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[Senate, July 9, 1998 — Passed to be engrossed by the Senate, as amended.]

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**The Commonwealth of Massachusetts**

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In the Year One Thousand Nine Hundred and Ninety-Eight.

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AN ACT AUTHORIZING THE CITY OF WORCESTER TO ISSUE PENSION OBLIGATION BONDS.

*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 Worcester is hereby authorized to  
2 issue, at one time or from time to time, bonds or notes for the pur-  
3 pose of funding the unfunded pension liability, so-called, of the  
4 city of Worcester retirement system. The proceeds of any such  
5 issuance shall be transferred by the city of Worcester to the  
6 Worcester Retirement System. The term of any such bond or note  
7 shall not exceed 30 years from the date of issuance and the  
8 amount of any such bond or note shall be considered as outside  
9 the limit of indebtedness prescribed in section 10 of chapter 44 of  
10 the General Laws. No such bonds or notes shall be issued without  
11 the approval of the city council of a loan order adopted by a two-  
12 thirds vote upon a recommendation of the city manager. After the  
13 city council has approved the loan order, the city manager shall  
14 submit said order and a plan demonstrating how the city will  
15 finance and allocate the debt service associated with said bonds or  
16 notes to the executive office for administration and finance, and  
17 no bonds or notes authorized by this act shall be issued until the  
18 secretary for administration and finance has approved said plan.  
19 Except as otherwise provided herein such bonds or notes shall be  
20 subject to the provisions of said chapter 44.

1 SECTION 2. The aggregate principal amount of the bonds or  
2 notes issued under authority hereof shall not be greater than the  
3 amount sufficient to extinguish the unfunded pension liability of  
4 the retirement system of the city of Worcester as determined in  
5 accordance with this section. The retirement board of the city of  
6 Worcester shall first determine the amount sufficient to extinguish  
7 the unfunded pension liability of the retirement system of the city  
8 of Worcester in accordance with the report of a nationally recog-  
9 nized independent consulting firm, which may be the consulting  
10 actuary generally retained by said retirement board, and with the  
11 approval of the public employee retirement administration com-  
12 mission. Such report shall also set forth the present value savings  
13 to the city reasonably expected to be achieved as a result of the  
14 issuance of such bonds or notes and shall be transmitted to the  
15 city council prior to final passage of any order authorizing the  
16 issuance of bonds or notes hereunder. In making the initial recom-  
17 mendation to the city council to adopt a loan order authorizing the  
18 issuance of bonds or notes under authority of this act the city  
19 manager of the city of Worcester shall indicate its approval of the  
20 aggregate principal amount of the bonds or notes as determined by  
21 said retirement board.

1 SECTION 3. The maturities of such bonds or notes shall be  
2 scheduled such that the annual combined payments of principal  
3 and interest for each issue shall be as nearly equal as practicable  
4 in the opinion of the city manager; provided, however, that the  
5 maturities of such bonds or notes may be scheduled so as to pro-  
6 vide a more rapid amortization of principal.

1 SECTION 4. Every governmental unit the employees of which  
2 are members of the Worcester Retirement System shall be respon-  
3 sible in accordance with this section for paying such proportion of  
4 the annual debt service expense paid by the city of Worcester for  
5 bonds issued under authority of this act as is equal to the propor-  
6 tion of the total unfunded pension liability of the Worcester  
7 Retirement System allocated to such member under section 2.  
8 Notwithstanding the provisions of any general or special law to  
9 the contrary, the public employee retirement administration com-  
10 mission shall increase the annual amount to be certified under

11 section 22 of chapter 32 of the General Laws as the amount neces-  
12 sary to be paid by each governmental unit in the Worcester Retire-  
13 ment System other than the city of Worcester by each such  
14 governmental unit's proportionate share of the annual debt service  
15 expense as determined herein and shall decrease the amount to  
16 be paid by the city of Worcester by an equal amount. The city of  
17 Worcester shall have the same legal rights and authority as the  
18 retirement board of the city of Worcester to collect any amount so  
19 assessed by the retirement board to any such governmental unit.

