

OFFICE OF THE MAYOR

Telephone: (907) 586-5240; Facsimile: (907) 586-5385
Mayor@ci.juneau.ak.us

April 15, 2014

The Honorable Charlie Huggins
Senate President
State Capitol, Room 111
Juneau, AK 99801

RE: Support of SB 220

Dear Senator Huggins:

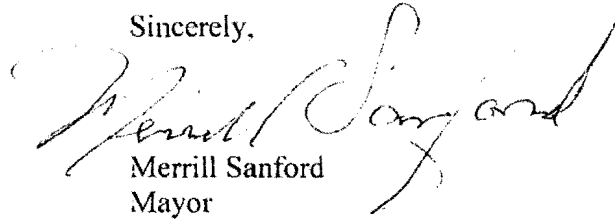
The City and Borough of Juneau (CBJ) recognizes the major challenge facing the State and local governments to meet all of our obligations to the Public Employees and Teacher Retirement Systems. Currently both retirement systems are significantly underfunded. The current State Assistance payments "on behalf" of municipalities provides significant relief to local taxpayers. But we understand it is becoming a larger and unsustainable portion of the State operating budget. Governor Parnell has proposed SB 220 providing for \$3 billion in additional state contributions to the retirement funds and reducing state payments to \$500 million annually. The CBJ Assembly expresses strong support for the Governor's proposal.

We believe the proposed actions are in the best interest of the retirement systems, the State of Alaska and local governments. The benefits include:

1. Increasing the funded status of the retirement funds by 10%. This will significantly reduce the unfunded liability that will eventually need to be recorded on the financial statements for the State and local governments.
2. Greatly reducing the total long term operating budget costs for funding the pension obligations for the State and for local governments. This is possible as the large contribution will immediately begin to generate additional investment earnings to offset future contribution requirements.
3. The \$3 billion contribution provides more operating budget certainty for the State and for local governments. The State commits to a more predictable \$500 million of annual "on-behalf" funding and the proposal maintains the local government contribution rate at the current level of 22%. We understand that this proposal would extend the number of years local governments need to pay this contribution rate.

The CBJ Assembly recognizes and appreciates the significant financial resources the State has committed to both the Teacher and the Public Employee retirement programs. Thank you for your consideration of this very important issue.

Sincerely,

A handwritten signature in cursive script, appearing to read "Merrill Sanford".

Merrill Sanford
Mayor

cc: Senator Dennis Egan
Representative Cathy Munoz
Representative Sam Kito III
Borough Assembly

SCANNED
APR 15 2014