

- CITY INABILITY TO MANAGE
- POOR

Subject: Pension Reform
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The Chairman of the Jacksonville Retirement Reform Task Force "Point of View" column -Times Union November 3 -provides a number of key issues for pension reform resolution. Here are thoughts on those as well as other issues:

1. Learning Lesson -Jacksonville's pension debacle is more than a crisis. It is an example of, at best, gross malfeasance by past and current mayors, councilmen, police and fire union leaders and pension fund administrators. The Times Union would serve the public well by expanding their investigative reporting so taxpayers can better understand how we got to this disgraceful stage over the past 30 years.

2. Responsibility - All parties must share in the pension reform pain. Taxpayers, however, should not be subjected to the majority of the pain. The Chairman's article seems to imply that the concept of a pension plan for police and fire, although perhaps modified, will continue forever. A defined benefit plan needs to be instituted for future hires and some level of modification of benefits for current retirees may need to be explored, if feasible.

3. Governance - The total cost of police and fire consumes approximately 50% of the City's operating budget - \$500 million or so. The City - Mayor and Council - must have absolute control over the pension component. The irresponsible performance and self-dealing of the current fund administrators is repulsive to taxpayers and action must be taken to remove them and audit the legality of their past actions.

4. Integrity of the Figures - The Task Force needs to "vett" all of the financial figures used in the reform. For example, what are the accounting and actuarial standards used to calculate rates of return, discount rates, mortality rates, the value of fund assets, the unfunded liability and annual pension cost. Government standards are not always the most realistic compared to private sector standards. All rates need to be compared to not just other government bodies but also the private sector where informative.

5. Pension Reform Impact on City Future - Any solution recommended needs to clearly describe the financial impact on the City's balance sheet and related risks - bond rating,

to describe the financial impact on the City's balance sheet and related risks - could not be a pension reform impact on City Finance - any serious recommendations have to clearly

the first other government bodies and also the private sector where appropriate. What reform is required to private sector standards. All rates need to be compared to published publicly and similar pension cost. Overall, current standards are not always the best choice, risks of various "discount rates," monthly rates, the value of such assets, the need to the reform. For example, what are the accounting and actuarial standards used? A majority of the figures - the Task Force needs to "leave" all of the financial figures

rather to remove them and to give the reality of their best actions. The design of the current and administrative is relative to taxpayers and other what be of the city, or in the pension contribution. The measurable performance and cost - City's operating budget - \$200 million or so. The City - Mayor and Council - what are the 300 employees - the total cost of police and fire consumes approximately 50% of the

submitted if feasible. What are the risks of modification of benefits for current retirees may need to be modified, and continue to have a defined benefit plan needs to be modified for future. It seems to imply that the concept of a pension plan for police and fire is strongly opposed however, should not be subjected to the rigidity of the plan. The Commission's article 5 is particularly - all pension plans exist in the pension reform plan. "Taxpayers"

imposed on how we deal to the "regulatory" side over the past 30 years. The public will be evaluating their individual reporting as taxpayers can report and the union leaders and pension plan administrators. The Task Force would have examples of other cities that successfully pay and control wages, control pension costs and pension - "successful" pension on average is more than 9 other. It is an

conclusion. There are proposals on these as well as other issues. Summary - There is no proposal 2 - provides a number of key issues for pension reform. The Chairman of the Jacksonville Retirement Reform Task Force "Point of View"

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cash flow and reserves as well as the ability to handle future challenges. Restructuring benefits should be first determined before use of "pension bonds" is considered but all options need to be evaluated. Jax Vision 2025, Downtown Investment Authority, Port expansion and the continuing challenges of a struggling public school system and the City's high crime rate are all examples of major potential funding needs.

6. Taxpayer Buy-In - The Mayor, the City Council and Task Force must communicate the alternatives and their best recommendation to taxpayers and achieve a reasonable level of buy-in from taxpayers. That communication must describe the strengths and weaknesses of any proposal and related risks.

7. Do It Right For Once - The Mayor, City Council and Task Force must do it right the first time, no matter how painful. Taxpayers reject gamesmanship to get through elections or city "leaders" playing hard ball with taxpayers but softball with each other with. Administering pain in pensions while secretly granting benefits in other areas or pushing out reform to the "out years" are examples of this type of sophistry.

8. Fairness - All taxpayers, despite the damage done to them, want to achieve fairness to the rank and file of police and fire in any actions taken.

