

City of Coral Gables City Commission Meeting
Agenda Items K-2 and F-4 are related
June 12, 2018
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

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

City Staff

City Manager, Cathy Swanson-Rivenbark
Assistant City Manager, Peter Iglesias
City Attorney, Miriam Ramos
City Clerk, Walter J. Foeman
Deputy City Clerk, Billy Urquia
Finance Director, Diana Gomez

Public Speaker(s)

Michael Tierney
William Barrow
Harry Pickering
Michael Chickillo

Agenda Items K-2 and F-4 are related [2:15 p.m.]

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

An Ordinance amending Chapter 46 of the Code of the City of Coral Gables, entitled "Pensions," amending Section 46-253, entitled "Normal Retirement

Income,” to provide the same alternative dispute resolution mechanism to resolve disputes about future Cost of Living Increases to current and former City Employees who retired, entered the DROP, or reached eligibility for Normal Retirement after January 1, 2013 but before the February 2015 Retirement Plan Amendment, as is provided to members of the Certified Class in the Murrhee v. City of Coral Gables case, and providing for repealer provision, severability clause, codification, and providing for an effective date.

Mayor Valdes-Fauli: No, let's take the COLA first.

City Attorney Ramos: Okay. We are moving to item K-2, which is a hearing regarding the decision by the Retirement Board to grant a COLA to the class members in Murrhee v. City of Coral Gables, Case. No. 13-20731 CA (13) (Fla. 11th Cir. Ct.) - Alternative Dispute Resolution Mechanism. The court entered a final judgment approving the settlement agreement on February 26, 2018. On May 17, 2018, the Retirement Board voted to approve a COLA of 2.25 percent for class members, in accordance with both the settlement agreement terms, as well as the ordinance that was passed subsequently. In accordance of the settlement agreement and Ordinance 2018-11, I, as the City Attorney, invoked the alternative dispute resolution mechanism on May 23 and set the hearing for today, both dates being within the timeframe required by the settlement agreement, as well as the ordinance. A procedural order has been issued for this hearing and has been given to all parties. In accordance with the procedural order, you will hear from the City's Finance Director and the City's actuary and whoever else wishes to speak on the item. All speakers will be afforded three minutes. For purposes of this item, City Manager Cathy Swanson-Rivenbark has recused herself as a member of the class from the inception of this proceeding, although she does not have a legal conflict. In that vein, Diana Gomez, City's Finance Director, is the acting City Manager for purposes of this matter. Mr. Raul Quintero and Mr. Jim Lynn (phonetic) are present and available to answer any questions you may have. They serve as special counsel to the City. Mr. Quintero is special counsel in the Murrhee matter, and Mr. Lynn is special counsel -- pension and retirement counsel to the City. In accordance with the settlement agreement and the ordinance, you may, by four-fifths vote, reject the Retirement Board's determination or reduce the amount of the proposed COLA considering a set of factors,

which I will go through in a minute. Should you take no action today; the 2.25 COLA granted by the retirement board will go forward. The factors are as follows, whether present value of the proposed COLA exceeds net actuarial experience of retirement systems accumulated from all sources of gains or losses since July 1, 1994, the amount of the unfunded actuarial accrued liability and whether it has been declining or increasing in the amount of decline or increase, the amount of unfunded actuarial accrued liability and amount by which it will increase if the proposed COLA is granted, the number of years since our last COLA was granted, the percentage increase of last COLA and -- that was granted -- of the last COLA that was granted, 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 the increase or decrease of the Consumer Price Index issued by the US Bureau of Labor Statistics. These factors were agreed upon in the settlement agreement and then later ratified in the ordinance that the City Commission passed. Reliance on any of these factors presumes to be any decision that might make today as not arbitrary and capricious. With that, I call the City's Finance Director to present her recommendation. The memorandum has also been distributed to all parties.

