



“REAL SCOOP”

Retired Employees of the Consolidated City of Jacksonville

President’s Message

I would like to talk to you today about five subjects relating to the City’s proposal for pension reform. These subjects deal with Sick Children, the Florida Lottery, Door Burners, the Book of Genesis, and the Katrina Twins. You may ask yourself what these subjects have to do with pension reform and City’s Retirement System. But when we are through, it will all make sense how all of these seemingly unrelated subjects come together to explain the current situation the City finds itself in terms of the large unfunded pension liability and rapidly escalating costs of the City’s Retirement System.

First let us address the subject of Sick Children. The recently issued JCCI Report on City finances chronicled the large disparity between the levels of City pension contributions made to the City’s different retirement plans. The JCCI study documented the fact that the City contributed more than six times the rate of contribution to the General Employees Pension Plan (GEPP) versus the Police and Fire Pension Fund (PFPF) over an extended period of time. These two pension plans symbolize two children. In this illustration, the GEPP represents one child who is well fed, clothed, and cared for. By comparison, the PFPF represents a second child who is poorly fed, poorly housed, and asked to work in the field for long hours in the hot sun with no hat on. When you consider the much different treatment of these two children over a long period of time, it is no wonder that years later, one child grew up relatively healthy and one child grew up very sickly. This analogy parallels the different levels of City pension contributions extended to the GEPP and the PFPF. After years of being put on a financial diet it is also no wonder that one pension plan has a large unfunded liability and is in need of catch-up contributions. The Mayor likes to say that the City’s unfunded liability situation is like Social Security on steroids. It is more like the provision of badly needed protein after years of neglect. Despite this treatment, the PFPF is pre-funded at the level of 52% and the GEPP is pre-funded at the level of 70% for the next 30 years while Social Security is basically a pay-as-you-go proposition with essentially no pre-funding.

Let us now turn our attention to the Florida Lottery. You all remember the promises of the Florida Lottery. You were told that if you authorized this form of gambling in our State we would have solved the issue of funding the needs of education. As we examine the record, many people suspect that the State used the Lottery revenue as a tool to divert other funds that otherwise would have found their way into education budgets. A similar experience is found in the State Chapter Funds that are described in Sections 175 and 185 of the Florida Statutes. These Chapters describe a small tax that is tacked on to our homeowners policies, sent to Tallahassee, and re-routed back to the hundreds of public safety pension funds that are established throughout the State. The State legislation stipulates that this source of funding is to be used for “enhanced pension benefits” for public safety pension plans. This source of funding dates back to 1939. After almost 50 years of these dollars flowing from the State to local governments, local pension plans began to ask questions about whether these dollars were in fact being properly used for “enhanced benefits”. The ability of the City of Jacksonville to get by with the low level of City contributions over the years was partially made possible through the City’s reliance upon the State’s Chapter Funds to pay some of the bill. This is the same technique seemingly used for the Florida Lottery revenues. After realizing that the Chapter Funds were in fact being improperly converted by local governments, pension plans across the State began to file a number of class action suits and many plans sought and received corrective measures before their respective City Councils. The dispute was resolved locally between the PFPF and the City by their agreement to enter into a Settlement Agreement. This Agreement manages the Chapter Funds and earmarks their use for “enhanced benefits” over the period extending to September 30, 2030. The agreement was intended to resolve all differences and charged both parties to work harmoniously together to enforce the provisions of the contract. The Mayor is currently pursuing a campaign that would cut pension benefits that are contractually provided for through the year 2030. Thus, the harmony has been disturbed. The members are understandably sour on this idea inasmuch as they advanced many millions of Chapter Funds to purchase the current package of benefits over a 30 year period. Members are sympathetic with the Mayor’s Budget issues, but they feel that a contract is a contract which one party cannot unilaterally abandon.

