solution where we're all comfortable on an additional check. I don't want it to be a 13th check because I think those who are making the least and who have retired the longest and are suffering the most are struggling. I would prefer that it be a lump sum amount. That's just where I stand.

Commissioner Castro: With what I have previously proposed with the credit card savings, we'd be saving around a little less than \$2 million. That \$2 million can contribute to that \$3 million we'll be paying extra to the pension to go ahead and give this COLA. We could find somewhere else, you know, that 900 -- \$1 million to provide annually. So, I think if we really, really want to, we can find a solution.

Commissioner Menendez: I'm of the opinion that, you know, they deserve a COLA. It's been long overdue. And I think one of the gentlemen that spoke is we get caught up in the goal and the purpose of reaching certain financial targets. But in getting into that mindset, we do sort of disconnect ourselves from the reality, which is the lives of these folks. They've been through a lot, and we're not here if it wasn't for them. Last year, I tried, you know, and others, I think we were trying to find a compromise. My biggest regret last year was walking away with nothing. And I definitely do not want that to happen. But I believe I would like to see a COLA granted. You know, I'm hearing from at least one or two of my colleagues, the 8 percent may not be the number that everyone's comfortable with, but I'd like to see a good amount because I think we need to make a statement. Sometimes you just have to do what's right. In my heart, it feels the right thing to do. Maybe there are different things that are good to do, but it's one thing that stands out. So, I'm here to work with my colleagues to find a path forward, but let's not leave here without a solution. But I want to -- we all want to be fair to them. So, let's work together on that.

Commissioner Castro: This -- just to clarify, this average of \$3 million that will -- I think it's 3.247, I think something like that -- it's going to be for a period of 10 years, correct?

Finance Director Gomez: So, should the 8 percent COLA be granted, it would be \$3.45 million per year. The way that the actuary calculated it is that the extra payment would absorb that \$3.5 million. So, it would be less towards the extra payment. At that workshop that he had, that's the way that he explained it. So, but it is \$3.5 million for 10 years.

Commissioner Castro: So, it would lower the extra payment to the pension, which would put us back around two years, right?

Finance Director Gomez: Around two years, and that's assuming that every other assumption is met. It's not a guaranteed six year or eight year. It's if every single assumption is met, meaning we have gains each year, or all of our assumptions are met, then it would be six years without this or about eight years with it. But if you have a loss year or if you don't meet your assumptions, it will then automatically push you back. By how much, you don't know because it doesn't -- whereas if you have extraordinary gains, it may push you forward. So, it works both ways. That's the lack of a crystal ball that we have.

Commissioner Castro: Thank you. Commissioner Menendez, I share your same sentiment. I mean, I'm not going to have the support for an 8 percent, which kind of begging for it. I don't think it's happening. I would love to work on a percentage amount. You know, I think it's fair. It's not what I want, but I don't want to leave here giving you guys nothing. And I think that's where we're heading. I will be ambitious and say like 7.5, but I don't think they're going to go for that either. Let's work out a number. Let's talk about that.

Vice Mayor Anderson: All right. Through the Mayor, a couple points that we need to remember here. The Finance Director just spoke about the lack of predictability. And the numbers that were

available on the gain and loss in September of 2023 was an 8.235-million-dollar loss, single year performance. Same thing for September of 2022, we had another multi-million-dollar loss, 5.752, which is the reason why I am in support of having a single amount because I don't have a crystal ball that big. I don't think any one of us have a crystal ball that big to know how the performance is going to be on investments going forward. It's a scary way to try to predict the future. We're not going to be seeing gains year after year just like we haven't had the past two years. So, I can't spend money we don't have, which is why I asked for a line-item budget to reserve the money in the future so that we have the ability to have more assurance on the numbers that we're talking about. So, with that, I'll move to deny the COLA increase requested of the Pension Board.

Mayor Lago: Do we have a second? I'll second the motion. Mr. Clerk, do we have a vote?

