

HB

385

<TARGET><BILL>HB 385</BILL><SUBJECT>HB
385</SUBJECT><COMM>HFIN28</COMM></TARGET>

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version:	HB 385
Fiscal Note Number:	1
(H) Publish Date:	4/10/14

Identifier: HB385-OMB-PERS-04-10-14
 Title: PERS/TRS STATE CONTRIBUTIONS
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: HFIN

Department: State Assistance to Retirement Funds
 Appropriation: PERS State Assistance
 Allocation: All Other PERS
 OMB Component Number: 2866

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates				
	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES							
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous		1,881,370.0	157,000.0	157,000.0	157,000.0	157,000.0	157,000.0
Total Operating	0.0	1,881,370.0	157,000.0	157,000.0	157,000.0	157,000.0	157,000.0

Fund Source (Operating Only)

	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
1001 CBR Fund		1,881,370.0					
1004 Gen Fund			157,000.0	157,000.0	157,000.0	157,000.0	157,000.0
Total	0.0	1,881,370.0	157,000.0	157,000.0	157,000.0	157,000.0	157,000.0

Positions

	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Initial version. Note 1 of 2

Prepared By:	John Boucher, Senior Economist	Phone:	(907)465-4677
Division:	Office of Management and Budget	Date:	04/10/2014 09:00 AM
Approved By:	Karen J Rehfeld, Director	Date:	04/10/14
Agency:	Office of Management and Budget		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. HB 385

Analysis

This bill would redefine the additional state contribution requirements for the Teachers Retirement System (TRS) under AS 14.25.085 and the additional state contribution requirements for the Public Employee Retirement System (PERS) under AS 39.35.280.

The bill would require that the state assistance payment for the defined benefit retirement systems be up to \$343,000,000 annually for the Teachers Retirement System (TRS), and up to \$157,000,000 annually for the Public Employees Retirement System (PERS).

The bill is contingent on the approval of an appropriation from the Constitutional Budget Reserve Fund (Article IX, Section 17, Constitution of the State of Alaska) of \$1,118,630,000 to the Teachers Retirement System and an appropriation of \$1,881,370,000 to the Public Employees Retirement System (PERS) for the fiscal year ending June 30, 2015.

The appropriation would be allocated to the PERS and TRS trusts as follows.

PERS: \$1,881,370,000
TRS: \$1,118,630,000
Total: \$3,000,000,000

The deposits to the trusts would be attributable to employer type based upon the following estimates:

School District PERS employers: \$248,257,600
Other PERS employers: \$1,633,112,400
Total PERS \$1,881,370,000

School District TRS employers: \$1,035,145,600
Other TRS employers: \$83,484,400
Total TRS: \$1,118,630,000

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version:	HB 385
Fiscal Note Number:	2
(H) Publish Date:	4/10/14

Identifier: HB385-OMB-TRS-04-10-14
 Title: PERS/TRS STATE CONTRIBUTIONS
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: HFIN

Department: State Assistance to Retirement Funds
 Appropriation: TRS State Assistance
 Allocation: School District TRS
 OMB Component Number: 2863

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES	FY 2015	FY 2015					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous		1,118,630.0	343,000.0	343,000.0	343,000.0	343,000.0	343,000.0
Total Operating	0.0	1,118,630.0	343,000.0	343,000.0	343,000.0	343,000.0	343,000.0

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	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
1001 CBR Fund		1,118,630.0					
1004 Gen Fund			343,000.0	343,000.0	343,000.0	343,000.0	343,000.0
Total	0.0	1,118,630.0	343,000.0	343,000.0	343,000.0	343,000.0	343,000.0

Positions

	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
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Part-time							
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Change in Revenues							
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Prepared By:	John Boucher, Senior Economist	Phone:	(907)465-4677
Division:	Office of Management and Budget	Date:	04/10/2014 09:00 AM
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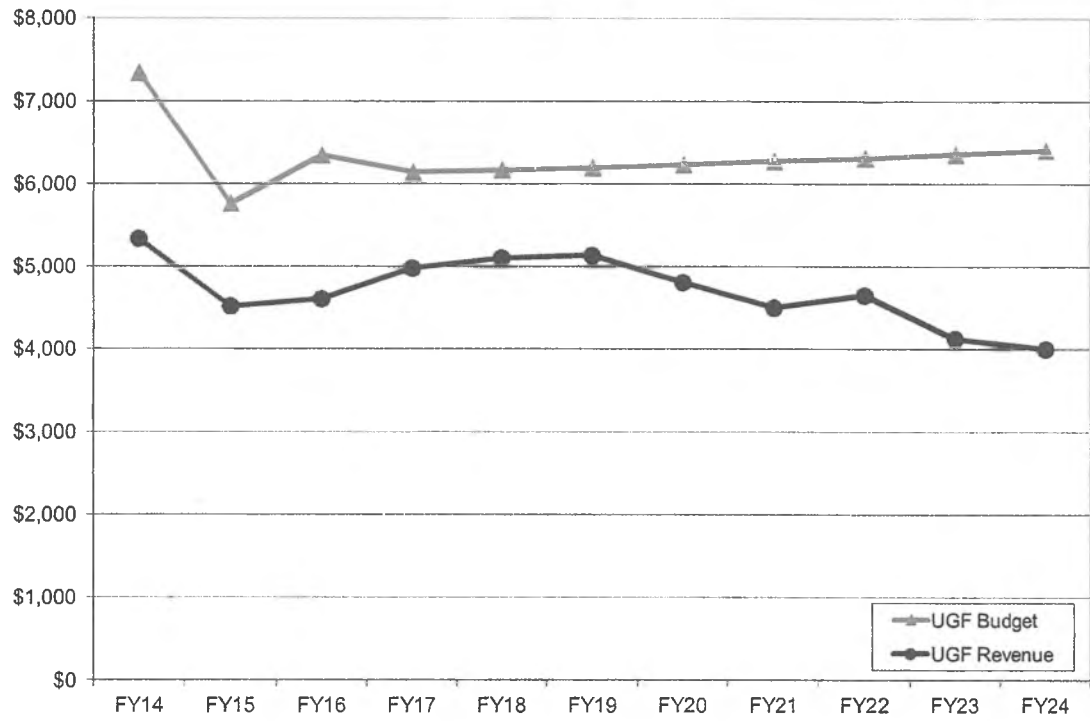
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TRS: \$1,118,630,000
Total: \$3,000,000,000

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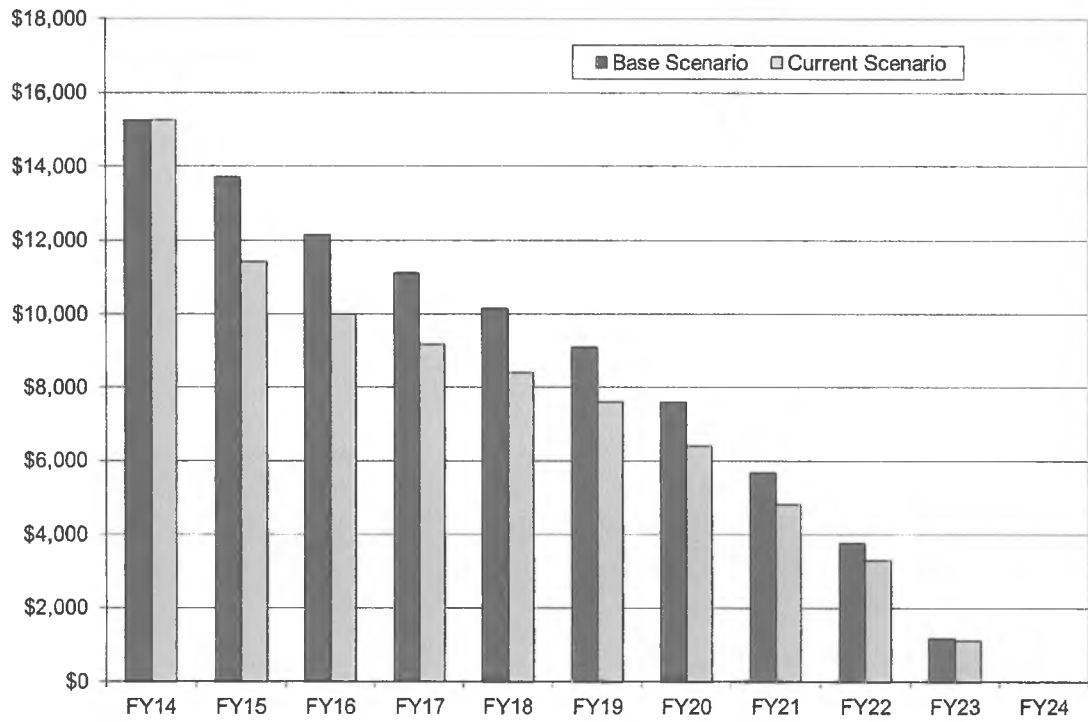
School District PERS employers:	\$248,257,600
Other PERS employers:	<u>\$1,633,112,400</u>
Total PERS	\$1,881,370,000

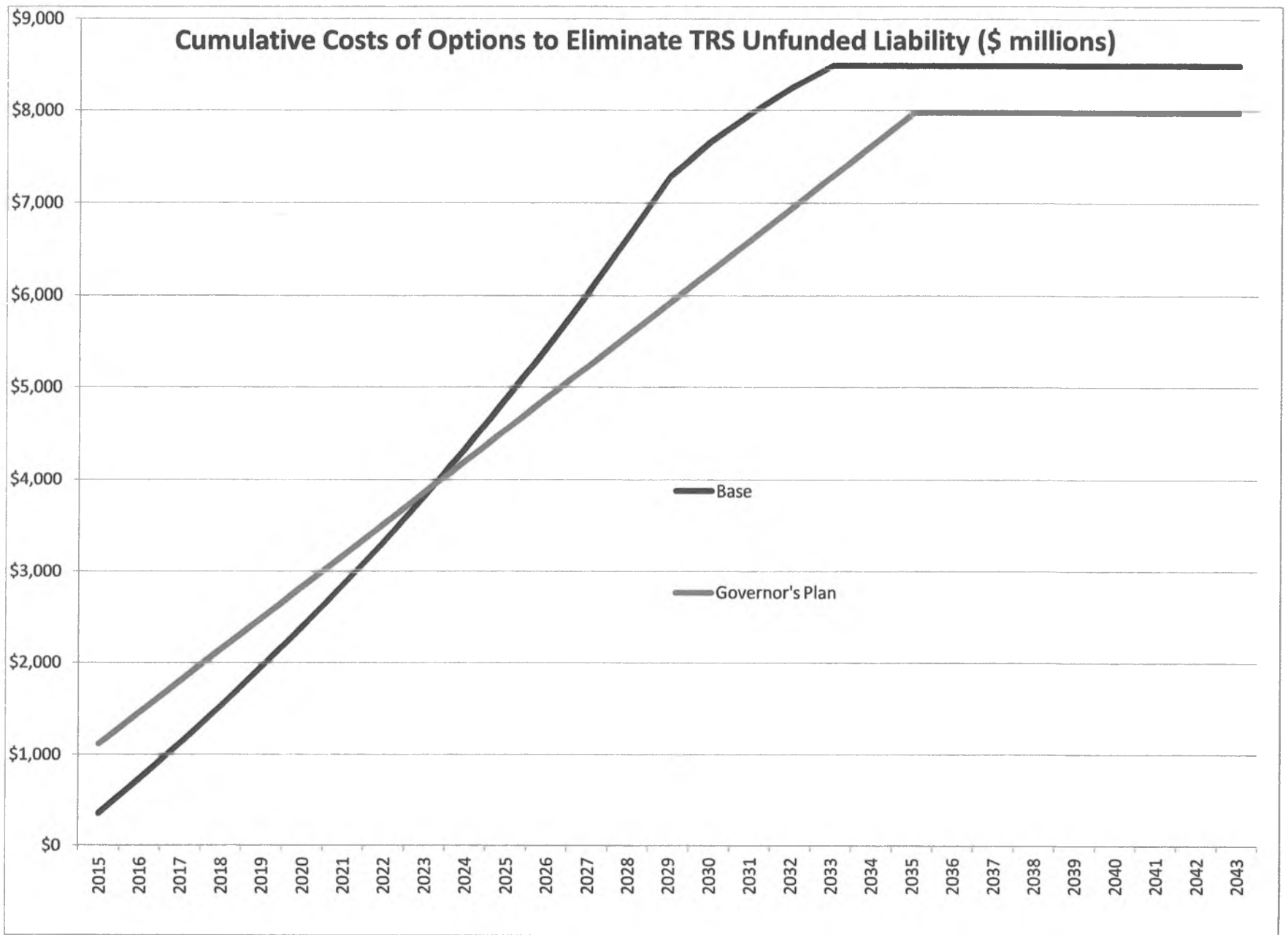
School District TRS employers:	\$1,035,145,600
Other TRS employers:	<u>\$83,484,400</u>
Total TRS:	\$1,118,630,000

**Unrestricted General Fund Revenue/ Budget
(millions)**

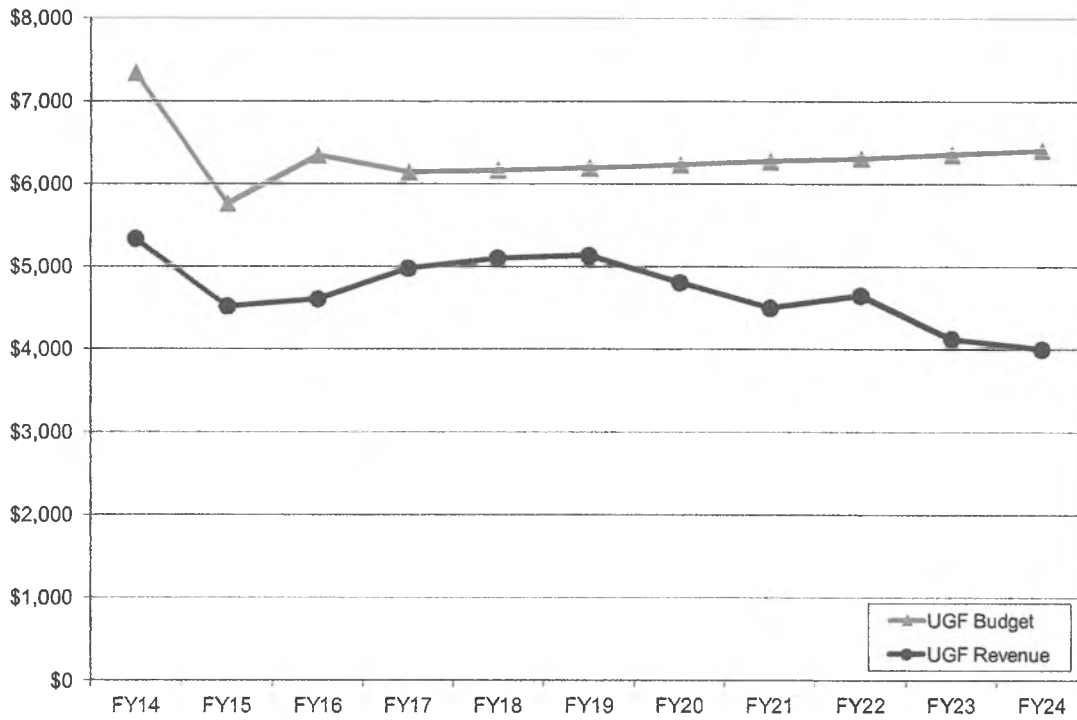


**Budget Reserves (CBR & SBR)
(\$ millions)**

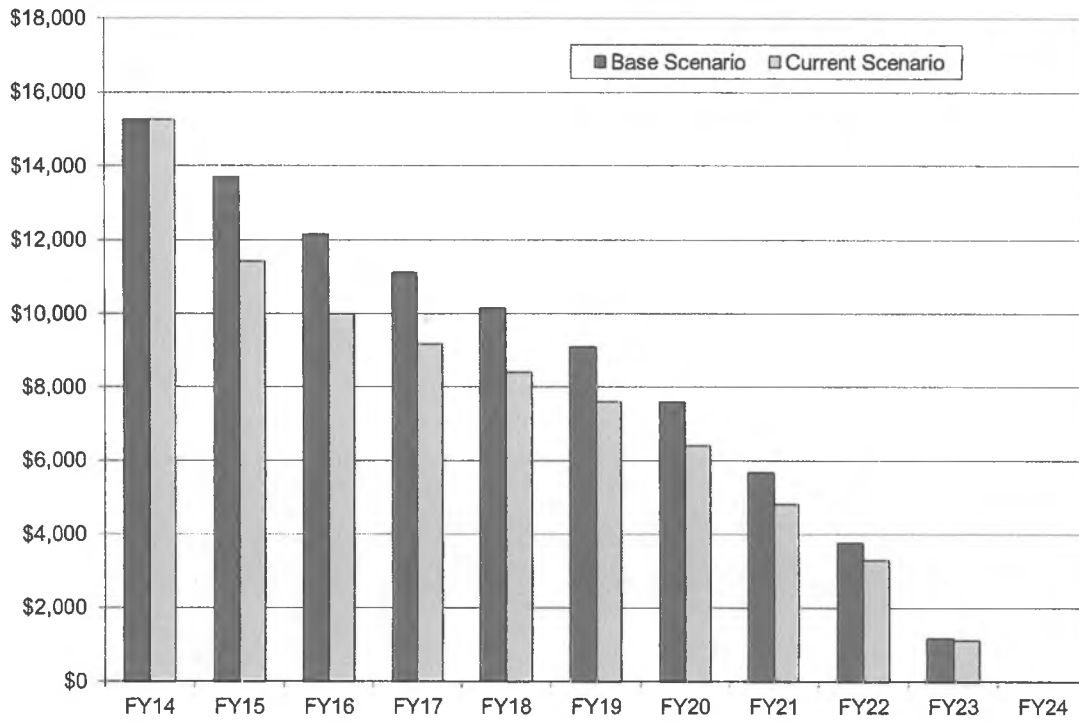


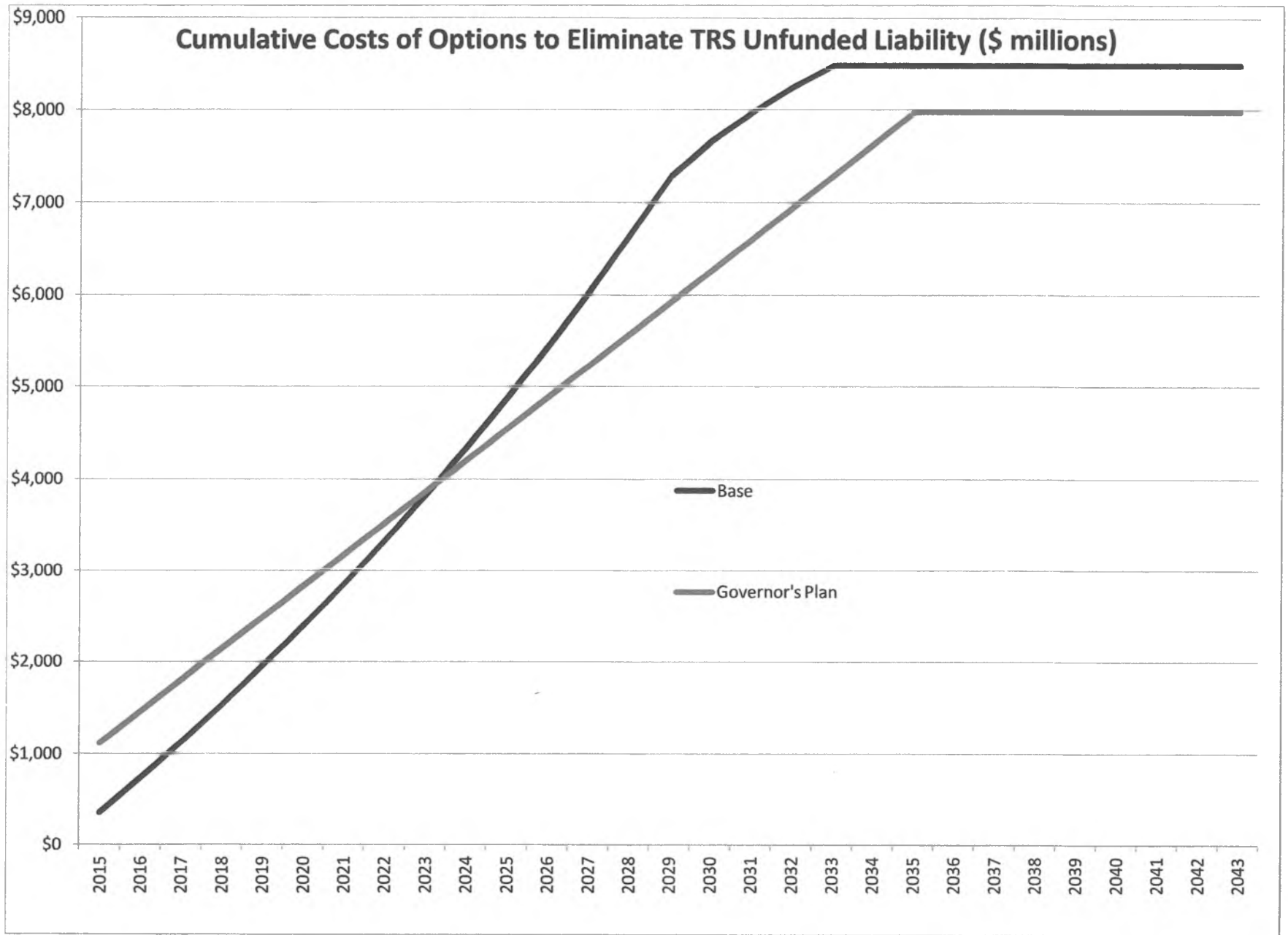


**Unrestricted General Fund Revenue/ Budget
(millions)**



**Budget Reserves (CBR & SBR)
(\$ millions)**





HB 385 – PERS/TRS STATE CONTRIBUTIONS

Section 1. This section amends the Teachers' Retirement System (TRS) state assistance statute (AS 14.25.085). This statute was enacted in 2008 by SB 125, and currently provides that the state shall appropriate the amount sufficient to fully pay the total past service liability for the year at the employer contribution rate adopted by the Alaska Retirement Management Board (ARMB). In practice, this means that the State appropriates the amount that reflects the difference between the TRS employer contribution rate cap of 12.56% and the actuarial contribution rate to the TRS trust funds. In FY14, this amount was approximately \$317mm.

