

**City of Coral Gables City Commission Meeting**  
**Agenda Item J-1**  
**Commission Chambers**  
**December 8, 2020**  
**405 Biltmore Way, Coral Gables, FL**

**City Commission**

**Mayor Raul Valdes-Fauli**  
**Vice Mayor Vince Lago**  
**Commissioner Jorge Fors, Jr.**  
**Commissioner Pat Keon**  
**Commissioner Michael Mena**

**City Staff**

**City Manager, Peter Iglesias**  
**City Attorney, Miriam Ramos**  
**City Clerk, Billy Urquia**

**Public Speaker(s)**

**Mike Chickillo**  
**Dan Thornhill**  
**Javier Brusos**  
**Harry Pickering**  
**Timothy Daniels**  
**Javier Banos**  
**Thomas Zelinack**  
**Charlie Davis**

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Agenda Item J-1 [1:01 p.m.]

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

Mayor Valdes-Fauli: I'd like to take up J-1, which is the City Attorney item, the COLA issue, and I'm sure there are a lot of people waiting to appear and to listen to this item, J-1, COLA.

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City Attorney Ramos: Yes Mayor. This is a hearing relating to the decision by the Retirement Board to grant a COLA increase to the members of that class in *Murrhee v. City of Coral Gables*, Case No. 13-20731 CA (13), treating GAP and opt-out employees in the same fashion. The Alternative Dispute Resolution Mechanism established in the settlement agreement when the case was settled allows for this particular vehicle. The procedure is established in the procedural...that you issued, sir, and that has been shared with all the pertinent parties. The procedural order states that any person wishing to speak will need to be sworn in. The first person that will be called is the Finance Director. She will have three minutes to present her professional recommendation based on her memorandum. Any individual wishing to address the Commission will then be afforded three minutes each, and at the conclusion of the presentation, the City Commission may ask questions of the presenting party. Pursuant to the terms of the settlement agreement, the City Commission at its sole discretion may by four-fifths vote reject or reduce the COLA that was granted by the Retirement Board's vote, considering a list of factors. If the Commission takes no action, or no four-fifths vote is achieved, the Retirement Board's vote to grant the COLA will stand. If the Commission chooses to reduce or eliminate the COLA by four-fifths vote, the City Commission's decision will not be overturned unless it is considered arbitrary and capricious. With that, I will reserve the reading of the factors until after the Commission has heard from everyone, and I will call Ms. Gomez as the Finance Director. And Mr. Clerk, if you can swear Ms. Gomez and anybody wishing to speak in as they come up.

City Clerk Urquia: Diana, please raise your right hand. Do you swear to tell the truth and nothing but the truth?

Finance Director Gomez: I do. Good afternoon. At the Pension Board meeting of November 12, 2020, the Board voted to approve the 2021 COLA of 5.1 percent to class members GAP and opt-out members. The recommendation of the Finance Director is that the City Commission reject the Board's proposed 2021 COLA, because it would increase the unfunded liability to over \$228 million, increase our contribution requirement by \$2.5 million, and decrease our funded ratio by 2 percent. Additionally, payment of this COLA would wipe out approximately 83 percent of the progress we've made to date, with the total extra payments made of \$22.2 million to date, which has gone toward reducing our total unfunded debt. The recommendation is based on the factors listed in the ordinance that are to be considered by the Commission in making the determination. Specifically, I'm going to go through them, because it's the basis of my recommendation. (a) The present value of the proposed COLA will exceed the net actuarial experience of the retirement system. The current cumulative experience loss since July 1, 1994, is approximately \$200 million dollars as of the 2019 Actuarial Valuation Report. (b) The unfunded actuarial accrued liability is \$209.9 million as of the latest Actuarial Valuation Report. The unfunded liability has decreased from the previous year by approximately \$9.7 million dollars. (c) Providing for the 2021 COLA a 5.1 percent to class members, opt-out members and GAP members would increase the current unfunded liability of \$209.9 million by \$18.433 million to over \$228 million, and will increase the current annual required contribution of \$23.7 million by \$2.5 million dollars to over \$26 million dollars. (d) The last COLA was paid on May 7, 2018 per the terms of the settlement agreement. (e) The COLA lawsuit settlement provided for 2.975 COLA for 2013, and a point 25 percent COLA for 2014 paid on May 7, 2018. That pre-payment increased the unfunded liability by \$14.5 million.  
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million dollars. (f) The net actuarial experience over the preceding seven years is a gain of just under \$19 million dollars. The single year actuarial experience in the retirement system for each of the seven preceding years of the proposed COLA is listed in the memo attached to the agenda item. And (g) the increase of the Consumer Price Index is 10.2 percent since the last...to COLA in January 2014. Factors (a) through (e) support the rejection of the 2021 COLA as a cost associated with granting the COLA will adversely impact the pension system by increasing the funding requirement and decreasing the funding status. Although not one of the factors of consideration in the ordinance, it should be noted that the City Commission has passed a resolution instituting a policy to budget higher than required amounts to the pension fund annually, in order that the excess over the required contribution could be used to pay down the unfunded liability and increases funded quicker, status quicker than the normal amortization. The total annual payments amount that was budgeted for Fiscal Year 2020 is just under \$30 million, which allowed for a \$5 million-dollar extra payment this past October. Since 2015, this process has allowed for total additional funds of almost \$22.2 million dollars to be sent to the pension fund. Should the 2021 COLA be granted, much of the progress we made thus far would be eaten with just this one COLA. Additionally, the annual required contribution would increase by about \$2.5 million dollars and the extra payment would need to be reduced as the city's budget cannot absorb an additional \$2.5 million dollar hit. Therefore, it is my recommendation that the city does not grant the COLA of any amount, as increase to the unfunded liability, the increase to the city's funding requirement, and a decrease to the funding status would adversely impact the pension system. Thank you.

