

## What the financial experts are saying

Dear Friends:

Our retirement reform agreement is gaining the attention of internationally known financial ratings agencies.

Within just the past two weeks, we've received positive input from Fitch Ratings, Standard & Poor's and Moody's. This favorable feedback matters because these agencies help determine the City of Jacksonville's credit rating.

The agencies praise the steps we have taken to make government more efficient and build city financial reserves. Fitch, for example, says Jacksonville has an "excellent fiscal track record." S&P notes strong performance, giving Jacksonville "a Financial Management Assessment score of 'strong,' indicating that we believe practices are strong, well embedded, and likely sustainable."

As a result of the City's strong financial management and high credit rating, we were able to refinance city debt and save taxpayers \$133 million over the next 19 years.

But the agencies tell us that our credit rating may suffer if we do not deal with our pension challenges now. Fitch Ratings said that "delay in implementing reform could pressure the rating." **And if we do nothing, retirement costs are projected to consume nearly 20 percent of our general budget – to the tune of \$181.3 million – in the coming year.**

You don't have to take my word for it. I've attached the reports in their entirety. Here are some important excerpts:

*"A large unfunded pension liability and rapidly rising pension contributions remain a key credit concern. Tentative agreements on pension reform have been reached that, pending city council approval, are expected to stabilize the city's pension burden over the long term."*

- **Fitch Ratings**

*"The city is pursuing reform initiatives to lower these liabilities and has taken a more conservative approach to the asset side by lowering the return assumptions. While not final, the city has reached tentative agreements with several bargaining units that change the benefit structure for future employees and require increased contributions from current employees."*

- **Standard & Poor's**

*"The ... stable outlook reflects the city's large and diverse economy, manageable debt profile and improved financial position, albeit with looming pension pressures which officials are trying to address."*

- **Moody's**

These reviews support a growing need for action. **Our proposed retirement reform agreement would save taxpayers \$1.2 billion over 30 years, including \$45 million in the coming budget year.** The savings would stave off deep cuts to libraries, community centers and public safety.

But this is not just about one year's budget. Over the next five years, the difference between passing retirement reform and not passing reform is nearly \$100 million in the city budget.

**Imagine if we had that \$100 million to invest in our city's future.**

We must continue to find solutions that enable city government to live within its means. We must continue to manage the budget prudently, and we must continue to invest wisely in our future.

Retirement reform is a crucial step.

Sincerely,

A handwritten signature in cursive script that reads "Alvin Brown".

Alvin Brown  
Mayor