

SENATE No. 3092

The Commonwealth of Massachusetts

PRESENTED BY:

Cynthia Stone Creem

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 city of Newton to issue pension obligation bonds or notes.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	
<i>Cynthia Stone Creem</i>	<i>Norfolk and Middlesex</i>	
<i>Amy Mah Sangiolo</i>	<i>11th Middlesex</i>	<i>5/19/2026</i>

SENATE No. 3092

By Ms. Creem, a petition (accompanied by bill, Senate, No. 3092) of Cynthia Stone Creem and Amy Mah Sangiolo (with the approval of the mayor and city council) for legislation to authorize the city of Newton to issue pension obligation bonds or notes. Municipalities and Regional Government. [Local Approval Received.]

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Fourth General Court
(2025-2026)**

An Act authorizing the city of Newton 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 city of Newton may issue, at 1 time or from time to time, bonds or
2 notes for the purpose of funding all or a portion of the unfunded pension liability of the
3 retirement system of the city of Newton. The proceeds of any such bonds or notes, other than
4 amounts to be applied to issuance costs, establishment of a pension system stabilization fund and
5 expenses, shall be paid by the city of Newton to the retirement board of the city of Newton, shall
6 be allocated solely to reduce the unfunded pension liability to which the bonds or notes relate,
7 shall be invested in any investments which are permitted under chapter 32 of the General Laws
8 and shall otherwise be held and expended by the retirement board of the city of Newton in
9 accordance with law. The terms of any such bonds or notes shall not exceed 30 years from the
10 date of issuance and the amount of any such bonds or notes shall be outside the limit of
11 indebtedness prescribed in section 10 of chapter 44 of the General Laws. Upon the authorization
12 of the issuance of pension obligation bonds by the city of Newton, the city of Newton shall

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

19 SECTION 2. The aggregate principal amount of the bonds or notes that may be issued by
20 the city of Newton under authority of this act shall not exceed the amount which the retirement
21 board of the city of Newton, with the approval of the city's chief financial officer, shall
22 determine to be necessary, from time to time, to be issued to fund the unfunded pension liability
23 of the retirement system of the city of Newton as of a particular date, in addition to the amount
24 determined by the City to be necessary to provide for issuance costs, establishment of a pension
25 system stabilization fund as described below, and any other expenses necessary or incidental
26 thereto. Such determination of the retirement board of the city of Newton of the unfunded
27 pension liability shall be based upon the report of a nationally recognized independent consulting
28 firm and which may be the consulting actuary generally retained by the retirement board of the
29 city of Newton. The report shall also set forth the present value savings to the city of Newton
30 reasonably expected to be achieved as a result of the issuance of such bonds or notes and an
31 allocation of the unfunded pension liability of the retirement system of the City among each
32 governmental unit the employees of which are members of the retirement system.

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 city 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 city of
37 Newton's approved funding schedule, as the secretary for administration and finance shall
38 approve. In granting the approval, the secretary for administration and finance may require the
39 establishment of a pension system stabilization fund, and the city of Newton is authorized to
40 establish a pension system stabilization fund upon such terms and conditions as may be required
41 by the secretary for administration and finance, or, if no such reserve is required by the secretary
42 for administration and finance, such a reserve fund may be established upon such terms and
43 conditions as the city of Newton shall determine. Any pension system stabilization fund may be
44 funded with proceeds of bonds or notes issued pursuant to this act, available funds of the city of
45 Newton, or any combination thereof. Any pension system stabilization fund shall be held and
46 controlled by the city of Newton and shall be separate from any other reserve or fund of the city
47 of Newton allowed or required by statute. In the case of a pension system stabilization fund
48 required to be established by the secretary for administration and finance, the secretary for
49 administration and finance shall establish a method to calculate both the required amount of any
50 annual contribution to the pension system stabilization fund and the minimum amount to be
51 maintained therein and shall prescribe conditions for expenditure from the pension system
52 stabilization fund, including its use if necessary to prevent or limit any future unfunded actuarial
53 pension liability, and the conditions under which all or a portion of the amounts in the pension
54 system stabilization fund may be available for unrestricted purposes in which case such funds or
55 portions thereof shall be transferred to the city treasury. All amounts held in the pension system
56 stabilization fund shall be trust funds within the meaning of section 54 of chapter 44 of the
57 General Laws and, except as otherwise provided in this act, shall be subject to the provisions of
58 said section 54 and Chapter 75 of the Acts of 2007.

59 SECTION 4. If the unfunded pension liability to be funded with the proceeds of an issue
60 of bonds or notes issued under this act relates in part to employees of a governmental unit other
61 than the city of Newton, each such governmental unit shall be responsible for reimbursing the
62 city of Newton for such proportion of the annual debt service expense paid by the city of Newton
63 for bonds or notes issued hereunder as is equal to the proportion of the total unfunded pension
64 liability to be funded with the proceeds of the bonds or notes as relates to that governmental unit.
65 Notwithstanding any general or special law to the contrary, the public employee retirement
66 administration commission shall increase the annual amount to be certified under section 22 of
67 the General Laws as the amount necessary to be paid by each such governmental unit other than
68 the city of Newton by each such governmental unit's proportionate share of the annual debt
69 service expense as determined herein. The city of Newton shall have the same legal rights and
70 authority as the retirement board of the city of Newton to collect any amount so assessed to any
71 such governmental unit.

72 SECTION 5. Notwithstanding chapter 70 of the General Laws or any other general or
73 special law to the contrary, the portion of the annual debt service paid by the city of Newton for
74 bonds or notes issued under this act applicable to school department personnel who are members
75 of the city's retirement system shall be included in the computation of net school spending for
76 the purposes of said chapter 70 or any other law.

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