



General Assembly

**Amendment**

January Session, 2017

LCO No. 6676



Offered by:

REP. LEMAR, 96<sup>th</sup> Dist.  
SEN. CASSANO, 4<sup>th</sup> Dist.  
REP. ZAWISTOWSKI, 61<sup>st</sup> Dist.  
REP. STAFSTROM, 129<sup>th</sup> Dist.

To: House Bill No. 7296

File No. 560

Cal. No. 373

**"AN ACT AUTHORIZING THE FUNDING OF UNFUNDED ACCRUED MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM LIABILITIES BY MUNICIPALITIES."**

1 Strike everything after the enacting clause and substitute the  
2 following in lieu thereof:

3 "Section 1. Section 7-441 of the general statutes is repealed and the  
4 following is substituted in lieu thereof (*Effective July 1, 2017*):

5 (a) For purposes of this section:

6 (1) "General obligation" means an obligation issued by a  
7 municipality and secured by the full faith and credit and taxing power  
8 of such municipality;

9 (2) "Municipal employees' retirement system pension funding bond"  
10 means an obligation issued by a municipality to fund, in whole or in

11 part, an outstanding unfunded accrued liability to the system;

12 (3) "Obligation" means any bond or any other transaction which  
13 constitutes debt in accordance with both municipal reporting  
14 standards in section 7-394a and the regulations prescribing municipal  
15 financing reporting adopted by the secretary pursuant to section 7-  
16 394a;

17 (4) "Unfunded accrued liability to the system" means the amount  
18 necessary for the payment of future pensions based upon the service of  
19 members rendered prior to their becoming members of the system, less  
20 any amount transferred to the fund from any other retirement fund on  
21 account of such members, as determined by the Retirement  
22 Commission upon sound actuarial principles consistently applied; and

23 (5) "Weighted average maturity" means (A) the sum of the products,  
24 determined separately for each maturity or sinking fund payment date  
25 and taking into account any mandatory redemptions of the obligation,  
26 of (i) with respect to a serial obligation, the principal amount of each  
27 serial maturity of such obligation and the number of years to such  
28 maturity, or (ii) with respect to a term obligation, the dollar amount of  
29 each mandatory sinking fund payment with respect to such obligation  
30 and the number of years to such payment, divided by (B) the aggregate  
31 principal amount of such obligation.

32 [(a)] (b) Each participating municipality shall be liable to the fund  
33 for an amount determined by the Retirement Commission on sound  
34 actuarial principles to be necessary for the payment of future pensions  
35 based upon the service of members rendered prior to their becoming  
36 members, less any amount transferred to the fund from any other  
37 retirement fund on account of such members, and for any increases in  
38 future benefits provided by amendments to this chapter to the extent  
39 that such increases are based on service prior to the effective date of  
40 such amendments; and in the case of a transfer of service credit  
41 between two participating municipalities under the provisions of  
42 section 7-442a where an increase in benefits results, the municipality to

43 which the employee is transferred shall be liable to the fund for an  
44 amount so determined to be necessary for the payment of the increase  
45 in future pensions, based upon the service of the transferred member  
46 rendered subsequent to the commencement of his membership and  
47 prior to the effective date of transfer. The municipality shall pay  
48 annually to the Retirement Commission to be credited to the fund such  
49 amounts fixed by said commission as shall discharge such liability  
50 over a period not exceeding thirty years from the earliest effective date  
51 of participation as to any department in the Connecticut Municipal  
52 Employees' Retirement Fund, or a period not exceeding twenty years  
53 from the date of such transfer or increase in benefits, or entrance of a  
54 member into membership, whichever period shall be longer, except  
55 that the Retirement Commission may approve one consolidated  
56 amortized payment for the discharge of two or more separate liabilities  
57 running for different periods, such payments to be made over a period  
58 terminating not later than the latest date prescribed for the discharge  
59 of any one of such liabilities.

60 [(b)] (c) All participating municipalities shall pay monthly to the  
61 Retirement Commission to be credited to the fund such proportion of  
62 the pay of all members employed by such municipality as is  
63 determined from time to time by the Retirement Commission on sound  
64 actuarial principles to be necessary in addition to the contributions by  
65 members to provide future pensions based on service rendered by  
66 members subsequent to the effective date of participation as defined in  
67 section 7-427 other than the excess pensions referred to in subsection  
68 [(a)] (b) of this section. In the case of members serving with the armed  
69 forces of the United States in time of war or hostilities or national  
70 emergency, whether declared or undeclared, or any acts incident  
71 thereto, as provided in section 7-434, the municipality shall forward to  
72 the Retirement Commission to be credited to the fund a like  
73 contribution based on the pay of such member at the time of entering  
74 such service, in addition to paying the member's contribution as  
75 provided in section 7-440. If such member is not reemployed within six  
76 months following the termination of such service, unless this period is