Finance Director Gomez: Good afternoon, Diana Gomez, Finance Director. As documented in my memo, dated June 6, 2018, to the City Commission, it is my recommendation that the Commission reject the 2018 COLA for class members. This recommendation is in line with seven factors, A through G, listed in the ordinance, which should be considered by the Commission in making its determination. Specifically, the current cumulative experience loss is approximately \$203 million, as of September 30, 2017. The unfunded actuarial accrued liability has increased from the prior year by approximately \$2.2 million. C, providing for the 2018 COLA would increase the current unfunded actuarial accrued liability, which is currently \$227 million by \$7.55 million. D, the COLA lawsuit settlement provided for a retroactive permanent COLA for both 2013 and 2014. Both-- that retroactive payment was paid on May 7, 2018. The COLA lawsuit settlement provided for a 2.975 percent COLA for 2013 and a 0.25 percent COLA for 2014. F, the net actuarial experience over the preceding seven years is a loss of

approximately \$27.5 million. The single-year actuarial experience for each of the seven years preceding the proposed COLA is listed in my memo. I won't go through them all. The increase -- and in G, the increase in the Consumer Price Index from the prior year is 2.3 percent and 4.5 percent is the last granted COLA in 2014. As the Finance Director, I believe that these factors support the rejection of the 2018 COLA as the cost associated with granting the COLA would negatively impact the overall health of the pension system. Any questions?

Mayor Valdes-Fauli: No. So, we can accept a recommendation of the Pension Board as is or we can reject and give a zero COLA or somewhere in between. That's correct?

Finance Director Gomez: That is correct.

City Attorney Ramos: Sir, you would have to take no action to accept the Retirement Board's...

Mayor Valdes-Fauli: Okay.

City Attorney Ramos: Decision to grant a COLA stands, unless you take action otherwise.

Mayor Valdes-Fauli: Alright.

City Attorney Ramos: I would like -- now -- I would now like to call Mr. Tierney, the City's actuary, to confirm the numbers given by the Finance Director. And, I would ask that the City Clerk please swear Mr. Tierney and any other party who intends on speaking in at this time.

Deputy City Clerk Urquia: Would anyone that's going to speak on this item please raise...

Mayor Valdes-Fauli: Anyone to speak on the item...

City Attorney Ramos: Anyone who wishes to speak...

Mayor Valdes-Fauli: Raise your hand, please.

City Attorney Ramos: Please stand up.

Commissioner Lago: Stand and raise your hand.

Deputy City Clerk Urquia: Please raise your hand. Do you swear or affirm that the testimony you will give will be the truth and nothing but the truth?

Michael Tierney: Well, first, I can confirm what Diana presented. I've reviewed it.

Mayor Valdes-Fauli: Can you get close to the...

Vice Mayor Quesada: Can you speak up? Yeah.

Mayor Valdes-Fauli: Microphone, please? Not that much, but...

City Attorney Ramos: And sir, could you please introduce yourself? Your name and your title.

Mr. Tierney: I'm Michael Tierney, the City actuary.

Mayor Valdes-Fauli: Thank you.

Mr. Tierney: I reviewed Diana's memo, and I agree with all the numbers that she calculated. So, I think that what you see there is correct and reflects the actuarial numbers. I'm not sure whether you want to answer any questions there. I can tell you that my big concern here is to understand that this is not a short-term thing relative to implications on your cost of the pension plan, and that's sort of my concern that these assumptions of interest rate -- that's like a 30-

50-year average. And so, therefore, when you have -- look at short-term, you've got excess gains that the assumption assumes that you would keep those in order to balance out the losses. And if you remember, back in 2002, the exact same thing happened to you. You had excess money and you spent some of it probably on a COLA and then the shortfall came and you didn't have those excess to help balance out. That's the way the assumption works. So, whenever you spend some of the excess, now you have the issue of the shortfall created by the downturn of the economy. And therefore, your assumption will not be realized. So, that's why these COLAs on excess earnings are very dangerous. And, you just have to know that this is a big picture in terms of the theory behind the actuarial numbers that create the contribution requirements. And that's my main concern. I can tell you that, you know, the Board actuary -- I'm not the actuary for the plan. I'm the actuary for you guys. The Board actuary has said that if you guys do this -- if you created some sort of expectation of the future, he's going to price that into the cost of the plan to begin with. And so, therefore, you have to realize that, you know. Whatever decision you make, maybe not this one, but maybe the next one -- it's a cumulative effect that the actuary may assume you're going to do this every time in the future, no matter what your actual right is. So, you can decline it in the future, but he's going to assume that you are. So, you have to realize that also is on the horizon. Not today. That's something that you have to realize it could happen in the future. So, those are the two things I thought are pretty important to bring up. Questions? I think I have three minutes for your questions, as well as my diatribe so...