Section 1 amends AS 14.25.085 to implement the Governor's proposal. Under the Governor's proposal, \$1.1 billion would be appropriated from the constitutional budget reserve to the TRS trust fund, and then from FY16-FY36, an annual flat payment of \$343mm would be appropriated as state assistance.

According to Buck Consultants, the Governor's plan would convert the actuarial approach for TRS from an actuarial ratemaking paradigm to a fixed contribution paradigm. In a ratemaking paradigm, each year the actuary calculates what contribution rate is necessary to pay down the accumulated past service liability. In Alaska, this has resulted in highly volatile employer contribution rates that over the past decade have ranged from 12% to over 70%.

In a fixed contribution paradigm, the rate volatility is eliminated. Instead the annual contribution is fixed. In the case of TRS, the annual contribution is fixed at \$343mm. What can change each year, however, is the term of the amortization. Under the Governor's plan, the initial amortization term is 21 years—fixed payments of \$343mm through FY36. In the event of actuarial losses, the actuary may advise that the amortization term needs to be extended. So if there is a market downturn that results in investment losses in FY18, the actuary may advise that the amortization term must be extended to FY43 in order to fully amortize the TRS unfunded liability.

Conversely, actuarial gains could result in a shortening of the amortization term of less than 21 years. Under the Governor's plan, the length of the amortization term necessary to pay down the unfunded liability will be evaluated each year.

There could be cases where the actuarial loss over a particular period is sufficiently profound that payment of \$343mm over any length of amortization term is insufficient to fully pay off the unfunded liability. In such case, the actuary will assign a date on which the TRS trust fund will exhaust its funds unless the \$343mm annual payment amount is increased. The actuaries call this date the "cross-over" point.

The last new sentence of the amendment to AS 14.25.085 is intended to address situations where a cross-over point is reached. It provides that the state will appropriate an additional fixed amount sufficient to amortize the unfunded liability over a period consistent with actuarial standards.

Section 2. This section implements the same amendment as does section 1, for the Public Employees' Retirement System (PERS) state assistance statute, AS 39.35.280.

A benefit to making this amendment in the PERS context, is that a fixed contribution paradigm aligns the respective interests of all PERS employers. PERS employers all share in the actuarial gains, through having a shorter amortization schedule, and share in actuarial losses, through having a longer amortization schedule. Under the current version of AS 39.35.280, PERS municipal employers are largely indifferent to the impact of market downturns that create new unfunded liability because their rate does not change, and the State absorbs 100% of the impact of any new unfunded liability. The Governor's proposal cost shares such new unfunded liability in a fair way by extending the amortization term, so that PERS employers pay at the 22% capped contribution rate for a longer period of time.

Section 3. This section makes the bill contingent on the enactment of constitutional budget reserve fund appropriations to TRS in the amount of \$1.1 billion, and to PERS in the amount of \$1.9 billion.

Section 4. Establishes the effective date of this act as July 1, 2014.

April 11, 2014

VIA EMAIL

Mr. Mike Barnhill
Deputy Commissioner
Department of Administration
State of Alaska
333 Willoughby Avenue
6th Floor State Office Building
Juneau, AK 99811-0208

Re: Fiscal Note for HB 385 - Governor's Proposal for Funding PERS and TRS

Dear Mike:

As requested, we are providing the following information for a Fiscal Note on HB 385; the Governor's Proposal which transfers an amount of \$3 billion from the budget reserve fund into the State of Alaska Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) in fiscal year 2015. This proposal would also amend the additional State contributions in fiscal years 2016 through 2035 to a fixed \$500 million annually, with additional appropriations as necessary to keep the systems funded consistent with actuarial standards. An amount of \$1,881,370,000 of the \$3 billion will be allocated to PERS and \$1,118,630,000 of the \$3 billion will be allocated to TRS. The amount of \$157 million of the \$500 million will be allocated to PERS and \$343 million of the \$500 million will be allocated to TRS each fiscal year beyond 2015. The proposed changes would become effective as of July 1, 2014. Our results are based on the 2012 actuarial valuation results as the 2013 actuarial valuation results are not yet final. A projected analysis of the Governor's Proposal for PERS and TRS is shown in the exhibits following this letter.

Actuarial Projection Analysis of Governor's Proposal

The Governor's proposal changes the future pace and funding pattern of state and employer contributions to PERS and TRS. It does not change the benefit provisions, expected future benefit payments, or the actuarial liabilities of PERS and TRS. In order to measure the fiscal impact of the proposal, Buck performed 30-year actuarial projections of the expected funding patterns for both the current funding policy adopted by the Alaska Retirement Management Board (ARMB), referred to as the Baseline, and the Governor's Proposal.

First, the proposal provides increased immediate funding by transferring \$3 billion from the budget reserve fund to PERS and TRS in fiscal year 2015. This transfer immediately improves the funding levels of PERS and TRS and lowers future funding needs. Levels of funding at any point in time are measured by the funding ratio which equals the ratio of the systems assets divided by the accrued

liability. For both PERS and TRS, the funding ratio is expected to increase almost 7% at the time of the transfer.

Second, future annual additional state assistance contributions, subject to appropriations, are fixed at \$500 million per year and are paid until the funding ratio reaches 100%. Based on our projections, we estimate this will occur in fiscal year 2037 for both PERS and TRS using the allocation noted earlier. This represents an extension of the funding period of six years from the current policy which is expected to reach 100% funding by fiscal year 2031.

The overall impact to state funding of PERS and TRS is shown on Exhibit 1 and 2 attached. The fiscal impact of the \$3 billion transfer lowers overall state assistance funding, and the extension of the funding period by six years increases overall employer funding. The net result is an increase in total state funding (state's contribution as an employer plus additional state assistance) from fiscal years 2015 to 2037 for PERS of \$495 million and for TRS of \$618 million, or a total of \$1,113 million. The funding of other non-state employers of PERS also increases from \$2,904 million to \$4,392 million, or a net increase of \$1,488 million. Greater detail of our projection results for both PERS and TRS is shown in Exhibits 3 through 6.

Funding Policy

It should be noted that these projections are *not* predictions, but rather expectations assuming all of the actuarial assumptions are exactly realized, including an 8.00% investment rate of return in each year from 2014 to 2043. To the extent actual future experience is different from what we have assumed, the actual results will increase or decrease the funding levels shown in our projections. We recommend policy makers take this into consideration when setting long-term funding policy.

There are many budgetary approaches being used today by public employers and states to fund pension systems. The most common are (1) the actuarial contribution approach, and (2) the fixed dollar or fixed contribution rate approach, typically set in statute. Alaska is currently using the actuarial contribution approach. Under this approach, the actuary performs an actuarial valuation each year to determine the contribution rate needed to fund the accruing benefit (known as normal cost) and amortize the unfunded past service liability over a defined period. The contribution rate will vary year by year given changes in experience, actuarial assumptions, methods, or plan provisions. These changes to the contribution rate keeps funding on a path to fully amortize the unfunded past service liability within the defined period. Alaska currently uses a 25 year fixed amortization period from the date portions of the unfunded liability are established.

The Governor's Proposal (HB 385) changes the funding policy for the additional state assistance contribution from the actuarial contribution approach to a fixed dollar contribution approach. Employer contributions will still be determined on the actuarial contribution approach with a cap of 22% of total payroll for PERS and 12.56% of total payroll for TRS. Future annual actuarial valuations will be

Mr. Mike Barnhill
April 11, 2014
Page 3

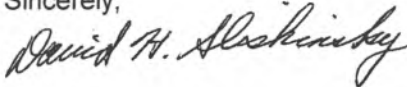
performed to measure the ongoing actuarial positions of PERS and TRS and any changes in the funding period or date when the systems are expected to reach a 100% funding ratio. An important feature of HB 385 provides that, if any future actuarial analysis determines that the fixed annual state contribution amount is insufficient to amortize the unfunded past service liability over a period consistent with actuarial standards, the state will contribute, subject to appropriation, an additional fixed amount to keep the systems funded within actuarial standards. We recommend policy makers consult with the system's actuary to determine the conditions under which additional state contributions would be necessary.

Summary for Analysis of Governor's Proposal

The data, assumptions, plan provisions and methods used for the estimated costs are described in the actuarial valuation reports as of June 30, 2012 except that future contributions from the State have been based on the Governor's Proposal. We have also used the 12.50% investment rate of return in fiscal year 2013 and an 8.00% investment rate of return in all future years beyond fiscal year 2013 to project fund balances. The bill will become effective July 1, 2014.

Please let me know if you need any further information.

Sincerely,



David H. Sliskinsky, ASA, EA, MAAA, FCA
Principal, Consulting Actuary

- c: Ms. Kathy Lea, State of Alaska
- Mr. Brandon Maitlen, State of Alaska
- Mr. Kevin Worley, State of Alaska
- Mr. Chris Hulla, Buck Consultants
- Ms. Kyla Kaltenbach, Buck Consultants

Exhibit 1

**State of Alaska PERS and TRS
Financial Projections (in Thousands)
Summary of State Assistance**

Fiscal Year End	Baseline - Current ARM Board Funding Policy			Governor's Proposal - Additional \$3B State Contribution in FY15; \$500M State Contributions in FY16-FY35			Cost / (Savings) to Additional State Assistance of Governor's Proposal		
	PERS	TRS	Total	PERS	TRS	Total	PERS	TRS	Total
2013	\$310,528	\$298,101	\$608,629	\$310,528	\$298,101	\$608,629	\$0	\$0	\$0
2014	312,473	316,847	629,320	312,473	316,847	629,320	0	0	0
2015	519,676	455,904	975,580	1,881,370	1,118,630	3,000,000	1,361,694	662,726	2,024,420
2016	563,210	485,905	1,049,115	157,000	343,000	500,000	(406,210)	(142,905)	(549,115)
2017	555,103	492,448	1,047,551	157,000	343,000	500,000	(398,103)	(149,448)	(547,551)
2018	528,170	488,074	1,016,244	157,000	343,000	500,000	(371,170)	(145,074)	(516,244)
2019	517,221	489,890	1,007,111	157,000	343,000	500,000	(360,221)	(146,890)	(507,111)
2020	487,881	484,378	972,259	157,000	343,000	500,000	(330,881)	(141,378)	(472,259)
2021	466,935	483,595	950,530	157,000	343,000	500,000	(309,935)	(140,595)	(450,530)
2022	445,553	482,885	928,438	157,000	343,000	500,000	(288,553)	(139,885)	(428,438)
2023	424,549	482,733	907,282	157,000	343,000	500,000	(267,549)	(139,733)	(407,282)
2024	404,298	482,225	886,523	157,000	343,000	500,000	(247,298)	(139,225)	(386,523)
2025	383,915	481,478	865,393	157,000	343,000	500,000	(226,915)	(138,478)	(365,393)
2026	363,879	481,273	845,152	157,000	343,000	500,000	(206,879)	(138,273)	(345,152)
2027	342,312	480,405	822,717	157,000	343,000	500,000	(185,312)	(137,405)	(322,717)
2028	320,269	479,517	799,786	157,000	343,000	500,000	(163,269)	(136,517)	(299,786)
2029	296,545	478,207	774,752	157,000	343,000	500,000	(139,545)	(135,207)	(274,752)
2030	0	249,950	249,950	157,000	343,000	500,000	157,000	93,050	250,050
2031	0	0	0	157,000	343,000	500,000	157,000	343,000	500,000
2032	0	0	0	157,000	343,000	500,000	157,000	343,000	500,000
2033	0	0	0	157,000	343,000	500,000	157,000	343,000	500,000
2034	0	0	0	157,000	343,000	500,000	157,000	343,000	500,000
2035	0	0	0	157,000	343,000	500,000	157,000	343,000	500,000
2036	0	0	0	13,000	118,000	131,000	13,000	118,000	131,000
2037	0	0	0	0	0	0	0	0	0
2038	0	0	0	0	0	0	0	0	0
2039	0	0	0	0	0	0	0	0	0
2040	0	0	0	0	0	0	0	0	0
2041	0	0	0	0	0	0	0	0	0
2042	0	0	0	0	0	0	0	0	0
2043	0	0	0	0	0	0	0	0	0
Totals for 2015 & After	\$6,619,516	\$7,478,867	\$14,098,383	\$5,034,370	\$8,096,630	\$13,131,000	(\$1,585,146)	\$617,763	(\$967,383)

Exhibit 2

**State of Alaska PERS and TRS
Financial Projections (in Thousands)**

Summary of Total State Contributions - State's Share of Employer Contributions Plus Additional State Assistance

Fiscal Year End	Baseline - Current ARM Board Funding Policy			Governor's Proposal - Additional \$3B State Contribution in FY15; \$500M State Contributions in FY16-FY35			Total State Contribution Cost / (Savings) of Governor's Proposal		
	PERS	TRS	Total	PERS	TRS	Total	PERS	TRS	Total
2013	\$559,312	\$298,101	\$857,413	\$559,312	\$298,101	\$857,413	\$0	\$0	\$0
2014	558,699	316,847	875,546	558,699	316,847	875,546	0	0	0
2015	764,457	455,904	1,220,361	2,126,151	1,118,630	3,244,781	1,361,694	662,726	2,024,420
2016	807,472	485,905	1,293,377	401,262	343,000	744,262	(406,210)	(142,905)	(549,115)
2017	799,743	492,448	1,292,191	401,640	343,000	744,640	(398,103)	(149,448)	(547,551)
2018	774,002	488,074	1,262,076	402,832	343,000	745,832	(371,170)	(145,074)	(516,244)
2019	765,041	489,890	1,254,931	404,820	343,000	747,820	(360,221)	(146,890)	(507,111)
2020	738,108	484,378	1,222,486	407,227	343,000	750,227	(330,881)	(141,378)	(472,259)
2021	720,186	483,595	1,203,781	410,251	343,000	753,251	(309,935)	(140,595)	(450,530)
2022	702,268	482,885	1,185,153	413,715	343,000	756,715	(288,553)	(139,885)	(428,438)
2023	685,320	482,733	1,168,053	417,771	343,000	760,771	(267,549)	(139,733)	(407,282)
2024	669,945	482,225	1,152,170	422,647	343,000	765,647	(247,298)	(139,225)	(386,523)
2025	655,062	481,478	1,136,540	428,147	343,000	771,147	(226,915)	(138,478)	(365,393)
2026	641,281	481,273	1,122,554	434,402	343,000	777,402	(206,879)	(138,273)	(345,152)
2027	626,623	480,405	1,107,028	441,311	343,000	784,311	(185,312)	(137,405)	(322,717)
2028	612,247	479,517	1,091,764	448,978	343,000	791,978	(163,269)	(136,517)	(299,786)
2029	596,985	478,207	1,075,192	457,440	343,000	800,440	(139,545)	(135,207)	(274,752)
2030	106,053	249,950	356,003	466,646	343,000	809,646	360,593	93,050	453,643
2031	4,534	0	4,534	476,711	343,000	819,711	472,177	343,000	815,177
2032	3,153	0	3,153	487,587	343,000	830,587	484,434	343,000	827,434
2033	2,467	0	2,467	499,349	343,000	842,349	496,882	343,000	839,882
2034	2,006	0	2,006	512,446	343,000	855,446	510,440	343,000	853,440
2035	1,197	0	1,197	439,029	343,000	782,029	437,832	343,000	780,832
2036	626	0	626	267,208	118,000	385,208	266,582	118,000	384,582
2037	326	0	326	6,530	0	6,530	6,204	0	6,204
2038	0	0	0	0	0	0	0	0	0
2039	0	0	0	0	0	0	0	0	0
2040	0	0	0	0	0	0	0	0	0
2041	0	0	0	0	0	0	0	0	0
2042	0	0	0	0	0	0	0	0	0
2043	0	0	0	0	0	0	0	0	0
Totals 2015 & After	\$10,679,102	\$7,478,867	\$18,157,969	\$11,174,100	\$8,096,630	\$19,270,730	\$494,998	\$617,763	\$1,112,761

Note: Assumes TRS does not contain any State Employers.

Exhibit 3

**State of Alaska PERS
Financial Projections (in Thousands)
Baseline - Level Dollar Amortization over 25 years and 12.5% Investment Return in FY13, 8% in FY14 and later years**