77 further extended by reason of disability incurred in such service, the  
78 municipality shall be entitled to receive from the fund, on application  
79 to the Retirement Commission, the amount of such contributions. If the  
80 Retirement Commission should find that the payments made to it  
81 under this subsection by any municipality have been more than  
82 sufficient because such municipality has elected to provide Social  
83 Security coverage for its employees, the commission, using sound  
84 actuarial principles, shall determine a refund, or a credit which shall be  
85 applied to the payments required of the same municipality under  
86 subsection [(a)] (b) of this section in a manner to be determined by the  
87 commission.

88 [(c)] (d) All municipalities shall contribute on account of retirement  
89 allowances for disability an additional proportion of the pay of  
90 members employed in such municipality to be determined by the  
91 Retirement Commission upon sound actuarial principles.

92 [(d)] (e) Each municipality shall also pay to the Retirement  
93 Commission annually a proportionate share of the cost of the  
94 administration of the fund or funds in which it participates, as  
95 determined by the commission on the basis of the number of members  
96 employed by such municipality and the number of members retired  
97 from employment with such municipality, or their beneficiaries, who  
98 are currently receiving benefits from the retirement system established  
99 by this part.

100 [(e)] (f) The rates of contribution provided in subsections [(b)] (c)  
101 and [(c)] (d) of this section shall be varied among policemen and  
102 firemen in fund B participating in the Old Age and Survivors  
103 Insurance System, other members of fund B so participating,  
104 policemen and firemen in fund B not so participating and other  
105 members of fund B not so participating, but each rate shall be uniform  
106 within each such class.

107 [(f)] (g) If any payment due under this section is not paid within two  
108 months from the date when due, interest shall be added to such

109 payment at the prevailing rate of interest as determined by the  
110 Retirement Commission. Such interest shall be paid by the  
111 municipality.

112 [(g)] (h) A municipality shall pay annually to the Retirement  
113 Commission, to be credited to fund B, such amounts fixed by the  
114 commission as shall discharge said municipality's liabilities for its  
115 contributions under this subsection and section 7-436 over a period not  
116 exceeding twenty years, provided no such payments shall be due until  
117 July 1, 1974.

118 (i) Notwithstanding the provisions of the general statutes, any  
119 special act, charter, special act charter, home-rule ordinance, local  
120 ordinance or local law governing the authorization and issuance of  
121 bonds, notes or other obligations and the appropriation of the proceeds  
122 thereof, a municipality participating in the system that has an  
123 unfunded accrued liability to the system as of July 1, 2017, may  
124 authorize and issue municipal employees' retirement system pension  
125 funding bonds to fund all or a portion of such municipality's  
126 outstanding unfunded accrued liability to the system, as determined  
127 by the Retirement Commission upon sound actuarial principles  
128 consistently applied, and the payment of costs related to the issuance  
129 of such bonds, in accordance with the following requirements:

130 (1) The municipality shall, not later than thirty days prior to the  
131 issuance of municipal employees' retirement system pension funding  
132 bonds, notify the Secretary of the Office of Policy and Management,  
133 State Treasurer and Retirement Commission of such municipality's  
134 intent to issue such bonds, and include with such notice (A) the  
135 amount of the outstanding unfunded accrued liability to the system  
136 based on the existing schedule of pension amortization payments, as  
137 determined by the Retirement Commission based on sound actuarial  
138 principles consistently applied; (B) the amount of any remaining  
139 annual pension amortization payments scheduled for payment by the  
140 municipality for the portion of the outstanding unfunded accrued  
141 liability to the system that will not be defrayed by such bonds; (C) a

142 comparison of the anticipated effects of funding the outstanding  
143 unfunded accrued liability to the system through the issuance of such  
144 bonds with the funding of such liability through the annual payments  
145 scheduled for payment as determined by the Retirement Commission  
146 pursuant to subsection (b) of this section; (D) documentation of the  
147 municipality's authorization of the issuance of such bonds, including,  
148 but not limited to, a certified copy of the resolution or ordinance of the  
149 municipality authorizing the issuance of such bonds and the opinion  
150 of nationally recognized bond counsel as to the due authorization of  
151 the issuance of such bonds; and (E) other information and  
152 documentation required or requested by the Secretary of the Office of  
153 Policy and Management, State Treasurer or Retirement Commission to  
154 carry out the provisions of this section; and

155 (2) Not later than ten days after the sale of such bonds, the  
156 municipality shall provide the Secretary of the Office of Policy and  
157 Management, State Treasurer and Retirement Commission with a final  
158 financing summary. Such final financing summary shall include, but  
159 not be limited to, (A) the final official statement, if any, with respect to  
160 the issuance of such bonds, and (B) a comparison of the anticipated  
161 effects of funding the outstanding unfunded accrued liability to the  
162 system through the issuance of such bonds with the funding of such  
163 liability through the annual payments scheduled for payment, as  
164 determined by the Retirement Commission pursuant to subsection (b)  
165 of this section.

