



The
Real
Truth About
the Financial
State of the
City of Coral
Gables.

Pension Reform: What Can We Do?

1. Recognize the problem, discuss it. It's real, it's there. We can't be in denial. Property values will probably trend down for several years and we cannot expect the stock market to turn around enough in a short time to save us from our pension woes
2. Going forward, we must recognize that we cannot afford to be as generous as in the past ten years with our employees
 - a. They will have to pay much more of their income into their pension plan; the city cannot pay 10:1 as we are doing now
 - b. We should look into a 401 K option for workers with matching to 5%
 - c. Pay raises should not increase higher than the Miami-Dade CPI until we get our fiscal house in order
 - d. The federal government gives a pension using 1.7% of the high average three-year salary; Coral Gables for most of the past decade gave 3% or more. We should pay a 2% multiplier going forward.
 - e. The city manager should enjoy commission support as he attempts to scale back other excessive benefits that go into the pension calculation—overtime, annual leave, etc.
3. The pension board must resist attempting to chase higher asset returns by investing in derivatives and other more risky products. The present asset mix is prudent
4. The city manager needs to trim the workforce even more, outsourcing, reorganizing, piggybacking on other service providers, closing down unnecessary city programs and facilities—our TV station is a candidate for scrutiny.
5. We must look at every aspect of how we have been doing business to seek greater efficiencies and have some surplus for investment in infrastructure and cultural, senior and youth programs.

Jim Cason's 10 Promises To Coral Gables Residents

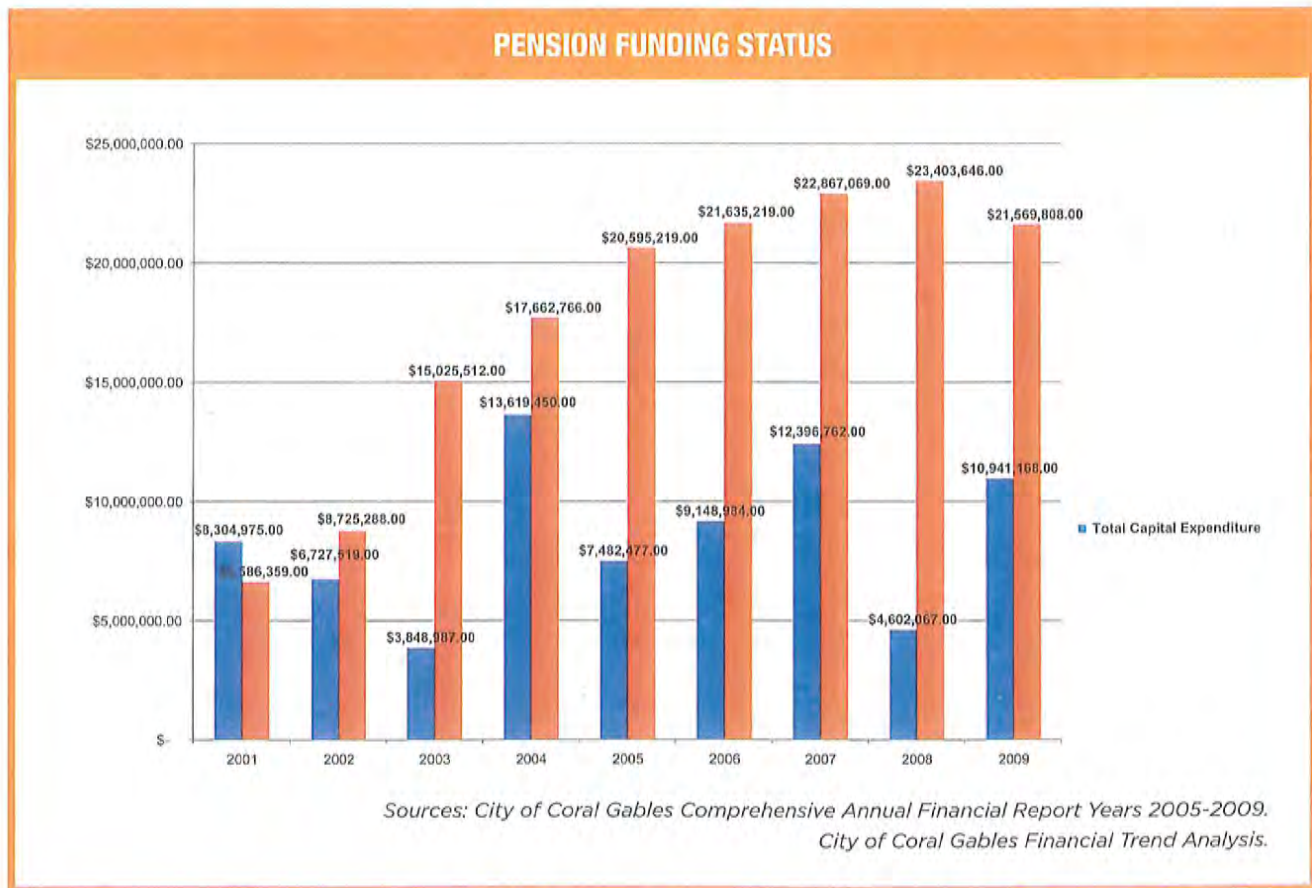
1. I will be a full-time Mayor.
2. I will work in the best interests of the citizens of Coral Gables and be respectful of their concerns.
3. I will support transparency.
4. I will control pension liabilities to reduce our Unfunded Actuarial Accrued Liabilities (UAAL).
5. I will avoid conflicts of interests and favoritism.
6. I will fight to keep millage rates low.
7. I will seek greater efficiencies in City management and not tolerate waste, fraud, mismanagement and improper employee conduct.
8. I will question all aspects of current operations and suggest alternatives.
9. I will ensure that management keeps the commission well informed on new or changes in ordinances, issues and contracts that will be presented before the commission, and offer ample time for discussion before voting takes place.
10. I will be an active Ambassador for our City and foster an open and collegial environment for current residents, business owners and visitors.