Fiscal Year End	Valuation Amounts on July 1 (Beginning of Fiscal Year)				Flow Amounts During Following 12 Months								Recognized Asset Gain/(Loss)	Ending Actuarial Assets	41.70% Municipal Er Cont's	58.30% State Er Cont's	State Assist Cont's	State Cont's	Total Er/State Cont's	
	Actuarial Assets	Accrued Liability	Funding Ratio	Surplus (Deficit)	Total Salaries	Employer Contribs	State Contribs	Employee Contribs	Total Contribs	Benefit Payments	Net Contribs	Investment Earnings								
2013	\$11,832,030	\$19,292,361	61.3%	(\$7,460,331)	\$2,245,686	\$426,731	\$310,528	\$118,879	\$856,138	\$973,954	(\$117,816)	\$1,399,035	(\$924,132)	\$12,189,117	\$177,947	\$248,784	\$310,528	\$559,312	\$737,259	
2014	12,189,117	20,109,112	60.6%	(7,919,995)	2,295,881	422,343	312,473	120,633	855,449	1,056,528	(201,079)	994,291	195,922	13,178,251	176,117	246,226	312,473	558,699	734,816	
2015	13,178,251	20,885,260	63.1%	(7,707,009)	2,357,693	419,865	519,676	114,150	1,053,691	1,140,515	(86,824)	1,061,950	162,400	14,315,777	175,084	244,781	519,676	764,457	939,541	
2016	14,315,777	21,614,302	66.2%	(7,298,525)	2,428,744	418,974	563,210	107,781	1,089,965	1,225,841	(135,876)	1,137,751	(76,850)	15,240,802	174,712	244,262	563,210	807,472	982,184	
2017	15,240,802	22,291,137	68.4%	(7,050,335)	2,508,301	419,623	555,103	101,655	1,076,381	1,305,131	(228,750)	1,213,993	100,740	16,326,785	174,983	244,640	555,103	799,743	974,726	
2018	16,326,785	22,919,638	71.2%	(6,592,853)	2,595,896	421,668	528,170	95,970	1,045,808	1,380,741	(334,933)	1,288,394	0	17,280,246	175,836	245,832	528,170	774,002	949,838	
2019	17,280,246	23,501,895	73.5%	(6,221,649)	2,692,279	425,077	517,221	90,469	1,032,767	1,456,528	(423,761)	1,360,934	0	18,217,419	177,257	247,820	517,221	765,041	942,298	
2020	18,217,419	24,035,658	75.8%	(5,818,239)	2,792,589	429,205	487,881	85,274	1,002,360	1,537,884	(535,524)	1,431,251	0	19,113,146	178,978	250,227	487,881	738,108	917,086	
2021	19,113,146	24,512,466	78.0%	(5,399,320)	2,898,156	434,392	466,935	80,182	981,509	1,621,417	(639,908)	1,498,536	0	19,971,774	181,141	253,251	466,935	720,186	901,327	
2022	19,971,774	24,925,074	80.1%	(4,953,300)	3,008,108	440,335	445,553	75,193	961,081	1,698,588	(737,507)	1,563,139	0	20,797,406	183,620	256,715	445,553	702,268	885,888	
2023	20,797,406	25,278,587	82.3%	(4,481,181)	3,123,760	447,292	424,549	56,540	928,381	1,771,109	(842,728)	1,624,820	0	21,579,498	186,521	260,771	424,549	685,320	871,841	
2024	21,579,498	25,570,418	84.4%	(3,990,920)	3,248,785	455,655	404,298	51,656	911,609	1,835,920	(924,311)	1,683,971	0	22,339,158	190,098	265,647	404,298	669,945	859,953	
2025	22,339,158	25,795,109	86.6%	(3,455,951)	3,379,794	465,089	383,915	46,641	895,645	1,924,239	(1,028,594)	1,740,357	0	23,050,921	193,942	271,147	383,915	655,062	849,004	
2026	23,050,921	25,934,450	88.9%	(2,883,529)	3,517,793	475,818	363,879	42,214	881,911	1,991,781	(1,109,870)	1,793,885	0	23,734,936	198,416	277,402	363,879	641,281	839,697	
2027	23,734,936	26,004,608	91.3%	(2,269,672)	3,662,757	487,669	342,312	38,093	868,074	2,062,704	(1,194,630)	1,845,044	0	24,385,350	203,358	284,311	342,312	626,623	829,981	
2028	24,385,350	25,997,577	93.8%	(1,612,227)	3,815,471	500,820	320,269	33,958	855,047	2,123,648	(1,268,601)	1,893,972	0	25,010,721	208,842	291,978	320,269	612,247	821,089	
2029	25,010,721	25,917,989	96.5%	(907,268)	3,975,899	515,334	296,545	30,217	842,096	2,177,117	(1,335,021)	1,941,217	0	25,616,917	214,894	300,440	296,545	596,985	811,879	
2030	25,616,917	25,769,017	99.4%	(152,100)	4,143,703	181,909	0	26,520	208,429	2,226,897	(2,018,468)	1,962,735	0	25,561,184	75,856	106,053	0	106,053	181,909	
2031	25,561,184	25,549,181	100.0%	12,003	4,320,656	7,777	0	23,332	31,109	2,303,286	(2,272,177)	1,948,068	0	25,237,075	3,243	4,534	0	4,534	7,777	
2032	25,237,075	25,227,017	100.0%	10,058	4,506,592	5,408	0	20,730	26,138	2,351,333	(2,325,195)	1,919,899	0	24,831,779	2,255	3,153	0	3,153	5,408	
2033	24,831,779	24,821,687	100.0%	10,092	4,702,683	4,232	0	17,870	22,102	2,374,058	(2,351,956)	1,886,350	0	24,366,173	1,765	2,467	0	2,467	4,232	
2034	24,366,173	24,357,984	100.0%	8,189	4,915,446	3,441	0	15,238	18,679	2,405,178	(2,386,499)	1,847,642	0	23,827,316	1,435	2,006	0	2,006	3,441	
2035	23,827,316	23,817,428	100.0%	9,888	5,135,408	2,054	0	13,352	15,406	2,427,129	(2,411,723)	1,803,471	0	23,219,064	857	1,197	0	1,197	2,054	
2036	23,219,064	23,210,536	100.0%	8,528	5,363,274	1,073	0	11,263	12,336	2,461,663	(2,449,327)	1,753,220	0	22,522,957	447	626	0	626	1,073	
2037	22,522,957	22,515,424	100.0%	7,533	5,600,200	560	0	9,520	10,080	2,462,456	(2,452,376)	1,697,409	0	21,767,990	234	326	0	326	560	
2038	21,767,990	21,761,882	100.0%	6,108	5,846,914	0	0	7,601	7,601	2,440,642	(2,433,041)	1,637,843	0	20,972,792	0	0	0	0	0	
2039	20,972,792	20,968,326	100.0%	4,466	6,103,819	0	0	6,104	6,104	2,415,802	(2,409,698)	1,575,226	0	20,138,320	0	0	0	0	0	
2040	20,138,320	20,135,179	100.0%	3,141	6,368,696	0	0	5,095	5,095	2,423,877	(2,418,782)	1,508,085	0	19,227,623	0	0	0	0	0	
2041	19,227,623	19,225,406	100.0%	2,217	6,645,068	0	0	3,987	3,987	2,364,529	(2,360,542)	1,437,712	0	18,304,793	0	0	0	0	0	
2042	18,304,793	18,303,380	100.0%	1,413	6,931,674	0	0	2,773	2,773	2,308,626	(2,305,853)	1,366,218	0	17,365,158	0	0	0	0	0	
2043	17,365,158	17,364,761	100.0%	397	7,230,997	0	0	2,169	2,169	2,249,003	(2,246,834)	1,293,940	0	16,412,264	0	0	0	0	0	
Totals 2015 & After					\$ 6,963,270	\$ 6,619,516	\$ 1,215,547	\$ 14,798,333						\$ 2,903,684	\$ 4,059,586	\$ 6,619,516	\$ 10,679,102	\$ 13,582,786		
															21.38%			78.62%	100.00%	

Exhibit 4

**State of Alaska PERS
Financial Projections (in Thousands)
Governor's Proposal - Level Dollar Amortization over 30 years and 12.5% Investment Return in FY13, 8% in FY14 and later years
Additional State Contribution in FY15 Allocated based on Unfunded Liability**

Fiscal Year End	Investment Return: 8.00% Valuation Amounts on July 1 (Beginning of Fiscal Year)				Flow Amounts During Following 12 Months								Recognized Asset Gain(Loss)	Ending Actuarial Assets	41.70% Municipal Er Cont's	58.30% State Er Cont's	State Assist Cont's	State Cont's	Total Er/State Cont's
	Actuarial Assets	Accrued Liability	Funding Ratio	Surplus (Deficit)	Total Salaries	Employer Contribs	State Contribs	Employee Contribs	Total Contribs	Benefit Payments	Net Contribs	Investment Earnings							
2013	\$11,832,030	\$19,292,361	61.3%	(\$7,460,331)	\$2,245,686	\$426,731	\$310,528	\$118,879	\$856,138	\$973,954	(\$117,816)	\$1,399,035	(\$924,132)	\$12,189,117	\$177,947	\$248,784	\$310,528	\$559,312	\$737,259
2014	12,189,117	20,109,112	60.6%	(7,919,995)	2,295,881	422,343	312,473	120,633	855,449	1,056,528	(201,079)	994,291	195,922	13,178,251	176,117	246,226	312,473	558,699	734,816
2015	13,178,251	20,885,260	63.1%	(7,707,009)	2,357,693	419,865	1,881,370	114,150	2,415,385	1,140,515	1,274,870	1,115,370	162,400	15,730,891	175,084	244,781	1,881,370	2,126,151	2,301,235
2016	15,730,891	21,614,302	72.8%	(5,883,411)	2,428,744	418,974	157,000	107,781	683,755	1,225,841	(542,086)	1,235,024	(76,850)	16,346,979	174,712	244,262	157,000	401,262	575,974
2017	16,346,979	22,291,137	73.3%	(5,944,158)	2,508,301	419,623	157,000	101,655	678,278	1,305,131	(628,853)	1,286,869	100,740	17,107,735	174,983	244,640	157,000	401,640	576,623
2018	17,107,735	22,919,638	74.6%	(5,811,903)	2,595,896	421,668	157,000	95,970	674,638	1,380,741	(706,103)	1,336,309	0	17,737,941	175,836	245,832	157,000	402,832	578,668
2019	17,737,941	23,501,895	75.5%	(5,763,954)	2,692,279	425,077	157,000	90,469	672,546	1,456,528	(783,982)	1,383,418	0	18,337,377	177,257	247,820	157,000	404,820	582,077
2020	18,337,377	24,035,658	76.3%	(5,698,281)	2,792,589	429,205	157,000	85,274	671,479	1,537,884	(866,405)	1,427,867	0	18,898,839	178,978	250,227	157,000	407,227	586,205
2021	18,898,839	24,512,466	77.1%	(5,613,627)	2,898,156	434,392	157,000	80,182	671,574	1,621,417	(949,843)	1,469,232	0	19,418,228	181,141	253,251	157,000	410,251	591,392
2022	19,418,228	24,925,074	77.9%	(5,506,846)	3,008,108	440,335	157,000	75,193	672,528	1,698,588	(1,026,060)	1,507,536	0	19,899,704	183,620	256,715	157,000	413,715	597,335
2023	19,899,704	25,278,587	78.7%	(5,378,883)	3,123,760	447,292	157,000	56,540	660,832	1,771,109	(1,110,277)	1,542,508	0	20,331,935	186,521	260,771	157,000	417,771	604,292
2024	20,331,935	25,570,418	78.5%	(5,238,483)	3,248,785	455,655	157,000	51,656	664,311	1,835,920	(1,171,609)	1,574,464	0	20,734,790	190,008	265,647	157,000	422,647	612,655
2025	20,734,790	25,795,109	80.4%	(5,060,319)	3,379,794	465,089	157,000	46,641	668,730	1,924,239	(1,255,509)	1,603,106	0	21,082,387	193,942	271,147	157,000	428,147	622,089
2026	21,082,387	25,934,450	81.3%	(4,852,063)	3,517,793	475,818	157,000	42,214	675,032	1,991,781	(1,316,749)	1,628,286	0	21,393,924	198,416	277,402	157,000	434,402	632,818
2027	21,393,924	26,004,608	82.3%	(4,610,684)	3,662,757	487,669	157,000	38,093	682,762	2,062,704	(1,379,942)	1,650,493	0	21,664,475	203,358	284,311	157,000	441,311	644,669
2028	21,664,475	25,997,577	83.3%	(4,333,102)	3,815,471	500,820	157,000	33,958	691,778	2,123,648	(1,431,870)	1,669,897	0	21,902,502	208,842	291,978	157,000	448,978	657,820
2029	21,902,502	25,917,989	84.5%	(4,015,487)	3,975,899	515,334	157,000	30,217	702,551	2,177,117	(1,474,566)	1,687,085	0	22,115,021	214,894	300,440	157,000	457,440	672,334
2030	22,115,021	25,769,017	85.8%	(3,653,996)	4,143,703	531,126	157,000	26,520	714,646	2,226,897	(1,512,251)	1,702,442	0	22,305,212	221,480	309,646	157,000	466,646	688,126
2031	22,305,212	25,549,181	87.3%	(3,243,969)	4,320,656	548,390	157,000	23,332	728,722	2,303,286	(1,574,564)	1,714,958	0	22,445,606	228,679	319,711	157,000	476,711	705,390
2032	22,445,606	25,227,017	89.0%	(2,781,411)	4,506,592	567,044	157,000	20,730	744,774	2,351,333	(1,606,559)	1,724,774	0	22,563,821	236,457	330,587	157,000	487,587	724,044
2033	22,563,821	24,821,687	90.9%	(2,257,866)	4,702,683	587,220	157,000	17,870	762,090	2,374,058	(1,611,968)	1,733,943	0	22,685,796	244,871	342,349	157,000	499,349	744,220
2034	22,685,796	24,357,984	93.1%	(1,672,188)	4,915,446	609,685	157,000	15,238	781,923	2,405,178	(1,623,255)	1,743,154	0	22,805,695	254,239	355,446	157,000	512,446	766,685
2035	22,805,695	23,817,428	95.8%	(1,011,733)	5,135,408	483,755	157,000	13,352	654,107	2,427,129	(1,773,022)	1,746,798	0	22,779,471	201,726	282,029	157,000	439,029	640,755
2036	22,779,471	23,210,536	98.1%	(431,065)	5,363,274	436,034	13,000	11,263	460,297	2,461,663	(2,001,366)	1,735,626	0	22,513,731	181,826	254,208	13,000	267,208	449,034
2037	22,513,731	22,515,424	100.0%	(1,693)	5,600,200	11,200	0	9,520	20,720	2,462,456	(2,441,736)	1,697,089	0	21,769,084	4,670	6,530	0	6,530	11,200
2038	21,769,084	21,761,882	100.0%	7,202	5,846,914	0	0	7,601	7,601	2,440,642	(2,433,041)	1,637,931	0	20,973,974	0	0	0	0	0
2039	20,973,974	20,968,326	100.0%	5,648	6,103,819	0	0	6,104	6,104	2,415,802	(2,409,698)	1,575,321	0	20,139,597	0	0	0	0	0
2040	20,139,597	20,135,179	100.0%	4,418	6,368,696	0	0	5,095	5,095	2,423,877	(2,418,782)	1,508,187	0	19,229,002	0	0	0	0	0
2041	19,229,002	19,225,406	100.0%	3,596	6,645,068	0	0	3,987	3,987	2,364,529	(2,360,542)	1,437,822	0	18,306,282	0	0	0	0	0
2042	18,306,282	18,303,380	100.0%	2,902	6,931,674	0	0	2,773	2,773	2,308,626	(2,305,853)	1,366,337	0	17,366,766	0	0	0	0	0
2043	17,366,766	17,364,761	100.0%	2,005	7,230,997	0	0	2,169	2,169	2,249,003	(2,246,834)	1,293,690	0	16,413,622	0	0	0	0	0
Totals 2015 & After					\$	10,531,270	\$5,034,370	\$1,215,547	\$16,781,187					\$4,391,540	\$6,139,730	\$5,034,370	\$11,174,100	\$	15,565,640
															28.21%			71.79%	100.00%

Exhibit 5

State of Alaska TRS
Financial Projections (in Thousands)

Baseline - Level Dollar Amortization over 25 years and 12.5% Investment Return in FY13, 8% in FY14 and later years

Fiscal Year End	Investment Return: 8.00%				Flow Amounts During Following 12 Months								Recognized Asset Gain/(Loss)	Ending Actuarial Assets	
	Valuation Amounts on July 1 (Beginning of Fiscal Year)				Total Salaries	Employer/State Ctb Rate	Employer Contribs	State Contribs	Employee Contribs	Total Contribs	Benefit Payments	Net Contribs			Investment Earnings
2013	\$4,869,154	\$9,346,444	52.1%	(\$4,477,290)	\$743,957	49.56%	\$70,604	\$298,101	\$53,263	\$421,968	\$525,672	(\$103,704)	\$570,927	(\$393,887)	\$4,942,490
2014	4,942,490	9,651,582	51.2%	(4,709,092)	762,692	50.10%	67,056	316,847	54,446	438,349	556,844	(118,495)	402,046	90,090	5,316,131
2015	5,316,131	9,944,626	53.5%	(4,628,495)	783,438	66.31%	63,594	455,904	52,102	571,600	586,966	(15,366)	428,675	72,872	5,802,312
2016	5,802,312	10,223,597	56.8%	(4,421,285)	805,914	67.76%	60,182	485,905	49,736	595,823	618,454	(22,631)	461,350	(29,854)	6,211,177
2017	6,211,177	10,485,997	59.2%	(4,274,820)	830,268	66.16%	56,857	492,448	47,420	596,725	648,576	(51,851)	495,200	43,566	6,698,092
2018	6,698,092	10,731,508	62.4%	(4,033,416)	855,825	63.28%	53,492	488,074	45,199	586,765	675,904	(89,139)	529,114	0	7,138,067
2019	7,138,067	10,963,107	65.1%	(3,825,040)	882,669	61.18%	50,127	489,890	42,905	582,922	705,092	(122,170)	562,919	0	7,578,816
2020	7,578,816	11,177,357	67.8%	(3,598,541)	911,010	58.30%	46,741	484,378	40,631	571,750	739,563	(167,813)	596,273	0	8,007,276
2021	8,007,276	11,367,833	70.4%	(3,360,557)	940,957	56.00%	43,341	483,595	38,284	565,220	771,294	(206,074)	628,943	0	8,430,145
2022	8,430,145	11,533,410	73.1%	(3,103,265)	973,382	53.73%	40,113	482,885	35,978	558,976	799,992	(241,016)	661,306	0	8,850,435
2023	8,850,435	11,678,589	75.8%	(2,828,154)	1,008,495	51.55%	37,146	482,733	26,120	545,999	825,117	(279,118)	693,351	0	9,264,668
2024	9,264,668	11,804,774	78.5%	(2,540,106)	1,045,905	49.38%	34,243	482,225	23,847	540,315	847,540	(307,225)	725,312	0	9,682,755
2025	9,682,755	11,906,243	81.3%	(2,223,488)	1,085,268	47.26%	31,420	481,478	21,488	534,386	877,945	(343,559)	757,232	0	10,096,428
2026	10,096,428	11,978,919	84.3%	(1,882,491)	1,126,840	45.26%	28,735	481,273	19,269	529,277	915,165	(385,888)	788,541	0	10,499,081
2027	10,499,081	12,014,999	87.4%	(1,515,918)	1,170,697	43.27%	26,156	480,405	17,092	523,653	942,377	(418,724)	819,374	0	10,899,731
2028	10,899,731	12,019,893	90.7%	(1,120,162)	1,217,232	41.35%	23,808	479,517	14,972	518,297	965,075	(446,778)	850,250	0	11,303,203
2029	11,303,203	11,999,271	94.2%	(696,068)	1,266,672	39.47%	21,748	478,207	13,047	513,002	988,765	(475,763)	881,311	0	11,708,751
2030	11,708,751	11,947,250	98.0%	(238,499)	1,318,359	20.47%	19,918	249,950	11,338	281,206	1,015,267	(734,061)	903,533	0	11,878,223
2031	11,878,223	11,862,365	100.1%	15,858	1,373,136	0.24%	3,296	0	9,749	13,045	1,052,765	(1,039,720)	904,975	0	11,743,478
2032	11,743,478	11,727,157	100.1%	16,321	1,430,917	0.17%	2,433	0	8,442	10,875	1,071,218	(1,060,343)	893,325	0	11,576,460
2033	11,576,460	11,561,467	100.1%	14,993	1,491,916	0.13%	1,939	0	7,161	9,100	1,076,092	(1,066,992)	879,686	0	11,389,154
2034	11,389,154	11,375,441	100.1%	13,713	1,556,143	0.10%	1,556	0	6,069	7,625	1,087,071	(1,079,446)	864,176	0	11,173,884
2035	11,173,884	11,161,401	100.1%	12,483	1,622,872	0.07%	1,136	0	5,031	6,167	1,110,566	(1,104,399)	845,897	0	10,915,382
2036	10,915,382	10,904,315	100.1%	11,067	1,692,489	0.05%	846	0	4,231	5,077	1,108,805	(1,103,728)	825,250	0	10,636,904
2037	10,636,904	10,627,228	100.1%	9,676	1,764,921	0.03%	529	0	3,530	4,059	1,104,345	(1,100,286)	803,121	0	10,339,739
2038	10,339,739	10,331,515	100.1%	8,224	1,840,538	0.02%	368	0	2,945	3,313	1,098,370	(1,095,057)	779,573	0	10,024,255
2039	10,024,255	10,017,472	100.1%	6,783	1,919,401	0.02%	384	0	2,303	2,687	1,092,046	(1,089,359)	754,579	0	9,689,475
2040	9,689,475	9,684,161	100.1%	5,314	2,000,850	0.02%	400	0	1,801	2,201	1,079,552	(1,077,351)	728,309	0	9,340,433
2041	9,340,433	9,336,574	100.0%	3,859	2,085,904	0.01%	209	0	1,460	1,669	1,066,437	(1,064,768)	700,923	0	8,976,588
2042	8,976,588	8,974,342	100.0%	2,246	2,174,467	0.01%	217	0	1,087	1,304	1,048,163	(1,046,859)	672,579	0	8,602,308
2043	8,602,308	8,601,721	100.0%	587	2,266,698	0.00%	0	0	907	907	1,020,993	(1,020,086)	644,587	0	8,226,809
Totals 2015 & After					\$	650,934	\$	7,478,867	\$	554,144	\$	8,683,945			

Exhibit 6

State of Alaska TRS
Financial Projections (in Thousands)

Governor's Proposal - Level Dollar Amortization over 30 years and 12.5% Investment Return in FY13, 8% in FY14 and later years
Additional State Contribution in FY15 Allocated based on Unfunded Liability