Mayor Valdes-Fauli: Thank you, sir.

Vice Mayor Quesada: I have no questions at this moment.

Mayor Valdes-Fauli: Any questions?

Commissioner Keon: No, I understand.

Mayor Valdes-Fauli: Thank you, sir. Thank you very much. Very informative. Alright.

Commissioner Lago: Well, I mean, I...

Mayor Valdes-Fauli: Let's...

Commissioner Lago: You want to open it up to us or you want to open it to...

Mayor Valdes-Fauli: Yeah, let me...

Commissioner Lago: To the public?

Mayor Valdes-Fauli: To the public. William Barrow, Coral Gables FOP. Good morning, sir.

William Barrow: Good morning -- or good afternoon.

Mayor Valdes-Fauli: Good afternoon.

Mr. Barrow: My name is William Barrow. Due to family commitments, President Baublitz was unable to be here today and he asked me to relay the following message. Honorable Mayor and Commissioners, I want to thank you for the opportunity to meet with each of you on this very important issue. Every City employee who makes it to retirement depends on the COLA to survive after retirement. The COLA helps slow down inflation from eating away at their ability to pay their bills. Your police officers spend every working day serving the citizens of Coral Gables and risking their lives for the community that they love. They're only asking for what they are promised after dedicating their life to our city. The cumulated Consumer Price Index for the COLA settlement was 12.9 percent and the COLA agreed to is 3.225 percent. Now, the Consumer Price Index in the last COLA has increased four and a half percent, and the COLA under consideration is 2.25 percent. It is evident that these num -- it is evident by these numbers how dramatically our retirees' finances have been affected in a negative way. I would like to

take this opportunity to thank the Retirement Board and the Commission for the steps taken to strengthen the retirement system. Finally, I'm requesting on behalf of the retired police officers and all retirees of the City of Coral Gables to grant this earned COLA. Thank you, on behalf of President...

Mayor Valdes-Fauli: Thank you, sir.

Mr. Barrow: Baublitz.

Mayor Valdes-Fauli: Thank you very much.

Vice Mayor Quesada: Thank you.

Commissioner Lago: Thank you.

Mayor Valdes-Fauli: Harry Pickering. Harry Pickering.

Harry Pickering: Good afternoon. Harry Pickering, retired police lieutenant, Coral Gables Police Department. I served from November 1, 1976 through December 31, 2006, 30 years, two months. I believe other than Mayor Valdes-Fauli, none of the other Commissioners know me. But, I just want to point out the last COLA that we received prior to this COLA that was just issued that we received on May 7 of this year, it has been 10 years and five months since our previous COLA, which was awarded on January 1, 2008, and that amount was 2.3 percent. Ten years and five months is a long time for a retiree to wait between wage increases. And as Officer Barrow just stated, you know, the inflation rate and cost of living increases in home and health insurance rates and so forth have just -- are eating away at what we have left to pay our bills. And we received this 3.225 percent COLA, which is half that we have agreed to accept in the settlement that was negotiated. I've been retired for 11 years now, and as my wife and I -- as we age, as many of the retirees experience, gradual increases in our living costs due to inflation,

more frequent and sometimes serious health issues, increase in home and insurance rates -- we -- for example, my wife had to endure a long and painful and expensive dental procedures and incurred medical expenses exceeding \$48,000, not covered by any medical insurance. That alone was like incurring another mortgage payment. We did everything we could to reduce our cost of living by downscaling, selling our home, moved into a smaller living space in a condo, paying off our mortgage. All of our life, we managed our assets and planned for our retirement, and thank god, through the City benefits, I maximized my DROP and my deferred comp accounts and that has been our safety net. Other retirees have experienced far worse than we have. And included in the letter from the Finance Director, she has a sliding scale of a table of COLAs that range anywhere from a quarter percent to two -- and two and a quarter percent. And, she also notes in there that the CPI has increased 4.5 percent since 2014. The retirees, we need relief. We understand the challenges the City is facing dealing with the unfunded actuarial accrued liability and making these additional contributions to the retirement system for the next seven years -- 17 years to make this -- the fund sound. But, please consider at least a partial COLA and grant us at least a small increase. We deserve it, and I won't take up any more of your time. Thank you.