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Now to the subject of Door Burners. There is a story of a family that lived in a cabin in the northwoods. As winter arrived they failed to fell trees and gather wood for their fireplace. A storm and a severe winter came early in the year. They became very cold and huddled together to stay warm. When they could not stand it any longer, they started to strip the cabin of its interior doors and threw them into the fireplace. This felt good for a time but the fuel quickly was gone. They began to get more desperate and decided to pull off the front and rear doors for fuel. This too felt good for a time, but resulted in a far worse and far more costly situation. This story parallels some of the recent fiscal practices of the City and the JEA. Both entities were previously driven by the desire to provide the lowest taxes and the lowest electric rates to the citizens of our community. Like the Door Burners in our example, this felt good for a time. In their effort to maintain this posture they burnt many doors. The JEA drew down its reserves to dangerously low levels. We are now seeing the result of this shortsighted policy in the form of multiple rate increases within a relatively short period of time. The City also cleaned out many reserves and trust funds to avoid dealing with the issue. You all remember the City's past millage reduction campaign. We drove down the millage rate to unsustainable levels in our continuing drive to have the lowest taxes in the country. The millage reduction program was partially made possible by the City's decision to declare "pension contribution holidays". The City was able to avoid making payments into the pension funds through the use of this budgeting technique. The City commenced the practice of declaring "pension contribution holidays" in 1992. This practice continued for over a decade. The City now recognizes the folly of this budgeting technique and has declared that they will never do it again. That decision has effectively been made for them already because the pension reserves that had formerly been used are essentially depleted. The use of pension reserve to engineer pension contribution holidays has cost the pension funds over \$275 million. Future generations will pay this bill.

Now to the Book of Genesis. The Book of Genesis describes the story of Joseph and the dreams of the Pharaoh. Joseph correctly interpreted the dreams that foretold the future of 7 years of bountiful harvests followed by 7 years of famine. After accepting these future events, the Egyptians gathered grain and stored it in a warehouse during the 7 bountiful years for use during the following 7 years of anticipated famine. We can associate the 7 bountiful years with the bull market of the 1990's which delivered extraordinary gains in the stock market. We can also associate the 7 years of famine as the period from 2000 to the present time. As the bull market of the 1990's raged, many pension plans maintained sound funding policies and continued to make strong contributions to their pension plans. Others took the opportunity to introduce unsustainable practices. One example of a program that consistently followed sound funding policies during the good times and the bad times is the Florida Retirement System (FRS). The FRS increased their funded status to 118% as the bull market ended. This financial cushion served them well during the 7 years of famine that followed. As recently as 2008, the FRS still had a funded status of 107%. This posture has since weakened, but they are still about 95% funded. Other plans, such as the City of Jacksonville, did not have the financial cushion to effectively deal with the 7 years of famine and must now address the aftermath of its past funding policies.

Finally, let us now discuss the Katrina Twins. Hurricane Katrina is described as an event that happens only once during a 50 year period. In the financial markets we have encountered 2 Hurricane Katrina's within a span of 6 years. We endured the first Hurricane Katrina with the dot com market crash that started in April, 2000 and continued through the year 2002. This event at its time was documented to be the worst market set-back since the Great Depression. This event was thought to be our 50 year financial storm. Then 6 years later, we encountered the global financial crisis that continues to this day. The impact to financial assets during the current episode has now been documented to be the second worst financial event since the Great Depression, pushing the dot com crash to #3. Given the fact that we have suffered twin financial disasters within such a short period of time, it is no wonder that we have a large unfunded liability and must now contribute more resources to our pension plans.

The Mayor and other City officials are currently pursuing a campaign of pension reform. They paint the picture that pension benefits are too generous and must be cut back to deal with the rapid increase in pension costs. The situation that we find ourselves in currently is not primarily the result of too generous pension benefits. The primary culprits are the City's past funding policies and the impact from the Twin Katrina's. We have looked at the current pension benefit structure and find it to be very mainstream to what you will find in many other public pension plans. The Florida Times Union conducted a survey in September, 2008 to address this issue. They found that the Jacksonville PFPF had a lower pension benefit structure than all of the other major pension plans that were surveyed.

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The City Retirement System has been demonized by the City and the press for over a year now. Much of the information that has been circulated to advance this campaign is baked with half-truths and misinformation. We recognize that the City is in a very difficult financial situation and that our citizens are facing difficult times. However, the effort to position an overly generous pension benefit structure as the root cause of the current financial situation is inaccurate. If the City is able to totally eliminate the cost of employee benefits for all new hires, it will not change the current need to pay off the unfunded liability of the City's 3 pension plans, all of which carry substantial liability.

Sheila Sharp Caulkins

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NEWSLETTER

Gordon Robbie, Editor
Andy Sabol, Correspondent

Teacher: "Why do we have a Thanksgiving holiday?"