Fiscal Year End	Investment Return: 8.00%				Flow Amounts During Following 12 Months										Recognized Asset Gain/(Loss)	Ending Actuarial Assets
	Valuation Amounts on July 1 (Beginning of Fiscal Year)				Total Salaries	Employer/State Ctb Rate	Employer Contribs	State Contribs	Employee Contribs	Total Contribs	Benefit Payments	Net Contribs	Investment Earnings			
2013	\$4,869,154	\$9,346,444	52.1%	(\$4,477,290)	\$743,957	49.56%	\$70,604	\$298,101	\$53,263	\$421,968	\$525,672	(\$103,704)	\$570,927	(\$393,887)	\$4,942,490	
2014	4,942,490	9,651,582	51.2%	(4,709,092)	762,692	50.34%	67,056	316,847	54,446	438,349	556,844	(118,495)	402,046	90,090	5,316,131	
2015	5,316,131	9,944,626	53.5%	(4,628,495)	783,438	150.90%	63,594	1,118,630	52,102	1,234,326	586,966	647,360	454,674	72,872	6,491,037	
2016	6,491,037	10,223,597	63.5%	(3,732,560)	805,914	50.03%	60,182	343,000	49,736	452,918	618,454	(165,536)	510,841	(29,854)	6,806,488	
2017	6,806,488	10,485,997	64.9%	(3,679,509)	830,268	48.16%	56,857	343,000	47,420	447,277	648,576	(201,299)	536,962	43,566	7,185,717	
2018	7,185,717	10,731,508	67.0%	(3,545,791)	855,825	46.33%	53,492	343,000	45,199	441,691	675,904	(234,213)	562,433	0	7,513,937	
2019	7,513,937	10,963,107	68.5%	(3,449,170)	882,669	44.54%	50,127	343,000	42,905	436,032	705,092	(269,060)	587,226	0	7,832,103	
2020	7,832,103	11,177,357	70.1%	(3,345,254)	911,010	42.78%	46,741	343,000	40,631	430,372	739,563	(309,191)	610,990	0	8,133,902	
2021	8,133,902	11,367,833	71.6%	(3,233,931)	940,957	41.06%	43,341	343,000	38,284	424,625	771,294	(346,669)	633,557	0	8,420,790	
2022	8,420,790	11,533,410	73.0%	(3,112,620)	973,382	39.36%	40,113	343,000	35,978	419,091	799,992	(380,901)	655,070	0	8,694,959	
2023	8,694,959	11,678,589	74.5%	(2,983,630)	1,008,495	37.69%	37,146	343,000	26,120	406,266	825,117	(418,851)	675,431	0	8,951,539	
2024	8,951,539	11,804,774	75.8%	(2,853,235)	1,045,905	36.07%	34,243	343,000	23,847	401,090	847,540	(446,450)	694,799	0	9,199,888	
2025	9,199,888	11,906,243	77.3%	(2,706,355)	1,085,268	34.50%	31,420	343,000	21,488	395,908	877,945	(482,037)	713,170	0	9,431,021	
2026	9,431,021	11,978,919	78.7%	(2,547,898)	1,126,840	32.99%	28,735	343,000	19,269	391,004	915,165	(524,161)	729,884	0	9,636,744	
2027	9,636,744	12,014,999	80.2%	(2,378,255)	1,170,697	31.53%	26,156	343,000	17,092	386,248	942,377	(556,129)	744,997	0	9,825,612	
2028	9,825,612	12,019,893	81.7%	(2,194,281)	1,217,232	30.13%	23,808	343,000	14,972	381,780	965,075	(583,295)	758,964	0	10,001,281	
2029	10,001,281	11,999,271	83.3%	(1,997,990)	1,266,672	28.80%	21,748	343,000	13,047	377,795	988,765	(610,970)	771,853	0	10,162,164	
2030	10,162,164	11,947,250	85.1%	(1,785,086)	1,318,359	27.53%	19,918	343,000	11,338	374,256	1,015,267	(641,011)	783,457	0	10,304,610	
2031	10,304,610	11,862,365	86.9%	(1,557,755)	1,373,136	26.32%	18,342	343,000	9,749	371,091	1,052,765	(681,674)	793,132	0	10,416,068	
2032	10,416,068	11,727,157	88.8%	(1,311,089)	1,430,917	25.16%	16,962	343,000	8,442	368,404	1,071,218	(702,814)	801,158	0	10,514,412	
2033	10,514,412	11,561,467	90.9%	(1,047,055)	1,491,916	24.05%	15,796	343,000	7,161	365,957	1,076,092	(710,135)	808,722	0	10,612,999	
2034	10,612,999	11,375,441	93.3%	(762,442)	1,556,143	23.00%	14,836	343,000	6,069	363,905	1,087,071	(723,166)	816,061	0	10,705,894	
2035	10,705,894	11,161,401	95.9%	(455,507)	1,622,872	22.00%	14,047	343,000	5,031	362,078	1,110,566	(748,488)	822,421	0	10,779,827	
2036	10,779,827	10,904,315	98.9%	(124,488)	1,692,489	7.77%	13,438	118,000	4,231	135,669	1,108,805	(973,136)	819,528	0	10,626,219	
2037	10,626,219	10,627,228	100.0%	(1,009)	1,764,921	0.74%	12,979	0	3,530	16,509	1,104,345	(1,087,836)	802,755	0	10,341,138	
2038	10,341,138	10,331,515	100.1%	9,623	1,840,538	0.02%	368	0	2,945	3,313	1,098,370	(1,095,057)	779,685	0	10,025,766	
2039	10,025,766	10,017,472	100.1%	8,294	1,919,401	0.02%	384	0	2,303	2,687	1,092,046	(1,089,359)	754,700	0	9,691,107	
2040	9,691,107	9,684,161	100.1%	6,946	2,000,850	0.02%	400	0	1,801	2,201	1,079,552	(1,077,351)	728,440	0	9,342,196	
2041	9,342,196	9,336,574	100.1%	5,622	2,085,904	0.01%	209	0	1,460	1,669	1,066,437	(1,064,768)	701,064	0	8,978,492	
2042	8,978,492	8,974,342	100.0%	4,150	2,174,467	0.01%	217	0	1,087	1,304	1,048,163	(1,046,859)	672,732	0	8,604,365	
2043	8,604,365	8,601,721	100.0%	2,644	2,266,698	0.00%	0	0	907	907	1,020,993	(1,020,086)	643,943	0	8,228,222	
Totals 2015 & After					\$	745,599	\$	8,096,630	\$	554,144	\$	9,396,373				

April 3, 2014

Roger L. Somers
514 Powers Road
Manchester, TN 37355-5924

Retirement #R000168319
Re: Governor Parnell FY15 budget

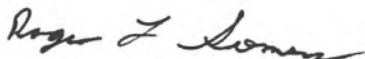
To whom it may concern:

I was an Alaska State employee working in the Department of Transportation for twenty-five years, 1978 -2003. I was proud to be an Alaskan. Being employed by D.O.T. designated as a heavy equipment operator was an opportunity to work with a team committed to keep road maintenance in all seasons. Throughout my working years culminating in my retirement year – I appreciated the opportunity to be an employee of the State of Alaska.

I was made aware the retiree trust funds are under funded by \$12 billion. Governor Parnell included a \$3 billion transfer from the Constitutional Budget Reserve to the retiree trusts in his FY15 budget, thus helping pay down the unfunded liability and saving \$2 billion in the long run. The annual contribution from the state to the trust funds would remain around \$500 million. Without the cash infusion, the annual contribution will soon exceed \$1 billion. Being an astronomical number this would negatively affect retirees and other agencies.

It is my understanding that after the governor put the money in the budget the House took it out. This action gives me grave concern for the financial future of both myself and my wife.

I respectfully ask the House to reconsider.



Roger L. Somers
lgs

cc
Governor Sean Parnell
Legislative House and Senate Members

HB 385



Retired Public Employees of Alaska, APEA/AFT

3310 Arctic Blvd., Suite 200, Anchorage, Alaska 99503

Phone: (907) 274-1703 or (800) 478-9992, Fax: (907) 277-4588

Email: rpea@alaska.net

Web site: www.rpea.apea-aft.org

Alaska State Legislature
House Finance Committee

Via Email

Mr. Chairman and members of the committee:

The Retired Public Employees of Alaska, like Governor Parnell, believe that now is the time to address the single largest cost driver in the state's operating budget, the unfunded pension liability. The governor has introduced a bill that transfers \$3 Billion to the retiree trusts, and caps annual contributions at \$500 Million. RPEA fully supports the governor's proposal and urges this body to pass out HB 385 with favorable recommendations.

We do not believe the "sky is falling", or that the state will fail in its obligations to retirees. Our primary concern is the escalating annual pension payment reaching an unsustainable level, when the state can least afford it.

Some points to consider:

- None of the financial experts see more money in reserves in the future than we have now, so make a significant payment now when it is more affordable.
- Making the \$3 Billion payment now will allow annual payments to be reduced to \$500 Million. Without the cash infusion, annual payments will rise to over \$1 Billion annually, an unsustainable level.
- Making the \$3 Billion transfer now will help relieve the annual competition for funding of education, public safety, infrastructure, social programs and capital projects.
- Making the \$3 Billion transfer will save up to \$2 Billion over the next 21 years.

This is an important issue to the 37,000 Alaska public employee retirees. Again, we urge your favorable consideration of HB 385.

Jay Dulany, RPEA President

STATE CAPITOL
P.O. Box 110001
Juneau, AK 99811-0001
907-465-3500
fax: 907-465-3532



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Governor Sean Parnell
STATE OF ALASKA

April 10, 2014

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Chenault,

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill that will implement a fixed annual contribution to pay down the past service liability of the Public Employees' Retirement System and Teachers' Retirement System. Enactment of this legislation is contingent upon approval of a \$3 billion transfer from the Constitutional Budget Reserve fund into the Retirement System Trust Fund.

The annual pension contributions represent the single largest cost driver in the State's operating budget. Current projections estimate that the Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS) have a combined unfunded liability of \$11.9 billion. A \$3 billion deposit into to the retirement trust funds in the FY 2015 budget will enable the annual State pension contribution to drop to \$500 million a year and will increase the funded status of the PERS and TRS systems by 10 percent almost immediately. This deposit will also reflect positively on local government balance sheets.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in black ink that reads "Sean Parnell".

Sean Parnell
Governor

Enclosure

House Bill No. 385

PERS/TRS Funding Solution

Governor Sean Parnell

Department of Administration

Department of Revenue

April 2014

Agenda

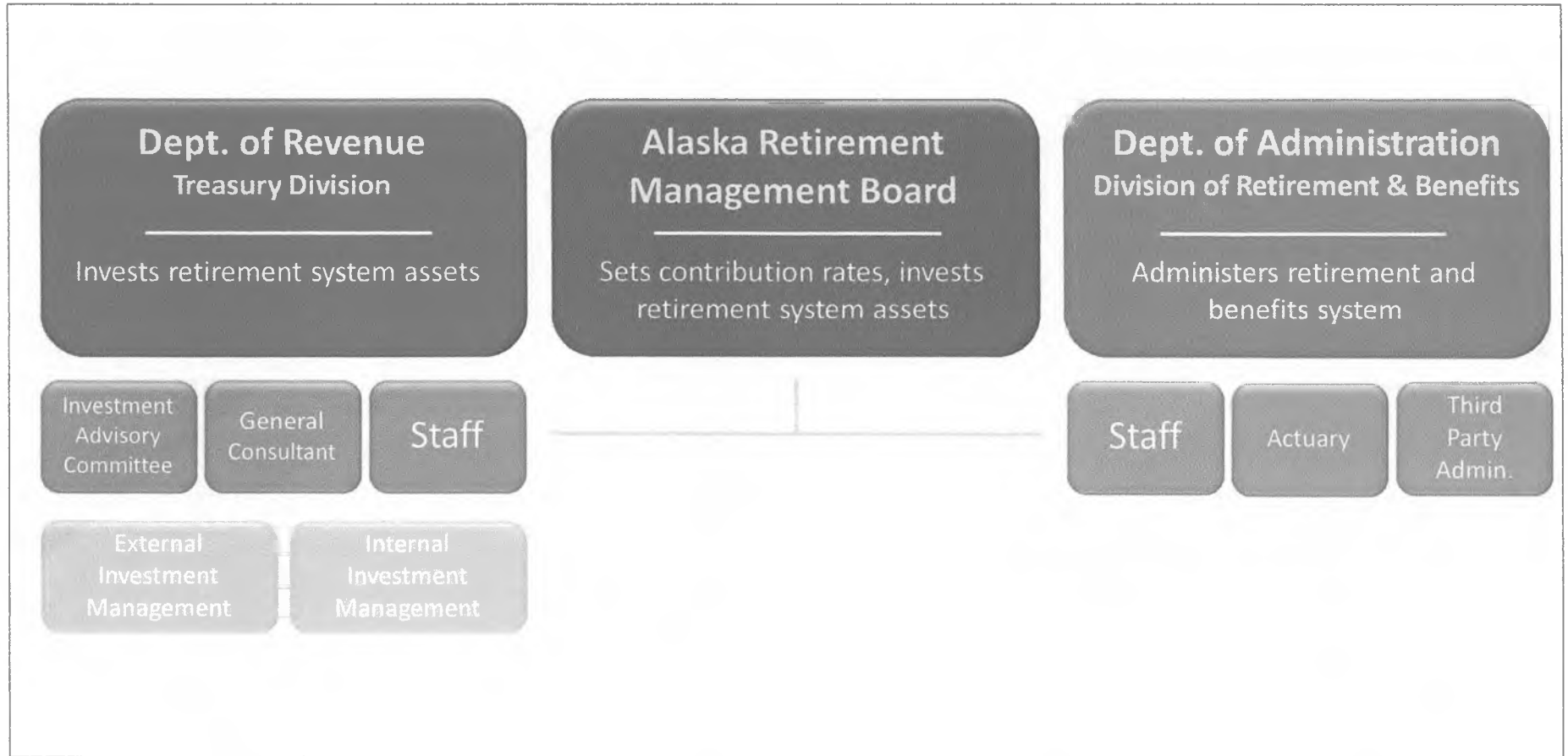
- **Introduction**
Angela Rodell, Commissioner
Department of Revenue
- **Section One: Basic PERS/TRS Facts**
Mike Barnhill, Deputy Commissioner
Department of Administration
- **Section Two: Investment Issues**
Gary Bader, Chief Investment Officer
Department of Revenue
- **Section Three: Governor Parnell's Proposal**
Angela Rodell, Commissioner
Department of Revenue
- **Questions/Discussion**

Section One

PERS/TRS BASIC FACTS

Deputy Commissioner Mike Barnhill
Department of Administration

Organization



Membership

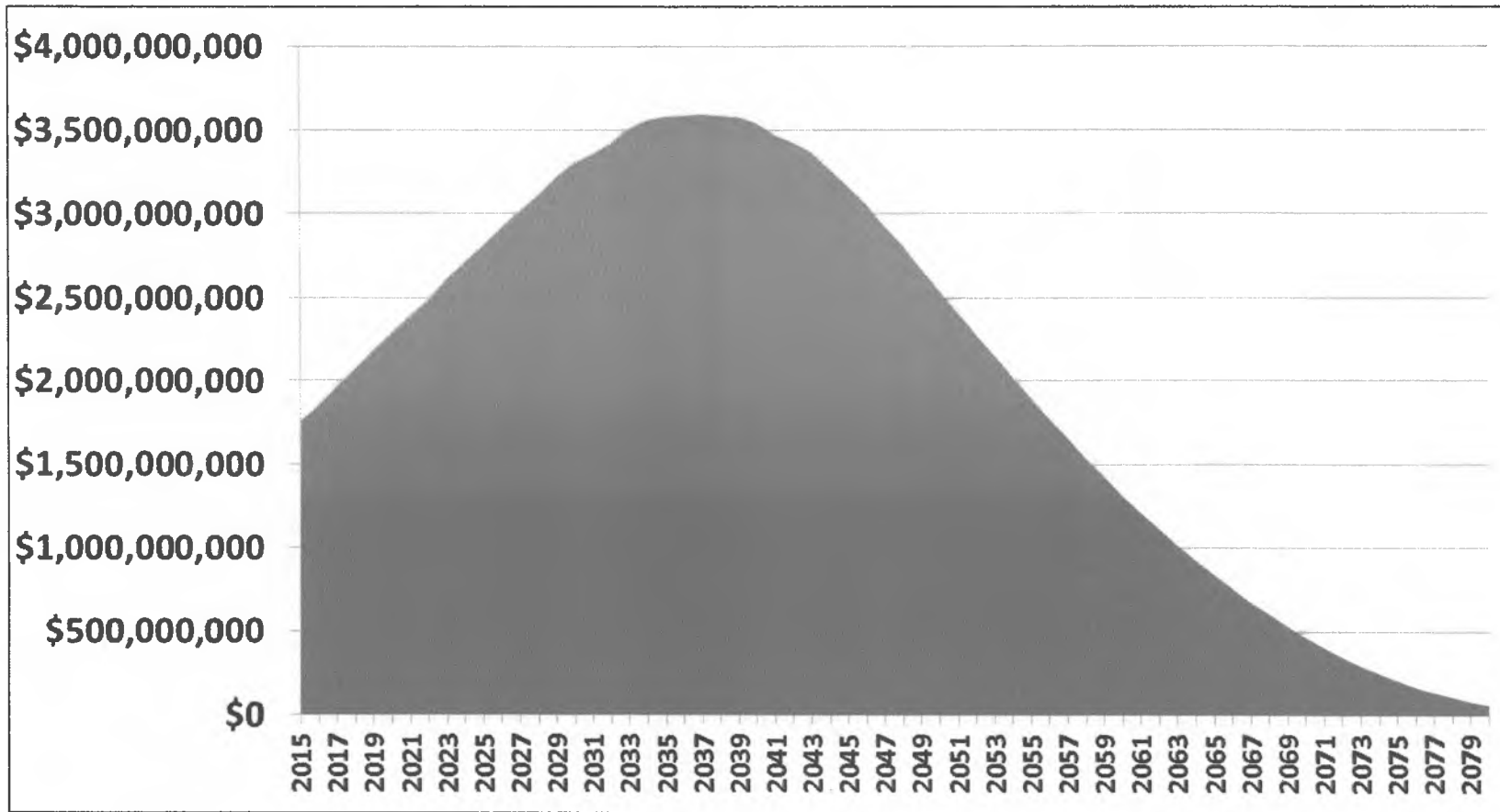
MEMBERSHIP STATISTICS AS OF DECEMBER 31, 2013

	PERS					TRS				IRS	NG	SBS	DCP
	DB		DC			DB		DC					
	Tier I	Tier II	Tier III	Tier IV	TOTAL	Tier I	Tier II	Tier III	TOTAL				
Active Members	3,020	5,645	11,947	15,760	36,372	1,067	5,468	4,201	10,736	74	n/a	28,485	7,685
Terminated Members	2,296	5,139	11,285	7,114	25,834	457	2,570	1,407	4,434	4	n/a	13,881	2,653
Retirees & Beneficiaries	23,094	5,377	1,756	4	30,231	10,442	1,299	-	11,741	108	642	n/a	n/a
Managed Accounts	n/a	n/a	n/a	6,549	6,549	n/a	n/a	1,746	1,746	n/a	n/a	953	918
Retirements - 2nd QTR FY14	133	110	80	n/a	323	17	21	n/a	38	-	25	n/a	n/a
Full Disbursements - 2nd QTR FY14	23	26	133	379	561	12	27	50	89	-	n/a	544	124
Partial Disbursements - 2nd QTR FY14	n/a	n/a	n/a	32	32	n/a	n/a	10	10	n/a	n/a	485	460

Prepared by Division of Retirement and Benefits

1

Benefits



Pay \$136 billion in benefits payments over next 70 years

Current PERS/TRS account balance: \$19.9 billion

Unfunded Liability: approx \$11.9 billion

Defined Benefits

Defined Benefit Pension: fixed benefit amount from date of retirement to death

Contributions + Investment Earnings = Benefits + Expenses

IF

Experience equals actuarial assumptions

Actuarial Assumptions:

Inflation, Investment Return, Mortality, Date of Retirement, Cost of Healthcare, Payroll Growth, Disability, Spouse Age, Dependent Children, COLA, Plan Expenses, Turnover

Experience that falls short of projections leads to unfunded liability

Employer Takes the Risk

Events

2002 – Milliman actuarial audit; dotcom collapse

2003 – FY 2002 valuations released with revised assumptions.

\$4.1B unfunded liability

2005 – SB 141 enacted: DB plans closed; DC plans created; PERB/TRB/ASPIB sunset; ARM Board created

2007 – ARM Board files suit against Mercer for actuarial negligence; SB 123 enacted: PERS cost share

2008 – SB 125 enacted: employer contribution rates capped; state assistance begins; Great Recession begins

2009 – PERS / TRS investment loss: (20.5%)

2010 – Mercer litigation settled for \$500mm (net \$403mm); other states begin to cut DB benefits, change plans;

2012 – ARMB adopts level dollar amortization; \$11.9B unfunded liability

2013 – 12.5% investment gain; recession over?

