

KEY WEST GENERAL PENSION PLAN

July 7, 2025

VIA EMAIL

Brian L. Barroso
City Manager
1300 White Street
Key West, FL 33040

Andy Madtes
Teamsters Local 769
1385 South Andrews Avenue
Pompano Beach, Florida 33069

Re: City of Key West Employees' Retirement Fund

Dear Mr. Barroso & Mr. Madtes

As Chairperson of the Board of Trustees of the City of Key West Employees' Retirement Fund ("Board"), I was directed to communicate with you, on behalf of the Board, regarding a potential amendment to the Pension Plan.

As discussed with the Board at previous meetings, including the June 6, 2025, meeting, the purpose of this letter is to inform labor and management that retirees in the Employees' Retirement Fund have not received a cost-of-living adjustment (COLA) since 2006. A COLA helps offset rising prices, helping to preserve retirees' purchasing power over time. Based on the U.S. Bureau of Labor Statistics CPI Inflation Calculator, \$1,000 in January of 2006 has the same buying power as \$1,621.10 in May 2025, indicating that a GE retiree's purchasing power has greatly declined over the last 19 years.

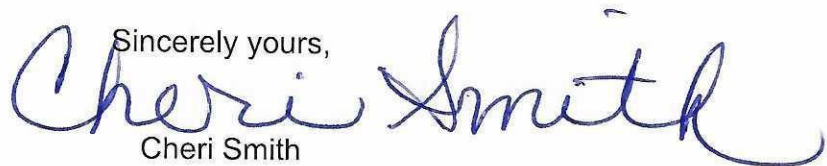
Pension benefits are, as you know, a mandatory subject of collective bargaining. While the Board recognizes that they have no formal role in that process, they wanted to bring this matter to your attention should labor and management choose to consider a COLA for retirees. With that in mind, the Board has authorized the Retirement Fund's Actuary to perform a cost study to determine the cost of the following:

- Providing current retirees who retired with twenty (20) or more years of credited service, with a monthly benefit less than \$1,000, a monthly benefit of \$1,000 during their lifetime;
- Providing current and future retirees, including DROP members and their respective beneficiaries who retire or enter the DROP after attaining their normal

retirement date, disability retirees and for survivor beneficiaries of members who are active employees at time of death, an annual automatic 2% COLA payable each January 1st commencing at the later of January 1, 2026, or following receipt of benefits for five (5) years.

The cost study, as well as a draft ordinance is attached. The Board is hopeful that labor and management can agree to this change, and it can be placed on the August City Commission agenda for consideration.

Should there be any questions from labor or management, the Board of Trustees or its General Counsel, is available to answer any questions. Thank you for your attention to this matter.

Sincerely yours,

Cheri Smith