Mayor Valdes-Fauli: Mr. Pickering, I hope you don't find this disrespectful, but how old are you?

Mr. Pickering: 64.

Mayor Valdes-Fauli: 64.

Mr. Pickering: Yes, sir.

Mayor Valdes-Fauli: And you've been retired for how long?

Mr. Pickering: 11.

Mayor Valdes-Fauli: 11 years. Thank you, sir. So, you retired at 53.

Mr. Pickering: 52.

Mayor Valdes-Fauli: 52, okay. Thank you.

Commissioner Lago: Thank you.

Mayor Valdes-Fauli: Javier Banos Machado.

Commissioner Mena: He's not here.

Mayor Valdes-Fauli: Mr. Machado.

Commissioner Lago: No.

Mayor Valdes-Fauli: Mr. Machado. Do not grant COLA is the comment here, and he filled two of them. I'd like to open the discussion.

(COMMENTS MADE OFF THE RECORD)

Mayor Valdes-Fauli: Fill a card, please. Fill a card and I'll recognize you.

(COMMENTS MADE OFF THE RECORD)

City Attorney Ramos: You can fill it out...

Mayor Valdes-Fauli: No, no, fill it out.

City Attorney Ramos: After and just have him speak now.

Commissioner Keon: He can fill it after.

Commissioner Lago: You can fill it...

City Attorney Ramos: You can fill it out after.

Mayor Valdes-Fauli: Fill a card and you can speak, yeah.

Michael Chickillo: Alright, Mike Chickillo...

Mayor Valdes-Fauli: Will you fill a card, please?

Mr. Chickillo: Pardon me?

Mayor Valdes-Fauli: Fill a card so that we can recognize you and...

City Attorney Ramos: We were telling him you can fill it...

Mayor Valdes-Fauli: Come on.

City Attorney Ramos: Out after...

Mayor Valdes-Fauli: Please fill a card. That is the procedure we are following, and then you will be given...

Mr. Chickillo: That's fine.

Mayor Valdes-Fauli: The floor.

Mr. Chickillo: That's fine.

Mayor Valdes-Fauli: Please, please, please. Thank you, sir.

Mr. Chickillo: Thank you.

Mayor Valdes-Fauli: The floor is yours.

Mr. Chickillo: My name is Mike Chickillo. I'm the president of the Coral Gables Firefighters Local 1210. I've met with all of you in the last week or so and we've already had this discussion. But I just want to go on record as saying that, you know, it has been ten years and it's been a very bad ten years, both for employees and retirees. But, we have retirees -- I'm speaking now on the Fire side of it. I think everybody should get some sort of COLA this time. I know it's -- was just given, but that COLA goes back to '08, like was stated earlier. On the Fire side of it, that's all we have. We don't get Social Security. So, every paycheck that we get paid, the City saves 6.2 percent in Social Security money that we don't have to pay and they don't have to pay. So, our guys are in real dire straits. We have people here that a lot of them couldn't be here. Most of the people live upstate, because they can't afford to live down here anymore and they couldn't be here. But they asked us to speak. And I'm just asking you to, please, if you can't grant the 2.25, please see it in your hearts to look at something, come up with something that can help them and don't look at it like they just got something, because they didn't just get something. They got half of what I feel they were owed and they feel they were owed, and they got it without interest. The City kept all the interest on that money. So, I ask you, please, to really consider this. It's a big deal. It's not so much a big deal for people who have left in the last, you know, five to ten years. But, for people that have left a long time ago -- remember, about 108 people died waiting for their COLA out of the 800 people that were

around. That's a lot of people. And, those people really could have used that money. And, I don't know what the percentage is of the people that had options, but I know some that didn't have options, so they lost it waiting in the wings. So, I ask you, please, consider something so the employees can get a little bit of a break -- the former employees can get a little bit of a break. I thank you.

