

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

A N A C T

RELATING TO THE CITY OF WOONSOCKET AND IN AMENDMENT OF SECTION 8 OF
CHAPTER 10 OF THE 2002 PUBLIC LAWS ENTITLED "AN ACT AUTHORIZING THE
CITY OF WOONSOCKET TO FINANCE THE UNFUNDED PENSION LIABILITY OF THE
CITY OF WOONSOCKET, BY THE ISSUANCE OF NOT MORE THAN \$90,000,000 BONDS
THEREFOR"

Introduced By: Senators Picard, and Cote

Date Introduced: April 11, 2013

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

SECTION 1. Section 8 of Chapter 10 of the 2002 Public Laws entitled "An Act
Authorizing the City of Woonsocket to Finance the Unfunded Pension Liability of the City of
Woonsocket, By the Issuance of Not More than \$90,000,000 Bonds Therefor" hereby amended to
read to as follows:

SECTION 8. The aggregate principal amount of the bonds issued by the City under this
act shall not be greater than the amount sufficient to extinguish the unfunded pension liability and
to pay the costs of issuance of the bonds. For purposes of this act, "unfunded pension liability"
means the excess, if any, of the actuarial liability of the City's city-run pension plan for police and
firefighters over the actuarial value of the assets in that pension plan. The actuarial liability of the
pension plan and the actuarial value of the assets in the plan shall be determined using the same
actuarial assumptions as are used by the Retirement Board, created by title 36, chapter 8 of the
General Laws of Rhode Island (the "State Retirement Board") for purposes of determining
municipal contributions under the optional retirement for members of police force and firefighters
established under chapter 21.2 of title 45 of the general laws. Prior to the issue of any bonds
hereunder, the City Council shall hold a public hearing on the proposed pension funding plan.

The plan shall include a report showing the:

(a) Actuarial valuation of the assets in the pension plan;

1 (b) An actuarial analysis of the methods by which the City proposes to fund the unfunded
2 pension liability;

3 (c) The amount of the bonds to be issued, including the plan of finance for the bonds;

4 (d) An explanation of the City's investment strategic plan for the pension plan including,
5 but not limited to, the investment policy adopted by the board of investment and an asset
6 allocation plan;

7 (e) The projected investment return for the pension plan; and

8 (f) The projected present value savings to the City reasonably expected to be achieved as
9 a result of the issuance of such bonds. The city of Woonsocket shall not issue pension obligation
10 bonds prior to nor more than six (6) months, subsequent to the approval of the voters of the city
11 of Woonsocket unless another public hearing is held. The city of Woonsocket shall renotify the
12 voters of its intention to issue pension obligation bonds and provide the voters through public
13 hearing with updated information and documentation in the manner and as described above, if
14 more than six (6) months will elapse between the date of the voter approval and the proposed date
15 of issuance of the pension obligation bonds. After the public hearing and prior to the issuance of
16 the bonds, the pension funding plan shall be filed with the public finance management board
17 established pursuant to chapter 10.1 of title 42 of the Rhode Island General Laws (the "Public
18 Finance Management Board"). The City Council shall institute proceedings to determine that the
19 issuance of the pension obligation bonds will result in a financial benefit to the City. The City
20 shall submit to the Public Finance Management Board and to the State Auditor General, on or
21 before December 1 in each year, an annual report showing the financial transactions of the
22 pension plan for the fiscal year preceding that date. The annual report shall contain, among other
23 things, a financial balance sheet as of the end of that year, a statement of income and
24 expenditures, a valuation balance sheet as prepared by the City's independent consulting firm, a
25 detailed statement of investments acquired and disposed of during the year, and any other
26 statistical data that are deemed necessary for a proper interpretation of the condition of the
27 pension plan and the results of its operations. The State Auditor General, on the request of the
28 City or of the Public Finance Management Board, shall conduct a separate annual performance
29 audit of the pension plan which shall include a report on the actuarial valuation of the assets and
30 liabilities of the pension plan. The auditor general may examine all records, files and other
31 documents relating to the pension plan, and evaluate all policies and procedures for purposes of
32 conducting the audit. The aforementioned performance audit shall be in addition to the annual
33 audit conducted by independent certified public accountants of the financial statements of the
34 City. So long as any bonds issued by the City under this act are outstanding, if an annual report

1 discloses that the assets of the plan are not sufficient to fund the City's obligations to the pension
2 plan, the City shall make annual appropriations over a period not to exceed ~~five (5)~~ twenty-five
3 (25) years from the date of the annual report in order to amortize that liability. So long as any
4 bonds issued by the City under this act are outstanding, the City shall not withdraw funds from
5 the City-run pension plan for police and firefighters for any purpose other than the payment of
6 pension and death benefits, return of employee contributions in appropriate cases, and
7 administrative expenses of operating the plan-, or the transfer of assets to the municipal employee
8 retirement system in the event of acceptance into the municipal employee retirement system.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO THE CITY OF WOONSOCKET AND IN AMENDMENT OF SECTION 8 OF
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- 1 This act would amend Section 8 of Chapter 10 of the 2002 Public Laws in regard to the
- 2 city of Woonsocket.
- 3 This act would take effect upon passage.

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