

Sponsored By: Council Member Sullivan-Leonard
Adopted: January 13, 2014
Vote: Buswell, O'Barr, Wall and Wilson in favor
Harris and Sullivan-Leonard absent

**City of Wasilla
Resolution Serial No. 14-04**

A resolution of the Wasilla City Council expressing support for Governor Parnell's proposal to appropriate \$3 billion into the Alaska Retirement Trust Funds in 2015.

WHEREAS, Governor Parnell 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 fund, and

WHEREAS, the unfunded liability of Alaska's Public Employees Retirement System (PERS) and Teachers Retirement System (TRS) combined is \$11.8 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 State assistance payments on behalf of over 260 municipalities will provide significant rate relief to local taxpayers, provide budget predictability and stability, and is crucial to the fiscal health of our cities, boroughs and school districts; and


WHEREAS, this infusion of \$3 Billion will reduce state contributions to a sustainable \$500 Million per year, increasing the funded status of the PERS and TRS by 10%, honoring the State's commitment to pay employer contribution rates in excess of 22%, allowing for future interest earnings to offset future contribution requirements and reducing the pressure on future state and local government budgets; and

WHEREAS, the Wasilla City Council expresses concern for any proposal to place the proposed \$3 Billion in a Reserve Fund rather than directly into the Retirement Trust Fund. Any fund other than the intended Retirement Trust Fund could be used for other purposes and would give State and Local Governments a sense of false assurance.

WHEREAS, Alaska's single largest cost driver is our unfunded pension liabilities. The governor's transfer \$3 Billion from the Constitutional Budget Reserve will pay down debt, resulting in lower fixed annual payments for the state and reduced debt for future State and local municipalities.

NOW, THEREFORE, BE IT RESOLVED, that the Wasilla City Council approves this resolution in support of Governor Parnell's proposal to appropriate \$3 Billion into the Alaska Retirement Trust Fund in 2015.

ADOPTED by the Wasilla City Council on January 13, 2014.


VERNE E. RUPRIGHT, Mayor

ATTEST:


KRISTIE SMITHERS, MMC, City Clerk

[SEAL]

CITY OF
WASILLA
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CITY COUNCIL LEGISLATION STAFF REPORT

Resolution Serial No. 14-04: Expressing support for Governor Parnell's proposal to appropriate \$3 billion into the Alaska Retirement Trust Funds in 2015.

Originator: Council Member Sullivan-Leonard *(CSL)*
 Date: 12/31/2013 Agenda of: 1/13/2014

Route to:	Department Head	Signature	Date
X	Finance Director	<i>[Signature]</i>	1-3-14
X	Deputy Administrator	<i>[Signature]</i>	1-3-14
X	City Clerk	<i>[Signature]</i>	12/31/14

Reviewed by Mayor Verne E. Rupright: *[Signature]*

Fiscal Impact: yes or no

Attachments: Ordinance Serial No. 14-04 (2 pages)

Summary Statement: Recently Governor Parnell presented in his annual budget a proposal to provide forward funding of \$3 billion into the Alaska Retirement Trust Fund. This infusion of \$3 billion dollars will go toward paying down the State's PERS/TRS retirement obligation starting in FY2015. This infusion will also be accompanied by the present State Assistance (whereby the State provides past liability costs over 22%). If it passes in the legislature there will be no need for funding from the General Fund for State Assistance in 2015, as this infusion will take its place.

This is an important step toward long-term assurance to many who are presently on the State retirement systems and for future public service members of PERS/TRS.

Our hopes are that this will be supported by our Legislators and would highly recommend against any attempt to remove this funding for other reserve fund types for projects.

I appreciate the Governor's proposal and ask for Council's support for this resolution to provide strength and long-term assurance to our State retirement systems.

Recommended Action: Adopt Resolution Serial No. 14-04.