Mayor Valdes-Fauli: Thank you, sir. Thank you very much. Alright, anybody else? The public hearing is closed. I'll give you my impression. And yes, retiring at 52 and being time without COLA for 11 years or 12 years -- you have retired at 52, and we have a responsibility before our residents and a responsibility to the retirees to have a healthy pension plan, a healthy pension system. We had \$250 million deficit with a former mayor. We have whittled it down now to 237, but last year, we went back. Last year, we went back because of our obligations. And this year, we have a loss. Yes, we have a higher budget, but we have a responsibility to the retirees. And, I ask you to place yourself in the public sector -- I mean, in the private sector and what would you be getting and when would you be retiring? Mr. Pickering would still be working in the private sector. We have a \$237 million deficit, and I don't want to increase that deficit. The single actuarial experience of the retirement system for each of the last seven years preceding the proposed COLA and then 9/30/17, it was a gain, but didn't cover our obligations. This year, do we contribute four or do we contribute five? Do we contribute \$10 million? Yes, the answer is we could raise taxes, but that is not responsible to our residents, our fixed-income residents who live in Coral Gables. I am against giving the COLA, because of these reasons because of responsibility reasons, actuarial reasons. According to our expert, I am against giving that COLA, and maybe I would be for a much smaller COLA, but not giving the 2.25 percent increase or giving a 1 percent increase that would require our annual contribution to increase by \$500,000. That is my thought on this. Vice Mayor.

Vice Mayor Quesada: Yeah. And thank you for that, Mr. Mayor. And I certainly hear all the feedback everyone has given. I have a question for our City Attorney.

City Attorney Ramos: Yes, sir.

Vice Mayor Quesada: Interplay with the settlement, with the litigation, can you please put on the record any -- what interplay, if at all. I mean, I see our counsel was here -- is here.

City Attorney Ramos: The settlement is done.

Vice Mayor Quesada: Yes.

City Attorney Ramos: The case is over.

Vice Mayor Quesada: Yes.

City Attorney Ramos: This is what comes out of -- one of the things that were agreed to in the case was if the Retirement Board votes to grant a COLA and they have to, given the factors, then I can trigger it if the net actuarial experience is negative. It is, so I triggered this dispute resolution mechanism.

Vice Mayor Quesada: And so, this dispute resolution mechanism is set forth in the settlement agreement?

City Attorney Ramos: That's correct...

Vice Mayor Quesada: Okay.

City Attorney Ramos: As are the factors. They were agreed to by the parties.

Vice Mayor Quesada: Okay, thank you. So, you know, I've been trying to find a way to make it sense because I -- you know, I hear the comments that were read in from John Baublitz and the

other speakers. And look, I understand it, but it's so hard sitting here and being able to do both, especially when we have that -- you know, that negative actuarial experience, which is the hardest part. You know, it's frustrating. It's difficult. And the frustration is definitely in, I know, in my voice whenever I speak to different members of the unions on this. So, you know, with that, I'm with the Mayor on this.

Commissioner Lago: Well, I echo the sentiments of the Mayor and the Vice Mayor. You know, this is a very tough decision, obviously, when you have somebody before you who's been retired for 11 years and you've got to tell him that, again, you're not going to be granting a COLA after they've worked for 30 years for the City of Coral Gables, most of their life. Like both of my colleagues mentioned, when we got into office, we had over \$250 million in negative actuarial experience. Right now, again, it's been reduced, but it's taken significant commitment by this Commission and the entire city as a whole to make sure that we act as responsibly as possible. And that's a tough decision, because when you're adding four -- three to four million dollars on top, you could be taking that money and buying parks, fixing sidewalks, but we're making sure that we shore up and do everything in our power to shore up our retirement. I know it's tough to hear this, but the decision we're making today is protecting your retirement. I know it's tough. And you probably disagree with me and you probably find it hard to believe, but I just can't vote for something that puts your retirement at risk in the long term. So, I will be voting, obviously, in the same...

Mayor Valdes-Fauli: Commissioner Keon.