Vice Mayor Lago: Mayor.

Mayor Valdes-Fauli: Thank you Diana. There are people who wish to speak, I imagine. So, Billy would you start admitting them?

City Clerk Urquia: Yes, Mr. Mayor. So, first person speaking will be Mr. Michael Chickillo, and sir, if you could please raise your right hand. Do you solemnly swear and affirm that the testimony you provide today will be the truth and nothing but the truth?

Mr. Chickillo: I do. I thank you all for giving us the opportunity to speak today. I just like to start by saying, this all started going south probably in 2008, I entered the DROP in 2010, so I'm going to use myself as an example. I entered the DROP and when you go into the DROP and you retire basically, it's irrevocable, you can't change the rules, you can't say, hey, I'm coming back out. I don't like what happened here in the city. What happened, happened, and you're stuck in that situation. But being the Union President for 20 years, at that time we were going through some very difficult times, and we went to the City Manager and told him we could help him. We took a 5 percent reduction in pay. The city took from us a pension benefit we had bought, and we paid 5 percent for it and it cost less than one percent. So, we went many years without a raise. The city also started this lawsuit to save money; Pat Salerno, the City Manager at the time, came to us and asked us for help, that's what we did in terms of helping the city, and when the contracts came in 2014, the city basically took our pension benefits and vastly reduced them to the current retirees. Our current employees right now and anybody who entered the DROP after 2013, their pensions were reduced about 35 percent, and that's a lot of that \$2.5 million dollars that the Commission

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has generously given the retirement fund came on the backs of the retirees. So, you go into the retire system and you think you are going to get what's in the ordinance at the time you retire, which is what I did, and low and behold, Pat Salerno finds language in the state that reads dated 1994, that the actuary...has to be positive for you to get a COLA. So not only did they cut our benefits...and ten percent back at the time, but we also thought we were going to get benefits going forward. Myself, I took the option for my wife, I thought I was going to get COLA's along the way, they were averaging about 1.5 percent, 1.25 percent at the time. I believe right now, if you look at the COLA's going back from the development of this retirement system in 1988, we were averaging about a 1.25 percent, I think it's down to .85 now, and getting back to the Finance Director's point, this COLA was to be granted in 2013-14, I believe. We didn't get it till 18, but it had been ten years since the retirees got a COLA. Now we have a lot of older, older retirees. Most of them had died and a lot of them, their wives are getting their benefits now, because again, at the time when they retired, they paid for a reduction in their benefits to protect their wives, so they would continue to get a COLA, not the COLA, but retirement benefits and COLA's along the way. Well, they are not getting that. Those people are really hurting bad and I know you are going to hear from a lot of them today. If the city can't afford the full 5.1 percent, we are pleading with you, please, you have to give something. If not now, when? They've waited and waited and waited, and I know that the benchmark or the finish line for the city is like 13-14 years for the funds to come up to where they are supposed to be, and if this slows it down a little bit, we are sorry, but you know, we've been slowed down quite a bit here. It's time for the city to take into account everything the employees have done. The sacrifices they've made in the past with benefit reductions for one, huge, hugely for the guys working there now. The city got an immediate impact on a reduction and we think it's time for them to come forward and give us some kind of COLA. It's a long time coming, and it's been over ten years and the COLA that we did get 13 and 14, that's over now a 12-year period. So, we please urge one of you to make a motion to grant some sort of COLA, discuss a COLA amongst yourselves. We would greatly appreciate it. Thank you.

City Clerk Urquia: Mr. Mayor next is Dan Thornhill.

Mayor Valdes-Fauli: Yes sir.

City Clerk Urquia: Mr. Thornhill would you please raise your right hand. Do you solemnly swear or affirm that the testimony you will offer today is the truth and nothing but the truth?

Mr. Thornhill: I do. Thank you, Mr. Mayor and Commissioners, Mr. City Manager and City Attorney for the opportunity. Mr. Mayor, first and foremost, my wish to you and your wife for a quick recovery and good health and to have this behind you as soon as possible.