Student: "So we know when to start Christmas shopping!"

This newsletter will be published every two months for the benefit of the members of the Retired Employees Association of the Consolidated City of Jacksonville. It is your newsletter and you're welcome to submit items to the editor. We consider our membership our best source of news and information and invite your participation in this publication and in all the Association's activities. For inquiries and to give news articles, phone (904) 854-0777, mail to: Retired Employees Association, P.O. Box 37472, Jacksonville, FL 32236, or e-mail klooney@reajax.com.

Deadline for copy for the next issue is Dec. 17.

Honoring Veterans...Something to think about

Veterans Day has been in the headlines of late as a result of a political situation, so it might be a good time to put something in the newsletter about the history and purpose of the holiday to keep things in perspective.

Remembered and honored around the world this holiday is also called Remembrance Day in Australia, Canada, United Kingdom, Poppy Day in Malta and South Africa, Veterans Day in the USA, and Armistice Day in France, New Zealand, and many other British Commonwealth countries. It is a day to commemorate the sacrifice of veterans and civilians of World War 1, World War 2, and all other wars.



It is observed on the 11th of November to recall the end of World War 1 that ended on the 11th day in the 11th month and at the 11th hour of 1918. In Great Britain at 11a.m. a two minute silence is observed at war memorials, cenotaphs, religious services and shopping centers to show respect for the sacrifices in the Great War (WW1). The observance has been expanded to include members of the armed forces who were killed during all wars.

The best way we can honor veterans and give real meaning to Veterans Day, aside from ceremonies honoring past and present dedication and bravery and after we get past the fighting over who is going to pay for it, is to have our elected officials not use the ceremonies to grand stand, but to promise us that we will only go to war when America's interests as a free nation are threatened. Have them assure us, they understand the military forces in places like Somalia, Haiti, Bosnia or Lebanon where hundreds of Soldiers, Marines and Corpsmen were killed and are now forgotten except by their families.

Forgotten events in our history, needless conflicts that cost hundreds of lives of young Americans for purposes other than protecting our own country. It would be nice if elected officials stop arguing about how important Veterans Day is from a budgetary and political perspective and show us they understand how important it is from a remembrance perspective.

This is and should be the purpose of Veterans Day. We don't need parades and big bucks ceremonies to do this just a moment of silence. It only takes a moment of silence for remembrance, but it also takes some morale courage on the part of our politicians to ensure us that not one more American life will be wasted in a meaningless adventure that has nothing to do with defending and protecting Americans and our way of life.

Korean War 36,516, Cold War 48, Bay of Pigs 4, Viet Nam 58,209, Dominican Republic 13, El Salvador 9, Beirut 266, Persian Gulf Escorts 39, Grenada 19, Somalia 43, Bosnia 12, Kosovo 20

Some Little Known Veterans' Benefits

Free Eyeglasses for military retirees: If you are retired military and eligible for other medical services check out this web site for the information on free eyeglasses...<http://www.med.navy.mil/sites/nostra/order/Pages/Retiree.aspx>

Long Term Care benefits: A little known veterans' benefit for long-term care expenses <http://www.seniorcareforveterans.com/?OVRAW=Veterans> is available to wartime veterans and their spouses. But the benefit is being overlooked by thousands of families, industry observers say. Pension for Veterans' Aid and Attendance pays up to \$1,644 a month, \$19,736 annually, toward assisted living, nursing homes or in-home care for veterans 65 and older who served at least 90 days and one day during wartime - stateside or overseas. Veterans and their spouses of deceased veterans, \$12,681.

We suggest you check out the VA web site for updated benefits. Make sure you and especially your family know what you are entitled to.

From Newsletter of the Jacksonville Semper Fidelis Society

WANT TO MAKE SOME MISCHIEF?

A new movie brings back fond memories of Maurice Sendak's book *Where the Wild Things Are* and the magical mischief that fascinated us, our children and grandchildren since its publication in 1963. Books do that to you.

The RSVP TaleTellers shared the fascination that comes with reading with 2700 pre-k and kindergarten children in Duval County Public Schools during the last school year. These children were fortunate enough to have a TaleTeller come to their classroom and read a book or two to them weekly. Along with the fun of sharing fascination, the TaleTellers experienced the good feeling that comes with helping children learn to love books and learning and be prepared to enter first grade.