VOTE
#32
ON APRIL 12



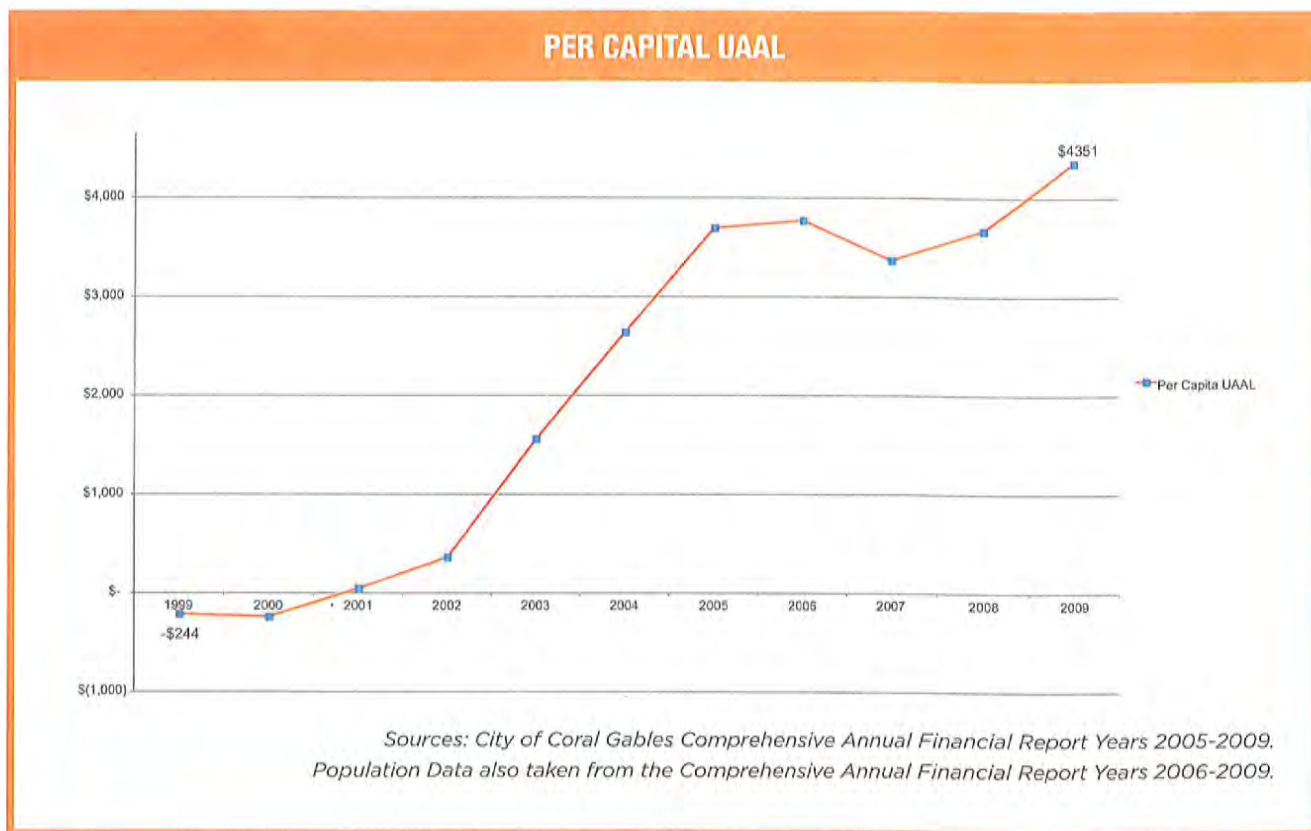
More Than Twice As Many Taxpayer Dollars Are Spent On Pension Contributions Than On Infrastructure – A Very Real Threat To Our Quality Of Life.