Mayor Valdes-Fauli: Thank you Dan. We've been good friends forever. Thank you.

Mr. Thornhill: Yes sir. And we have. Just to tag a little bit on what Mike Chickillo said, a little bit of the history. In the old days, the late 50's even early 60's, the firefighters of the time, Coral Gables firefighters, they opted out of social security and they did that for several reasons. One, back then the salaries weren't where they are today and they all worked a second job and they

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were paying social security twice, so they worked with the city and said, hey, let's save some money on both sides and eliminate that. And at the time, the city said, alright, we appreciate that and we are going to give you a little extra benefit that the other employee groups won't have because they do get social security, and over the years that benefit has eroded to where all the employee groups are getting the same thing that the firefighters have, and the firefighters don't get social security. And to take it one step farther, we are talking about a set of finite group of people. Diana Gomez, she's a wonderful person, I love her, I've known her for a long time, but numbers can be misleading, we all know that. And when you talk about numbers, let's talk about some other numbers. Let's talk about the fact that when the city started this lawsuit, over 100, over 100, I think it was 107 employees died before that settlement was resolved. The city came to the firefighters and said, if you do this for "X" amount of years, we'll give you this. The firefighters did that, but then the city at the last minute, after they separated services, we are going to change that, and that's not right. Often when you have a business decision, you don't want to put a face to it, and I understand, I've made many business decisions and I try and keep it, focus on the decision at hand. But on this one here, you have to put a face on it. If you look at the firefighters, look at their widows. It's a limited population that sadly is going to go down and it's going to go down fairly quick. We have an older population of firefighters that didn't have the protection and training that we have today, they have cancer, they have respiratory issues, they have passed away. I had a phone call the other day from a widow, she's in her early 80's, and she was saying, Dan, what's going on, I haven't heard or seen anything, and I said, well, there is a Commission meeting coming up and we are going to plead to see if they will do something. And numbers, like I said, when you look at the unfunded liability. If you go back in the late 80's, even early 90's, we were at a 6 percent unfunded level. And then over the years, for different reasons, those numbers have changed. But it's not through the retiree's fault and it's definitely not at the widow's fault, but yet they are having to bear the brunt of that. And if I had made a deal with you and at the last minute when you came to be paid for, and I said, well, I'm not going to do that, I'm only going to give you this, I'm sure you would have a problem with that. That's what's happening with our retirees. And again, I have to focus on the fact that this COLA isn't a...funded, so therefore it's going to show under the unfunded actuarial accrued liability, it's going to show increase, but understand those numbers are going to go like this. They are not going to go up and it's never going to have more people in it. It's a finite group of people that sadly, are going to pass away and then it will go away, but in the meantime, they did what they were supposed to do and they retired under those conditions and they made more importantly retired decisions predicated on those benefits that were in place, and then they were taken away. And you have to sit back and say it's not right. And I know everybody in their mind is saying that and I know that it's hard to say it publicly, but you know what, that's called leadership, and that's political leadership as well. And at the end of the day when you have their faces on it and you put a face to the issue, put your own face on the issue so when you go home tonight and you look in the mirror and you sit down with your family, you can say, you know what, today I did the right thing. I did the right thing for these firefighters that did the right thing for us, that worked through hurricanes, that worked on Christmas Day, that worked mandatory overtime, to always be there 24 hours a day, 7 days a week. It's not right. The numbers that we have are from the city's, excuse me, the pension's actuary, and it's a breakdown of 5.1 percent, 4 percent, 3 percent, 1 percent, 2 percent. Please take a moment to look at that. It's not that expensive, and again, I have to emphasize, it's a finite group of people and that population

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is going to go like this, and sadly in the next couple of years it's going to go really down, because of the age and the health of these people. So, please. I agree with Mike Chickillo and Mr. Mayor, like we said, we've been friends a long time and I know last time this came up, you and Commissioner Mena were receptive to try to do something, and to try and say is there something that we can do to help out a little bit. Today you can. And I plead with you, please for these people and for their widows that did the right thing, please do the right thing today. Do something. Make a motion, let's get a second out there, get a vote, and start the New Year off with everybody at least going in a better direction. The economy is getting better, the city is getting better, the retirees are not. It's a finite group of elderly people and/or their widows that need help and they did the right thing, that's what's so frustrating. When I talk to other people, sometimes – they did the right thing. They didn't do anything wrong. They did what they said they were supposed to do, and then it was changed, and it's not right, and there is nobody on that dais that can sit back and disagree with me. I know that, I'll speak for them. So, today please, please, please, I'm pleading with you to do the right thing for them. Put that face on that issue and at the end put your own face on that issue, and go home today and sit back and say, you know what, today I really did the right thing. I made a difference. I did the right thing, and I made a difference in the firefighters and their widows that did the right thing. I urge you to do that, please, please, please. Have a happy Holiday and Merry Christmas to all and again, Mr. Mayor and to your beautiful wife, I wish you a fast, fast recovery, please do the right thing today.