The Duval County School Board set a target goal of 74% of grades 1-3 students being able to read at grade level, the percentage reached in 2008-2009 was well below that at 57%.

Children who are strong readers are more likely to do well in school, graduate and have successful careers and lives. Students who fail in school produce a negative affect on the whole community. So we all have a stake in helping children learn to read.

There are still many more children who are not fortunate enough to have a TaleTeller in their classroom. And many who have no one at home who reads to them either. The need is great but the good news is that you can make a real impact on the lives of our children, your own, and the community by doing something as simple and fun as reading to them once a week.

No experience is necessary, training is provided, fascination and mischief are guaranteed (wearing your wolf suit is optional). For further information and to register for orientation, contact Pat Murzynsky at pmurzy@coj.net or 630-0995 on Tuesday, Thursday or Friday.



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*With the additional designation of Deputy General Counsel.

From JEA Employee Benefits

Seasonal Flu Shots for JEA/SJRPP Retirees

JEA is offering "annual, seasonal" flu shots at a reduced cost from October 1 - December 31 at the JEA Alliance Clinics at Northside Generating Station, 665-7484 & 4241 Baymeadows Rd, suite 14, 730-5158.

\$5 for:

JEA/SJRPP employees/retirees/spouses on JEA's Blue Cross Health Plan.

\$20 for:

All others with a JEA affiliation such as JEA employees/retirees/spouses not on the BCBS plan, JEA contractors, JEA temporaries, JEA/SJRPP employee dependants over the age of 18.

Dental plans or Insurance Options

If you are not eligible for the Dental option offered by the City, there are some others listed here for you to check out:

Comp Benefits
1-800-432-3376

Assurant Employee Benefits
1-800-443-2995

(REA Board member Jackie Eldridge was very happy with this one and signed up.)

Safe Guard
1-800-880-1800

DeltaCare USA
(under Delta Dental Insurance Co.)
1-800-422-4234

From City Employee Benefits

Attention Retirees covered under the City's group plan:

Open enrollment began on November 2 and will end on November 20, 2009. During this time, our office staff will be attending enrollment meetings so we ask that you be patient with us when leaving a phone message. We will return all phone calls within 24 hours of receiving your call.

If you still want to cover your dependents already covered under your eligible plans, you must provide the Employee Benefits office with the following original legal documents. If you did not submit your required documents prior to November 2, 2009, you will have to bring them to the Employee Benefits office located at 231 E. Forsyth Street, Room 424. We will copy the information and return the originals to you at the time.

Spouse: Original Certified Marriage Certificate and Social Security Card.

Children: Original Birth Certificate listing both parents' names and Social Security Card for each child.

Adoption: Certified Court Papers awarding the child to be covered, Birth Certificate (if available) and Social Security Card.

Guardianship: Certified Court Papers for each child to be covered. If Temporary Guardianship, the award must have occurred within the past 6 months. If not, a more recent certified court document must be obtained prior to enrollment and submitted with birth certificate(s) and social security card(s).

We are requiring this city-wide to protect the integrity of our plans and prevent fraud. We will not be able to enroll your dependents without this information. If you do not present it, they will not be covered in 2010.

We will be providing enrollment sessions throughout the City as we have done in the past, and we will have Employee Benefits personnel to assist you. The City of Jacksonville also provides access to the enrollment site from other locations via the web site address: <http://EmpSelfService.coj.net> (You must have Acrobat Reader 4.0 or above on your computer to enroll). Unless you have changed it, your User Name is the same as last year and the Password will be the last five digits of your social security number. If you can't remember this information, you may call 630-1818 for assistance. You may change your password after your initial log-on.

Confirmation letters with your 2010 benefit selections will be mailed to your home the later part of November. Please look it over carefully to make sure that everything is correct, if not, please contact our office immediately at (904) 630-1314.

MEMORANDUM

TO: All City Retirees covered by Employee Benefits

FROM: Millie Reeves, Sr. Manager, Personnel Services – Operations & Benefits

Re: Social Security Numbers

Florida Statute, Section 119.071(5), requires the City to inform you of our policy regarding the collection and use of Social Security numbers, and we must report our actions to the Florida legislature. Therefore, the following policy statement is adopted in compliance with this requirement:

The City of Jacksonville collects your Social Security number for the following purposes: Classification of accounts; identification and verification; credit worthiness; billing and payments; data collection; reconciliation; tracking; benefits processing; and/or tax reporting. Social Security numbers are also used as a unique identifier and may be used for search purposes.

