

SENATE No. 2968

The Commonwealth of Massachusetts

PRESENTED BY:

Barry R. Finegold

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act authorizing the town of Andover to issue pension obligation bonds or notes.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	
<i>Barry R. Finegold</i>	<i>Second Essex and Middlesex</i>	
<i>Frank A. Moran</i>	<i>17th Essex</i>	<i>12/9/2020</i>
<i>Tram T. Nguyen</i>	<i>18th Essex</i>	<i>12/15/2020</i>

SENATE No. 2968

By Mr. Finegold, a petition (accompanied by bill, Senate, No. 2968) of Barry R. Finegold (by vote of the town) for legislation to authorize the town of Andover to issue pension obligation bonds or notes. Municipalities and Regional Government. [Local Approval Received.]

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-First General Court
(2019-2020)**

An Act authorizing the town of Andover to issue pension obligation 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 town of Andover may issue, at one time or from time to time, bonds or
2 notes for the purpose of funding the unfunded pension liability, so-called, of the retirement
3 system of the town. The proceeds of any such issuance, other than amounts to be applied to
4 issuance costs and expenses, shall be transferred by the town to said retirement system. The term
5 of any such bonds or notes shall not exceed 20 years from the date of issuance and the amount of
6 any such bonds or notes shall be outside the limit of indebtedness prescribed in section 10 of
7 chapter 44 of the General Laws. No such bonds or notes shall be issued without, for each
8 issuance, a 2/3 vote of the town meeting of the town of Andover. Upon the authorization of the
9 issuance of pension obligation bonds by the town meeting, the town shall submit the vote and a
10 plan demonstrating how the town will finance and allocate the debt service associated with the
11 bonds or notes to the executive office for administration and finance, and no bonds or notes
12 authorized to be issued by this act shall be issued until the secretary for administration and
13 finance has approved the plan and the issuance of such bonds or notes. Except as otherwise

14 provided in this act, such bonds or notes shall be subject to the provisions of said chapter 44.
15 Pursuant to section 21C of chapter 59 of the General Laws, the Select Board of the town of
16 Andover may, by a two-thirds vote, seek voter approval at a regular or special election to assess
17 taxes for the payment of principal and interest on such bonds or notes.

18 SECTION 2. The aggregate principal amount of the bonds or notes issued under authority
19 of this act shall not be greater than the amount sufficient to extinguish the unfunded pension
20 liability of the retirement system of the town of Andover as determined in accordance with this
21 section, plus an amount to provide for issuance costs and other expenses necessary or incidental
22 thereto. The retirement board of the town shall first determine the amount sufficient to extinguish
23 the unfunded pension liability of the retirement system of the town in accordance with the report
24 of a nationally recognized independent consulting firm, which may be the consulting actuary
25 generally retained by the retirement board, and with the approval of the public employee
26 retirement administration commission. Such report shall also set forth the present value savings
27 to the town reasonably expected to be achieved as a result of the issuance of such bonds or notes
28 and an allocation of the unfunded pension liability of the retirement system of the town among
29 each governmental unit the employees of which are members of the retirement system.

30 SECTION 3. The maturities of such bonds or notes shall be scheduled such that the
31 annual combined payments of principal and interest for each issue shall be as nearly equal as
32 practicable in the opinion of the Select Board members; provided, however, that the maturities of
33 such bonds or notes may be scheduled so as to provide a more rapid amortization of principal, or
34 in accordance with any other manner consistent with the town's approved funding schedule, as
35 the secretary for administration and finance shall approve.

36 SECTION 4. Every governmental unit, the employees of which are members of the
37 retirement system of the town of Andover, shall be responsible in accordance with this section
38 for paying such proportion of the annual debt service expense paid by the town for bonds issued
39 under authority of this act as is equal to the proportion of the total unfunded pension liability of
40 the retirement system allocated to such member under section 2. Notwithstanding any general or
41 special law to the contrary, the public employee retirement administration commission shall
42 increase the annual amount to be certified under section 22 of chapter 32 of the General Laws as
43 the amount necessary to be paid by each governmental unit in the retirement system other than
44 the town by each such governmental unit's proportional share of the annual debt service expense
45 as determined herein and shall decrease the amount to be paid by the town by an equal amount.
46 The town shall have the same legal rights and authority as the retirement board of the town to
47 collect any amount so assessed by the retirement board to any such governmental unit.

48 SECTION 5. Notwithstanding chapter 70 of the General Laws or any other general or
49 special law to the contrary, the portion of the annual debt service paid by the town of Andover
50 for bonds or notes issued under this act applicable to school department personnel who are
51 members of the town's retirement system shall be included in the computation of net school
52 spending for the purposes of said chapter 70 or any other law.

53 SECTION 6. Notwithstanding chapter 32 of the General Laws or any other general or
54 specific law to the contrary, there shall be a five-member advisory board to the retirement board
55 of the town of Andover that shall advise on investment decisions and other related matters. The
56 town manager shall have the sole authority to appoint each member of the advisory board for a
57 term of up to three years at the town manager's discretion.

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