Think your taxes are being used for capital improvements? The truth is that most funds now go to payroll and to fund city employee pensions. Over the past 10 years, for every \$1 the City invested in infrastructure, it spent \$2.36 on pension contributions. That is why we spend so little on sidewalks and historic facilities upkeep.



On A Per Capita Base, Coral Gables Is Now The Second Most Indebted City In Florida Out Of 296 Cities, In Terms Of Unfunded Pension Liabilities.

How does this UAAL affect the residents of Coral Gables? If we take the current UAAL of \$198 million and divide it by the current population (estimated at 45,501), the result is a \$4,351 obligation for each resident, as compared to the \$244 surplus per resident the City had in 2000.

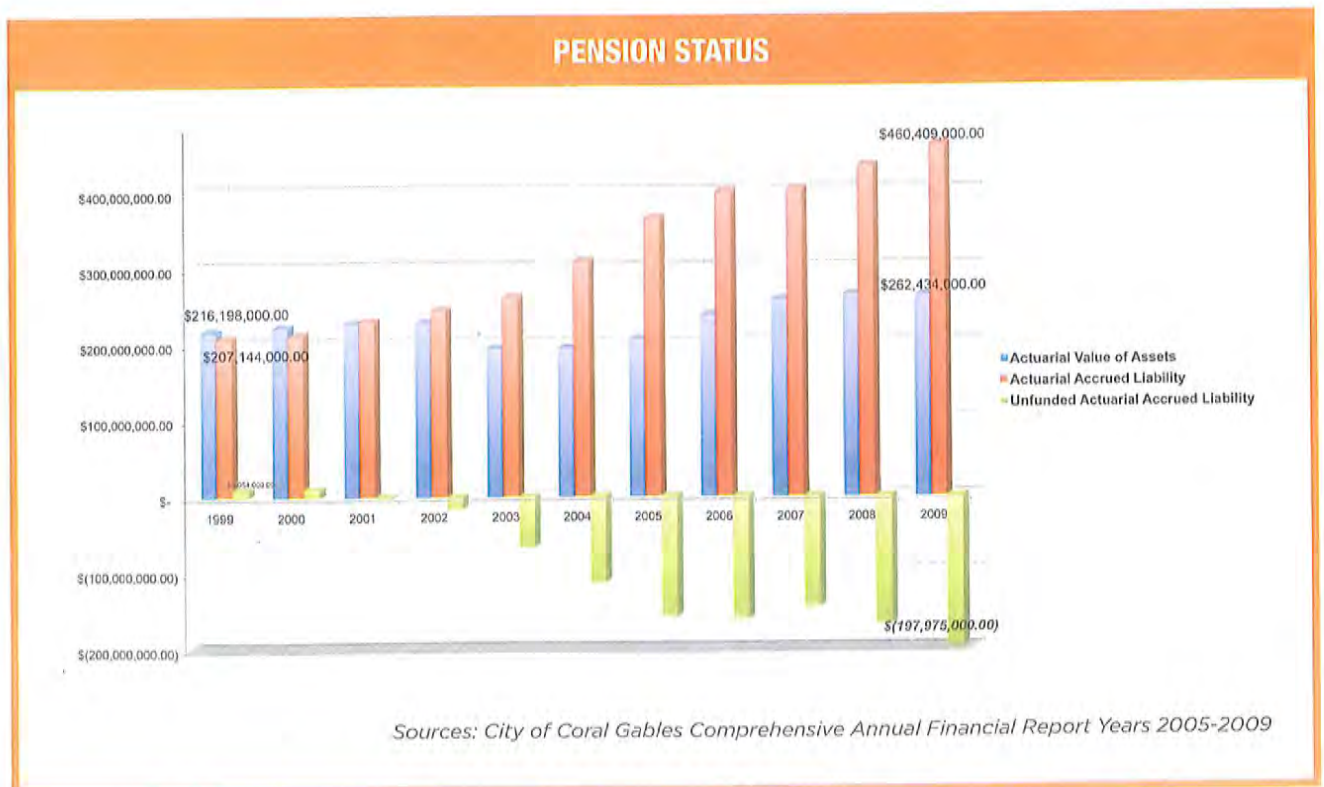


There Is A Nearly \$200 Million Gap Between What Is Owned In Pensions And The City's Pension Plan Assets.

In a nutshell, Unfunded Actuarial Accrued Liability (UAAL) is the portion of promised benefits that is not covered by current pension assets.

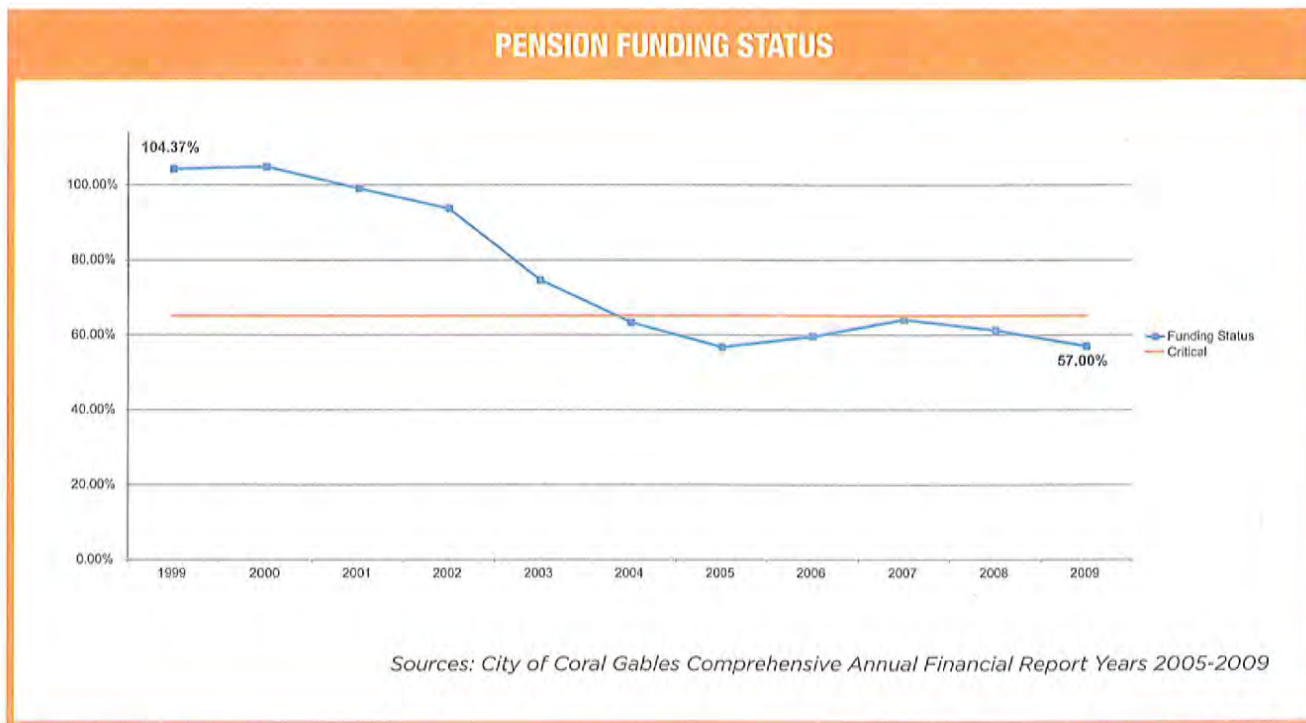
In 1999, the pension plan had about \$216 million in assets and only \$207 million in liabilities. Since the plan was over-funded, there was no UAAL.