Commissioner Keon: No. I agree with you too. I think it's the long-term sustainability and the health of the pension system that really is at play here. And, when we look at the increase to the unfunded liability at any one of these levels and the increase in the annual contribution that will be required on top of that by the City, you know, we're looking -- we just keep extending that time further and further down the road until we can pay off and deal with this unfunded liability. You know, if you -- if we increase the payment, the unfunded liability, you know, grows by

another million dollars. It reduces what we then can contribute toward that -- the 2 to \$3 million that we have been contributing on an annual basis to bring down that unfunded liability. I know -- you know, I do understand, and it is -- even at 0.50 or 0.25, which are the lowest on here, you know, that difference to the age of the individuals is a very, very small amount, but the cumulative amount toward the pension is a million dollars. It's a significant amount. And, I think that our responsibility is to ensure that this pension system is -- becomes whole and we don't continue to burden, you know, the next set of elected officials on down the line and the retirees for the next 20 years with this same issue. Our obligation is to ensure that we shore up this pension system, so that it serves a lot more people down the road.

Mayor Valdes-Fauli: Let me read the things that -- I'm sorry, go ahead.

Commissioner Mena: No, no. That's fine. I'll be very brief. I agree with what's been said. I also think it's important to note that the settlement agreement that was recently signed included a COLA for 2013 and '14, right?

City Attorney Ramos: That's correct.

Commissioner Mena: And, then it set out the factors that we're supposed to rely on. And so, that's what I'm looking at. And we have a very...

Vice Mayor Quesada: Yeah, that was the memo that was read.

Commissioner Mena: We have a very thorough memo from Diana, which goes through each of those factors and, you know, if those are the factors I'm to rely on pursuant to the settlement agreement, there's just no way I can do this. So, based on that, it's a no for me as well.

Mayor Valdes-Fauli: I'd like to -- I agree with you and let me be repetitive if you -- but I -- you know, the present value of the COLA will exceed the net actuarial experience of the retirement system. The current cumulative experience lost is \$208 million as of September 30, 2017.

Commissioner Keon: Right.

Mayor Valdes-Fauli: The unfunded actuarial liability has increased from the previous year by approximately \$2.2 million. Our unfunded liability has increased in spite of our efforts, in spite of our Titanic, if you want, efforts to fund the deficit, the unfunded liability has increased. Due to the impact of the COLA lawsuit settlement, which is providing for this COLA -- the proposed COLA would increase the current unfunded actuarial liability of \$227 million by \$7.35 million and would increase the current annual requirement contribution of \$25.1 million by over \$1 million. I think that as responsible elected officials and as -- and meeting our responsibility to our retirees, I think that we should reject the recommendation of the Pension Board. And, I would propose a 0.50 increase in the COLA settlement.

City Attorney Ramos: Sir, if you wish to make the motion, you could pass the gavel to the Vice Mayor.

Mayor Valdes-Fauli: I can't make a motion, but...

City Attorney Ramos: If you pass the gavel, you can.

Commissioner Lago: Let me ask you -- just -- I want to clarify something that Commissioner Keon mentioned. Acting City Manager, what did we put on top, just as additional gravy last year, as the City?

Commissioner Keon: Our additional contribution.

Commissioner Lago: Yeah. What was our additional contribution? For some reason, I thought it was in the two mill -- like three million.

Finance Director Gomez: \$3.3 million, roughly...

Commissioner Lago: 3.3 million.

Finance Director Gomez: Approximately.

Commissioner Lago: That's a significant amount of money.

Vice Mayor Quesada: Hold on, so what the Mayor's proposing at 0.50 percent, to our unfunded liability, the increase would be \$1.6 million and an annual increase to the contribution of \$228,000. Am I reading that correctly?

Commissioner Lago: Again, with -- my opinion -- and through the Mayor, I can't support that. I'm not...

Mayor Valdes-Fauli: Okay. Make a motion.

Commissioner Lago: And I understand...

Mayor Valdes-Fauli: Is there a second? Okay, it dies for lack of a second. Go ahead. Make a motion.

Commissioner Lago: What, to...

Mayor Valdes-Fauli: Make a motion...

Commissioner Lago: Are we done having a conversation or...

Vice Mayor Quesada: I'm done.

Mayor Valdes-Fauli: Oh, no.

Vice Mayor Quesada: Unless you have anything else to say.

Commissioner Lago: No, I don't know.

Vice Mayor Quesada: Commissioner Keon?

Commissioner Lago: Give me one final explanation in regards to the procedure, just so I get this correct.

City Attorney Ramos: You do nothing, the 2.25 goes forward.

Vice Mayor Quesada: So...

City Attorney Ramos: You may make a motion to either reduce or eliminate the COLA, which has to pass by a four-fifths vote.