Commissioner Menendez: Yes.

Vice Mayor Anderson: Yes.

Commissioner Castro: No.

Commissioner Fernandez: The motion is to?

Vice Mayor Anderson: The motion was to deny the 8 percent COLA increase. It's painful.

Commissioner Fernandez: It is.

Mr. Thornhill: Don't do it. Can't do it. Compromise next year. You can't do this, people. Please don't do it. The population is a finite group. They're going to die. Do it next year, the numbers will be lower. Please don't do this.

Commissioner Fernandez: Let us work on a solution.

(COMMENTS MADE OFF THE RECORD)

Commissioner Fernandez: Let us work on a solution.

Mr. Thornhill: Commissioner, please, what's going to happen?

Mr. Ciccolo: You come up with four percent.

Mr. Thornhill: Do a four and a four.

Mr. Ciccolo: And now you give us zero.

(MULTIPLE PARTIES SPEAKING IN UNISON OFF THE RECORD)

Mayor Lago: (INAUDIBLE) control this Commission.

Mr. Ciccolo: I need to say this respectfully, respectfully, can I speak just for a moment?

City Attorney Suárez: Mr. Mayor, we do need -- we do need a good record and so we need speakers to be recognized by you.

Mayor Lago: I understand, but the problem is that since everybody does it (INAUDIBLE)....

Mr. Ciccolo: I'm asking your permission.

Mayor Lago: Of course, go ahead.

Mr. Ciccolo: Okay, thank you. I appreciate it.

Mayor Lago: No, you have all the floor. You can take as long as you like.

Mr. Ciccolo: Okay.

Mayor Lago: I haven't said a word. I've kept my mouth shut.

Mr. Ciccolo: I understand that. And I understand...

Mayor Lago: I'm very careful -- I'm very careful with the firefighters.

Mr. Ciccolo: Okay.

Mayor Lago: Very careful.

Mr. Ciccolo: All right.

Mayor Lago: I know where I stand.

Mr. Ciccolo: All right. If you give, if this is compromised in any way other than 8, we lose it forever. It's another 2 percent. You know, if you say, well, we're going to give you a 6 percent, you're talking about a \$6 amount. Do you all even know what a 13th check really is? Municipalities give 13th checks because that's their COLA. Every single year, if you retired at \$8,500 a month, you get an \$8,500 check. You're talking about giving us one right now. You might as well give us a Publix card to go buy groceries with for the year because that's all it's good for, one year. If you want a starting point to fund a COLA, do the simplest one you can do. Take the math, 0.8 percent over the whole lifetime of this -- over the lifetime of this pension system, and that's a good starting point. But the minute you reduce this COLA right now, if you don't

give us 8, and you give us a 2, we lost another 6, and it starts at zero. That 8 percent COLA doesn't come back next year. It builds from a 2.75, the highest you can get per year. It takes three years of great returns to hit 10, or I'm sorry, to hit 8 percent. So, you're slowly -- you're slowly suffocating us. We cannot. I need two of you. I need three of you to say yes. I know what two are going to say. Please reconsider your votes and your thoughts. It's two years down the road. This COLA is a performance-based COLA. It's based on rate of return, okay? We did nothing wrong. We didn't control the retirement system for 30 years. The City had a 5-4 vote. We had four votes, they had five with Commission appointees. We didn't put ourselves in this position. It's not our fault. It's time. Seventeen percent, okay, you want to get -- we're asking for eight. You're up nine. The retirement system gets to keep nine. I mean, how much more can we give, you know? You count the 3.2 percent that you took from -- not you, but the City we settled in the lawsuit, that's 12 percent that the retirement system gets to go. This isn't going to come up next year. If you give us 8 right now, whatever -- if the funds go over 10, which I -- we hope they do for the retirement healthiness of the fund next year. But if the CPI is 4, we're going to stand up here for a 2 percent raise that you'll probably vote down because you gave us 8 this year and we would understand that and then we'd start to catch-up clause again. But the catch-up clause, once you give us a penny, it goes away. And we can't have that. We've had this catch-up clause three times now. It's never been eight in the whole history. We need to get this thing whole. And you need to -- you need to stand up and show some courage. Please do not...