PERS/TRS Balance Sheet

PERS DB:

Assets (actuarial value, 6/30/12)	\$11,832,030,000
Accrued Liabilities (6/30/12)	<u>19,292,361,000</u>
Unfunded Liability	(\$ 7,460,331,000)
Funding Ratio	61.3%

TRS DB:

Assets (actuarial value, 6/30/12)	\$4,869,154,000
Accrued Liabilities (6/30/12)	<u>9,346,444,000</u>
Unfunded Liability	(\$4,477,290,000)
Funding Ratio	52.1%

Total DB:

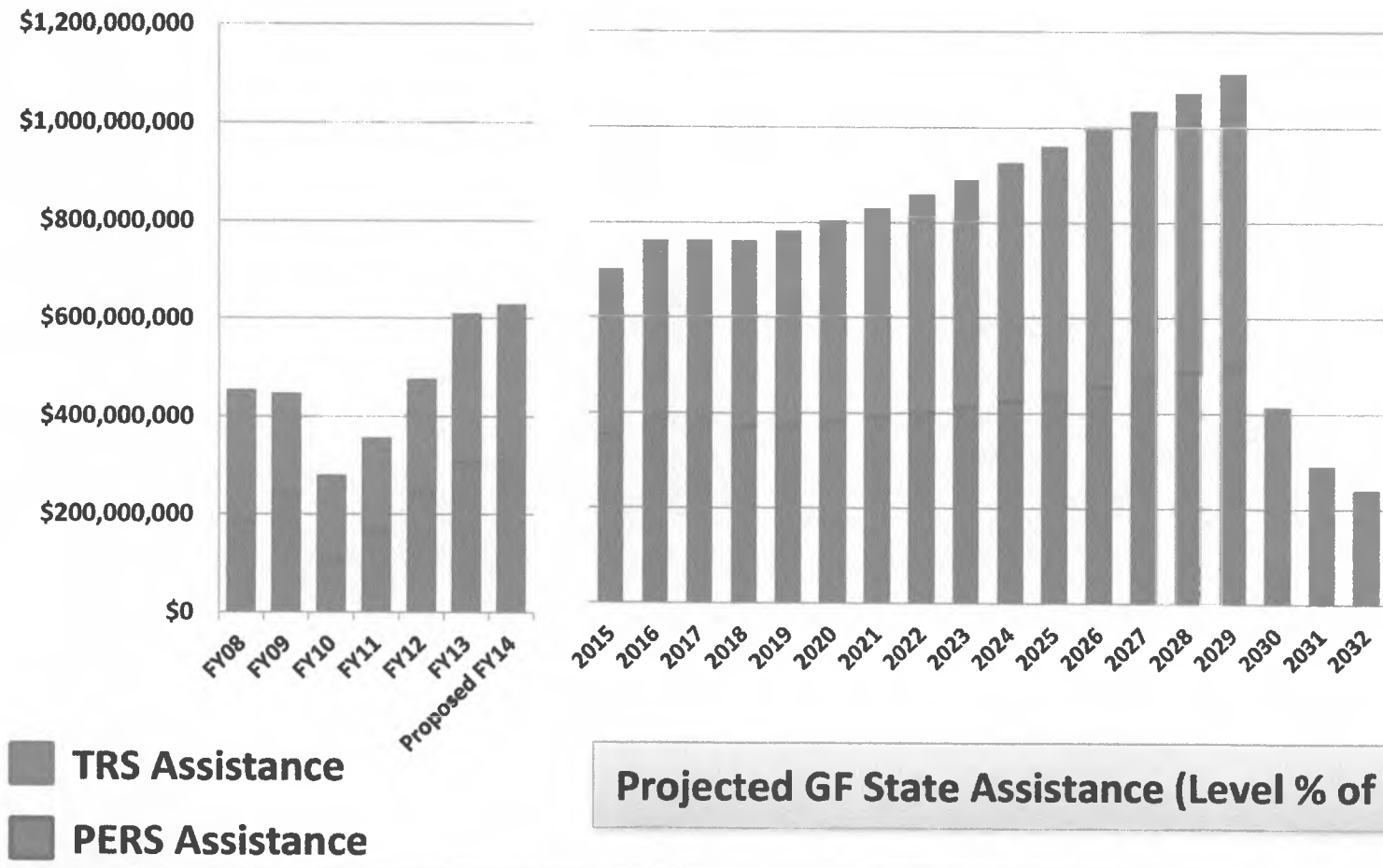
Assets (actuarial value, 6/30/12)	\$16,701,184,000
Accrued Liabilities (6/30/12)	<u>28,638,805,000</u>
Unfunded Liability	(\$11,937,621,000)
Funding Ratio	58.3%

Note: Treasury reports PERS/TRS DB assets of \$20.8B as of February 28, 2014.

Source: Buck Consultants

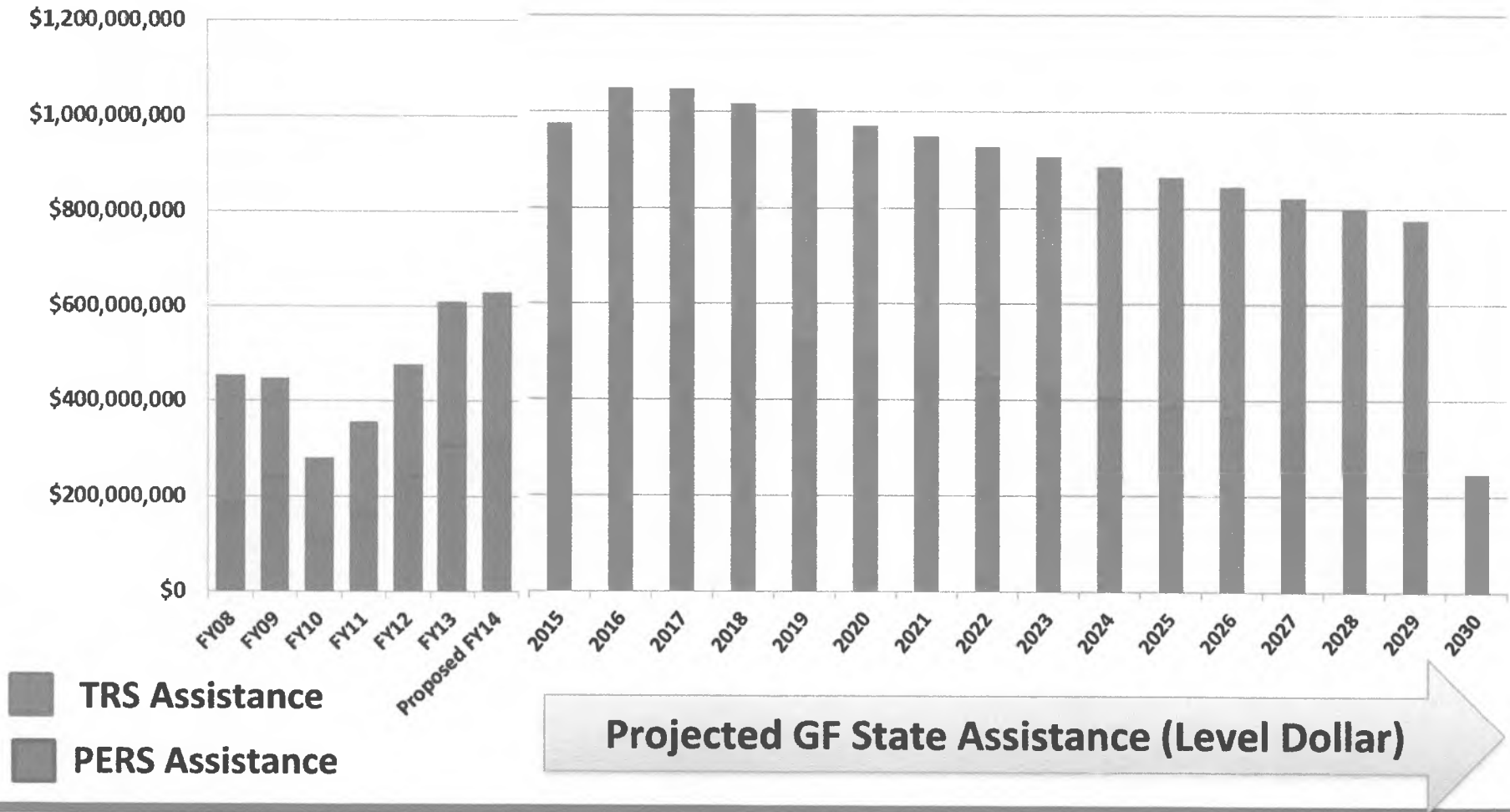
PERS/TRS Approaches to Unfunded Liability

PERS/TRS GF State Assistance (SB125)



PERS/TRS Approaches to Unfunded Liability

PERS/TRS GF State Assistance (SB125)



Section Two

INVESTMENT ISSUES

Gary Bader, Chief Investment Officer
Department of Revenue

Fund Liquidity Analysis

Although there is a substantial unfunded liability in both the PERS and TRS, there are billions of dollars to pay benefits well into the future.

Benefits payments will increase substantially in the next decade. Unless addressed, the combination of increased benefit payments and insufficient assets in the trusts will require investing in more liquid assets.

Comparative Returns

As of June 30, 2013 (%)

	PERS/TRS	CBR	APFC
Last Quarter	1.00%	-0.36%	-0.56%
One Year	12.53%	5.73%	10.93%
Three Year	11.09%	6.22%	10.17%
Five Year	3.94%	3.68%	4.15%
Ten Year	6.96%	3.85%	6.83%
July 1, 2001*	5.59%	4.17%	5.85%
July 1, 1991*	7.76%	5.02%	7.74%

- FY1992 is first full fiscal year for which return data available for the CBR Main account (start July 1, 1991).
- FY2002 is first full fiscal year for which data available for the CBR Sub-Account (start July 1, 2001).

ARMB Private Equity Program

- Private equity is largely made up of interests in limited partnerships that make equity investments in privately held operating companies
- Private equity is expected to deliver long-term returns in excess of the public markets and to enhance diversification
- To earn higher returns, private equity gives up liquidity
- Performance has been good, generating 10.2% returns through 2013 versus a public market equivalent return of 4.6% for the S&P 500 and 5.1% for the Russell 3000
- The private equity program has generated \$800 million in additional fund value for the ARMB compared to investing in the public equity markets
- The ARMB started investing in private equity in 1998 and now has \$1.7 billion invested across 200+ partnerships; private equity is a 9% asset allocation for the ARMB

Section Three

GOVERNOR PARNELL'S PROPOSAL

Angela Rodell, Commissioner
Department of Revenue

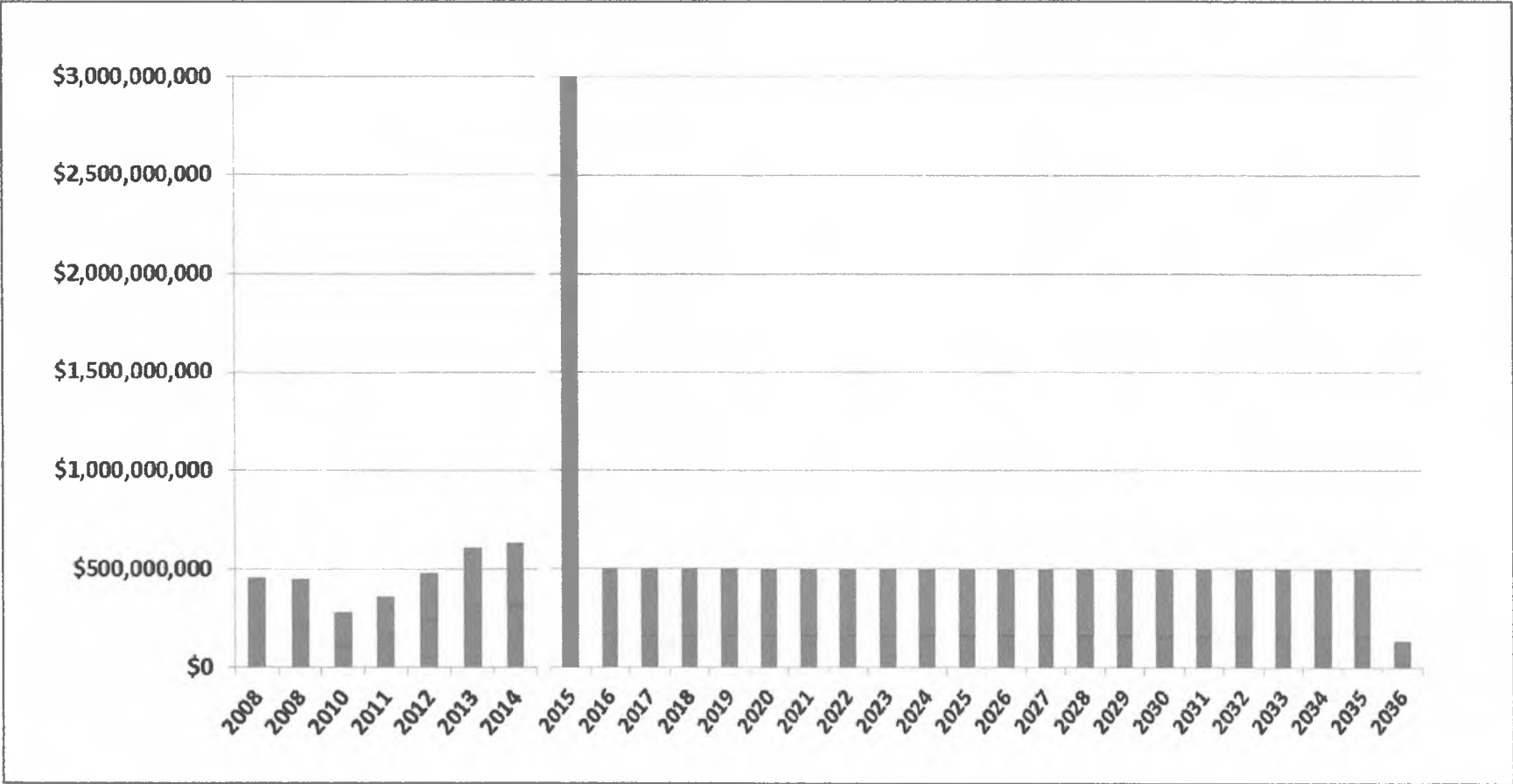
Problem: \$11.9 Billion Retirement System Unfunded Liability

- The Public Employees Retirement System (PERS) and Teachers' Retirement System (TRS) combined unfunded liability is \$11.9 billion
- State Assistance payments to PERS and TRS rise from \$629 million in FY2014 to over \$1 billion per year
- Funding State Assistance solely through the operating budget crowds out funding for other vital public services
- Rating agencies express concern with the increasing liability

Proposal: \$3 Billion Investment in Trust Funds

- Invest a total of \$3 billion in the Retirement Trusts in FY2015:
 - \$1.12 billion – Teachers' Retirement Fund
 - \$1.88 – Public Employees' Retirement Fund
- Funding source: the Constitutional Budget Reserve
- Includes state assistance payments for FY2015
- Beginning FY 2016, State Assistance payments would be fixed at \$500 million annually:
 - \$157 Million – PERS
 - \$343 Million – TRS
- State Assistance projected until FY2036; length of time depends on actuarial gains or losses experienced

Governor's Proposal



- TRS Assistance
- PERS Assistance

Payments capped at \$500mm per year

Governor Parnell's Approach

- Pays down the retirement system debt rather than passing it on to future generations
- A comprehensive and straight-forward approach addressing the problems of both PERS and TRS retirement systems
- Addresses Alaska's biggest budget driver while keeping the State's promise to our retired public servants
- Dramatically reduces future operating budget obligations and provides predictability for future budget planning
- Improves municipal balance sheets and aligns the interest of the State of Alaska with our municipalities by sharing gains and losses
- Addresses the number one credit concern raised by rating agencies
- Improves and strengthens the health of the retirement systems

Thank You

QUESTIONS?

19 municipal resolutions in support of the governor's PERS-TRS plan

1. The Fairbanks North Star Borough
2. The Municipality of Anchorage
3. The Haines Borough
4. The City of Pelican
5. The City of Hoonah
6. The City of Kaltag
7. The City of Homer
8. The City of Seward
9. The City of Akutan
10. The North Slope Borough
11. The City of Huslia
12. The City of Soldotna
13. The City of Kodiak
14. The City of Tanana
15. The City of Dillingham
16. The Denali Borough
17. The City of Cold Bay
18. The City of Wrangell
19. The City of Unalaska

Christopher Clark

From: Christopher Clark
Sent: Saturday, April 12, 2014 8:53 AM
To: Daniel George
Cc: Rep. Cathy Munoz; Heather Brakes; Pauly Swanson; Commissioner Angela Rodell; Curtis Thayer; Mike Barnhill; Gary Bader; John Boucher; Alicia Egan; Andy Mills; Ray Gillespie; Helen Phillips; Louise Taylor-Thomas; Bree Wylie; Johanna Crossett; Doniece Gott; Marta Lastufka; Matthew Gruening; Allison Holtkamp
Subject: Nineteen municipal resolutions in support of the governor's PERS-TRS plan, HB 385 and SB 220
Attachments: Nineteen municipal resolutions of support for Governor's PERS-TRS plan, 12 April 2014.pdf

Good morning, Daniel.

Attached is a package of 19 municipal resolutions in support of the governor's PERS-TRS plan, House Bill 385 and Senate Bill 220.

Could you please add it to the documents associated with the bill?

They include resolutions from:

1. The Fairbanks North Star Borough
2. The Municipality of Anchorage
3. The Haines Borough
4. The City of Pelican
5. The City of Hoonah
6. The City of Kaltag
7. The City of Homer
8. The City of Seward
9. The City of Akutan
10. The North Slope Borough
11. The City of Huslia
12. The City of Soldotna
13. The City of Kodiak
14. The City of Tanana
15. The City of Dillingham
16. The Denali Borough
17. The City of Cold Bay
18. The City of Wrangell
19. The City of Unalaska

I soon will deliver hard copies of the above documents to House Finance staff.

Thank you.

Christopher Clark
Chief of Staff
Rep. Cathy Muñoz
Alaska State Capitol, Room 421
Juneau, Alaska 99801

(907) 465-4712

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By: Kathryn Dodge
Diane Hutchison
Janice Golub
Introduced: 01/30/2014
Adopted: 01/30/2014

FAIRBANKS NORTH STAR BOROUGH

RESOLUTION NO. 2014 - 06

**A RESOLUTION OF THE FAIRBANKS NORTH STAR BOROUGH
EXPRESSING STRONG SUPPORT FOR GOVERNOR PARNELL'S
PROPOSAL TO APPROPRIATE \$3 BILLION FROM THE CONSTITUTIONAL
BUDGET RESERVE INTO THE ALASKA RETIREMENT TRUST FUNDS IN
2015**

WHEREAS, the combined unfunded liability of Alaska's Public Employee's Retirement System (PERS) and Teacher's Retirement System (TRS) is \$11.8 billion at June 30, 2012; and

WHEREAS, the funded ratio of PERS is 61.3% and TRS is 52.1% at June 30, 2012; and

WHEREAS, the Governor has identified the State's unfunded pension liability as Alaska's biggest budget driver, with annual State Assistance payments expected to exceed \$1 billion per year without a substantial cash infusion directly into the retirement trust funds; and

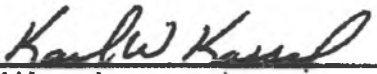
WHEREAS, State Assistance payments on behalf of municipalities provide significant rate relief to local taxpayers, provide budget predictability and stability to local governments, and are crucial to the financial health of Alaska's municipalities and school districts; and

WHEREAS, Governor Parnell's plan is in the best interests of the retirement systems, the State of Alaska and its municipalities by honoring Alaska's constitutional obligations, reducing annual state assistance contributions to a more predictable and sustainable \$500 million per year, increasing the funded status of the PERS and TRS by 10%, honoring the State's previous commitment to pay employer contribution rates in excess of 22%, allowing for future interest earnings to offset future contribution requirements, reducing pressure on future State and local government budgets, strengthening the credit rating of the State of Alaska and its municipalities, increasing future flexibility at a time when oil production is anticipated to decline, and solving the problem now when reserves are available rather than passing the problem to future generations of Alaskans.

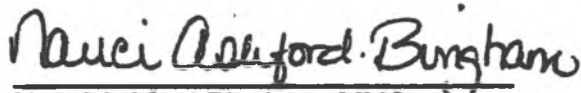
46 NOW, THEREFORE, BE IT RESOLVED that the Assembly of the
47 Fairbanks North Star Borough expresses strong support for Governor Parnell's
48 proposed transfer of \$3 billion from the State's Constitutional Budget Reserve directly
49 into the retirement trust funds in 2015.

50
51 BE IT FURTHER RESOLVED that copies of this resolution shall be sent to the
52 Honorable Governor Sean Parnell and the Alaska State Legislature.

53
54 PASSED AND APPROVED THIS 30TH DAY OF JANUARY, 2014.
55


Karl Kassel
Presiding Officer

ATTEST:


Nanci Ashford-Bingham, MMC
Borough Clerk

56
57 Ayes: Hutchison, Golub, Dukes, Roberts, Lawrence, Dodge, Davies, Kassel
58 Noes: None
59 Excused: Sattley

Submitted by: ASSEMBLY MEMBER JOHNSTON
Reviewed by: Assembly Counsel Office
For reading: January 28, 2014

CLERK'S OFFICE

APPROVED

1-28-14

ANCHORAGE, ALASKA

Date:

AR NO. 2014-27

A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY SUPPORTING GOVERNOR PARNELL'S PROPOSAL FOR A THREE BILLION DOLLAR (\$3,000,000,000) APPROPRIATION FROM THE CONSTITUTIONAL BUDGET RESERVE FUND WITH DESIGNATED USE IN THE STATE RETIREMENT SYSTEMS, AND REQUESTING STRONG SUPPORT BY THE TWENTY-EIGHTH ALASKA STATE LEGISLATURE.

