HOUSE DOCKET, NO. 4535 FILED ON: 8/18/2023

HOUSE . . . . . No. 4116

The Commonwealth of Massachusetts

PRESENTED BY:

Dylan A. Fernandes and Julian Cyr

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 Nantucket to issue pension obligation bonds or notes.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
Dylan A. Fernandes	*Barnstable, Dukes and Nantucket*	*8/18/2023*
Julian Cyr	*Cape and Islands*	*8/18/2023*

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By Representative Fernandes of Falmouth and Senator Cyr, a joint petition (subject to Joint Rule 12) of Dylan A. Fernandes and Julian Cyr (by vote of the town) that the town of Nantucket be authorized to issue pension obligation bonds or notes. Public Service. [Local Approval Received.]

The Commonwealth of Massachusetts

In the One Hundred and Ninety-Third General Court
(2023-2024)

An Act authorizing the town of Nantucket 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:

SECTION 1. The town of Nantucket may issue, at one time or from time to time, bonds or notes for the purpose of funding the portion of the unfunded pension liability of the Barnstable County retirement association allocable to the town of Nantucket, Nantucket County and the Nantucket Islands Land Bank. The proceeds of any such issuance, other than amounts to be applied to issuance costs and expenses, shall be paid by the town of Nantucket to the Barnstable County retirement association, shall be allocated solely to reduce the unfunded pension liability allocable to the town of Nantucket, Nantucket County and the Nantucket Islands Land Bank to which the bonds or notes relate, shall be invested in any investments which are permitted under chapter 32 of the General Laws and shall otherwise be held and expended on behalf of the town by the Barnstable County retirement association in accordance with law. The terms of any such bonds or notes shall not exceed 30 years from the date of issuance and the amount of any such bonds or notes shall be outside the limit of indebtedness prescribed in section 10 of chapter 44 of

the General Laws. Upon the authorization of the issuance of pension obligation bonds by the town, the town shall submit the vote and a plan demonstrating how the town will finance and allocate the debt service associated with the bonds or notes to the executive office for administration and finance, and no bonds or notes authorized to be issued by this act shall be issued until the secretary for administration and finance has approved the plan and the issuance of such bonds or notes. Except as otherwise provided in this act, such bonds or notes shall be subject to said chapter 44.

SECTION 2. The aggregate principal amount of the bonds or notes issued during any calendar year under authority of this act shall not be greater than the amount sufficient to extinguish the unfunded pension liability of the Barnstable County retirement association allocable to the town of Nantucket, Nantucket County and the Nantucket Islands Land Bank as of a particular date as determined in accordance with this section, plus an amount to provide for issuance costs and other expenses necessary or incidental thereto. The Barnstable County retirement association shall first determine the amount sufficient to extinguish the unfunded pension liability of the town of Nantucket, Nantucket County and the Nantucket Islands Land Bank in accordance with the report of a nationally recognized independent consulting firm, which may be the consulting actuary generally retained by the Barnstable County retirement association, and which amount shall be approved by the public employee retirement administration commission. The report shall also set forth the present value savings to the town reasonably expected to be achieved as a result of the issuance of such bonds or notes.

SECTION 3. The maturities of such bonds or notes shall be scheduled so that the annual combined payments of principal and interest for each issue shall be as nearly equal as practicable in the opinion of the town Treasurer, in any manner that shall provide for a more rapid

amortization of principal, or in accordance with any other manner consistent with the town's approved funding schedule, as the secretary for administration and finance shall approve. In granting the approval, the secretary may require the establishment of a reserve to be created from a portion of the amount of the annual savings used to calculate the present value savings. Any such reserve shall be held and controlled by the town and shall be separate from any other reserve or fund of the town allowed or required by statute. The secretary shall establish a method to calculate both the required amount of annual contribution to the reserve and the minimum value to be maintained in the reserve and shall prescribe conditions for expenditure from the reserve, including its use if necessary to prevent or limit any future unfunded actuarial pension liability, and the conditions under which all or a portion of the funds in the reserve may be available for unrestricted purposes in which case such funds or portions thereof shall be transferred to the town treasury. Any funds in the reserve shall be trust funds within the meaning of section 54 of chapter 44 of the General Laws and, expected as otherwise provided in this act, shall be subject to the provisions of said section 54.

SECTION 4. If the unfunded pension liability to be funded with the proceeds of an issue of bonds or notes issued under this act relates in part to employees of Nantucket County or the Nantucket Islands Land Bank, each of such entities shall be responsible for reimbursing the town of Nantucket for such proportion of the annual debt service expense paid by the town of Nantucket for bonds or notes issued hereunder as is equal to the proportion of the total unfunded pension liability to be funded with the proceeds of the bonds or notes as relates to each of such entities. Notwithstanding any general or special law to the contrary, the Public Employee Retirement Administration Commission shall increase the annual amount to be certified under section 22 of the General Laws as the amount necessary to be paid by Nantucket County and the

Nantucket County Land Bank as its proportionate share of the annual debt service expense as determined herein. The town of Nantucket shall have the same legal rights and authority as the retirement board of the Barnstable County retirement association to collect any amount so assessed to Nantucket County or the Nantucket Islands Land Bank.

SECTION 5. Notwithstanding chapter 70 of the General Laws or any other general or special law to the contrary, the portion of the annual debt service paid by the town of Nantucket for bonds or notes issued under this act applicable to school department personnel who are members of the Barnstable County retirement association shall be included in the computation of net school spending for the purposes of said chapter 70 or any other law.

SECTION 6. This act shall take effect upon its passage.