Mayor Lago: May I ask you a question?

Mr. Ciccolo: Yes, sir.

Mayor Lago: Do you mind if I -- we start the meeting again? I just want to make sure we can start it again now. If you're okay, can I start it now? We're in the middle of a vote.

Commissioner Castro: Before you do, can I have Chief Hudak --?

Mr. Ciccolo: Yes, you can, but remember you gave me permission.

Mayor Lago: I know, but I just want to know when can I start the meeting again?

Commissioner Castro: After Chief Hudak.

Mr. Ciccolo: Whenever you see...

Mayor Lago: Let me finish.

Commissioner Castro: Chief Hudak had something to say.

Mr. Ciccolo: Whenever you say you want to.

Mayor Lago: (INAUDIBLE).

Mr. Ciccolo: See, whatever you say.

Mr. Thornhill: Just one thing, if I may, please. Again, I appreciate your...

Mayor Lago: Go ahead.

Mr. Thornhill: I appreciate it. Please, I apologize. This is critically important, and I'm speaking with absolute passion, and this is critically important. If it's a solution, perhaps we could do it and split it in half. Maybe we could do a five and a three, a four and a four. We don't surrender the 8 percent, but we spread it out. And if you're worried about City Hall, we have reserves that you could use to help fund the repairs at City Hall, but we can't go back to our people and say, well, we'll do it next year, or here, like Mike said, here's a Publix gift card. We can't do that. This is critically important. This is lives. I'm not trying to be dramatic here at a microphone. This is the truth. Like Chief Cook said, this is real. Ariel, you have to be the one that's going to do it. You have to. You have to do this. Split it. Melissa, you're so brave and so honest. I can't begin to tell you how much it's appreciated by the people, but every single one of you should be doing the same thing. Kirk, change your vote. Do it. Split it. Do a four and a four if you have to, a five and a three, whatever it's going to take, but let it happen now. You can't do the sixth -- thirteenth paycheck or whatever you're coming up with. Please let it compound. And again, Vince, I appreciate your patience and allowing me to speak, but this is what I'm talking about. I get these phone calls from these widows. We go to their houses. You don't understand these people some of them are living in squalor and if I sound like I'm raising my voice, I apologize, but these are firefighters and their families. Joe McNichols was talking about the police officers. We put our lives on the line. We worked on people, the things that we went through. I could tell you story after story of horrible things that we worked on and did. We did it by choice, but that choice was predicated on what the City said, if you do this, this, and this, we'll give you this. Well, guess what? We did that. We did that. And we beat up our bodies and we took our family -- we took our job home to our families, and we had to turn different switches on because it was a horrible job that we had to deal with sometimes. But the City said, do that, and we'll give you this. And now you have a chance to correct and do that. But please, Ariel, please, Kirk, please look me in the eye and please do that. Split it. Vince, you're a businessman. Do a four and a four. Please.

Mayor Lago: I just want -- I want to respect the process.

Mr. Thornhill: I respect it too.

Mayor Lago: I want to respect the process.

Mr. Thornhill: Amend it. Vote it down. Two people vote it down. Two.

Mayor Lago: (INAUDIBLE).

Commissioner Castro: So, Chief Hudak has a recommendation.

Mayor Lago: If I may, let me run the meeting one second, please. Please, Commissioner, let me run the meeting. Everybody's -- we've been very lenient, as always on time, let everybody speak. This gentleman's been waiting, let him speak. And then our Chief. Thank you.

