

Letter to be read at the 6/16/15 City Commission meeting related to item #21, Second Reading of the ordinance to increase the police and firefighters' post retirement supplement.

Dear Mayor and Commissioners:

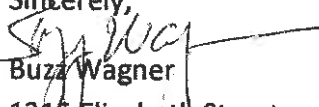
I think police and firefighters have an important job. Over my career I held a number of jobs in private industry, several of which I think were also important. I am now retired and on a fixed income. When I die, I want to come back as a cop.

I have read the actuarial impact statement by DuLaney & Company. That statement indicates the annual minimum contribution will rise by about \$146,000 should the ordinance be passed. Aside from the increase in the proposed monthly post retirement stipend to \$360 retroactive to 2007 (*about 90 months of retroactivity!*), the ordinance proposes a brand-new 13th month kicker of \$2,000 payable each June 1st when the plan returns exceed 9%. The Bogdahn Group, which serves as investment consultant for the Key West Police and Firefighters' Retirement fund, wrote a letter stating the investment returns were 18.82% in 2012, 15.58% in 2013 and 12.90% in 2014. That's great. So, there should be no problem paying it out, right?

But wait! The actuarial report contains a line item that says the unfunded actuarial liabilities of the plan before passing this proposed ordinance is \$22.9 million which will increase to \$24.1 million if the ordinance is passed. That's an increase of \$1.2 million in the deficit! The fund needs to be paid about \$1,927,000 currently each year to reduce this unfunded liability which will grow to \$2,021,000 or about \$94,000 each year. An unfunded liability is like a ticking time bomb that has to someday be paid but it's easy to bury your head in the sand and leave it up to your children and grandchildren to pay it. So, we will need to increase our taxes to pay for this.

I noted several letters from those that are part of the city employees' general retirement fund lining up to ask that the same \$2,000 thirteenth month kicker be considered for them as well. I respectfully request that a taxpayer 13th month kicker of \$2,000 be granted to help me pay for my \$10,000 annual windstorm premium before I am forced to move from Key West.

Please vote NO for this ordinance.

Sincerely,

Buzz Wagner
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