HOUSE DOCKET, NO. 1206 FILED ON: 1/16/2013

# HOUSE . . . . . No. 2303

**[LOCAL APPROVAL RECEIVED.]**

The Commonwealth of Massachusetts

PRESENTED BY:

***Carolyn C. Dykema and Karen E. Spilka***

*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 passage of the accompanying:

An Act authorizing the town of Holliston to establish an other post-employment benefits fund.

PETITION OF:

| NAME: | DISTRICT/ADDRESS: |
|---|---|
| *Carolyn C. Dykema* | *8th Middlesex* |
| *Karen E. Spilka* | *Second Middlesex and Norfolk* |

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# HOUSE . . . . . No. 2303

By Representative Dykema of Holliston and Senator Spilka, a joint petition (accompanied by bill, House, No. 2303) of Carolyn C. Dykema and Karen E. Spilka (by vote of the town) that the town of Holliston be authorized to establish an other post-employment benefits fund. Public Service. [Local Approval Received.]

## The Commonwealth of Massachusetts

An Act authorizing the town of Holliston to establish an other post-employment benefits fund.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

SECTION 1. As used in this act, the following words shall have the following meanings:

"GASB 43 and 45", statements 43 and 45 of the Governmental Accounting Standards Board as amended from time to time and their successors.

"Other post-employment benefits" or "OPEB", post-employment benefits other than pensions as that term is defined in GASB 43 and 45, including post-employment healthcare benefits,

regardless of the type of plan that provides them, and all post-employment benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits.

SECTION 2. (a) There shall be in the town of Holliston an OPEB Trust Fund, which shall be under the supervision and management of a 5 member board of trustees comprised of the chair of the board of selectmen, the town administrator, the town treasurer and tax collector, the chair of the school committee and a resident appointed by the board of selectmen. The town treasurer and tax collector shall be the custodian of the OPEB Trust Fund and may employ an outside custodial service.

(b) Beginning in fiscal year 2013, the OPEB Trust Fund shall be credited with all amounts, appropriated or otherwise made available by the town for the purposes of meeting the current and future OPEB costs payable by the town. The OPEB Trust Fund shall be credited with all amounts contributed or otherwise made available by employees of the town, for the purpose of meeting future OPEB costs payable by the town. Any interest or other income generated by the fund shall be added to and become part of the fund. Any reimbursements that a

22 political subdivision receives, as a participant in the Retiree Drug Subsidy Program created under
23 the Medicare Prescription Drug Improvement and Modernization Act of 2003, Pub. L. No. 108-
24 173, or a qualified retiree prescription drug plan under 42 U.S.C. section 1395w-132, may be
25 added to and become part of said fund. Amounts in the OPEB Trust Fund, including any
26 earnings or interest accruing from the investment of these amounts, shall be expended only for
27 the payment of the costs payable by the town for OPEB in consultation with said retirement
28 board. Subject in each instance to the approval of the board of trustees, the town treasurer and
29 tax collector shall invest and reinvest the amounts in the OPEB Trust Fund not needed for
30 current disbursement consistent with the prudent person rule and sections 3, 4, 5, 8 and 9 of
31 chapter 203C of the General Laws, but no funds may be invested directly in mortgages or in
32 collateral loans. All monies held in the fund shall be segregated from other funds and shall not
33 be subject to the claims of any general creditor of the town of Holliston.

34 (c) Said board of trustees may employ any qualified bank, trust company, corporation,
35 firm or person to advise it on the investment of the OPEB Trust Fund and may pay from the
36 OPEB Trust Fund for this advice and other services determined by said board of trustees.
37 Procurement for these services shall be subject to chapter 30B of the General Laws.

38 SECTION 3. (a) An actuary, who shall be a member of the American Academy of
39 Actuaries, shall perform an actuarial valuation of the town's OPEB liabilities and funding
40 schedule, as of June 30, 2012, and no less frequently than every second year thereafter. The
41 determinations shall be made in accordance with generally accepted actuarial standards and shall
42 conform to the requirements of GASB 43 and 45 and the actuary shall make a report of the
43 determinations to the town. The report shall, without limitation, detail the demographic and
44 economic actuarial assumptions used in making the determinations and each report after the first
45 report shall also include an explanation of the changes, if any, in the demographic and economic
46 actuarial assumptions employed and the reasons for the changes.

47 (b) Beginning in fiscal year 2013, all payments for the purposes of meeting the town's
48 costs of OPEB under this act shall be made from the OPEB Trust Fund. Funds in the OPEB
49 Trust Fund shall be segregated from all other funds. Disbursements from the OPEB Trust Fund,
50 including any earnings or interest accruing from the investment of these amounts, shall only be
51 based on sections 1 to 3, inclusive, of this act.

52 SECTION 4. This act shall take effect upon its passage.