Larry Brooks: Larry Brooks, past president of the union for Local 1210. I'm a disabled firefighter for 30 years. We don't get pay raises. I don't understand why we have to come to you as a disabled firefighter to ask for a pay raise. There should automatically be a COLA for us. So, why aren't we considered under the same situations as everybody else? They may consider us and why don't you, and I hate putting the other unions under the bus, but why don't you consider the 8 percent raise for the firefighters since we don't pay into Social Security and the Coral Gables has never gave us the benefit of it. My brother -- just a quick thing, my brother's a Dade County firefighter. And I was talking to some of his friends that pay into Social Security, so these people know what Social Security is like. I says, well, how much you make out of Social Security? Don't even talk about that. He said, that's our play money. He says, that's our boat money and it's our money for this. He says, we live off our paycheck. So, we live off our paycheck, but we don't have money to do anything else. And the people on disability shouldn't be included into the COLA. It should be an automatic COLA for the disabled retirees. They put their life and soul into the Coral Gables just like the disability retirees, the general employees. Police and firefighters is the toughest job in the world, number one hazardous job in the world, and the City employees keep the City beautiful. So, why do you punish the disabled employees? Help the disabled employees at least, or help the firefighters, give them the 8 percent raise and let everybody else be on hold. Thank you.

Mayor Lago: Thank you, sir. Chief, you have a comment?

Police Chief Hudak: Commissioner's Mayor, thank you. I do need to just chime in on one thing as the chief, and we've had this conversation during negotiations. Having represented the Florida Police Chiefs, we also did have a conversation about what FRS was doing, and I testified in front of the State on that. I've been told I'm pretty good at reading tea leaves at times, so let me put this out for you all as your chief, not necessarily as somebody who's in the DROP. See if we can split the baby. I know how much all of you individually were agonized that this didn't get done the last time we were up here. And as the senior employee of the City right now for as many years as I've been here, I understand that a percentage now and a lump sum that can be budgeted for next year, today can be done. And I say that for two reasons. One, it gives me the ability to continue to embolden our benefits that we're offering the new employees that we're looking for. The second thing I say as the old man in this city, I remember when it was 100 percent funded. I know there's reasons on both sides as to why it was not and why that unfunded liability rose. I was on the

negotiation side when we were offered benefits instead of money because we didn't have the money at the time back in the '80s and the '90s. It's a lot of pain. And as we've now done with the general employees, we have finally, finally brought them on par with Police and Fire in their contributions to the retirement system. The employees of this City have been taking a big gamble every year. The retirees don't have a voice on it. But you and I both know when we are sitting at the table and we're negotiating with our current employees and we're trying to bring them up to where we need to be, I think it's time that we can find some kind of a balance where we can do both. And I understand exactly where we're coming from money-wise. If it's a smaller percentage now, a 4 percent, and we budget for a lump sum next year, that is something all of us, and I say all of us as department heads, will start looking at as we go forward to next year, because we don't know what it is. And I say this as your chief, that I need to have something that I can put on that flyer to continue to recruit. I've got nine in the academy now. I need to get more. And the ones that we are going after will go into a 401k. That doesn't help us, which is why I think as we're trying to find something to split the baby here, I understand what we're talking about. And I have asked -- been asked this a few times, so I just wanted to clarify that for you all in your discussion.

Commissioner Menendez: Chief, did you mean 4 percent COLA, Chief?

Police Chief Hudak: I mean, if it's feasible, I would say a 4 percent COLA. And then to go with the Vice Mayor said, next year, you can do it right now where we start to budget right now for a lump sum next year. And so, the employees and the retirees know exactly what's coming and what's going. Now I'm probably going to get killed by the Finance Director and the Budget Director, but that might be something looking forward of what we can do.

Mayor Lago: Okay.

Commissioner Castro: So, that would...

Mayor Lago: If I may, let's -- we have a -- okay, that's what I want to try to do. Can we finish the vote that we have on hand?

Commissioner Fernandez: I would like to hear from the Finance Director.

