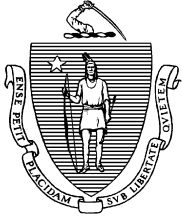


SENATE, No. 2602

[SIMILAR MATTER FILED DURING PAST SESSION
SEE NO. OF]



The Commonwealth of Massachusetts

IN THE YEAR OF TWO THOUSAND AND EIGHT

AN ACT AUTHORIZING THE CITY OF MELROSE TO ISSUE PENSION FUNDING BONDS OR NOTES

*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 Melrose may issue bonds or notes from time to time for the purpose
2 of funding all or a portion of the unfunded pension liability of the retirement system of the city
3 of Melrose. Bonds or notes issued under this act shall be outside the limit of indebtedness
4 prescribed in section 10 of chapter 44 of the General Laws, shall be issued for terms not in
5 excess of 30 years from their date of issue and, except as otherwise provided in this act, shall
6 be subject to the applicable provisions of said chapter 44. The aggregate amount of bonds or
7 notes which may be issued by the city of Melrose under this act, shall not exceed the amount
8 which the retirement board of the city of Melrose, with the approval of the city's chief financial
9 officer, treasurer, and city council, shall determine to be necessary to be issued to fund the

10 unfunded pension liability of the retirement system of the city of Melrose as of a particular date
11 and to provide for issuance costs and other expenses necessary or incidental thereto. Such
12 determination of the retirement board of the city of Melrose of the unfunded pension liability
13 shall be based upon the report of a nationally recognized independent consulting firm, which
14 shall be acceptable to the Public Employee Retirement Administration Commission, and which
15 may be the consulting actuary generally retained by the retirement board of the city.

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

22 SECTION 3. Proceeds of any bonds or notes issued under this act other than amounts to be
23 applied to issuance costs or other expenses shall be paid by the city of Melrose to the
24 retirement board of the city of Melrose, shall be allocated solely to reduce the unfunded
25 pension liability to which the bonds or notes relate, shall be invested in any investments which
26 are permitted under chapter 32 of the General Laws, and shall otherwise be held and expended
27 by the retirement board of the city of Melrose in accordance with the law.

28 SECTION 4. Before the issue of any bonds or notes under this act the city of Melrose shall
29 submit to the executive office for administration and finance a plan showing the amount of the
30 bonds and notes to be issued, the amount of the unfunded pension liability to be funded with
31 the proceeds of the bonds and notes, the proposed maturity schedule of the bonds and notes,

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

50 SECTION 5. If the unfunded pension liability to be funded with the proceeds of an issue of
51 bond or notes issued under this act relates in part to employees of a governmental unit other
52 than the city of Melrose, each such governmental unit shall be responsible for reimbursing the
53 city of Melrose for such proportion of the annual debt service expense paid by the city of
54 Melrose for bonds or notes issued hereunder as is equal to the proportion of the total unfunded

55 pension liability to be funded with the proceeds of the bonds or notes as relates to that
56 governmental unit. Notwithstanding any general or special law to the contrary, the Public
57 Employee Retirement Administration Commission shall increase the annual amount to be
58 certified under section 22 of the General Laws as the amount necessary to be paid by each such
59 governmental unit other than the city of Melrose by each such governmental unit's
60 proportionate share of the annual debt service expense as determined herein. The city of
61 Melrose shall have the same legal rights and authority as the retirement board of the city of
62 Melrose to collect any amount so assessed to any such governmental unit.

63 SECTION 6. Notwithstanding [chapter 70](#) of the General Laws or any other general or special
64 law to the contrary, the portion of the annual debt service paid by the city of Melrose for bonds
65 or notes issued under this act applicable to school department personnel who are members of
66 the city's retirement system shall be included in the computation of net school spending for the
67 purposes of said chapter 70 or any other law.

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

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