

CITY OF CORAL GABLES, FLORIDA

RESOLUTION NO. 2023-359

A RESOLUTION OF THE CITY COMMISSION ACCEPTING THE FINANCE DIRECTOR'S RECOMMENDATION TO REJECT THE RETIREMENT BOARD'S DETERMINATION TO GRANT A COST OF LIVING INCREASE (COLA) TO THE MEMBERS OF THE CLASS IN MURRHEE V. CITY OF CORAL GABLES (TREATING GAP AND OPT-OUTS IN THE SAME FASHION) UNDER THE ALTERNATIVE DISPUTE RESOLUTION MECHANISM ESTABLISHED IN ORDINANCE NOS. 2018-11, 2018-25, AND 2018-35.

WHEREAS, on February 26, 2018, the Circuit Court in and for Miami-Dade County, Florida entered a Final Judgment approving the settlement agreement in Murrhee v. City of Coral Gables, Case No. 13-20731 CA (13) (Fla. 11th Cir. Ct.); and

WHEREAS, in accordance with the settlement agreement, in Ordinance No. 2018-11 (the "Ordinance"), Section 46-253 of the City Code was amended to include the terms of the settlement agreement which include the Alternative Dispute Resolution Mechanism ("ADRM") for determination of future cost of living increases ("COLAs"); and

WHEREAS, on July 10, 2018, the City Commission adopted Ordinance No. 2018-25 establishing that GAP employees (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) were to be treated in the same fashion as class members; and

WHEREAS, on September 11, 2018, the City Commission adopted Ordinance No. 2018-35 establishing that opt-outs (former city employees who opted out of the class) were to be treated in the same fashion as class members; and

WHEREAS, the ADRM allows the City Commission, after a hearing, by supermajority four-fifths (4/5) vote, to reject the Retirement Board's determination that class members are entitled to a COLA or reduce the amount of the proposed COLA, considering certain factors set forth in the settlement agreement; and

WHEREAS, on November 9, 2023, the Retirement Board, in accordance with the settlement agreement and the Ordinance, voted to approve a COLA of 8 percent; and

WHEREAS, in accordance with the settlement agreement and the Ordinance and since the net Actuarial Experience is negative, the City Attorney invoked the ADRM within the prescribed time period and requested a hearing before the City Commission within the prescribed time period; and

WHEREAS, the City's Finance Director, relying on the factors set forth in the settlement agreement and the Ordinance, presented the City Commission with a memorandum (attached hereto as Exhibit A) recommending that the COLA be rejected; and

WHEREAS, the figures relied upon by the Finance Director in coming to her conclusion, were verified by the City's actuary; and

WHEREAS, on December 12, 2023, the ADRM hearing was held and all parties wishing to speak were afforded an opportunity to do so;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE CITY OF CORAL GABLES:

SECTION 1. That the foregoing "**WHEREAS**" clauses are hereby ratified and confirmed as being true and correct and are hereby made a specific part of this Resolution upon adoption hereof.

SECTION 2. That, based on the factors in the settlement agreement and the Ordinance, the Finance Director's recommendation to reject the Retirement Board's determination is accepted and the grant of a COLA to the class members, GAP employees, and opt-outs is rejected.

SECTION 3. A supermajority four-fifths (4/5) vote of the City Commission was required in order to reject the COLA and the City Commission voted four-fifths (4/5) in favor of rejecting the COLA.

SECTION 4. That this Resolution shall become effective upon the date of its passage and adoption herein.

PASSED AND ADOPTED THIS TWELFTH DAY OF DECEMBER, A.D., 2023.

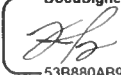
(Moved: Anderson / Seconded: Fernandez)

(Yeas: Fernandez, Menendez, Anderson, Castro, Lago)

(Unanimous: 5-0 Vote)

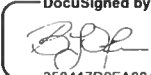
(Agenda Item: I-1)

APPROVED:

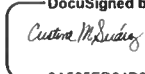
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VINCE LAGO
MAYOR

ATTEST:

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BILLY Y. URQUIA
CITY CLERK

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:

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CRISTINA M. SUÁREZ
CITY ATTORNEY

Estimated effect of granting a 2024 COLA to Class Members, GAP members, and Opt-Out Members, on the Unfunded Actuarial Accrued Liability (UAAL) and the Annual Required Contribution (updated)