Commissioner Castro: Sorry.

Commissioner Fernandez: I'm sorry, from the Budget Director.

Assistant Finance Director Rodriguez: So, that would be 1.7 extra into the contribution to the pension. I'm only trying to help you get the vote to go, I promise. So, just to kind of bring in some of the many comments that were made in the last few minutes, right, and from some of the information that the Chief, his suggestion. Right, so the vote that you're taking now is whether to give the 8 percent COLA, which would be the \$3.57 million increase to our pension payment. As

the Finance Director said, the plan to pay that 3.5 would be reducing the extra payment, right? So, in that scenario, it doesn't necessarily increase the budget, it reduces the extra payment. We would recommend that if that was done, or if any portion of this was done, that during the budget process, we would come back and talk to you about how to increase the extra payment if funding was there, because our goal is to -- is to take less time to repay, right, to not really get to that eight more years, but that may or may not be possible. If you were to consider something lesser than the 8 percent and still be at a percent -- I'm just going to kind of go down the line real quick -- 7 percent would be a \$3 million a year, 6 percent would be a two point almost six million dollars a year, 5 percent would be a \$2.16 million a year, and 4 percent, as maybe the Chief was suggesting, would be a \$1.728 million per year, again, which would come -- which would just reduce the extra payment that we put into the pension plan each year. And then you have this in your memo, so I won't go down all of them, is the consideration was for any type of a lump sum on the back page, you have the cost of what a lump sum or extra check would be. So, just so that we're kind of clear on the information and the decision that we're making.

City Manager Rojas: And remind me again, the extra payment is \$9 million?

Assistant Finance Director Rodriguez: The extra payment is about \$9 million, a little bit more, nine and a half, more or less.

Mayor Lago: So, we have a...

City Clerk Urquia: Commissioner Fernandez?

Commissioner Fernandez: So, Madam City Attorney, the vote we're taking is on the 8 percent. In order to have a different option on the table that still requires a four-fifths vote to pass?

Commissioner Castro: Correct. So, if you all recall last year, you made an initial motion to eliminate the COLA and that was adopted by four-fifths vote. Then there were subsequent motions for a reduced COLA. So, that's -- it would require also a four-fifths vote. A reduced COLA also requires a four-fifths vote. And to be clear, today's vote is regarding the COLA that was determined to be granted by the Retirement Board for the members of the class action in the Murrhee case, the Opt-out Members, and the GAP Members. It's not all retirees, it's those members. So, you all could do this a number of ways. There is a pending motion to eliminate the COLA. It doesn't mean you cannot have a subsequent motion if that's what you're getting at.

Commissioner Fernandez: Okay, so then I'll vote yes now.

City Clerk Urquia: Mayor Lago?

Mayor Lago: No.

Commissioner Castro: Sir, this is to eliminate the COLA.

Mayor Lago: Yes, yes, yes.

(Vote: 4-1)

Mayor Lago: You got me confused.

Commissioner Fernandez: He has to vote against me regardless of what it is, but congratulations. You just voted no.

Mayor Lago: No, I voted yes. So, the COLA fails. What is the will of the Commission moving forward?

Commissioner Menendez: I'm very open to the suggestion of the Chief if we can get to 4 percent. We're not walking away from here if we can help it without taking the important -- the necessary steps in the right direction.

Commissioner Fernandez: I'll second that.

Commissioner Castro: Can we do a 5?

Vice Mayor Anderson: I'm not going to...

(COMMENTS MADE OFF THE RECORD)

Commissioner Menendez: Yes.

Vice Mayor Anderson: I'm not going to -- I'm not going to -- I'm not going to reach up.

Commissioner Menendez: I'm open to five.

Commissioner Fernandez: I think that the recommendation comes from somebody that we all trust in the Chief. I think the retention and the recruiting component really gives me some clarity on this. And I think it's a decision that we need to make not just for the retirees in the room, but for everybody who's considering working in the City of Coral Gables. So, I'm comfortable with 4 percent.