Mayor Valdes-Fauli: Thank you my friend. Thanks a lot. Billy.

City Clerk Urquia: Next is Javier Brusos. Do you solemnly swear or affirm that the testimony you'll provide today will be the truth and nothing but the truth, sir?

Mayor Valdes-Fauli: Javier, you are muted.

Mr. Brusos: Can you hear me now?

Mayor Valdes-Fauli: Yes.

Mr. Brusos: Mr. Mayor and Commissioners, I want to take this opportunity to thank you for giving me the opportunity to address you today. Back in February of 2019, I shared with you a message that I received from the Chief of Police when I got hired back in 1994, and one of the things that he said was that, as I was getting sworn in, was that I was entering a family and I believe that the message is as true today as it was back in 1994. But when we enter a family, we are supposed to take care of one another, especially in our time of need. I believe that no one has felt the effects of the crisis we are going through right now with Covid more than the retirees. It has affected them medically, as well as financially, and we have some retirees that through the course of their career, they had to leave early, earlier than expected, due to medical reasons and other reasons as well. I know some spouses that are well into their 70's and they are living on half the retirement that their husband left them, because their husband passed away. I believe that now more than ever, we cannot, and we should not turn our backs on our retirees. I ask that you look at the situation and supply some type of relief for our retirees. There are many options that are available to you. You

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have the option of granting the COLA; you have a thirteenth check; adjusted COLA. There are a lot of options that you have in order to provide some relief to these retirees, and I would ask you to please do something for this. And to echo what Mr. Thornhill said, please do the right thing. Thank you.

Mayor Valdes-Fauli: Thank you. Billy.

City Clerk Urquia: Next is Harry Pickering. Do you solemnly swear or affirm sir that the testimony you will provide today will be the truth and nothing but the truth?

Mr. Pickering: I do. Thank you. My name is...

Mayor Valdes-Fauli: Harry you are muted.

Mr. Pickering: Okay. Hi, Harry Pickering, retired Major, Coral Gables Police Department. I retired in 2006. Mr. Mayor, Commissioners, I as well as a number of retirees understand that the City Commission may not grant a COLA to the retirees this year, because of the risk assessment and what would become a staggering \$18.4 million dollar increase to the unfunded actuarial liability and the additional annual contributions that would be required to fund it over the long term. But as President Javier Brosos from the FOP just stated, there are other options. Many of us realize this and we understand the situation. We are thankful that the Retirement Board and the City Commission developed a 15-year plan for recovery for our pension fund through supplemental additional contributions which began on October 2015, to bring down the liability of the fund. This plan for recovery has already had a dramatic impact on improving our pension funded ratio now standing at 65.1 percent. As my former colleagues in the Fire Department have stated, it's been 12 years since the City Commission last willfully awarded us a COLA, and that was on January 1, 2008, and that was a 2.3 percent COLA. Ten years later, on May 7, 2018, the City Commission approved a resolution motion and ordinances which...us a 3.225 percent COLA, but that was the result of the settlement of a lawsuit, that wasn't the result of only a vote on the COLA. At this time, what I propose and like I said, President Brosos mentioned other options. There's the thirteenth paycheck, there is a reduced COLA. I have another idea, which has been stated. It was stated last year also, and that is, I propose in lieu of a COLA something similar to what we all recently received as a result of the CARES Act, or so-called stimulus check. If the city funded, for example, a \$1,000, one-time only cash bonus stimulus check, to each of its approximately 800 retirees, the total outlay would be roughly \$800,000. A \$1,000 stimulus bonus would go a long way to helping us to continue to feed and clothe our families, pay for our car and our house loans, our auto and health insurance, pay off our bills and debts, you name it. Our 800 or so city retirees represent an approximate total of 24,000 years of service to the City of Coral Gables and its residents. The fund should not come from the retirement fund, but from other sources as to not further impact the continued recovery of our pension fund. Last year the city realized a windfall of over \$5 million dollars in FEMA reimbursements, and another \$10.5 million dollars from the sale of our former Police Benevolent Association System and clubhouse property located at 7350 Coral Way. There are other sources of revenue that can be diverted to show your recognition and appreciation for your past loyal and dedicated workforce. We helped build the city, we all made it

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a better place, a safer community. One that is more responsive to the needs of its citizens and a beautiful place to work and live. Thank you for giving me the time to provide my input. And Mr. Mayor, I wish you and your wife the best of health and a quick recovery, and my wife and I have you in our prayers. Thank you.

Mayor Valdes-Fauli: Thank you Harry. Thank you very much Harry. Billy.

City Clerk Urquia: Next is Mr. Timothy Daniels. Chief Daniels.

Chief Daniels: Good afternoon.

City Clerk Urquia: Good afternoon, sir. Can you please turn on your camera, there you go. Please raise your right hand. Do you solemnly swear or affirm to the testimony you will offer today is the truth and nothing but the truth?