COLA Percentage	Estimated Increase to UAAL	Est. Increase to Annual Contribution
8.00%	\$ 26,727,000	\$ 3,583,000
7.00%	\$ 23,386,125	\$ 3,135,125
6.00%	\$ 20,045,250	\$ 2,687,250
5.00%	\$ 16,704,375	\$ 2,239,375
4.00%	\$ 13,363,500	\$ 1,791,500
3.00%	\$ 10,022,625	\$ 1,343,625
2.75%	\$ 9,187,406	\$ 1,231,656
2.50%	\$ 8,352,188	\$ 1,119,688
2.25%	\$ 7,516,969	\$ 1,007,719
2.00%	\$ 6,681,750	\$ 895,750
1.75%	\$ 5,846,531	\$ 783,781
1.50%	\$ 5,011,313	\$ 671,813
1.25%	\$ 4,176,094	\$ 559,844
1.00%	\$ 3,340,875	\$ 447,875
0.75%	\$ 2,505,656	\$ 335,906
0.50%	\$ 1,670,438	\$ 223,938
0.25%	\$ 835,219	\$ 111,969

Notes:

The City can either fund the total cost in cash or let it be **amortized over 10 years**.

Class Members - all of the individuals and estates that are members of the Class in *Murrhee v. City of Coral Gables*, Case No. 13-20731 CA (13) (Fla. 11th Cir. Ct.). Defined as all those persons who are in receipt of benefits from the Coral Gables Retirement System for a period of at least one year prior to January 1, 2014, or their beneficiaries.

Gap Members - those members who retired, entered the DROP or became eligible for normal retirement after January 1, 2013 and before February 10, 2015 and signed a settlement agreement with the City.

Opt Out Members - those members who opted out of the Class in *Murrhee v. City of Coral Gables* but advised the City in writing on or before August 30, 2018 that they wish to be treated in the same manner as Class Members

Estimated Cost and Effect on the Unfunded Actuarial Accrued Liability (UAAL) and the Annual Required Contribution of granting a One-Time Lump-Sum Payment to Class Members, Gap Members, and Opt-Out Members (and all Retirees).

Lump Sum Amount	Class Members, Gap, Opt Out: 777			All Retirees: 948		
	One Time Cash Payment	Amortize over 10 Years		One Time Cash Payment	Amortize over 10 Years	
	Cost For Class Members, GAP and Opt Out	Est. Increase to UAAL	Est. Incr. to Annual Contribution	Cost for all Retirees	Est. Increase to UAAL	Est. Incr. to Annual Contribution
13th Check	\$ 3,144,285	\$ 3,144,285	\$ 426,051	\$ 3,792,700	\$ 3,792,700	\$ 513,911
\$ 100	\$ 77,700	\$ 77,700	\$ 10,528	\$ 94,800	\$ 94,800	\$ 12,845
\$ 250	\$ 194,250	\$ 194,250	\$ 26,321	\$ 237,000	\$ 237,000	\$ 32,114
\$ 500	\$ 388,500	\$ 388,500	\$ 52,642	\$ 474,000	\$ 474,000	\$ 64,227
\$ 750	\$ 582,750	\$ 582,750	\$ 78,963	\$ 711,000	\$ 711,000	\$ 96,341
\$ 1,000	\$ 777,000	\$ 777,000	\$ 105,284	\$ 948,000	\$ 948,000	\$ 128,454
\$ 1,200	\$ 932,400	\$ 932,400	\$ 126,340	\$ 1,137,600	\$ 1,137,600	\$ 154,145
\$ 1,500	\$ 1,165,500	\$ 1,165,500	\$ 157,925	\$ 1,422,000	\$ 1,422,000	\$ 192,681
\$ 1,750	\$ 1,359,750	\$ 1,359,750	\$ 184,246	\$ 1,659,000	\$ 1,659,000	\$ 224,795
\$ 2,000	\$ 1,554,000	\$ 1,554,000	\$ 210,567	\$ 1,896,000	\$ 1,896,000	\$ 256,908
\$ 2,250	\$ 1,748,250	\$ 1,748,250	\$ 236,888	\$ 2,133,000	\$ 2,133,000	\$ 289,022
\$ 2,500	\$ 1,942,500	\$ 1,942,500	\$ 263,209	\$ 2,370,000	\$ 2,370,000	\$ 321,135
\$ 2,750	\$ 2,136,750	\$ 2,136,750	\$ 289,530	\$ 2,607,000	\$ 2,607,000	\$ 353,249
\$ 3,000	\$ 2,331,000	\$ 2,331,000	\$ 315,851	\$ 2,844,000	\$ 2,844,000	\$ 385,362
\$ 3,250	\$ 2,525,250	\$ 2,525,250	\$ 342,171	\$ 3,081,000	\$ 3,081,000	\$ 417,476

Notes:

The amount of a lump sum 13th Check payment to each retiree is equal to the normal monthly distribution (2023 amount) received by the retiree. The City can either fund the total cost in cash or let it be **amortized over 10 years**.

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