We will continue to protect your privacy and ensure confidentiality in all matters.

'Twas the Night of Thanksgiving

'Twas the night of Thanksgiving, But I just couldn't sleep.
I tried counting backwards, I tried counting sheep
The leftovers beckoned---The dark meat and white,
But I fought the temptation with all of my might.

Tossing and turning with anticipation
The thought of a snack became infatuation.
So I raced to the kitchen, flung open the door,
And gazed at the fridge full of goodies galore.
I gobbled up turkey and buttered potatoes,
Pickles and carrots, beans and tomatoes.

I felt myself swelling so plump and so round,
Till all of a sudden, I rose off the ground!!

I crashed through the ceiling. Floating into the sky...
With a mouthful of pudding and a handful of pie,
But I managed to yell as I soared past
the trees...

HAPPY EATING TO ALL!!
PASS THE CRANBERRIES PLEASE!!





**ANNUAL CHRISTMAS PARTY
 RETIRED EMPLOYEES ASSOCIATION
 FRIDAY, DECEMBER 4, 2009
 MOROCCO SHRINE AUDITORIUM
 3800 ST. JOHNS BLUFF ROAD, SOUTH**



**\$9.00 PER PERSON
 DOORS OPEN 5:00 P.M.
 DINNER 6:30 P.M.
 ENTERTAINMENT TO FOLLOW
 DRESS: CHRISTMAS**

The Holiday Season is just around the corner and it is time for our Annual Christmas Party. Entertainment will be provided by a Dance Team from Dynamics Dance, Inc. As noted above, the dinner will be held at the Morocco Shrine Auditorium and will be a buffet catered by Jo Rewis. As provided in our By-laws, after dinner, we will have a short meeting to include installation of officers and distribution of door prizes.

RESERVATIONS: Cost is \$9.00 per person. Complete the reservation form at the bottom; attach a check made payable to the Retired Employees Association for the number of tickets requested (limit of two) and mail to: Retired Employees Association, P. O. Box 37472, Jacksonville, Florida 32236-7472. Request for tickets **MUST** be **POSTMARKED** by **NOVEMBER 23, 2009**. **Tickets will be mailed to you prior to the party.** If you find it necessary to cancel your reservations, please call the office at 854-0777. If no one is available, please leave a message. Once reservations have been given to the caterer, there can be **NO** refunds.

SANTA SURPRISE: Tickets will be sold at the door for \$1.00 each or six for \$5.00. You can buy as many tickets as you wish. At the close of the sale of tickets, the money will be counted; and split four

✂

Number of Tickets @ \$9.00 each _____ (Limit of 2 including Member)

Name of Member _____

Name of Spouse or Guest _____

Return this reservation form as soon as possible with your check payable to: RETIRED EMPLOYEES ASSOCIATION, P.O. BOX 37472, JACKSONVILLE, FL 32236-7472. Request for tickets must be postmarked by November 24, 2008.

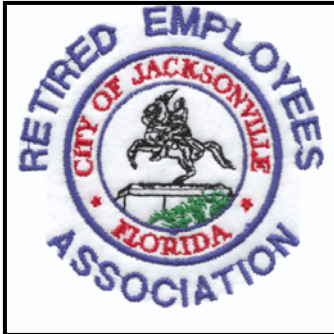
Signed: _____ Phone Number _____

Address: _____

Amount Enclosed _____ E-Mail Address _____

Retired Employees of the
Consolidated City of Jacksonville
P.O. Box 37472
Jacksonville, FL 32236

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Bring in a new member and help us reinforce our efforts to take care of our retirees.
Update your Email Address and Contact Info...Send it to klooney@reajax.com; check out our web site.



HAPPY THANKSGIVING
THURSDAY, NOVEMBER 26th

Why did the pilgrim's pants keep falling off?
The buckle was on his hat!

**DON'T FORGET TO SEND IN YOUR RESERVATION TO THE ANNUAL
CHRISTMAS PARTY (PAGE 7)**