Police Chief Hudak: I just want to make sure -- I'm going to clarify, Commissioner.

Commissioner Fernandez: It's coming from your salary.

Police Chief Hudak: I understand. And you know what? If it gets it done, I'll work for free. I kind of am now.

Vice Mayor Anderson: We're going to hold you to that.

Police Chief Hudak: But part of this, I just want to make my recommendation to you all is, if it's a 4 percent now, then figure on what lump sum you want to do. And I say this for the retirees, a percentage is a percentage of what they're making. A lump sum is going to affect some of the Teamsters that we are not really thinking about. Because that lump sum is going to go farther for some than others. That's why when I say a fair across the board to my older retirees that have been on from the police department, it's something now and it's something later that may benefit them more. So, it was...

Commissioner Menendez: Yeah, two-pronged.

Police Chief Hudak: Because if it's just the 4 percent, I'm going to have to go out this way.

Commissioner Menendez: No, no, it's a hybrid.

Commissioner Castro: Chief, could you give a recommendation of 5 percent, please? Please.

Police Chief Hudak: Honestly, if I -- if -- again, reading the tea leaves, Commissioner, with all due respect, I don't know if I could say that.

Mayor Lago: Why don't we -- why don't we make a motion as appropriate so we can...

City Attorney Suárez: So, I do want to clarify a couple of things. Once again, this determination is for the members of the class action, not all retirees, the members of the class action, those Opt-out Members and the GAP Members. In addition, your direction for staff to the -- that was already approved to budget for the potential COLA for next year, you cannot make that determination today. That determination would have to happen through the process next year. You wanted to give staff that direction to budget for a potential COLA, that's fine, but without making a determination as to your decision on any COLA that may or may not be determined by the Retirement Board next year and any decision that the Commission would make as part of this alternative dispute resolution process if it's triggered next year.

Mayor Lago: So, Paula, if I may, just can you define what a 4 percent COLA this year does in regards to money, reoccurring costs year over year, and where you plan on getting that money?

Assistant Finance Director Rodriguez: A 4 percent COLA would be \$1.728 million year over year. It would have the same -- for 10 years. It would have the same effect for 10 years. That

would be -- so the method of us to fund that would just be to fund less of the extra payment, which is what extends that repayment to our 100 percent funded.

Mayor Lago: And how much would that put additional unfunded liability on what we have right now?

Assistant Finance Director Rodriguez: About \$12.9 million.

Mayor Lago: Which would reduce what we are funded currently, correct?

Finance Director Gomez: So, it would increase the unfunded liability by \$12.9 million, yes.

Mayor Lago: You know what that -- you know what that number would be, the percentage? I just want to put on the record what we're voting on today.

Finance Director Gomez: Sure. So, you're saying -- so a 4 percent increase -- right, so an 8 percent increase was going to reduce the funded status by 4 percent. So, it's half, so I would assume more or less 2 percent.

Mayor Lago: Okay.

Finance Director Gomez: Let me just double check that. Yes, it would decrease our funded ratio by approximately 4 percent if it was an 8 percent. So, if we're doing a 4 percent, I'm going to assume roughly, without doing the actual numbers, it would be somewhere around reducing the funded ratio that is currently 76 percent to about 74, roughly, yes. But that's without -- yes.

City Manager Rojas: And it would take us how long? One year to catch up?

Finance Director Gomez: So, at the 8 percent, the actuary determined it was going to be two years, but that's assuming that everything -- all the assumptions are met. So, assuming that everything is met, then, yes, it would probably be about a year to become fully funded if you do half of what the 8 percent was, yes.

Commissioner Menendez: And earlier, you mentioned that we could, as a Commission, approve increasing the payment. Right now, if this goes forward, obviously, the dollars move in a different direction, but we legislatively later can move funds from another place to compensate.