Chief Daniels: I do swear.

City Clerk Urquia: Thank you.

Chief Daniels: Mayor and Commissioners, City Officials, first of all, a point of personal privilege, Mayor, you and I also go back a long time. We supported your first run for Mayor, which was unsuccessful, and we took some heat for it, but we came back and supported you again the next time.

Mayor Valdes-Fauli: Thank you. You certainly did.

Chief Daniels: Yes. And have been honored to call you my friend for the 30-plus years it's been.

Mayor Valdes-Fauli: We have been friends, that's right.

Chief Daniels: Wishing you all the best in your upcoming retirement, as I understand it. To the issue of the pension. You've heard some good ideas and I hope that in your wisdom and in your capacity as the leaders of the city, you will show that compassion. Earlier there was a discussion about helping the businesses of Coral Gables who are really hurting right now, as are so many others, including some of the citizens of Coral Gables themselves. But your decision to help those businesses is entirely appropriate and by the same token the need to help these retirees is critical right now. We have people, especially, it hasn't been mentioned but I'll say it for them, members of the General Employees Association. We have people who are living on pensions that are miniscule and some of these people, unfortunately, are actually qualified for food stamps and other kinds of assistance and yet they served the city capably for years and earned pensions. Please, find it in your hearts, find it in the budget. You have options that have been presented to you. Don't let this issue die. Someone make a motion, kick around some ideas. Its affordable. It's necessary and please just do the right thing for your employee's past, present and future. And I thank you very much for your time. All the best to you, Mayor. Merry Christmas, Happy Holidays to all of you.

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Mayor Valdes-Fauli: Thank you. Thank you, my friend. Billy.

City Clerk Urquia: Next we have Javier Banos Machado. Mr. Banos, please raise your right hand. Do you solemnly swear or affirm that the testimony you provide today will be the truth and nothing but the truth?

Mr. Banos: I do. Mr. Mayor, members of the City Commission. I wanted to provide a somewhat different perspective on the lines of what Diana has given with the prior speakers. As you well know, I've been serving on pension boards since, I believe, 2007, and I had the privilege to serve on the Retirement Board for two years, a two-year term, which this was a pressing issue. The reason we are here is, because there is...that says the plan like our current plan cannot offer a COLA. We had a lawsuit, given there were contractual rights of the employees, this was a settlement arrangement Retirement Board. It's not providing an approval. The arrangement you provided essentially says, if there are certain parameters that are met, they have to recommend a COLA to you, but as Diana well pointed out. Granting a COLA to the plan would essentially erase the significant improvement the plan has made over the past years. As it is today, if you study the Actuarial Evaluation Report that currently has a...return of 7.6 percent, I think it's going back down, I promoted in the board, by about half of a percentage point. If you look at that arrangement that is rosier than many plans are. It is rosier than the actuary recommends, and it has about a one-third chance of actually occurring. So, this is a significant mortgage and granting a COLA all that that would do is to impose a further liability and to further dig the hole that we are in, unfortunately, to all these employees. If it is in the budget, which we believe we had to cut \$15 million out of our most recent budget, if it's in the budget grant, the more than likely serving retirees, it's some degree of a benefit and Diana can work her magic and that can be available. That should definitely be something that you could look into it, if there are no other priorities that are more important than this one. But I want to discourage you wholeheartedly from further digging this hole and further mortgaging the future of our city. This is an albatross that is constantly, constantly creating a problem for us financially. It has a certain bond rating. It hampers our ability to engage in all the development and fortunately we are one of the most underfunded plans in the entire state. I commend the Commission and I commend the Board; we have done great work to get to where we are. We should continue doing great work for the future, as well as Chairman Gomez, when he was the Chairman and \_\_\_ Nunez, their leadership shown on getting this done. But we cannot continue to...that is what has got us here. That is what left us in the particular predicament that we are in, especially all the benefit structures are out of the control of...My heart goes out to them, but this is not the fiscally responsible thing to do, especially in a year as dire as this one. We have a situation recently with Covid in which in 60 days the pension was a million dollars a day. Thankfully, we were able to recuperate most of that money, most of that money came back and it came back to a large degree, which is why you have the question coming in front of you today. But that's not guaranteed. We could have market downturn in the next year. We've had ten years of recovery and the market has done wonderfully. What you are seeing is a reflection of that. That is not a guarantee for the future. We cannot make the situation worse. I discourage you from taking this and approving a COLA. Do something else if you still want to do something to benefit the employees.

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Mayor Valdes-Fauli: Thank you. Thank you, Mr. Banos. Billy, how many more people do we have left?

City Clerk Urquia: Just one, Mr. Mayor, Mr. Thomas Zelinack. Sir, please raise your right hand. Do you swear or affirm that the testimony you will provide today will be the truth and nothing but the truth?

