

# SENATE NO. 1625

## **AN ACT** RELATIVE TO THE ISSUANCE OF THE PENSION FUNDING BONDS BY THE CITY OF TAUNTON

*Be it enacted by the Senate and House of Representatives in General Court assembled,  
And by the authority of the same, as follows:*

1 SECTION 1. The City of Taunton is hereby authorized to issue bonds or notes from time to  
2 time for the purpose of funding all or a portion of the unfunded pension liability, so called, of  
3 the retirement system of the City of Taunton. Bonds or notes issued hereunder shall be outside  
4 the limit of indebtedness prescribed in Section 10 of Chapter 44 of the General Laws, shall be  
5 issued for terms not in excess of 30 years from their date of issue and, except as otherwise  
6 provided herein, shall be subject to the applicable provisions of said Chapter 44. The aggregate  
7 amount of bonds or notes which may be issued by the City of Taunton hereunder, shall not  
8 exceed the amount which the Retirement Board of the City of Taunton, with the approval of the  
9 City's Chief Financial Officer, treasurer, and mayor, shall determine to be necessary to be  
10 issued to fund the unfunded pension liability of the retirement system of the City of Taunton as  
11 of a particular date and to provide for issuance costs and other expenses necessary or incidental  
12 thereto. Such determination of the retirement board of the City of Taunton of the unfunded

13 pension liability shall be based upon the report of a nationally recognized independent  
14 consulting firm, which shall be acceptable to the Public Employee Retirement Administration  
15 Commission, and which may be the consulting actuary generally retained by the retirement  
16 board of the city.

17 SECTION 2. The maturities of bonds or notes issued hereunder (i) shall be arranged so  
18 that for each issue the annual combined payments of principal and interest shall be as nearly  
19 equal as practicable, in the opinion of the treasurer and mayor, or in accordance with a schedule  
20 providing for a more rapid amortization of principal, or (ii) shall be arranged so that for each  
21 issue the annual combined payments of principal and interest shall be in amounts specifically  
22 approved by the secretary for administration and finance.

23 SECTION 3. Proceeds of any bonds or notes issued hereunder (other than amounts to  
24 be applied to issuance costs or other expenses) shall be paid by the City of Taunton to the  
25 Retirement Board of the City of Taunton, shall be allocated solely to reduce the unfunded  
26 pension liability to which the bonds or notes relate, shall be invested in any investments which  
27 are permitted under Chapter 32 of the General Laws, and shall otherwise be held and expended  
28 by the Retirement Board of the City of Taunton in accordance with law.

29 SECTION 4. Prior to the issue of any bonds or notes hereunder the City of Taunton  
30 shall submit to the executive office for administration and finance a plan showing the amount of  
31 the bonds and notes to be issued, the amount of the unfunded pension liability to be funded with  
32 the proceeds of the bonds and notes, the proposed maturity schedule of the bonds and notes, the  
33 proposed allocation of, if any, and plan to finance the principal of and interest on the bonds and  
34 notes, the present value savings reasonably expected to be achieved as a result of the issue of  
35 the bonds or notes, and any other information requested by the secretary for administration and

36 finance relating to the bonds and notes and no bonds or notes shall be issued hereunder until the  
37 secretary has approved said plan and specifically approved the maturity schedule of the bonds  
38 or notes if required by Section 2 hereof. In granting said approval, the secretary shall require  
39 the establishment of a reserve to be created from a portion not to exceed 60 percent in any year,  
40 of the amount of the annual savings used to calculate the present value savings. Subject to the  
41 regulations established by the secretary, the reserve shall be held and controlled by the City and  
42 shall be separate from any other reserve or fund of the City allowed or required by statute. The  
43 secretary shall establish a method to calculate both the required amount of annual contribution  
44 to the reserve and the minimum value to be maintained in the reserve and shall prescribe  
45 conditions for expenditure from the reserve, including its use if necessary to prevent or limit any  
46 future unfunded actuarial pension liability, and the conditions under which all or a portion of the  
47 funds in the reserve may be available for unrestricted purposes in which case such funds or  
48 portions thereof shall be transferred to the City treasury. Any funds in the reserve shall be trust  
49 funds within the meaning of Section 54 of Chapter 44 of General Laws and, excepted as  
50 otherwise provided in this act, shall be subject to the provision of said Section 54.

51 SECTION 5. If the unfunded pension liability to be funded with the proceeds of an  
52 issue of bond or notes issued hereunder relates in part to employees of a governmental unit  
53 other than the City of Taunton, each such governmental unit shall be responsible for  
54 reimbursing the City of Taunton for such proportion of the annual debt service expense paid by  
55 the City of Taunton for bonds and notes issued hereunder as is equal to the proportion of the  
56 total unfunded pension liability to be funded with the proceeds of the bonds or notes as relates  
57 to that governmental unit. Notwithstanding the provisions of any general or special law to the  
58 contrary, the public employee retirement administration commission shall increase the annual

59 amount to be certified under Section 22 of the General Laws as the amount necessary to be paid  
60 by each such governmental unit other than the City of Taunton by each such governmental  
61 unit's proportionate share of the annual debt service expense as determined herein. The City of  
62 Taunton shall have the same legal rights and authority as the Retirement Board of the City of  
63 Taunton to collect any amount so assessed to any such governmental unit only if the Retirement  
64 Board fails to collect such assessment in a timely manner.

65 SECTION 6. Notwithstanding the provisions of Chapter 70 of the General Laws or the  
66 provisions of any other general or special law to the contrary, the portion of the annual debt  
67 service paid by the City of Taunton for bonds or notes issued hereunder applicable to school  
68 department personnel who are members of the City's Retirement System, shall be included in  
69 the computation of net school spending for the purposes of said Chapter 70 or any other  
70 provision of law.

71 SECTION 7. This act shall take effect upon its passage.