

RESOLUTION OF THE CITY COUNCIL

No. 221

Effective ~~Approved~~ April 17, 2000

RESOLVED, That the Members of the Providence City Council hereby opposes Senate Bill S-2686 and House Bill H-8015 relating to Indebtedness of Towns and Cities-Pension Fund Refinancing Bonds, in substantially the form attached.

IN CITY COUNCIL

APR 6 2000

READ AND PASSED, AS AMENDED

PRES.

CLERK

Effective without the
Mayor's Signature:

Michael R. Clement
City Clerk

Courteson Allen

Effective without the
Mayor's Signature:

Michael R. Clement
City Clerk

2000 --

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LC02153
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2000

AN ACT

2000-S 2686

RELATING TO INDEBTEDNESS OF TOWNS AND CITIES--
PENSION FUND REFINANCING BONDS

00-S 2686

Introduced By: Senators Ruggerio, Goodwin and Igliozi

Date Introduced: February 10, 2000

Referred To: Senate Committee on Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 45-12 of the General Laws entitled "Indebtedness of Towns and
2 Cities" is hereby amended by adding thereto the following section:

3 45-12-5.4. Issuance of pension fund refinancing -- Bonds. -- Any city or town which
4 has a cumulative unfunded pension liability of ten million dollars (\$10,000,000) or more may
5 issue pension fund refinancing bonds in order to fund all or part of its unfunded pension liability
6 and the costs of issuing the pension fund refinancing bonds including capitalized interest, if any.
7 Approval of the local legislative body shall be required to issue bonds under this section. No
8 bonds shall be issued under this section, however, unless the proceedings authorizing the pension
9 fund refinancing bonds incorporate specific findings to the effect that the refinancing will result
10 in a financial benefit to the municipality, including projected present value savings verified by a
11 certified public accountant. The unfunded liability must be certified by an actuarial study
12 completed no more than twelve (12) months prior to the date of the refinancing. The projected
13 interest cost, including the cost of insurance, if any, must be at least one and one quarter percent
14 (1.25%) lower than the city or town's current actuarial rate of return. The proceedings
15 authorizing the issue of pension fund refinancing bonds shall contain a general description of the
16 unfunded liability being refinanced, the actuarial assumptions and the maximum bond issue size.
17 Upon approval by the local legislative body, the refinancing plan shall be submitted to the state
18 office of the auditor general for administrative review of assumptions and projected savings.

2000-S 2686

1 Notwithstanding any provision of any municipal charter to the contrary, pension fund refinancing
2 bonds may be sold at public or private sale, and may provide for annual or more frequent equal,
3 diminishing or increasing installment of principal and deferral of the first installment of principal.
4 Pension fund refinancing bonds shall have a maximum maturity no later than thirty-eight (38)
5 years from the dated date and in no case, no later than the completion year of the city or town's
6 current actuarial funding plan. The proceeds of pension fund refinancing bonds, exclusive of any
7 premium and accrued interest and cost of issuance, shall be deposited to the city or town's
8 retirement fund to be invested in permitted investments of the retirement system. Any
9 borrowings under this section shall be exempt from the municipality's debt limit.

10 After the issuance of pension refinancing bonds, any future increase in the city or town's
11 unfunded liability arising from benefit changes shall be amortized annually by the city or town on
12 an actuarial basis.

13 The powers conferred by this section are in addition to and not in substitution for, or in
14 diminution of, any other powers conferred on municipalities in this state. Pension fund
15 refinancing bonds may be issued under this section without obtaining approval of the electors
16 thereof, notwithstanding the provisions of sections 45-12-19 and 45-12-20 and notwithstanding
17 any charter provision of any municipal charter to the contrary, unless the electors when
18 assembled in a meeting are the local legislative body for the purpose of authorizing indebtedness
19 of the political subdivision.

20 SECTION 2. This act shall take effect upon passage.

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EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

A N A C T

RELATING TO INDEBTEDNESS OF TOWNS AND CITIES--
PENSION FUND REFINANCING BONDS

1 This act allows municipalities to issue pension fund refinancing bonds to fund unfunded
2 pension liability.

3 This act would take effect upon passage.

LC02443

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2000

2000-H 8015

A N A C T

RELATING TO INDEBTEDNESS OF TOWNS AND CITIES--
PENSION FUND REFINANCING BONDS

2000-H 8015

Introduced By: Reps. Slater, Moura, Carpenter, Almeida
and Williams

Date Introduced: March 8, 2000

Referred To: Committee on Corporations

It is enacted by the General Assembly as follows:

- 1 SECTION 1. Chapter 45-12 of the General Laws entitled "Indebtedness of Towns and
2 Cities" is hereby amended by adding thereto the following section:
- 3 45-12-5.4. Issuance of pension fund refinancing -- Bonds. -- Any city or town which
4 has a cumulative unfunded pension liability of ten million dollars (\$10,000,000) or more may
5 issue pension fund refinancing bonds in order to fund all or part of its unfunded pension liability
6 and the costs of issuing the pension fund refinancing bonds including capitalized interest, if any.
7 Approval of the local legislative body shall be required to issue bonds under this section. No
8 bonds shall be issued under this section, however, unless the proceedings authorizing the pension
9 fund refinancing bonds incorporate specific findings to the effect that the refinancing will result
10 in a financial benefit to the municipality, including projected present value savings verified by a
11 certified public accountant. The unfunded liability must be certified by an actuarial study
12 completed no more than twelve (12) months prior to the date of the refinancing. The projected
13 interest cost, including the cost of insurance, if any, must be at least one and one quarter percent
14 (1.25%) lower than the city or town's current actuarial rate of return. The proceedings
15 authorizing the issue of pension fund refinancing bonds shall contain a general description of the
16 unfunded liability being refinanced, the actuarial assumptions and the maximum bond issue size.
17 Upon approval by the local legislative body, the refinancing plan shall be submitted to the state
18 office of the auditor general for administrative review of assumptions and projected savings.

2000-H 8015

1 Notwithstanding any provision of any municipal charter to the contrary, pension fund refinancing
2 bonds may be sold at public or private sale, and may provide for annual or more frequent equal,
3 diminishing or increasing installment of principal and deferral of the first installment of principal.
4 Pension fund refinancing bonds shall have a maximum maturity no later than thirty-eight (38)
5 years from the dated date and in no case, no later than the completion year of the city or town's
6 current actuarial funding plan. The proceeds of pension fund refinancing bonds, exclusive of any
7 premium and accrued interest and cost of issuance, shall be deposited to the city or town's
8 retirement fund to be invested in permitted investments of the retirement system. Any
9 borrowings under this section shall be exempt from the municipality's debt limit.

10 After the issuance of pension refinancing bonds, any future increase in the city or town's
11 unfunded liability arising from benefit changes shall be amortized annually by the city or town on
12 an actuarial basis.

13 The powers conferred by this section are in addition to and not in substitution for, or in
14 diminution of, any other powers conferred on municipalities in this state. Pension fund
15 refinancing bonds may be issued under this section without obtaining approval of the electors
16 thereof, notwithstanding the provisions of sections 45-12-19 and 45-12-20 and notwithstanding
17 any charter provision of any municipal charter to the contrary, unless the electors when
18 assembled in a meeting are the local legislative body for the purpose of authorizing indebtedness
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