In 2009, on the other hand, the City's assets were valued at about \$262 million, but by this time the pension liabilities had risen to about \$460 million, leaving a UAAL of \$198 million. This unfunded liability means that if the pension plan were closed and the liability converted to an annuity, the City would have to take \$198 million from general revenues to pay for it.



Financial Mismanagement And Too Generous Retiree Benefits Have Lead To Major Deficits In Pension Funding.

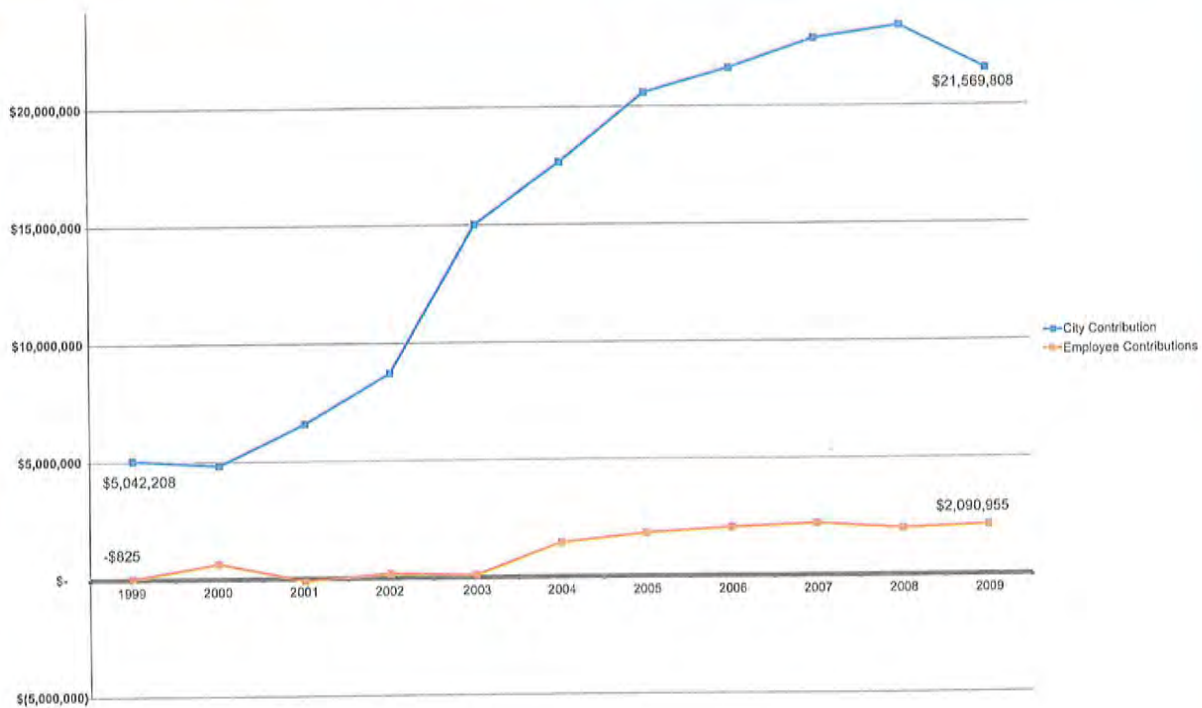
In 1999, the City's employee pension plan was over-funded to the tune of 104%. That meant that for every \$1 in pension liability, the plan had \$1.04 in assets - a positive financial state. Fast forward to today: the funding status has plummeted to 57%, which means the plan has just 57 cents in assets for every \$1 in liability.



Taxpayer Contributions To The City Pension Fund Are Far Greater Than Employee Contributions.

Each year, the City is required to contribute an actuarially determined (risk-managed) amount of money into the pension fund. This amount has increased 400% since 1999, from about \$5 million to \$21.5 million. On the other hand, city employees contributed almost nothing to the fund until 2003. Today they contribute just \$2 million - 10% of what taxpayers contribute.

CITY OF CORAL GABLES YEARLY CONTRIBUTION TO PENSION FUND VS. EMPLOYEE CONTRIBUTION



Sources: City of Coral Gables Comprehensive Annual Financial Report Years 2005-2009

The Critical Lack Of Transparency In City Government

Before you go to the polls on April 12 to select the next mayor of Coral Gables, consider the importance of transparency and accountability at City Hall and ask the following questions:

WHY did our city not hold timely, full and transparent public hearings about our serious pension problems?