Finance Director Gomez: In the budget process, when we're -- as we're going through the budget, yes, we could. And if you're going to do an increase -- a percentage increase, then if that's going to be done, then my recommendation would be to try to increase the extra payment in the budgeting process next year, right, in order to make up some of that, what's going to be taken or absorbed for the payment. Yes.

Mayor Lago: Yeah, but also -- but also, I mean, again, just to clarify a little bit with Commissioner Menendez, if we legislatively can move money around, I understand that, but you still have a \$1.75 million debt that you have -- that you didn't have this year that's coming from an unfunded payment that you have to make for the next 10 years. So, you're still going to have to take \$1.75 million from somewhere in the budget.

Finance Director Gomez: No.

Mayor Lago: Yeah, you are.

Finance Director Gomez: So...

Mayor Lago: Yes, you are. Because you're...

Finance Director Gomez: Actually, no, because it's not going to be -- so, we send \$9.5 million extra.

Mayor Lago: But you're bringing it down.

Finance Director Gomez: No -- well -- so we're sending \$9.5. So then, because the regular payment is \$21.5 million (INAUDIBLE) numbers, and then we send another \$9.5 million. Typically, the result of that extra payment helps to reduce the normal payment, the regular payment, and so therefore that comes down. And as that comes down, the extra payment naturally goes up. So, it goes like that. So, if -- so, next year, let's just argue it's going to be 9.5, the extra payment -- the total payment that we would send to the pension, let's just argue it's \$30 million, that number will stay the same. However, only 7.5 or \$8 million would go towards the extra payment and the regular payment will go to 22.5 or 23.

Mayor Lago: You're paying -- you're paying it one way or another. At the end of the day, it's -- you're just playing -- moving the (INAUDIBLE).

Finance Director Gomez: But there's no budgetary effect.

Mayor Lago: It's the will of the Commission, it's perfectly fine. But it is -- it's going to affect you, because you're going to pay it, it's going to take you longer to pay it down the debt.

Finance Director Gomez: Yes.

Mayor Lago: So, you can skin it any way you want.

Finance Director Gomez: No...

Mayor Lago: At the end of the day, it's a cost. It's a cost.

Finance Director Gomez: Agreed.

Mayor Lago: And when I started here, we made a decision to...

Finance Director Gomez: Yes.

Mayor Lago: Take the unfunded from 51 percent to protect our retirees. I know that they don't give me credit for it, and they think that we should just spend the money, but at the end of the day, they're grateful that their pension, instead of being at 51, like it was 12 years ago, now it's at 76 percent. So, it's a good thing to pay down the debt.

Finance Director Gomez: And let me be clear, my recommendation is to not make any payment.

Mayor Lago: I know. Okay. Thank you.

Commissioner Fernandez: And also, to be clear, from the estimate that we got at the Pension Board from last year to this year, we've improved by two years on the estimate of when we'd be paying it off. Because originally it was 2038, now it's down to 2036.

Finance Director Gomez: So, yes, the years -- the gains that we had did in fact reduce the number of years to be fully funded. But again, that assumes a lot. It assumes that everything will be done, we'll make...

Commissioner Fernandez: Right.

Finance Director Gomez: Every single assumption. One thing that is not considered in that assumption that the actuary made, and I believe that we spoke a little bit about it at the pension workshop, was that even the COLAs that were granted this past contract are not factored into that six-year mark. So, the COLAs that were given recently to Police, Fire -- or Police and Teamsters will cause by themselves, maybe not the cumulative, by themselves would be an actuarial loss. Maybe there's an actuarial gain that will offset that. That hasn't been determined yet because that's calculated at the end of the year or actually mid-year. We'll get that calculation around May. So, maybe that loss that I know, in my professional capacity, I know there will be a loss based on those salary increases. I know that there will be, but that piece of it. There may be other gains that offset it so we break even, and that's great, but there may not. And that's the part of the crystal ball that I don't have. I don't know what's going to happen. But I do know that the COLAs are going to cause a loss by themselves.