166 (j) Except as otherwise provided by this section, the provisions of  
167 this chapter apply to any municipal employees' retirement system  
168 pension funding bonds issued pursuant to this section. Such bonds  
169 shall be general obligations of the municipality, and shall be serial  
170 bonds maturing in annual or semiannual installments of principal or  
171 term bonds with mandatory annual or semiannual deposits of sinking  
172 fund payments into a sinking fund. Notwithstanding the provisions of  
173 the general statutes, any special act, charter, special act charter, home-  
174 rule ordinance, local ordinance or local law, (1) the first installment of  
175 any series of such bonds shall mature or the first sinking fund payment

176 of any series of such bonds shall be due not later than eighteen months  
177 from the date of issuance of such series, and the last installment of any  
178 series of such bonds shall mature or the last sinking fund payment of  
179 any series of such bonds shall be due not later than thirty years from  
180 the date of issuance of such series; (2) any such bonds may be sold at  
181 public sale on sealed proposal, by negotiation or private placement in  
182 such manner and at such price or prices, at such time or times and on  
183 such terms or conditions as the municipality or the officers or board of  
184 the municipality delegated the authority to issue such bonds,  
185 determines to be in the best interest of the municipality; and (3) no  
186 municipality shall issue temporary notes in anticipation of the receipt  
187 of proceeds from the sale of such bonds.

188 (k) Proceeds of municipal employees' retirement system pension  
189 funding bonds, to the extent not applied to the payment of costs  
190 related to the issuance thereof, shall be paid to the Retirement  
191 Commission, not later than thirty days after the date of issuance of  
192 such bonds, to fund all or a portion of the outstanding unfunded  
193 accrued liability to the system for which such bonds were issued.

194 (l) A municipality may, pursuant to section 7-370c, authorize and  
195 issue refunding bonds to pay, fund or refund prior to maturity any  
196 municipal employees' retirement system pension funding bonds,  
197 provided, notwithstanding the provisions of section 7-370c, the  
198 weighted average maturity of such refunding bonds shall not exceed  
199 the weighted average maturity of the municipal employees' retirement  
200 system pension funding bonds being paid, funded or refunded by such  
201 refunding bonds. The municipality shall notify the Secretary of the  
202 Office of Policy and Management, State Treasurer and Retirement  
203 Commission of such municipality's intention to issue refunding bonds  
204 pursuant to this subsection not less than ten days prior to the issuance  
205 of such bonds, and shall provide said Secretary, State Treasurer and  
206 Retirement Commission with copies of the final official statement, if  
207 any, prepared for such bonds not later than ten days after the issuance  
208 of such bonds.

209     (m) The Secretary of the Office of Policy and Management, in  
 210     consultation with the State Treasurer, may adopt regulations, in  
 211     accordance with the provisions of chapter 54, to establish guidelines  
 212     concerning compliance by municipalities with the provisions of this  
 213     section.

214     Sec. 2. Section 7-439c of the general statutes is repealed and the  
 215     following is substituted in lieu thereof (*Effective July 1, 2017*):

216     The liability for the increase in benefits provided by sections 7-439b  
 217     to 7-439d, inclusive, for retirement allowances based on service  
 218     rendered before July 1, 1979, shall be discharged by extending the  
 219     period required for the annual amortization payments being made by  
 220     the municipality under section 7-441, as amended by this act, before  
 221     July 1, 1977, until the date when the total past service liability shall be  
 222     discharged. Such date shall not be subject to the limits provided in  
 223     subsection [(a)] (b) of section 7-441, as amended by this act. The  
 224     proportion of contributions paid to the Retirement Commission  
 225     monthly under the terms of subsection [(b)] (c) of said section shall,  
 226     effective July 1, 1979, include the cost of applying the adjustments of  
 227     sections 7-439b to 7-439d, inclusive, to retirement allowances credited  
 228     for service rendered after July 1, 1979."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2017</i>	7-441
Sec. 2	<i>July 1, 2017</i>	7-439c