WHY did the mayor fail to acknowledge that the Biltmore and Granada managers were not paying their rent? **WHY** didn't he do something about it?

WHY was a 2004 consultant's study that warned of serious problems in Public Works shelved, and nothing done for six years?

WHY was the same garbage pick-up company the City has had for 36 years approved for another 10-year contract without a Request for Proposal?

This contract renewal was presented to the commission as a Consent item. The Mayor at first voted against this sole source contract along with Commissioner Cabrera . Then after the city attorney informed the commission that the approval required four votes, the mayor asked for a new vote and it passed 4-1. The mayor changed his vote and the new 10 year contract was awarded without competitive bidding.

Is this transparency in government?

These are just a few of the management issues that have been left unanswered by the current mayor. **Do we want more of the same?**

Despite Higher Property Tax Revenues, The City Has Been Unable To Accumulate Reserves.

Over the past decade, annual revenues into the City's general fund have almost doubled, from \$62.5 million in 1999 to almost \$118 million in 2009, mostly as a result of increased property tax revenue.

Yet during this same period, the City has been unable to accumulate unrestricted reserves in spite of collecting \$1.3 billion in revenue! In 1999, the City had about \$6 million in unrestricted general fund reserves, while in 2009 the balance was just \$4.5 million. This means that the City now has a much smaller cushion against unexpected events, losses of revenue and large unbudgeted expenses.

CITY OF CORAL GABLES GENERAL FUND UNRESERVED BALANCE



Sources: City of Coral Gables Comprehensive Annual Financial Report years 2000-2009

The Case For Jim Cason

✓ Experience:

- Currently a Senior Inspector in the office of the Inspector General of the U.S. State Department, evaluating management at U.S. embassies in Jordan and Iraq and offering suggestions for greater efficiencies.
- Managed and led large, multi-agency embassies and promoted U.S. trade in Europe and South America
- Thirty eight years as a U.S. Foreign Service officer, proudly representing the United States around the world
- Chief of Mission of the U.S. Interests Section in Havana, Cuba
- Ambassador to Paraguay



✓ Awards:

- Chairman of the Joint Chiefs of Staff Meritorious Service Medal
- Coast Guard's Distinguished Public Service Award
- National Meritorious Service Award, 2006
- State Department Lifetime Achievement Award, 2006
- Senior Foreign Service Performance Pay (1993, 2006, 2008)
- Paraguay's Jose Falcon award for contributions to their culture (2008 - first ever given to a foreigner)
- Presidential Rank Award (2006)
- Distinguished Honor Award (2005)
- Coast Guard Distinguished Service award (2004)
- Joint Chief of Staff "Joint Meritorious Civilian Service Award (1997)
- Chairman Joints Chiefs of Staff Best Essay Award (1991)
- Defense Intelligence Agency Writing award (1991)
- Distinguished Graduate National War College (1991)
- CIA's National Intelligence Prize (Exceptional Collector Award (1989)
- Meritorious Honor Awards (1972; 1982; 1985; 1987; 1988; 1993)
- Superior Honor Award (1985)
- Honorary Doctorate Universidad del Norte, Paraguay

✓ Education:

- Dartmouth College, Johns Hopkins University and the National War College
- 10 years of higher education, Fulbright scholar, advanced economic training

✓ Personal:

- Speaks five languages
- Wife Carmen; two grown married sons, four grandchildren

Dear Coral Gables Resident:

For the past several weeks, you may have seen my campaign communications that refer to the City's financial issues – problems that have resulted from the fiscal mismanagement and lack of oversight of the current Mayor.

Perhaps you have also seen the many colorful, glossy brochures distributed by the Mayor, who is running for his fifth term. The Mayor takes credit for many successes during his administration, but not for the many problems that happened on his watch.

Our City has been in a fiscal decline since 1999, and few outside City Hall are aware of how dire the situation is. In his management of the City's finances, the Mayor has failed to provide any kind of transparency or accountability.

Please take a few moments to read this brief overview of the City's finances before you decide whom you will vote for as your next mayor. You will see how our pension deficits have skyrocketed along with our taxes.

Our quality of life issues – traffic, crime, sidewalks and bike paths – can't be improved without prudent fiscal supervision. *We have three options ahead: raise taxes, cut services or improve efficiencies in our operations.*

I choose to improve efficiencies in our operations.