Mayor Lago: So, what is the will of the Commission?

Commissioner Menendez: And Mayor, I just have a real quick question for Diana. Diana, since it's a finite group, as the City Attorney has made very clear, it's a finite group, and unfortunately, we are all mortal, and you know, people come and go. As that group shrinks in size because of just natural progression of life, then the City's obligation going forward is lessened, I would only imagine, right?

Finance Director Gomez: Yes and no.

Commissioner Menendez: Just by a fraction?

Finance Director Gomez: Yes and no. The actuary makes certain assumptions, and I don't -- it sounds morbid, but the actuary assumes a certain amount of deaths each year. So, that is another one of the assumptions. So, if the number of people passed that was assumed was greater or less, then it would be a gain or a loss, depending. But he -- the actuary factors in certain amounts of deaths based on the mortality tables and things like that so...

Commissioner Menendez: But that would be for all.

Finance Director Gomez: For the system.

Commissioner Menendez: But not for the finite group that's going to be...

Finance Director Gomez: So, the finite group...

Commissioner Menendez: Because the COLA is for a specific group. I think that was made very clear.

Finance Director Gomez: So...

Commissioner Menendez: But we're discussing -- it's not for all employees. It's for...

Finance Director Gomez: Right.

Commissioner Menendez: A specific group that their numbers aren't going to increase year over year. They'll actually lessen, just like everything else in life.

Finance Director Gomez: So, there's about 780 people in this finite group, and there's about 970 total retirees. So, the majority of the individuals are in this group. So, the majority of them, those -- again, the actuary factors in certain things. He has fact -- they factor in certain types of turnover, mortality, certain types of raises, certain assumptions that the investments are going to make. All of those are just -- are assumptions. And those assumptions, you either have a gain or loss based

on the results of those assumptions. And so, while yes, perhaps if many more retirees pass than what was expected, then yes, it would be a theoretical gain in the plan.

Commissioner Menendez: But unlike the general employees, all the employees of the City from all departments, the number of employees we have fluctuates. We lose people, we try to add people. So, there's always a certain number headcount. But in this group, that headcount will never increase because it's already determined.

Finance Director Gomez: The class (INAUDIBLE).

Commissioner Menendez: So, that headcount for that group...

Finance Director Gomez: Correct.

Commissioner Menendez: Can only decrease. It will never increase.

Finance Director Gomez: That is correct.

Commissioner Menendez: You don't have the ability to make up, oh, we lost 10. Let's add 10.

Finance Director Gomez: Correct.

Commissioner Menendez: So, that's my point.

Finance Director Gomez: The class is the class, yes. That is true.

Mayor Lago: Okay. What is the will of the Commission?

City Clerk Urquia: We have a motion, Mr. Mayor.

Mayor Lago: Okay. Repeat the motion, please.

City Clerk Urquia: Motion would be to provide a 4 percent COLA increase.

City Attorney Suárez: It would be to grant a reduced COLA in the amount of 4 percent to the members of the class, the Opt-out Members and the GAP Members, and the reduction will be based on the factors in the settlement agreement.

Mayor Lago: Do we have a second?

Commissioner Castro: (INAUDIBLE) comfortable with that?

Commissioner Fernandez: I said (INAUDIBLE).

Commissioner Menendez: (INAUDIBLE) okay.

Vice Mayor Anderson: As difficult as it is to budget for these things, I understand the costs that people must experience every single year. I can support 4 percent this year, and we'll discuss anything else in future years. So, that's a yes.

Commissioner Castro: Yes.

Commissioner Fernandez: Yes.

Commissioner Menendez: Yes.

Mayor Lago: No.

(Vote: 4-1)

Mayor Lago: Thank you very much. So, moving on to Item E-4.36

Commissioner Menendez: Passes.

Mayor Lago: Thank you.