Mr. Zelinack: Yes, I do. Good morning Mayor, or afternoon now. Mayor, Commissioners, City Manager Peter Iglesias, thank you for allowing us to speak today on this. As you know, your city employees have been showing up every day during this crazy time that we are living through right now. We show up. We come in, we work, we give it all we've got. We take time away from our families so that we can be there for the city resident's needs. We got sick, we got over 35 firefighters in the Fire Department got sick during this time, but that's what we do. We show up, we come in. We get healthy, we come back, we do it again. We are here for you guys. All we are asking is that you guys are here for us. I know this doesn't have much of an effect on most of the people that are still working, but it does have an effect on the people that did exactly what we are doing now, which is show up. They showed up, they went through things before Covid that were just as deadly and just as dangerous as they are now, but they kept coming in, they kept coming in, they showed up. Please find a way to show up for us now or show up for these people that showed up back then. Thank you. I won't take up any more time. A lot of things have been said. Please have a discussion, find a way to do something that can affect the lives of these people that showed up.

Mayor Valdes-Fauli: Thank you sir. Thank you. Billy.

City Clerk Urquia: Actually, I have one more Mr. Mayor, Charlie Davis. Good afternoon sir, please raise your right hand. Do you swear or affirm that the testimony you will provide today will be the truth and nothing but the truth?

Mr. Davis: I do. Mr. Mayor, I'd like to start off with wishing you the best in recovery. It's a tough time and I hope you make it through successfully.

Mayor Valdes-Fauli: Thank you sir.

Mr. Davis: To the rest of the Commission, thank you for having me. Some of you have never seen my face. I was a dedicated city employee for over 25 years. Started in the Public Works Department and ended up in the Fire Department, retired as a Division Chief. I had a stroke, I was out on disability, didn't have the benefit of a DROP program. Both my mother and father were city employees, so my family has kind of dedicated all of our lives to the city. You've heard in the past from a couple of the other employees, including Mr. Zelinack. I came to work everyday and did what I promised to do, and the city had a part in that. They promised to come through and do what they were supposed to do. I've literally, I've been gone for 15 years due to my stroke. I've gotten very, very little COLA's, actually a cost of living increase. The cost of living has gone up.

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My property taxes have gone up. The tax base in the city has gone up. I just urge you to do the right thing and help the employees that did the right thing. For 25 years I came to work everyday and did the right thing, and now I'm just asking you to do the same. So that's all I have. Good health to everybody and have a Merry Christmas.

Mayor Valdes-Fauli: Thank you sir. Thank you very much. Billy.

City Clerk Urquia: Mr. Mayor, Rick Cook.

Mayor Valdes-Fauli: Mr. Cook.

Mr. Cook: Yes sir.

City Clerk Urquia: Good afternoon sir. Do you solemnly swear or affirm that the testimony you will offer today will be the truth and nothing but the truth?

Mr. Cook: I do. Good morning Mr. Mayor, Commission, City Manager, Madam Attorney, its nice to see you again Mr. Mayor and I do pray for you and your family and we have been praying for a quick resolve. I am here today as a former Fire Chief, worked 34 years in the Fire Department and I loved every day of it, but this is not about me at all. I'm here today to speak on behalf of my brothers and sisters, firefighters who served before me and were my mentors and mentors of many people serving today. Unfortunately, most of these firefighters have passed away, and they are not available to speak for themselves, and every Fire Chief before me has passed away. This is not an anomaly, but an unfortunate fact that due to the multiple factors in hazards faced daily by firefighters, they usually die before the normal population does. This COLA is dearly needed by those older firefighters, who are living with an income that is not compatible with survival in South Florida. I have many times reached out to our various members. I've driven some of them to doctor's appointments. I've worked on their houses. They are not in good shape. These older firefighters were great mentors to myself and all those who spoke before, and I'll mention a few names, men such as Don Bender, Neil Gray, Chief Larry Brocket, Chief John Curry, and recently just a few months ago, Chief David Teams. They all had a big impact on this Fire Department and on me personally as my mentor. We cannot abandon these great warriors who kept this city safe and our citizens safe, while putting their lives at risk and on the line. Many of these retirees are living on substandard or even poverty level today and this is immoral in my mind. Please consider these loyal family members when deciding your vote, that was a promise at the time of their retirement through a legally binding contract. It is the morally correct thing to do and it speaks volumes of how our city treats the loyal retirees. Our retirees receive next to nothing from social security, which is a great savings to the city and has been mentioned, and almost all of us have worked a side job. When I retired as a Fire Chief, I taught for nine years in the university. So, please do not mistreat our employees who gave more than one-third of their life in protecting this city and grant them some sort of COLA as voted on unanimously by the appointed Retirement Board. I'm just looking out for all of these people and I know they are suffering, I see them all the time, and before they die, I would like to see them have some respite in their conditions they are

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in now. I wish you all a Merry Christmas and God bless all of you and please consider some solution to this. I thank you.

Mayor Valdes-Fauli: Thank you Rick. Okay.