1
2 WHEREAS, the Alaska Retirement Management Board (Board) is charged with
3 fiduciary responsibility for ensuring the availability of sufficient financial resources in the
4 State's retirement systems to meet the liabilities and pension obligations of the retirement
5 systems;

6
7 WHEREAS, Governor Parnell addressed the Board at their meeting of September 21,
8 2011, and asked the Board to collaborate with his Administration and the Alaska State
9 Legislature on options to address the State's unfunded retirement system liabilities;

10
11 WHEREAS, the Board has worked diligently with members of the Administration,
12 Alaska State Legislature and other stakeholder groups to provide solutions for the ongoing
13 unfunded liability of the retirement systems;

14
15 WHEREAS, the Board has on numerous occasions supported lump-sum contributions
16 into the retirement system trust funds;

17
18 WHEREAS, Governor Parnell has proposed a one-time \$3 BILLION appropriation from
19 the Constitutional Budget Reserve Fund into the retirement trust funds during the FY 2015
20 budget cycle, enabling the annual state pension contribution to drop to \$500 MILLION per year
21 and increasing the funded status of the Public Employees' and Teachers' Retirement
22 Systems by 10%;

23
24 WHEREAS, the Board believes this proposal to be in the best interest of the retirement
25 systems and the State of Alaska, putting the retirement systems on a sound footing and
26 making the state's financial future stable, predictable and affordable; now, therefore,

27
28 **THE ANCHORAGE ASSEMBLY RESOLVES:**

29
30 **Section 1.** The Anchorage Assembly agrees with the Alaska Retirement Management
31 Board and expresses its strong support of the proposal set forth by Governor Parnell for a
32 \$3 BILLION appropriation in FY 2015 from the Constitutional Budget Reserve Fund to the state
33 retirement systems.

34
35 **Section 2.** The Anchorage Assembly respectfully requests the 28th Alaska State

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Legislature to support this proposal strongly and appropriate \$3 BILLION from the Constitutional Budget Reserve Fund to the state retirement systems in FY 2015.

PASSED AND APPROVED by the Anchorage Assembly this 20th day of January, 2014.

E. Kall
Chair

ATTEST:

Barbara A. Jones
Municipal Clerk

HAINES BOROUGH, ALASKA
RESOLUTION No. 14-01-531

Adopted

A Resolution of the Haines Borough Assembly expressing support for Governor Parnell's proposal to appropriate \$3 billion from the Constitutional budget reserve into the Alaska Retirement Trust Funds in 2015.

WHEREAS, the combined unfunded liability of Alaska's Public Employee's Retirement System (PERS) and Teacher's Retirement System (TRS) is \$11.8 billion at June 30, 2012; and

WHEREAS, the funded ratio of PERS is 61.3 percent and TRS is 52.1 percent at June 30, 2012; and

WHEREAS, the Governor has identified the State's unfunded pension liability as Alaska's biggest budget driver, with annual State Assistance payments expected to exceed \$1 billion per year without a substantial cash infusion directly into the retirement trust funds; and

WHEREAS, State Assistance payments on behalf of municipalities provide significant rate relief to local taxpayers, provide budget predictability and stability to local governments; and are crucial to the financial health of Alaska's municipalities and school districts; and

WHEREAS, Governor Parnell's plan is in the best interests of the retirement systems, the State of Alaska and its municipalities by honoring Alaska's constitutional obligations, reducing annual state assistance contributions to a more predictable and sustainable \$500 million per year, increasing the funded status of the PERS and TRS by 10 percent, honoring the State's previous commitment to pay employer contribution rates in excess of 22 percent, allowing for future interest earnings to offset future contribution requirements, reducing pressure on future State and local government budgets, strengthening the credit rating of the State of Alaska and its municipalities, increasing future flexibility at a time when oil production is anticipated to decline, and solving the problem now when reserves are available rather than passing the problem to future generations of Alaskans,

NOW, THEREFORE, BE IT RESOLVED BY THE HAINES BOROUGH ASSEMBLY:

Section 1. The Haines Borough Assembly expresses support for Governor Parnell's proposed transfer of \$3 billion from the State's Constitutional Budget Reserve directly into the retirement trust funds.

Section 2. The Haines Borough Assembly expresses concern for any proposal to place the proposed \$3 billion into a Reserve Fund rather than directly into the retirement trust funds. The purpose of a Reserve Fund is to provide future flexibility to allow monies to be used for purposes other than the provision of pension benefits. The existence of the Reserve Fund gives a potentially false assurance that funded levels of the retirement trust funds are adequate to pay pension benefits, thereby reducing required employer contributions into the system. Future tapping of the Reserve Fund however, would significantly exacerbate the unfunded liability at a time when Alaska has diminished flexibility to address the problem due to lower oil production and likely lower reserves.

Section 3. The Haines Borough Assembly expresses support for the Governor's proposal to continue to provide \$500 million per year in State Assistance payments on behalf of municipalities and school districts. State Assistance payments should not be further

Haines Borough
Resolution No. 14-01-531
Page 2 of 2

diminished. Any further reduction in State Assistance necessarily extends the amortization of the unfunded liability, resulting in local governments and school districts having to pay the 22 percent (PERS) and 12.56 percent (TRS) employer contribution rate for many more years than they otherwise would, and significantly shifting costs from the State to its municipalities.

Section 4. This resolution shall take effect immediately upon adoption.

Adopted by a duly-constituted quorum of the Haines Borough Assembly on this 28th day of January, 2014.


Stephanie Scott, Borough Mayor

Attest:


Michelle L. Webb, Interim Borough Clerk





City

of

Pelican

BOX 737 - PELICAN, ALASKA 99532 - PHONE: 735-2202/2203 - FAX: 735-2258 - EMAIL: cityhall@pelicanalaska.org - WEBSITE: www.pelican.net

City of Pelican
Resolution 2014 - 1

A RESOLUTION OF THE CITY OF PELICAN, ALASKA EXPRESSING STRONG SUPPORT FOR GOVERNOR PARNELL'S PROPOSAL TO APPROPRIATE \$3 BILLION FROM THE CONSTITUTIONAL BUDGET RESERVE INTO THE ALASKA RETIREMENT FUNDS IN 2015

WHEREAS, the combined unfunded liability of Alaska's Public Employee's Retirement System (PERS) and Teacher's Retirement System (TRS) is \$11.8 billion at June 30, 2012; and

WHEREAS, the funded ratio of PERS is 61.3% and TRS is 52.1% at June 30, 2012; and

WHEREAS, the Governor has indentified the State's unfunded pension liability as Alaska's biggest budget driver, with annual State Assistance payments expected to exceed \$1 billion per year without a substantial cash infusion directly into the retirement trust funds; and

WHEREAS, State Assistance payments on behalf of municipalities provide significant rate relief to local taxpayers, provide budget predictability and stability to local governments, and are crucial to the financial health of Alaska's municipalities and school districts; and

WHEREAS, Governor Parnell's plan is in the best interests of the retirement systems, the State of Alaska and its municipalities by honoring Alaska's constitutional obligations, reducing annual state assistance contributions to a more predictable and sustainable honoring \$500 million per year, increasing the funded status of the PERS and TRS by 10%, honoring the State's previous commitment to pay employer contribution requirements, reducing pressure on future State and local government budgets, strengthening the credit rating of the State of Alaska and its municipalities, increasing future flexibility at a time when oil production is anticipated to decline, and solving the problem now when reserves are available rather than passing the problem to future generations of Alaskans.

NOW, THEREFORE BE IT RESOLVED by the City of Pelican, Alaska that:

Section 1. The City of Pelican expresses strong support for Governor Parnell's proposed transfer of \$3 billion from the State's Constitutional Budget Reserve directly into the retirement trust funds.

Section 2. The City of Pelican expresses concern for any proposal to place the proposed \$3 billion into a Reserve Fund rather than directly into the retirement trust funds. The purpose of a Reserve Fund is to provide future flexibility to allow monies to be used for purposes other than the provision of pension benefits. The existence of the Reserve Fund gives a potentially false assurance that funded levels of the retirement trust funds are adequate to pay pension benefits, thereby reducing required employer contributions into the system. Future tapplings of the Reserve Fund, however, would significantly exacerbate the unfunded liability at a time when Alaska has diminished flexibility to address the problem due to lower oil production and likely lower reserves.

Section 3. The City of Pelican further expresses strong support for the Governor's proposal to continue to provide \$500 million per year in State Assistance payments on behalf of municipalities and school districts. State Assistance payments should not be further diminished. Any further reduction in State Assistance necessarily extends the amortization of the unfunded liability resulting in local governments and school districts having to pay the 22% (PERS) and 12.56% (TRS) employer contribution rate for many more years than they otherwise would, and significantly shifting costs from the State to its municipalities.

Section 4. This resolution shall take effect immediately upon adoption.

PASSED AND APPROVED BY the City of Pelican, Alaska, this 24th day of January, 2014.

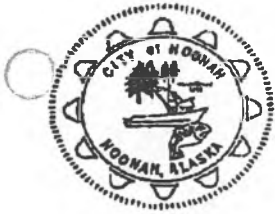
Signed: Patricia Phillips
Patricia Phillips, Mayor

Attest:

Kelly H Chapman

Kelly Chapman, City Clerk





City of Hoonah
P.O. Box 360 Hoonah, AK 99829 (907) 945-3663 Fax (907) 945-3445

Resolution 14-01-01

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HOONAH, ALASKA, EXPRESSING SUPPORT FOR GOVERNOR PARNELL'S PROPOSAL TO APPROPRIATE \$3 BILLION FROM THE CONSTITUTIONAL BUDGET RESERVE INTO THE ALASKA RETIREMENT TRUST FUNDS IN 2015

WHEREAS, the combined unfunded liability of Alaska's Public Employee's Retirement System (PERS) and Teacher's Retirement System (TRS) is \$11.8 Billion at June 30, 2012; and

WHEREAS, the funded ratio of PERS is 61.3% and TRS is 52.1% at June 30, 2012; and

WHEREAS, the Governor has identified the State's unfunded pension liability as Alaska's biggest budget driver, with annual State Assistance payments expected to exceed \$1 Billion per year without a substantial cash infusion directly into the retirement trust funds; and

WHEREAS, State Assistance payments on behalf of municipalities provide significant rate relief to local taxpayers, provide budget predictability and stability to local governments, and are crucial to the financial health of Alaska's municipalities and school districts; and

WHEREAS, Governor Parnell's plan is in the best interests of the retirement systems, the State of Alaska and its municipalities by honoring Alaska's constitutional obligations, reducing annual state assistance contributions to a more predictable and sustainable \$500 Million per year, increasing the funded status of the PERS and TRS by 10%, honoring the State's previous commitment to pay employer contribution rates in excess of 22%, allowing for future local government budgets, strengthening the credit rating of the State of Alaska and its municipalities, increasing future flexibility at a time when oil production is anticipated to decline, and solving the problem now when reserves are available rather than passing the problem to future generations of Alaskans.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HOONAH, ALASKA, that:

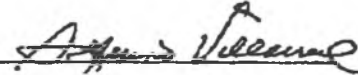
Section 1. The City Council of the City of Hoonah expresses support for Governor Parnell's proposed transfer of \$3 Billion from the State's Constitutional Budget Reserve directly into the retirement trust funds.

Section 2. The City Council expresses concern for any proposal to place the proposed \$3 Billion into a Reserve Fund rather than directly into the retirement trust funds. The purpose of a Reserve Fund is to provide future flexibility to allow monies to be used for purposes other than the provision of pension benefits. The existence of the Reserve Fund gives a potentially false assurance that funded levels of the retirement trust funds are adequate to pay pension benefits, thereby reducing required employer contributions into the system. Future tapping of the Reserve Fund however, would significantly exacerbate the unfunded liability at a time when Alaska has diminished flexibility to address the problem due to lower oil production and likely lower reserves.

Section 3. The City Council further expresses strong support for the Governor's proposal to continue to provide \$500 Million per year in State Assistance payments on behalf of municipalities and school districts. State Assistance payments should not be further diminished. Any further reduction in State Assistance necessarily extends the amortization of the unfunded liability resulting in local governments and school districts having to pay the 22% (PERS) and 12.56% (TRS) employer contribution rate for many more years than they otherwise would, and significantly shifting costs from the State to its municipalities.

Section 4. This resolution shall take effect immediately upon adoption

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF HOONAH, ALASKA, THIS 9TH, DAY OF JANUARY, 2014.


SEFERINO VILLARREAL, MAYOR

ATTEST:


ALICE WILLIAMS, CLERK



**Kaltag City Council
Kaltag, AK 99748**

RESOLUTION 14-02

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KALTAG, ALASKA EXPRESSING STRONG SUPPORT FOR GOVERNOR PARNELL'S PROPOSAL TO APPROPRIATE \$3 BILLION FROM THE CONSTITUTIONAL BUDGET RESERVED INTO THE ALASKA RETIREMENT TRUST FUNDS IN 2015

WHEREAS, the combined unfunded liability of Alaska's Public Employee's Retirement System (PERS) and Teacher's Retirement System (TRS) is \$11.8 Billion at June 30, 2012; **AND**

WHEREAS, the funded ratio of PERS is 61.3% and TRS is 52.1% at June 30, 2012; **AND**

WHEREAS, the Governor has identified the State's unfunded pension liability as Alaska's biggest budget driver, with annual State Assistance payments expected to exceed \$1 Billion per year without a substantial cash infusion directly into the retirement trust funds; **AND**

WHEREAS, State Assistance payment on behalf of municipalities provide significant rate relief to local taxpayers, provide budget predictability and stability to local governments, and are crucial to the financial health of Alaska's municipalities and school districts; **AND**

WHEREAS, Governor Parnell's plan is in the best interests of the retirement systems, the State of Alaska and its municipalities by honoring Alaska's constitutional obligations, reducing annual state assistance contributions to a more predictable and sustainable \$500 Million per year, increasing the funded status of the PERS and TRS by 10%, honoring the State's previous commitment to pay employer contribution rate in excess of 22%, allowing for future interest earnings to offset future contribution requirements, reducing pressure on future State and local government budgets, strengthening the credit rating of the State of Alaska and its municipalities, increasing future flexibility at a time when oil production is anticipated to decline, and resolving the problem now when reserves are available rather than passing the problem to future generations of Alaskans.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KALTAG, ALASKA, that:

Section 1: The City Council of the City of Kaltag expresses strong support for the Governor Parnell's proposed transfer of \$3 Billion from the State's Constitutional Budget Reserve directly into the retirement trust funds;

Section 2. The City Council expresses concern for any proposal to place the proposed \$3 Billion into a Reserve Fund rather than directing into the Retirement trust funds. The purpose of a Reserve Fund is to provide future flexibility to allow monies to be used for purposes other than the provision of pension benefits. The existence of the Reserve Fund gives a potentially false assurance that funded levels of the retirement trust funds are adequate to pay pension benefits, thereby reducing required employers contributions into the system. Future tapping of the Reserve Funds however, would significantly exacerbate the unfunded liability at a time when Alaska has diminished flexibility to address the problem due to lower oil production and likely lower reserves.

Section 3. The City Council future expresses strong support of the Governor's proposal to continue to provide \$500 Million per year in State Assistance Payment on behalf of the municipalities and school districts. State Assistance payments should not be further diminished. Any further reduction in State Assistance necessarily extends the amortizations of the unfunded liability resulting in local governments and school districts having to pay the 22% (PERS) and 12.56% (TRS) employer contribution rate for many more years than they otherwise would, and significantly shifting cost from the State to its municipalities;

Section 4. This resolution shall take effect immediately upon adoption.

PASSED AND APPROVED by the City Council of the City of Kaltag, Alaska, this 21st day of January, 2014.


Violet Burnham, Mayor

ATTESTED: 
City Clerk

**CITY OF HOMER
HOMER, ALASKA**

Mayor/City Council

RESOLUTION 14-014

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
EXPRESSING STRONG SUPPORT FOR GOVERNOR PARNELL'S
PROPOSAL TO APPROPRIATE \$3 BILLION FROM THE
CONSTITUTIONAL BUDGET RESERVE INTO THE ALASKA
RETIREMENT TRUST FUNDS IN 2015.

WHEREAS, The combined unfunded liability of Alaska's Public Employee's Retirement System (PERS) and Teacher's Retirement System (TRS) is \$11.8 Billion at June 30, 2012; and

WHEREAS, The funded ratio of PERS is 61.3% and TRS is 52.1% at June 30, 2012; and

WHEREAS, The Governor has identified the State's unfunded pension liability as Alaska's biggest budget driver, with annual State Assistance payments expected to exceed \$1 Billion per year without a substantial cash infusion directly into the retirement trust funds; and

WHEREAS, State Assistance payments on behalf of municipalities provide significant rate relief to local taxpayers, provide budget predictability and stability to local governments, and are crucial to the financial health of Alaska's municipalities and school districts; and

WHEREAS, Governor Parnell's plan is in the best interests of the retirement systems, the State of Alaska and its municipalities by honoring Alaska's constitutional obligations, reducing annual state assistance contributions to a more predictable and sustainable \$500 Million per year, increasing the funded status of the PERS and TRS by 10%, honoring the State's previous commitment to pay employer contribution rates in excess of 22%, allowing for future interest earnings to offset future contribution requirements, reducing pressure on future State and local government budgets, strengthening the credit rating of the State of Alaska and its municipalities, increasing future flexibility at a time when oil production is anticipated to decline, and solving the problem now when reserves are available rather than passing the problem to future generations of Alaskans.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Homer, Alaska, that:

Section 1. The City Council of the Homer, Alaska, expresses strong support for Governor Parnell's proposed transfer of \$3 Billion from the State's Constitutional Budget Reserve directly into the retirement trust funds.

Sponsored by: Hunt

**CITY OF SEWARD, ALASKA
RESOLUTION 2014-004**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEWARD,
ALASKA, EXPRESSING STRONG SUPPORT FOR GOVERNOR
PARNELL'S PROPOSAL TO APPROPRIATE \$3 BILLION FROM THE
CONSTITUTIONAL BUDGET RESERVE DIRECTLY INTO THE
ALASKA RETIREMENT TRUST FUNDS IN 2015**

WHEREAS, the combined unfunded liability of Alaska's Public Employee's Retirement System (PERS) and Teacher's Retirement System (TRS) is \$11.8 Billion at June 30, 2012; and

WHEREAS, the funded ratio of PERS is 61.3% and TRS is 52.1% at June 30, 2012; and

WHEREAS, the Governor has identified the State's unfunded pension liability as Alaska's biggest budget driver, with annual State Assistance payments expected to exceed \$1 Billion per year without a substantial cash infusion directly into the retirement trust funds; and

WHEREAS, State Assistance payments on behalf of municipalities provide significant rate relief to local taxpayers, provide budget predictability, affordability, and stability to local governments, and are crucial to the financial health of Alaska's municipalities and school districts; and

WHEREAS, Governor Parnell's plan is in the best interests of the retirement systems, the State of Alaska and its municipalities by honoring Alaska's constitutional obligations, reducing annual state assistance contributions to a more predictable and sustainable \$500 Million per year, increasing the funded status of the PERS and TRS by 10%, honoring the State's previous commitment to pay employer contribution rates in excess of 22%, allowing for future interest earnings to offset future contribution requirements, reducing pressure on future State and local government budgets, strengthening the credit rating of the State of Alaska and its municipalities, increasing future flexibility at a time when oil production is anticipated to decline, and solving the problem now when reserves are available rather than passing the problem to future generations of Alaskans.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE
CITY OF SEWARD, ALASKA, that:**

**CITY OF SEWARD, ALASKA
RESOLUTION 2014-004**

Section 1. The City Council of the City of Seward expresses strong support for Governor Parnell's proposed transfer of \$3 Billion from the State's Constitutional Budget Reserve directly into the retirement trust funds.

Section 2. The City Council expresses concern for any proposal to place the proposed \$3 Billion into a Reserve Fund rather than directly into the retirement trust funds. The purpose of a Reserve Fund is to provide future flexibility to allow monies to be used for purposes other than the provision of pension benefits. The existence of the Reserve Fund gives a potentially false assurance that funded levels of the retirement trust funds are adequate to pay pension benefits, thereby reducing required employer contributions into the system. Future tapping of the Reserve Fund however, would significantly exacerbate the unfunded liability at a time when Alaska has diminished flexibility to address the problem due to lower oil production and likely lower reserves.

Section 3. The City Council further expresses strong support for the Governor's proposal to continue to provide \$500 Million per year in State Assistance payments on behalf of municipalities and school districts. State Assistance payments should not be further diminished. Any further reduction in State Assistance necessarily extends the amortization of the unfunded liability resulting in local governments and school districts having to pay the 22% (PERS) and 12.56% (TRS) employer contribution rate for many more years than they otherwise would, and significantly shifting costs from the State to its municipalities.

Section 4. This resolution shall take effect immediately upon adoption.

PASSED AND APPROVED by the City Council of the City of Seward, Alaska, this 13th day of January, 2014.