Will you choose a mayor who has been responsible for increased taxes and decreased services? Or a candidate who will work towards greater efficiency, openness and accountability?

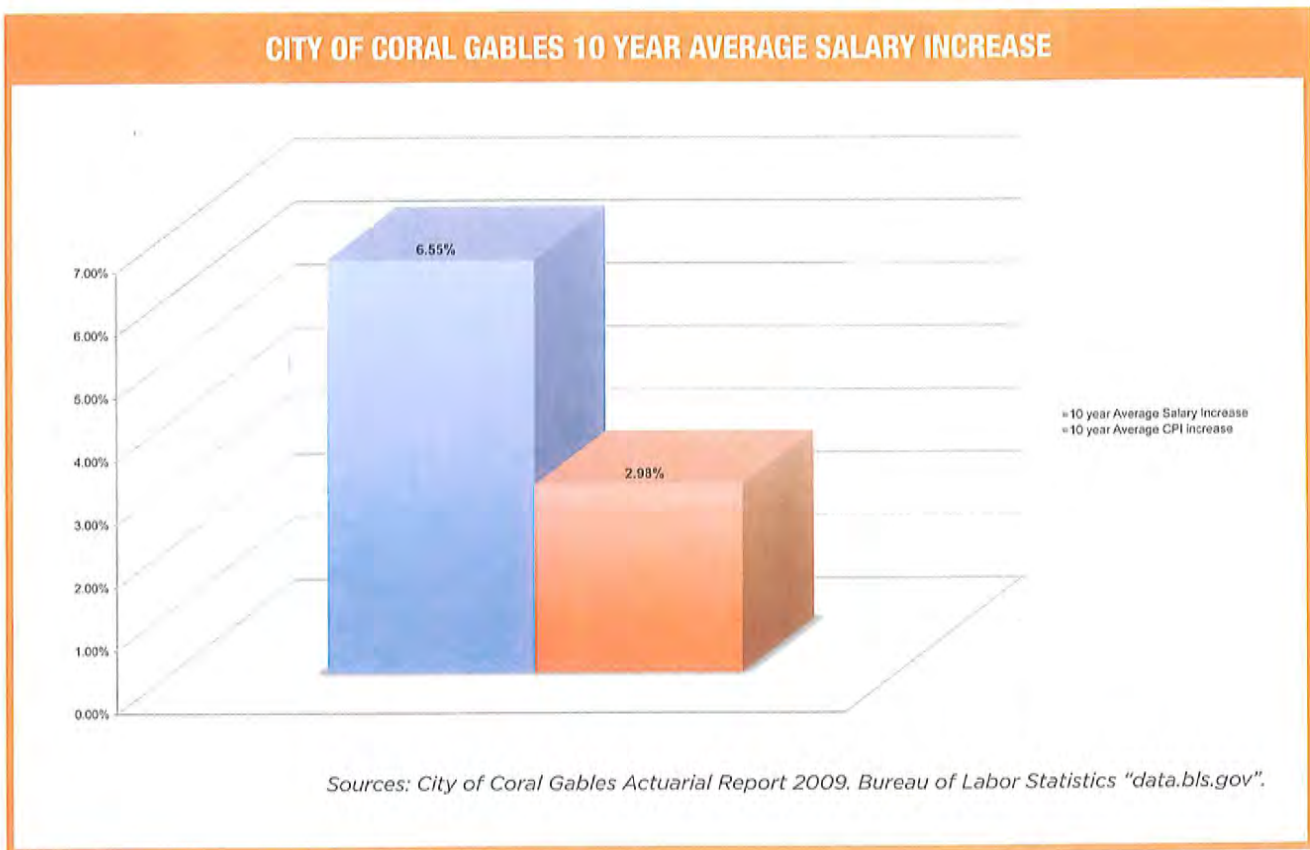
Thank you for your consideration.



Jim Cason

Taxpayer Dollars Have Been Wasted On Overgenerous Raises For City Employees.

Throughout the past decade, while the Metro Miami area saw an average increase in inflation of 2.98% a year, the City of Coral Gables was providing its employees an average salary increase of 6.55% - more than twice the average increase in the rate of inflation.





Jim Cason

FOR MAYOR OF CORAL GABLES

Jim Cason Campaign
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ON APRIL 12

www.votejimcason.com

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Froomkin Family
Or Current Resident

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