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

Mayor Valdes-Fauli: That's it. Alright. Miriam, do you want to guide us going forth.

City Attorney Ramos: Yes sir. I will read the factors that you should consider in accordance with the Alternative Dispute Resolution Mechanism. Whether the present value of the proposed COLA exceeds the net actuarial experience. Number two, the amount of the unfunded actuarial accrued liability and whether it has been declining or increasing and the amount of the decline or increase. Number three, the amount of unfunded actuarial accrued liability and the amount by which it will increase if proposed COLA is granted. Four, the number of years since the last COLA was granted. Five, the percentage increase of the last COLA that was granted. Six, a single year actuarial experience of retirement system for each of the seven preceding COLA's and the net actuarial experience over the preceding seven years. And finally, the increase or decrease of the consumer price index issued by the U.S. Bureau of Labor Statistics. All of these factors are addressed in the Finance Director's memorandum.

Mayor Valdes-Fauli: Right – okay. I guess its time for the Commission to opine. I'm very sympathetic to the COLA recipients. When I left the City Commission, when I left as Mayor in 2001, we had a fully funded pension plan, and we had the resources to currently take care of our pension plan and our retirees. When my successor left, we had a \$250 million dollar deficit in our retirement plan, and subsequent administrations have very courageously reduced that \$250 million to \$206 million or \$203 million now, \$206 million dollars by making, what I understand in the last few years has been \$20-\$25 million dollar extra contributions to what we would have had to make to take care of our current retirees, and the plan hadn't been at zero. I am troubled by what our Finance Director says that our unfunded liability would go up by almost half of what we had cut in it. It would go up to put us in an unfunded position of about \$230-\$230-sum million dollars where we had reduced it from \$250 million to \$209 million. I'm very troubled by that and I am speaking of my responsibility as an elected official for the future and for future retirees. We don't know what – we have Covid, in 2008 and on we had a recession. I am very concerned about our ability to predict the future and...[inaudible]...granting this COLA based on the factors that have been read to us. I am not, however, against some alternative measure of compensation or measure of help for these people, as was suggested by one of you, one of the speakers, but I am against very much, based on the factors that we have considered granting this CO:LA. Commissioner Fors, you want to speak?

Commissioner Fors: Go ahead.

Vice Mayor Lago: Mayor, I think you hit all the points.

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Mayor Valdes-Fauli: I was doing it alphabetically.

Vice Mayor Lago: I think you hit all the points very eloquently. I have had and continue to have concerns in regard to COLA's. Personally, I don't think the city right now can withstand the COLA. There are multiple factors. Not only would it erase significant gains that this Commission and the previous Commission starting with Jim Cason have made in regards to biting into that massive unfunded liability, which as you mentioned before, has been reduced significantly, but we've also had a perfect ten years. We've had incredible earnings in the stock market and when you look at those earnings over that time period, look at the reduction in regard to the unfunded, if it's been about \$50 million dollars or so. That's over a ten-year period with the city putting in tens of millions of dollars. For example, this year we put \$5 million dollars additional gravy on top of what our requirements are; and those are \$5 million that could have been spent on sidewalks, on reducing the millage rate, on buying new equipment, on buying additional green space, on fixing this building, on a litany of projects that are required. I believe that our current and our past employees are essential to the city, but my decision today to not grant a COLA, and I also agree with the Mayor, I would have entertained potentially a different mechanism to grant a one-time lump-sum payment, but Covid and our close to \$8.5 million dollar loss this year also does not make that viable for me. So, I'm not granting this COLA today, because of the simple fact that we have a lot of work to do in regard to unfunded liability, and we have a responsibility as a Commission as a city to protect those retirees. If this spirals out of control and I understand smoothing and a five-year period, but if this spirals out of control like it did after Mayor Valdes-Fauli left office, to me, the people that we need to protect most are the retirees. And I understand there is a significant need, as many have mentioned here, but we are in a significant hole, \$200 million dollars and we need to be very fiscally responsible and careful on any bonuses that we give out, any COLA's that we hand out, especially in this, so I'm a no vote on this today.

Mayor Valdes-Fauli: Hello?

Vice Mayor Lago: Yes.

Mayor Valdes-Fauli: Yes, Commissioner Keon.

Commissioner Keon: I agree. I mean, if there is another way that we can talk about this, maybe that can be up for consideration, but we need to stay the path with paying down the unfunded liability that currently exist.

Mayor Valdes-Fauli: Thank you. Commissioner Mena.

