

SENATE No.

The Commonwealth of Massachusetts

PRESENTED BY:

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:

Julian Cyr

Dylan A. Fernandes

DISTRICT/ADDRESS:

Cape and Islands

Barnstable, Dukes and Nantucket

SENATE No.

By Mr. Cyr, a petition (accompanied by bill) (subject to Joint Rule 12) of Julian Cyr and Dylan A. Fernandes (by vote of the town) to authorize the town of Nantucket 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:

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

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

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

33 SECTION 3. The maturities of such bonds or notes shall be scheduled so that the annual
34 combined payments of principal and interest for each issue shall be as nearly equal as practicable
35 in the opinion of the town Treasurer, in any manner that shall provide for a more rapid
36 amortization of principal, or in accordance with any other manner consistent with the town's

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

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

60 determined herein. The town of Nantucket shall have the same legal rights and authority as the
61 retirement board of the Barnstable County retirement association to collect any amount so
62 assessed to Nantucket County or the Nantucket Islands Land Bank.

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

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