

**City of Coral Gables City Commission Meeting
Agenda Item E-1
February 10, 2015
City Commission Chambers
405 Biltmore Way, Coral Gables, FL**

City Commission

Mayor Jim Cason

Vice Mayor William H. Kerdyk, Jr.

Commissioner Pat Keon

Commissioner Vince Lago

Commissioner Frank Quesada

City Staff

City Manager, Cathy Swanson-Rivenbark

Acting City Manager Carmen Olazabal

City Attorney, Craig E. Leen

City Clerk, Walter J. Foeman

Deputy City Clerk, Billy Urquia

Public Speaker(s)

Agenda Item E-1 [Start: 9:50:00 a.m.]

An Ordinance amending Chapter 50 of the Code of the City of Coral Gables, entitled "Pensions", amending Section 50-230, Normal Retirement Income; and providing for repealer, provision, severability clause, codification, and provision for an effective date. (This Ordinance does not modify pension benefits. It only serves to clarify the existing language to make it consistent with Florida Statutes, City Attorney interpretation; and current practices.) (Passed on First Reading January 28, 2015).

Mayor Cason: We move onto Public Hearings, Agenda Item E-1, this is an Ordinance on Second Reading relating to pensions, amending Section 50-230, Normal Retirement Income. Mr. City Attorney, would you read the title to the Ordinance?

City Attorney Leen: Yes Mr. Mayor. Thank you. This is An Ordinance amending Chapter 50 of the Code of the City of Coral Gables, entitled "Pensions", amending Section 50-230, Normal

Retirement Income; and providing for repealer, provision, severability clause, codification, and providing for an effective date. (This Ordinance does not modify pension benefits. It only serves to clarify the existing language to make it consistent with Florida Statutes, City Attorney interpretation; and current practices.) Carmen Olazabal will be sitting in as the Acting City Manager on this issue. This matter came before the Commission previously and was passed on First Reading. I just want to briefly restate the purpose for the ordinance. First, I would like to note that there has been one change to the ordinance between First and Second Reading; it's within the scope of the title. What it basically does is clarify that the actuarial experience is measured from the date that the statute was enacted, the statute that required us to look at cumulative net actuarial experience. So just to recap. What this ordinance does is that it basically adopts the City Attorney's interpretation and an interpretation of the Division of Retirement, which indicates that – which is all based on state law. Section 112.61 of the Florida Statutes indicates that cumulative net actuarial experience must be sufficient to fund a benefit and that this is from July 1, 1994, when the statute was enacted. Section 112.62 of the Florida Statute indicates that all of these provisions in that chapter, including Section 112.61, supplement or prevail over existing ordinances of a City. So this is really a part of our City Code. Its implied to be part of the City Code, it actually is by operation of law, based on Section 112.62, which you are doing today is you are placing those words into the actual ordinance, which in my opinion gives people clarity because they know that something that's already part of the ordinance by operation of law is now also part of the ordinance in its words, but it doesn't create any change because already the statute requires that this be followed. Just so you know, the actuarial experience related to the COLA benefit, from 1994 when the statute was enacted, is a negative \$358.2 million. In addition, funding the COLA, which in my opinion would be a discretionary act, would add \$70 million in liabilities to the pension and \$6 million per year to fund. Now this Commission has indicated there will be a workshop, and of course there is a pending lawsuit where these issues will be addressed, and I know that this Commission cares deeply about addressing it, but I've also been informed by this Commission that it will be done in a responsible manner and a manner that recognizes the significant liabilities of the pension; and when I said the number is a negative \$359.8, I don't want to confuse that with the deficit, the part of the pension that is not funded, the unfunded liability, that's in the \$200 million. Last time I looked it was over \$250 million. This is a different number. This number looks at how has the pension done since 1994, when the statute was enacted, looking at all the assumptions and how the pension has done compared to those assumptions and in that number its negative \$358.2 million, and that's the number that you look at, and that's why you can't fund, by operation of law you cannot fund this benefit from actuarial experience, because actuarial experience is negative and it's significantly negative. So that's a basic recap of why this ordinance is going forward. Again, it's based on a two-state statute and based on a City Attorney interpretation, and also an interpretation of the Division of Retirement. This is a public hearing Mr. Mayor.

Mayor Cason: Do we have any speaker cards Mr. Clerk?

City Clerk Foeman: No Mr. Mayor.

Mayor Cason: So we'll close the public hearing portion. Any discussion?- have a motion?

Vice Mayor Kerdyk: So moved.

Mayor Cason: Vice Mayor makes the motion.

Commissioner Lago: I'll second the motion.

Mayor Cason: Commission Lago seconds.

City Clerk

Commissioner Lago: Yes

Commissioner Quesada: Yes

Commissioner Keon: Yes

Vice Mayor Kerdyk: Yes

Mayor Cason: Yes

(Vote: 5-0)

[End: 9:54:20 a.m.]