Commissioner Lago: Okay.

Vice Mayor Quesada: I move to follow the Finance Director's recommendation that the City Commission reject the 2018 COLA for class members.

Commissioner Lago: I second.

Mayor Valdes-Fauli: Alright. It's been moved and seconded. Any other comments? Will you call the roll, please?

Vice Mayor Quesada: Yes.

Commissioner Keon: Yes.

Commissioner Lago: Yes.

Commissioner Mena: Yes.

Mayor Valdes-Fauli: Yes.

(Vote: 5-0)

Mayor Valdes-Fauli: Thank you very much.

Commissioner Lago: Thank you.

Mayor Valdes-Fauli: And we have a time certain item here...

City Attorney Ramos: Sir, actually, together with this item, there was a first reading ordinance that also is relating to the COLA lawsuit. We could take that quickly since the members are present. It's Item F-4, an ordinance amending Chapter 46 of the Code of the City of Coral Gables, entitled "Pensions," amending Section 46-253, entitled "Normal Retirement Income," to provide the same alternative dispute resolution mechanism to resolve disputes about future Cost of Living Increases to current and former City Employees who retired, entered the DROP, or reached eligibility for Normal Retirement after January 1, 2013 but before the February 2015 Retirement Plan Amendment, as is provided to members of the Certified Class in the Murrhee v. Coral Gables case, and providing for repealer provision, severability clause, codification, and providing for an effective date. This is a first reading and public hearing item. This is essentially including -- you all made a decision to include the GAP members, which meant people that were either eligible to retire or in the DROP program at the time that the settlement agreement was ratified, and this essentially includes them in the same ordinance change, with the

same terms of the agreement, which means that they would be allowed to avail themselves of this exact process going forward.

Mayor Valdes-Fauli: Alright.

Commissioner Keon: I'll move it.

City Attorney Ramos: It is a public hearing item.

Commissioner Keon: I'm sorry.

Mayor Valdes-Fauli: It is a public hearing. Anybody wishes to speak? Alright. It's been moved. Is there a second?

Commissioner Lago: Diana, do you have any comments in regards to this or you want to fill us in?

City Attorney Ramos: I will note that the -- I'm sorry, Diana. I will not that the actuarial impact statement has been passed out to all of you with regard to this ordinance.

Commissioner Lago: I just want Diana to kind of give us a little bit -- just a brief one-minute overview, so that we can put it on the record so people understand exactly what we're voting on today.

Finance Director Gomez: Sure. So, right now, this ordinance just includes the same -- the GAP members as part of -- kind of as part of the class, but not part of the class, just...

City Attorney Ramos: It treats them the same way.

Finance Director Gomez: Exactly. And then they will then be able to -- the Pension Board will then have to decide whether or not they will be granted a COLA, which then, if we're treating it exactly like the settlement, then the Pension Board would be forced to vote yes, and then the same process will happen again.

Commissioner Lago: It would come back to us.

Finance Director Gomez: And it'll come back and the same alternative dispute mechanism.

City Attorney Ramos: And it would allow for that every year.

Finance Director Gomez: Right. And so, on this particular COLA, the actuary -- the Pension Board actuary did prepare an impact statement. And that statement says that if the GAP members were to be given the 2018 COLA, it would increase the unfunded liability by approximately \$1.5 million and it would increase the annual contributions by about \$203,000. So, that's the information based on -- if eventually the -- this group gets the -- granted the COLA.

Commissioner Lago: I'll second the motion.

Mayor Valdes-Fauli: Will you call the roll, please?

Commissioner Keon: Yes.

Commissioner Lago: Yes.

Commissioner Mena: Yes.

Vice Mayor Quesada: Yes.

Mayor Valdes-Fauli: Yes.

(Vote: 5-0)

Mayor Valdes-Fauli: Thank you.

City Commission Meeting

June 12, 2018

Agenda Items K-2 and F-4 are related -Hearing regarding decision by Retirement Board to grant a COLA to the class members in Murrhee v. City of Coral Gables, Case No. 13-20731 CA and Ordinance amending Chapter 46 of the Code of the City of Coral Gables to provide the same alternative dispute resolution mechanism to resolve disputes about future COLA to current and former City Employees.