Commissioner Mena: Thank you Mr. Mayor. You know, obviously anytime you deal with these types of issues relating to our retirees and listening to some of the comment's tugs on your heartstrings a little bit. We'll all love to just be able to – I look forward to the day when this memorandum we receive from Diana enables us to grant a COLA. The problem is that we are elected officials, we have a fiduciary duty to the city, to our taxpayers, we have people throughout the city that are on fixed incomes themselves and any decision that we make at this level impacts

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our taxes, our city's financial health and we have to always be cognizant of that and we need to be responsible fiduciaries of those funds. Everybody on this dais, one of the main issues when we all ran for office was the unfunded liability, there is no way around it. When you have a \$200 million-dollar unfunded liability, as the Mayor addressed earlier. When he left office the first time there was not one, but when all of us were elected that situation was in dire straits. And we've made a lot of effort, significant effort to try to reduce it, including making extra payments every year and making sacrifices necessary to try to get the city back to a point of being in good health financially. So when I read a memorandum from our Finance Director and one of the individuals who spoke earlier said that numbers can be misleading, I appreciate the point he is trying to make, but frankly, there is nothing misleading about these numbers. When I'm reading a memorandum that says, that approving this would increase our unfunded liability to over \$228 million dollars, it would increase our contribution requirements by \$2.5 million dollars, and perhaps worst of all that payment of this COLA would wipe out 83 percent of the progress we have made to date with the extra payments we've been making every year. That's crushing. It would undo so much of the progress we've made, and we just can't do that. We can't do that. We can't do that and look our residents, the people who elected us and tasked us with dealing with this issue among others, we can't look them in the face either and say, well we told you we were going to deal with this unfunded liability, but we granted this COLA that had this dire financial impact on that situation. The other thing I would say, I echo Vice Mayor Lago's comments that and we talked about in years past about possible one-time payments, but this year of all years, unfortunately is not the year for that, given the financial circumstances brought on by the current pandemic. And the last thing I would say is that, while I assure all the individuals who spoke today, we have the utmost respect for our firefighters and our retirees, they know that, and I appreciate that their task here today is to advocate for this, and as an attorney I have the utmost respect for that as somebody who advocates for others, but I want to be careful about, sort of painting a picture that indicates that somehow the city has gone back on its word in some way. We all collectively bargain every few years, we agree to terms, many of which have an impact on our unfunded liability, and we are all ultimately responsible for its condition today, and so we have to take ownership of that. And whatever issues may have existed previously, as was referenced earlier, there was a lawsuit, there was a settlement, we are here today as a result of that settlement where both sides agreed to certain terms; and so, as we talk about living by our word, we all have to live by what we agreed to as part of that settlement agreement, which is what leads us to the process that's before us today, the conditions that the City Attorney outlined that we have to consider. It did lead, I think in part at least, but there was in 2018, its been referenced, I think it's a 3.2 percent adjustment, and I understand, well that was from ten years, but the point is it happened in 2018, not too long ago, two years ago. So, we are doing the best we can, we would love to be able to do more, but I cannot in good conscience look at these numbers and the really tremendous impact, adverse impact it would have on our city's financial health, and in good conscience approve a COLA. That's where I am with it. I would love to have better news for you. I will say, I want to express some optimism which is that we really have been doing a good job of chopping away at that unfunded liability and every time we meet with our Retirement Board and talk about the projections, I really genuinely look forward to the day where our city is in a healthier position in that respect, because its going to have a significant impact, not only on our first responders, but on all of our residents and employees. That's where I am today.

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Mayor Valdes-Fauli: Thank you Commissioner. Commissioner Fors.

Commissioner Fors: Mayor, I'll make this very brief, I'm not going to beat a dead horse regarding the Finance Director's numbers...

Mayor Valdes-Fauli: Don't call the Finance Director a dead horse.

[Laughter]

Commissioner Fors: I did not. Not going to beat a dead horse on that. I feel everybody's pain who testified today. I think Commissioner Mena said it best, if it was ever a year, it can't be this year. I think that when you look at both private and public industries and every context, nobody is raising anything. I think all leaders in every context are, as painful as it may be, taking a defensive position, because we still don't know the full repercussions of the financial fallout of this particular crisis, and although the stock market is looking good, looking better than ever actually as of last week, there is a lot of very intelligent people who will tell you that there is a disconnect in the reality between what we are seeing in the stock market and what's actually going down in our economy and we may see the fallout of that in the next couple of years and for that reason I think its incumbent upon us just like every other leader in every other context to just take a more defensive position this year.

Mayor Valdes-Fauli: Thank you. Do I hear a motion? Madam City Attorney do we need a motion?

City Attorney Ramos: If you do not have a motion then the COLA stands, otherwise we need a motion.

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

Mayor Valdes-Fauli: Second?

Commissioner Mena: Based on the factors after considering each of them and after all the testimony we've heard today, I would second a motion to eliminate the COLA increase for members of the class, the gap members and the optout members.

Mayor Valdes-Fauli: Billy, would you like to call the roll?

Vice Mayor Lago: Yes  
Commissioner Mena: Yes  
Commissioner Fors: Yes  
Commissioner Keon: Yes  
Mayor Valdes-Fauli: Yes  
(Vote: 5-0)

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Mayor Valdes-Fauli: Thank you very much everybody and we did consider this based on the factors presented to us and the situation confronting us today.