THE CITY OF SEWARD, ALASKA

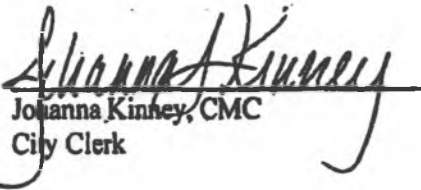


Dean Bardarson, Mayor

**CITY OF SEWARD, ALASKA
RESOLUTION 2014-004**

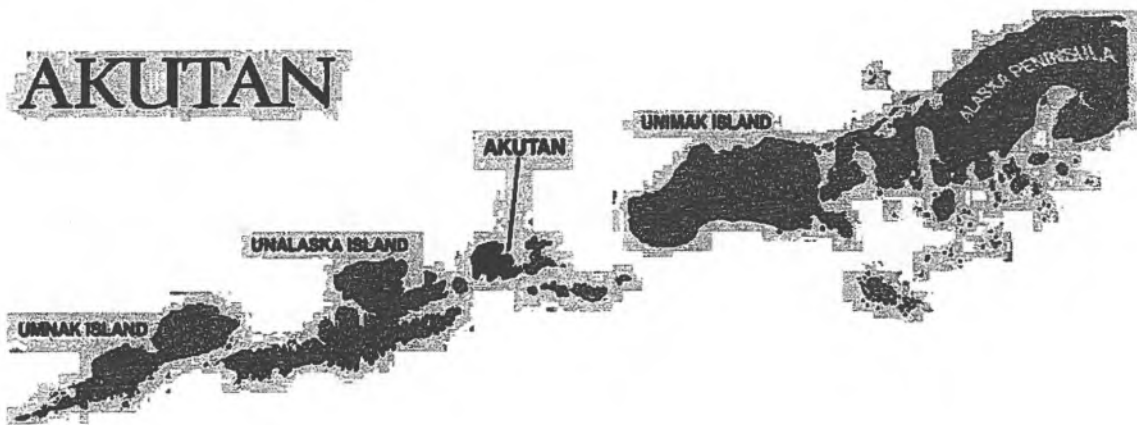
AYES: Keil, Terry, Squires, Butts, Bardarson
NOES: None
ABSENT: Casagrande, Shafer
ABSTAIN: None

ATTEST:


Johanna Kinney, CMC
City Clerk

(City Seal)





Introduced by: City Staff
Date: January 8, 2014
Public Hearing: January 8, 2014

CITY OF AKUTAN, ALASKA

RESOLUTION NO. 14-10

A RESOLUTION OF THE AKUTAN CITY COUNCIL SUPPORTING PASSAGE OF STATE LEGISLATION FOR DIRECT APPROPRIATION TO THE PERS TRUST FUND THAT MINIMIZES COSTS TO THE STATE OF ALASKA AND MUNICIPALITIES

WHEREAS, the State of Alaska, pursuant to the State's Constitution, established the Alaska Public Employees' Retirement System and the Alaska Teachers' Retirement System as set forth in Alaska Statutes 39.35, 14, 25, and 39.30; and

WHEREAS, the Alaska Retirement Board was established by Alaska Statute 37.10 to serve as trustee to the assets of the State's retirement systems; and

WHEREAS, the combined unfunded liabilities of these two retirement systems have grown from approximately \$6.9 billion in 2005, when the defined benefits systems were closed to entry by new participants, to approximately \$11.9 billion by June 2012; and

WHEREAS, it is anticipated that the annual amount of the state assistance required to **manage** and pay down the combined unfunded liabilities of the two retirement systems will soon exceed \$1 billion.; and

NOW, THEREFORE, BE IT RESOLVED that the City of Akutan (City) hereby supports a direct appropriation to the PERS trust fund,

BE IT FURTHER RESOLVED, that:

Section 1. The City opposes any legislation that requires that assets held outside of the trust funds be used in the determination of employer contribution rates.

Section 2. The City recommends the legislature consider funding options which minimize the long-term costs to both the State of Alaska and municipalities such as up-front contributions to the pension trust fund, continued state assistance above the current employer rate cap of 22%, level dollar amortization, and pension obligation bonds, or other options which meet this purpose.

Section 3. The City strongly recommends the use of the level dollar amortization methodology because of its substantial cost savings.

Section 4. This Resolution shall become effective immediately upon adoption.

ENACTED this 8th day of January, 2014, by a vote of 6 in favor and 0 opposed.



Joe Bertskin, Mayor

ATTEST:



Karen Vindler, City Clerk

**NORTH SLOPE BOROUGH
RESOLUTION SERIAL NO. 03-2014**

**A RESOLUTION OF THE NORTH SLOPE BOROUGH,
ALASKA, EXPRESSING STRONG SUPPORT FOR
GOVERNOR PARNELL'S PROPOSAL TO
APPROPRIATE \$3 BILLION FROM THE
CONSTITUTIONAL BUDGET RESERVE INTO THE
ALASKA RETIREMENT FUNDS IN 2015.**

WHEREAS, the combined unfunded liability of Alaska's Public Employee's Retirement System (PERS) and Teacher's Retirement System (TRS) is \$11.8 billion at June 30, 2012; and

WHEREAS, the funded ratio of PERS is 61.3% and TRS is 52.1% at June 30, 2012; and

WHEREAS, the Governor has identified the State's unfunded pension liability as Alaska's biggest budget driver, with annual State Assistance payments expected to exceed \$1 billion per year without a substantial cash infusion directly into the retirement trust funds; and

WHEREAS, State Assistance payments on behalf of municipalities provide significant rate relief to local taxpayers, provide budget predictability and stability to local governments, and are crucial to the financial health of Alaska's municipalities and school districts; and

WHEREAS, Governor Parnell's plan is in the best interests of the retirement systems, the State of Alaska and its municipalities by honoring Alaska's constitutional obligations, reducing annual state assistance contributions to a more predictable and sustainable \$500 million per year, increasing the funded status of the PERS and TRS by 10%, honoring the State's previous commitment to pay employer contribution rates in excess of 22%, allowing for future interest earnings to offset future contribution requirements, reducing pressure on future State and local government budgets, strengthening the credit rating of the State of Alaska and its municipalities, increasing future flexibility at a time when oil production is anticipated to decline, and solving the problem now when reserves are available rather than passing the problem to future generations of Alaskans;

NOW, THEREFORE, BE IT RESOLVED BY THE NORTH SLOPE BOROUGH, ALASKA THAT:


Section I. The North Slope Borough expresses strong support for Governor Parnell's transfer of \$3 billion from the State's Constitutional Budget Reserve directly into the retirement trust funds.

Section 2. The North Slope Borough expresses concern for any proposal to place the proposed \$3 billion into a Reserve Fund rather than directly into the retirement trust funds. The purpose of a Reserve Fund is to provide future flexibility to allow monies to be used for purposes other than the provision of pension benefits. The existence of the Reserve Fund gives a potentially false assurance that funded levels of the retirement trust funds are adequate to pay pension benefits, thereby reducing required employer contributions to the system. Future tappings of the Reserve Fund, however, would significantly exacerbate the unfunded liability at a time when Alaska has diminished flexibility to address the problem due to lower oil production and likely lower reserves.

Section 3. The North Slope Borough further expresses strong support for the Governor's proposal to continue to provide \$500 million per year in State Assistance payments on behalf of municipalities and school districts. State Assistance payments should not be further diminished. Any further reduction in State Assistance necessarily extends the amortization of the unfunded liability resulting in local governments and school districts having to pay the 22% (PERS) and 12.56% (TRS) employer contribution rate for many more years than they otherwise would, and significantly shifting costs from the State to its municipalities.


Section 4. This resolution shall take effect immediately upon adoption.

INTRODUCED: January 7, 2014
ADOPTED: January 7, 2014


Michael Amodeo, President
Date: 01-07-14

ATTEST:


Jeanne Brower, Borough Clerk
Date: 1-7-2014


Charlotte E. Brower, Mayor
Date: January 7, 2014

HUSLIA CITY COUNCIL

P.O. BOX 10
HUSLIA, ALASKA 99746
(907) 829-2266

RESOLUTION 2014-01

A RESOLUTION OF THE CITY OF HUSLIA, ALASKA, EXPRESSING STRONG SUPPORT FOR GOVERNOR PARNELL'S PROPOSAL TO APPROPRIATE \$3 BILLION FROM THE CONSTITUTIONAL BUDGET RESERVE FUND INTO THE ALASKA RETIREMENT TRUST FUNDS IN 2015.

WHEREAS; the combined unfunded liability of Alaska's Public Employee's Retirement System (PERS) and Teacher's retirement system (TRS) is \$11.8 billion at June 30, 2012 and

WHEREAS; the funded ration of PERS is 61.3% and TRS is 52.1% at June 30, 2012 and

WHEREAS; the Governor has identified the State's unfunded pension liability as Alaska's biggest budget driver, with annual State Assistance payments expected to exceed \$1 Billion per year without a substantial cash infusion directly into the retirement trust funds; and

WHEREAS; State Assistance payments on behalf of municipalities provide significant rate relief to local taxpayers, provide budget predictability and stability to local governments, and are crucial to the financial health of Alaska's municipalities and school districts; and

WHEREAS; Governor Parnell's plan is in the best interests of the retirement system, the State of Alaska and its municipalities by honoring Alaska's constitutional obligations, reducing annual state assistance contributions to a more predictable and sustainable \$500 Million per year, increasing the funded status of the PERS and TRS by 10%, honoring the State's previous commitment to pay employer contribution rates in excess of 22%, allowing for future interest earnings to offset future contribution requirements, reducing pressure on future State and local government budgets, strengthening the credit rating of the State of Alaska and its municipalities, increasing future flexibility at a time when oil production is anticipated to decline, and solving the problem now when reserves are available rather than passing the problem to future generation of Alaskans.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF HUSLIA THAT:

SECTION 1. The Huslia City Council expresses strong support for Governor Parnell's proposed transfer of \$3 Billion from the State's Constitutional Budget Reserve directly into the retirement trust funds.

SECTION 2. The Huslia City Council expresses concern for any proposal to place the proposed \$3 Billion into a Reserve Fund rather than directly into the retirement trust funds. The purpose of a Reserve Fund is to provide future flexibility to allow monies to be used for purposes other than the provision of pension benefits. The existence of the Reserve Fund gives a potentially false assurance the funded levels of the retirement trust funds are adequate to pay pension benefits thereby reducing required employer contributions into the system. Future tapping of the Reserve Fund however, would significantly exacerbate the unfunded liability at a time when Alaska has diminished flexibility to address the problem due to lower oil production and likely lower reserves.

SECTION 3. The Huslia City Council further expresses strong support for the governor's proposal to continue to provide \$500 Million per year in State Assistance payments on behalf of municipalities and school districts. State Assistance payments should not be further diminished. Any further reduction in State Assistance necessarily extends the amortization of the unfunded liability resulting in local governments and school districts having to pay the 22%(PERS) and 12.56% (TRS) employer contribution rate for many more years than they otherwise would, and significantly shifting costs from the State to its municipalities.

SECTION 4. THIS RESOLUTION SHALL TAKE EFFECT IMMEDIATELY UPON ADOPTION.

PASSED AND APPROVED BY A DULY CONSTITUTED QUORUM OF THE HUSLIA CITY COUNCIL
THIS 11th DAY OF JANUARY, 2014. THIS RESOLUTIONS WAS ADOPTED BY A VOTE:
Ayes: 6 Nays: 0, Abstain: 0

SIGNED: Lorraine Parlick
MAYOR'S SIGNATURE

ATTEST: Abdul-Karim
CITY ADMINISTRATOR'S SIGNATURE

Introduced By:
Date:
Action:
Vote:

Murphy
January 8, 2014
Adopted
Yes, 0 No:

**CITY OF SOLDOTNA
RESOLUTION 2014-001**

**A RESOLUTION EXPRESSING STRONG SUPPORT FOR GOVERNOR PARNELL'S
PROPOSAL TO APPROPRIATE \$3 BILLION FROM THE CONSTITUTIONAL
BUDGET RESERVE INTO THE ALASKA RETIREMENT TRUST FUND IN 2016**

WHEREAS, the combined unfunded liability of Alaska's Public Employee's Retirement System (PERS) and Teachers Retirement System (TRS) is \$11.8 Billion at June 30, 2012; and

WHEREAS, the funded ratio of PERS is 61.3% and TRS is 52.1% at June 30, 2012; and

WHEREAS, the Governor has identified the State's unfunded pension liability as Alaska's biggest budget driver, with annual State Assistance payments expected to exceed \$1 Billion per year without a substantial cash infusion directly into the retirement trust funds; and

WHEREAS, State Assistance payments on behalf of municipalities provide significant rate relief to local taxpayers, provide budget predictability and stability to local governments, and are crucial to the financial health of Alaska's municipalities and school districts; and

WHEREAS, Governor Parnell's plan is in the best interests of the retirement systems, the State of Alaska and its municipalities by honoring Alaska's constitutional obligations, reducing annual state assistance contributions to a more predictable and sustainable \$500 Million per year, increasing the funded status of the PERS and TRS by 10%, honoring the State's previous commitment to pay employer contribution rates in excess of 22%, allowing for future interest earnings to offset future contribution requirements, reducing pressure on future State and local government budgets, strengthening the credit rating of the State of Alaska and its municipalities, increasing future flexibility at a time when oil production is anticipated to decline, and solving the problem now when reserves are available rather than passing the problem to future generations of Alaskans;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SOLDOTNA, ALASKA:

Section 1. The Soldotna City Council expresses strong support for Governor Parnell's proposed transfer of \$3 Billion from the State's Constitutional Budget Reserve directly into the retirement trust funds.

Section 2. The City Council expresses concern for any proposal to place the proposed \$3 Billion into a Reserve Fund rather than directly into the retirement trust funds. The purpose of a Reserve Fund is to provide future flexibility to allow monies to be used for purposes other than the provision of pension benefits. The existence of the Reserve Fund gives a potentially false assurance that funded levels of the retirement trust funds are adequate to pay pension benefits, thereby reducing required employer contributions into the system. Future tapping of the Reserve Fund however, would significantly exacerbate the unfunded liability at a time when Alaska has diminished flexibility to address the problem due to lower oil production and likely lower reserves.

Section 3.

The City Council further expresses strong support for the Governor's proposal to continue to provide \$500 Million per year in State Assistance payments on behalf of municipalities and school districts. State Assistance payments should not be further diminished. Any further reduction in State Assistance necessarily extends the amortization of the unfunded liability resulting in local governments and school districts having to pay the 22% (PERS) and 12.56% (TRS) employer contribution rate for many more years than they otherwise would, and significantly shifting costs from the State to its municipalities.

Section 4.

Copies of this resolution will be provided to Governor Parnell, Senator Micciche, Representative Olson and Kathie Wasserman.

Section 5.

This resolution shall become effective immediately upon its adoption.

ADOPTED BY THE CITY COUNCIL THIS 8TH DAY OF JANUARY, 2014.



Nels Anderson, Mayor

ATTEST:



Michèle M. Sauer, CMC, City Clerk

[Faded/Illegible text block]

[Faded/Illegible text block]

Ayes: Daniels, Baxder, Sprague, Whitney, Bos, Murphy
Noes: None

**CITY OF KODIAK
RESOLUTION NUMBER 2014-04**

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK EXPRESSING STRONG SUPPORT FOR GOVERNOR PARNELL'S PROPOSAL TO APPROPRIATE \$3 BILLION FROM THE CONSTITUTIONAL BUDGET RESERVE INTO THE ALASKA RETIREMENT FUNDS IN 2015

WHEREAS, the combined unfunded liability of Alaska's Public Employee's Retirement System (PERS) and Teacher's Retirement System (TRS) is \$11.8 billion at June 30, 2012; and

WHEREAS, the funded ration of PERS is 61.3% and TRS is 52.1% at June 30, 2012; and

WHEREAS, the Governor has identified the State's unfunded pension liability as Alaska's biggest budget driver, with annual State Assistance payments expected to exceed \$1 billion per year without a substantial cash infusion directly into the retirement trust funds; and

WHEREAS, State Assistance payments on behalf of municipalities provide significant rate relief to local taxpayers, provide budget predictability and stability to local governments, and are crucial to the financial health of Alaska's municipalities and school districts; and

WHEREAS, Governor Parnell's plan is in the best interests of the retirement systems, the State of Alaska and its municipalities by honoring Alaska's constitutional obligations, reducing annual state assistance contributions to a more predictable and sustainable \$500 million per year, increasing the funded status of the PERS and TRS by 10%, honoring the State's previous commitment to pay employer contribution rates in excess of 22%, allowing for future interest earnings to offset future contribution requirements, reducing pressure on future State and local government budgets, strengthening the credit rating of the State of Alaska and its municipalities, increasing future flexibility at a time when oil production is anticipated to decline, and solving the problem now when reserves are available rather than passing the problem to future generations of Alaskans.

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Kodiak, Alaska, expresses strong support for Governor Parnell's proposed transfer of \$3 billion from the State's Constitutional Budget Reserve directly into the retirement trust funds.

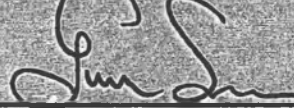
BE IT FURTHER RESOLVED that the Council of the City of Kodiak, Alaska, expresses concern for any proposal to place the proposed \$3 billion into a Reserve Fund rather than directly into the retirement trust funds. The purpose of a Reserve Fund is to provide future flexibility to allow monies to be used for purposes other than the provision of pension benefits. The existence of the Reserve Fund gives a potentially false assurance that funded levels of the retirement trust funds are adequate to pay pension benefits, thereby reducing required employer contributions into the system. Future tapings of the Reserve Fund, however, would significantly exacerbate the

unfunded liability at a time when Alaska has diminished flexibility to address the problem due to lower oil production and likely lower reserves.

BE IT FURTHER RESOLVED that the Council of the City of Kodiak, Alaska, further expresses strong support for the Governor's proposal to continue to provide \$500 million per year in State Assistance payments on behalf of municipalities and school districts. State Assistance payments should not be further diminished. Any further reduction in State Assistance necessarily extends the amortization of the unfunded liability resulting in local governments and school districts having to pay the 22% (PERS) and 12.56% (TRS) employer contribution rate for many more years than they otherwise would, and significantly shifting costs from the State to its municipalities.

BE IT FURTHER RESOLVED this resolution shall take effect immediately upon adoption.

CITY OF KODIAK



DEPUTY MAYOR

ATTEST:



CITY CLERK

Adopted: January 16, 2014



CITY OF TANANA
P.O. Box 249
Tanana, Alaska 99777
(907) 366-7159 • Fax (907) 366-7169

RESOLUTION #2014-10

A RESOLUTION TO SUPPORT GOVERNOR PARNELL'S PROPOSAL TO APPROPRIATE \$3 BILLION FROM THE CONSTITUTIONAL BUDGET RESERVE FUNDS INTO THE ALASKA RETIREMENT TRUST FUNDS IN 2015.

WHEREAS, the combined unfunded liability of Alaska's Public Employee's Retirement System (PERS) and Teacher's Retirement System (TRS) is \$11.8 Billion at June 30, 2012; and

WHEREAS, the funded ratio of PERS is 61.3% and TRS is 52.1% at June 30, 2012; and

WHEREAS, the Governor has identified the State's unfunded pension liability as Alaska's biggest budget driver, with annual State Assistance payments expected to exceed \$1 Billion per year without a substantial cash infusion directly into the retirement trust funds; and

WHEREAS, State Assistance payments on behalf of municipalities provide significant rate relief to local taxpayers, provide budget predictability and stability to local governments, and are crucial to the financial health of Alaska's municipalities and school districts; and

WHEREAS, Governor Parnell's plan is in the best interests of the retirement systems, the State of Alaska and its municipals by honoring Alaska's constitutional obligations, reducing annual state assistance contributions to a more predictable and sustainable \$500 Million per year, increasing the funded status of the PERS and TRS by 10%, honoring the State's previous commitment to pay employer contribution rates in excess of 22%, allowing for future interest earnings to offset future contribution requirements, reducing pressure on future State and local government budgets, strengthening the credit rating of the State of Alaska and its municipalities, increasing future flexibility at a time when oil production is anticipated to decline, and solving the problem now when reserves rather than passing the problem to future generations of Alaskans.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TANANA, ALASKA, THAT WE STRONGLY SUPPORT THE GOVERNOR'S EFFORT TO REDUCE FUTURE PERS AND TRS LIABILITIES.

ADOPTED this 10th day of January, 2014 at the meeting of the Tanana City Council.

Donna Folger

Donna Folger, Mayor

Beau Kofler

Attest



"NUCHALAWOYYA" – Where the two rivers meet.

CITY OF DILLINGHAM, ALASKA

RESOLUTION NO. 2014-06

A RESOLUTION OF THE DILLINGHAM CITY COUNCIL EXPRESSING STRONG SUPPORT FOR GOVERNOR PARNELL'S PROPOSAL TO APPROPRIATE \$3 BILLION FROM THE CONSTITUTIONAL BUDGET RESERVE INTO THE ALASKA RETIREMENT TRUST FUNDS IN 2015

WHEREAS, the combined unfunded liability of Alaska's Public Employee's Retirement System (PERS) and Teacher's Retirement System (TRS) is \$11.8 Billion at June 30, 2012; and

WHEREAS, the funded ratio of PERS is 61.3% and TRS is 52.1% at June 30, 2012; and

WHEREAS, the Governor has identified the State's unfunded pension liability as Alaska's biggest budget driver, with annual State Assistance payments expected to exceed \$1 Billion per year without a substantial cash infusion directly into the retirement trust funds; and

WHEREAS, State Assistance payments on behalf of municipalities provide significant rate relief to local taxpayers, provide budget predictability and stability to local governments, and are crucial to the financial health of Alaska's municipalities and school districts; and

WHEREAS, Governor Parnell's plan is in the best interests of the retirement systems, the State of Alaska and its municipalities by honoring Alaska's constitutional obligations, reducing annual state assistance contributions to a more predictable and sustainable \$500 Million per year, increasing the funded status of the PERS and TRS by 10%, honoring the State's previous commitment to pay employer contribution rates in excess of 22%, allowing for future interest earnings to offset future contribution requirements, reducing pressure on future State and local government budgets, strengthening the credit rating of the State of Alaska and its municipalities, increasing future flexibility at a time when oil production is anticipated to decline, and solving the problem now when reserves are available rather than passing the problem to future generations of Alaskans;

NOW, THEREFORE, BE IT RESOLVED by the Dillingham City Council that:

Section 1. The Dillingham City Council expresses strong support for Governor Parnell's proposed transfer of \$3 Billion from the State's Constitutional Budget Reserve directly into the retirement trust funds.

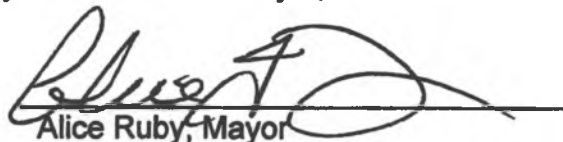
Section 2. The Dillingham City Council expresses concern for any proposal to place the proposed \$3 Billion into a Reserve Fund rather than directly into the

retirement trust funds. The purpose of a Reserve Fund is to provide future flexibility to allow monies to be used for purposes other than the provision of pension benefits. The existence of the Reserve Fund gives a potentially false assurance that funded levels of the retirement trust funds are adequate to pay pension benefits, thereby reducing required employer contributions into the system. Future tapping of the Reserve Fund however, would significantly exacerbate the unfunded liability at a time when Alaska has diminished flexibility to address the problem due to lower oil production and likely lower reserves.

Section 3. The Dillingham City Council further expresses strong support for the Governor's proposal to continue to provide \$500 Million per year in State Assistance payments on behalf of municipalities and school districts. State Assistance payments should not be further diminished. Any further reduction in State Assistance necessarily extends the amortization of the unfunded liability resulting in local governments and school districts having to pay the 22% (PERS) and 12.56% (TRS) employer contribution rate for many more years than they otherwise would, and significantly shifting costs from the State to its municipalities.

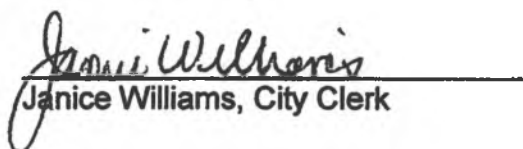
Section 4. This resolution shall take effect immediately upon adoption.

PASSED and ADOPTED by the Dillingham City Council on January 9, 2014.


Alice Ruby, Mayor

ATTEST:

[SEAL]


Janice Williams, City Clerk

City of Dillingham Information Memorandum R2014-06

Subject: A Resolution of the Dillingham City Council expressing strong support for Governor Parnell's proposal to appropriate \$3Billion from the constitutional budget reserve into the Alaska Retirement Trust Funds in 2015

Agenda of: January 9, 2014

City Council Action:

Manager: Recommend approval.

City Manager:

Rose Loera

Rose Loera

Route To:	Department / Individual	Initials	Remarks
X	Finance Director / Carol Shade	<i>CS</i>	
X	City Clerk / Janice Williams	<i>JW</i>	

Fiscal Note: Yes _____ No X Funds Available: Yes _____ No _____

Other Attachment(s): None

Summary Statement.

Distribution:

Governor Sean Parnell
Representative Bryce Edgmon
Senator Gary Stevens
Kate Wasserman, AML
Executive Director, SWAMC
Clifford Stone, City's Lobbyist

DENALI BOROUGH, ALASKA

RESOLUTION 14-01

**A RESOLUTION EXPRESSING STRONG SUPPORT FOR GOVERNOR PARNELL'S
PROPOSAL TO APPROPRIATE \$5 BILLION FROM THE CONSTITUTIONAL BUDGET
RESERVE INTO THE ALASKA RETIREMENT TRUST FUNDS IN 2015**

WHEREAS, the combined unfunded liability of Alaska's Public Employees Retirement System (PERS) and Teachers Retirement System (TRS) is \$11.5 Billion as of June 30, 2012; and

WHEREAS, the funded ratio of PERS is 61.3% and TRS is 52.1% as of June 30, 2012; and

WHEREAS, the Governor has identified the state's unfunded pension liability as Alaska's biggest budget driver, with annual state assistance payments expected to exceed \$1 Billion per year without a substantial cash infusion directly into the retirement trust funds; and

WHEREAS, state assistance payments on behalf of municipalities provide significant rate relief to local taxpayers, provide budget predictability and stability to local governments, and crucial to the financial health of Alaska's municipalities and school districts; and

WHEREAS, Governor Parnell's plan is in the best interests of the retirement systems, the state of Alaska and its municipalities by honoring Alaska's constitutional obligations; reducing annual state assistance contributions to a more predictable and sustainable \$500 Million per year; increasing the funded status of the PERS and TRS by 10%; honoring the state's previous commitment to pay employer contribution rates of 22%; allowing for future interest earnings to offset future contribution requirements; reducing pressure on future state and local government budgets and strengthening the credit rating of the state of Alaska and its municipalities.

NOW THEREFORE BE IT RESOLVED that the Denali Borough Assembly expresses strong support for Governor Parnell's proposed transfer of \$3 Billion from the Alaska State's Constitutional Budget Reserve directly into the retirement trust funds.

BE IT FURTHER RESOLVED that the Denali Borough Assembly expresses strong support for Governor Parnell's proposal to continue to provide \$500 Million per year in state assistance payments on behalf of municipalities and school districts.

PASSED and APPROVED by the DENALI BOROUGH ASSEMBLY this 8TH day of JANUARY,
2014.

32
Clay Walker
Mayor Clay Walker

ATTEST: *Gail Pleknik*
Gail Pleknik, Borough Clerk



PASSED UNANIMOUSLY
ABSENT: ZIMMERMAN, WEIBEL, DEBLAIVE



**CITY OF COLD BAY, ALASKA
RESOLUTION NO. 14-06**

**A RESOLUTION OF THE CITY COUNCIL
OF COLD BAY, ALASKA, EXPRESSING
STRONG SUPPORT FOR GOVERNOR
PARNELL'S PROPOSAL TO APPROPRIATE \$3 BILLION
FROM THE CONSTITUTIONS BUDGET RESERVE INTO THE ALASKA
RETIREMENT TRUST FUNDS IN 2015.**

WHEREAS, The Cold Bay City Council, hereinafter called the Council, is the governing body of Cold Bay, Alaska; and

WHEREAS, the combined unfunded liability of Alaska's Public Employees Retirement System (PERS) and Teachers Retirement System (TRS) is \$11.8 Billion at June 30, 2012; and

WHEREAS, the funded ratio of PERS is 61.3% and TRS is 52.1% at June 30, 2012; and

WHEREAS, the Governor has identified the State's unfunded pension liability as Alaska's biggest budget driver, with annual State Assistance payments expected to exceed \$1 Billion per year without substantial cash infusion directly into the retirement trust funds; and

WHEREAS, State Assistance payments on behalf of municipalities provide significant rate relief to local taxpayer, provide budget predictability and stability to local governments, and are crucial to the financial health of Alaska's municipalities and school districts; and

WHEREAS, Governor Parnell's plan is in the best interests of the retirement systems, the State of Alaska and its municipalities by honoring Alaska's constitutional obligations, reducing annual state assistance contributions to a more predictable and sustainable \$500 Million per year, increasing the funded status of the PERS and TRS by 10%, honoring the State's previous commitment to pay employer contribution rates in excess of 22%, allowing for future interest earnings to offset future contribution requirements reducing pressure on future State and local government budgets, strengthening the credit rating of the State of Alaska and its municipalities, increasing future flexibility at a time when oil production is anticipated to decline, and solving the problem now when reserves are available rather than passing the problem to future generations of Alaskans.

NOW THEREFORE BE IT RESOLVED, the City of Cold Bay Resolution 14-06

Section 1. The City Council of the City of Cold Bay expresses strong support for Governor Parnell's proposed transfer of \$3 Billion from the State's Constitutional Budget Reserve directly into the retirement trust funds.

Section 2. The City Council expresses concern for any proposal to place the proposed \$3 Billion into a Reserve fund rather than directly into the retirement trust funds. The purpose of a Reserve Fund is to provide future flexibility to allow monies to be used for purposes other than the provision of pension benefits. The existence of the Reserve Fund gives a potentially false assurance that funded levels of the retirement trust funds are adequate to pay pension benefits, thereby reducing required employer contributions into the system. Future tapping of the Reserve Fund however, would significantly exacerbate the unfunded liability at a time when Alaska has diminished flexibility to address the problem due to lower oil production and likely lower reserves.

Section 3. The City Council further expresses strong support for the Governor's proposal to continue to provide \$500 Million per year in State Assistance payments on behalf of municipalities and school districts. State Assistance payments should not be further diminished. Any further reduction in State Assistance necessarily extends the amortization of the unfunded liability resulting in local governments and school districts, having to pay the 22% (PERS) and 12.56% (TRS) employer contribution rate for many more years than they otherwise would, and significantly shifting cost from the State to its municipalities.

Section 4. This resolution shall take effect immediately upon adoption.

PASSED AND APPROVED BY THE COLD BAY CITY COUNCIL this 17th day of December, 2013.


Jorge Lopez, Mayor

ATTEST:


Dawn Lyons, City Clerk/Administrator

CITY OF WRANGELL, ALASKA

RESOLUTION NO. 01-14-1291

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, EXPRESSING STRONG SUPPORT FOR GOVERNOR PARNELL'S PROPOSAL TO APPROPRIATE \$3 BILLION FROM THE CONSTITUTIONAL BUDGET RESERVE INTO THE ALASKA RETIREMENT TRUST FUNDS IN 2015

WHEREAS, the combined unfunded liability of Alaska's Public Employee's Retirement System (PERS) and Teacher's Retirement System (TRS) is \$11.8 Billion at June 30, 2012; and

WHEREAS, the funded ratio of PERS is 61.3% and TRS is 52.1% at June 30, 2012; and

WHEREAS, the Governor has identified the State's unfunded pension liability as Alaska's biggest budget driver, with annual State Assistance payments expected to exceed \$1 Billion per year without a substantial cash infusion directly into the retirement trust funds; and

WHEREAS, State Assistance payments on behalf of municipalities provide significant rate relief to local taxpayers, provide budget predictability and stability to local governments, and are crucial to the financial health of Alaska's municipalities and school districts; and

WHEREAS, Governor Parnell's plan is in the best interests of the retirement systems, the State of Alaska and its municipalities by honoring Alaska's constitutional obligations, reducing annual state assistance contributions to a more predictable and sustainable \$500 Million per year, increasing the funded status of the PERS and TRS by 10%, honoring the State's previous commitment to pay employer contribution rates in excess of 22%, allowing for future interest earnings to offset future contribution requirements, reducing pressure on future State and local government budgets, strengthening the credit rating of the State of Alaska and its municipalities, increasing future flexibility at a time when oil production is anticipated to decline, and solving the problem now when reserves are available rather than passing the problem to future generations of Alaskans.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, that:

Section 1. The Assembly of the City and Borough of Wrangell expresses strong support for Governor Parnell's proposed transfer of \$3 Billion from the State's Constitutional Budget Reserve directly into the retirement trust funds.

Section 2. The Assembly of the City and Borough of Wrangell expresses concern for any proposal to place the proposed \$3 Billion into a Reserve Fund rather than directly into the retirement trust funds. The purpose of a Reserve Fund is to provide future flexibility to allow monies to be used for purposes other than the provision of pension benefits. The existence of the Reserve Fund gives a potentially false assurance that funded levels of the retirement trust funds are adequate to pay pension benefits, thereby reducing required employer contributions into the system. Future tapping of the Reserve Fund however, would significantly exacerbate the unfunded liability at a time when Alaska has diminished flexibility to address the problem due to lower oil production and likely lower reserves.

Section 3. The Assembly of the City and Borough of Wrangell further expresses strong support for the Governor's proposal to continue to provide \$500 Million per year in State Assistance payments on behalf of municipalities and school districts. State Assistance payments should not be further diminished. Any further reduction in State Assistance necessarily extends the amortization of the unfunded liability resulting in local governments and school districts having to pay the 22% (PERS) and 12.56% (TRS) employer contribution rate for many more years than they otherwise would, and significantly shifting costs from the State to its municipalities.

Section 4. This resolution shall take effect immediately upon adoption.

ADOPTED: January 14, 2014



David L. Jack, Mayor

ATTEST: 

Kim Lake, Borough Clerk



**CITY OF UNALASKA
UNALASKA, ALASKA**

RESOLUTION 2014-05

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF UNALASKA ALASKA,
EXPRESSING STRONG SUPPORT FOR GOVERNOR PARNELL'S PROPOSAL TO
APPROPRIATE \$3 BILLION FROM THE CONSTITUTIONAL BUDGET RESERVE
INTO THE ALASKA RETIREMENT TRUST FUNDS IN 2015**

WHEREAS, the combined unfunded liability of Alaska's Public Employee's Retirement System (PERS) and Teacher's Retirement System (TRS) is \$1.8 billion at June 30, 2012; and

WHEREAS, the funded ratio of PERS is 61.3% and TRS is 52.1% at June 30, 2012; and

WHEREAS, the Governor has identified the State's unfunded pension liability as Alaska's biggest budget driver, with annual State Assistance payments expected to exceed \$1 billion per year without a substantial cash infusion directly into the retirement trust funds; and

WHEREAS, State Assistance payments on behalf of municipalities provide significant rate relief to local taxpayers, provide budget predictability and stability to local governments, and are crucial to the financial health of Alaska's municipalities and school districts; and

WHEREAS, Governor Parnell's plan is in the best interests of the retirement systems, the State of Alaska and its municipalities by honoring Alaska's constitutional obligations, reducing annual state assistance contributions to a more predictable and sustainable \$500 Million per year, increasing the funded status of the PERS and TRS by 10%, honoring the State's previous commitment to pay employer contribution rates in excess of 22%, allowing for future interest earnings to offset future contribution requirements, reducing pressure on future State and local government budgets, strengthening the credit rating of the State of Alaska and its municipalities, increasing future flexibility at a time when oil production is anticipated to decline, and solving the problem now when reserves are available rather than passing the problem to future generations of Alaskans;

NOW, THEREFORE, BE THE FOLLOWING RESOLVED:

Section 1. The City Council of the City of Unalaska expresses strong support for Governor Parnell's proposed transfer of \$3 billion from the State's Constitutional Budget Reserve directly into the retirement trust funds.

Section 2. The City Council expresses concern for any proposal to place the proposed \$3 billion into a Reserve Fund rather than directly into the retirement trust funds. The purpose of a Reserve Fund is to provide future flexibility to allow monies to be used for purposes other than the provision of pension benefits. The existence of the Reserve Fund gives a potentially false assurance that funded levels of the retirement trust funds are adequate to pay pension benefits, thereby reducing required employer contributions into the system. Future tapping of the Reserve

Fund, however, would significantly exacerbate the unfunded liability at a time when Alaska has diminished flexibility to address the problem due to lower oil production and likely lower reserves.

Section 3. The City Council further expresses strong support for the Governor's proposal to continue to provide \$500 million per year in State Assistance payments on behalf of municipalities and school districts. State Assistance payments should not be further diminished. Any further reduction in State Assistance necessarily extends the amortization of the unfunded liability resulting in local governments and school districts having to pay the 22% (PERS) and 12.56% (TRS) employer contribution rate for many more years than they otherwise would, and significantly shifting costs from the State to its municipalities.

Section 4. This resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS 14TH DAY OF JANUARY 2014.


MAYOR

ATTEST:


CITY CLERK



	A	B	D	E	F	G	H	I	J	K	L	M	N
1	Notes/ Assumptions:												
2	1) This is a fairly simplistic fiscal model and should be used as a tool to understand general fiscal trends given various revenue and budget scenarios.												
3													
4	2) Revenue figures were provided by DOR and are based on the Fall 2013 forecast assumptions.												
5													
6	3) The CBR is earning a 4% blended rate (Callan 2.3% Main acct and 5.98 % Sub acct) on balances over \$3 billion and 2.3% below \$3 billion for liquidity.												
7													
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12													
13													
14	Input Variables Below:												
15	Agency Operations Growth Rate												
16	(10 year trend - 6.4%)												
17	Capital Budget by Year												
18	(10 year Median approx. \$800 million)												
19	ANS Average Price												
20	(Enter \$60-150)												
21	DOR Fall 2013 Forecast Prices	105.68	105.06	107.69	110.38	115.40	121.19	122.43	123.67	133.00	131.85	136.00	
22	DOR Fall 2013 Forecast Production	0.5362	0.5216	0.5080	0.4845	0.4504	0.4291	0.3948	0.3659	0.3385	0.3385	0.3385	
23													
24	UGF REVENUE	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	
25	Model Price Per Barrel	105.68	105.06	107.69	110.38	115.40	121.19	122.43	123.67	133.00	131.85	136.00	
26	UGF Revenue (Current)	5,338.9	4,523.0	4,609.5	4,980.6	5,105.0	5,135.4	4,810.0	4,502.5	4,653.6	4,129.4	4,006.0	
27	New Revenue	-	-	-	-	-	-	-	-	-	-	-	
28	Total UGF Revenue	5,338.9	4,523.0	4,609.5	4,980.6	5,105.0	5,135.4	4,810.0	4,502.5	4,653.6	4,129.4	4,006.0	
29													
30	UGF BUDGET	0.0%	4,346.0										
32	Agency Operations	4,414.8	4,482.9	4,454.1	4,489.0	4,525.6	4,563.9	4,604.0	4,646.1	4,690.2	4,736.4	4,784.8	
33	K-12 for TRS Retirement	-	-	-	-	-	-	-	-	-	-	-	
34	Education Increase (HB278)	-	136.9	74.8	74.8	74.8	74.8	74.8	74.8	74.8	74.8	74.8	
35	Medicaid Delta (@4.8% Per HSS)	-	-	33.3	68.2	104.7	143.0	183.1	225.2	269.3	315.5	363.9	
36													
37	Statewide Operations	2,026.0	733.0	1,223.0	1,098.4	1,093.0	1,081.6	1,081.6	1,080.6	1,070.3	1,070.4	1,070.4	
38	State Assistance to Retirement	633.8	5.2	505.2	505.2	505.2	505.2	505.2	505.2	505.2	505.2	505.2	
39	Muni. Revenue Sharing	60.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0	53.0	
40	O&G Tax Credits	600.0	450.0	425.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	
41	Debt Service	207.2	218.8	233.8	234.2	228.8	217.4	217.4	216.4	206.1	206.2	206.2	
42	Other	525.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	
43													
44	Capital Budget	831.8	550.0	550.0	550.0	550.0	550.0	550.0	550.0	550.0	550.0	550.0	
45	LNG Gasline (opex & capex)	67.3	-	120.3	6.7	-	-	-	-	-	-	-	
46													
47	Total UGF Budget	7,339.9	5,765.9	6,347.4	6,144.1	6,168.6	6,195.5	6,235.6	6,276.7	6,310.5	6,356.8	6,405.2	
48	Governor's Spending Cap			5,600.0	5,600.0	5,600.0	5,600.0	5,600.0	5,600.0	5,600.0	5,600.0	5,600.0	
49	Reductions to Reach Spending Cap			(747.4)	(544.1)	(568.6)	(595.5)	(635.6)	(676.7)	(710.5)	(756.8)	(805.2)	
50													
51													
52	Pre-transfer Surplus/(Deficit)	(2,001.0)	(1,242.9)	(1,737.9)	(1,163.5)	(1,063.6)	(1,060.1)	(1,425.6)	(1,774.2)	(1,656.9)	(2,227.4)	(2,399.2)	
53	Fund Transfers	(292.1)	70.4	70.4	70.4	70.4	70.4	70.4	70.4	70.4	70.4	70.4	
54	Post-transfer Surplus/(Deficit)	(1,708.9)	(1,313.3)	(1,808.3)	(1,233.9)	(1,134.0)	(1,130.5)	(1,496.0)	(1,844.6)	(1,727.3)	(2,297.8)	(2,469.6)	
55													
56	RESERVE BALANCES												
57	CBR	12,238.8	9,728.4	9,998.2	9,164.2	8,396.8	7,602.2	6,410.3	4,822.2	3,287.8	1,121.5	-	
58	SBR	3,002.4	1,689.1	-	-	-	-	-	-	-	-	-	
60	Total Reserves	15,241.2	11,417.4	9,998.2	9,164.2	8,396.8	7,602.2	6,410.3	4,822.2	3,287.8	1,121.5	-	
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