

AN ORDINANCE APPROPRIATING \$145,000,000 TO FUND ALL OR A PORTION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY OF THE CITY'S EMPLOYEES' RETIREMENT PLAN AND AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION PENSION BONDS OF THE CITY TO MEET SAID APPROPRIATION

WHEREAS, the City of Norwich (the "City") has established the City of Norwich Employees' Retirement Plan (the "Plan") for the benefit of certain employees and their beneficiaries; and

WHEREAS, retirement benefits for members of the Plan are paid from the Employees' Retirement Fund (the "Fund"); and

WHEREAS, the assets of the Fund consist of pooled monies that include appropriations from the City and contributions from members of the Plan; and

WHEREAS, the Plan has a large unfunded actuarial accrued liability in the approximate amount of \$144,000,000, and as a result, the City's annual actuarially determined contribution to the Fund is projected to increase significantly each year; and

WHEREAS, section 7-374c of the Connecticut General Statutes, as amended (the "Statutes"), authorize municipalities to issue general obligation pension bonds to fund all or a portion of an unfunded past benefit obligation, as determined by an actuarial valuation, and the payment of costs related to the issuance of such bonds; and

WHEREAS, due to historically low interest rates for municipal debt, it is anticipated that the proceeds from the issuance of such bonds, when invested as part of Fund assets in higher yielding asset classes, should achieve a long-term rate of return that is greater than the interest rate owed over the term of the bonds; and

WHEREAS, the City's Comptroller projects that the issuance of such bonds shall significantly lower the net cost of the Plan, thereby improving the City's fiscal stability.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF NORWICH:

Section 1. The sum of \$145,000,000 is appropriated for the purpose of funding all or a portion of the unfunded actuarial accrued liability with respect to the Plan, and to pay certain costs of issuance of the Bonds (as defined below), including, but not limited to, legal, actuary, advisory, escrow, verification and investment fees, trustee costs, underwriters' discount and printing and administrative expenses. The net proceeds of the sale of the Bonds, after payment of costs of issuance, shall be deposited into the Fund and invested in appropriate legal investments permitted by the Statutes in accordance with the terms of the Plan.

Section 2. To meet said appropriation, general obligation pension bonds of the City shall be issued pursuant to Section 7-374c of the Statutes (the "Act"), in an amount not to exceed \$145,000,000 (the "Bonds"). The Bonds shall be general obligations of the City and shall be serial bonds maturing in annual or semiannual installments of principal or shall be term bonds with mandatory annual or semiannual deposits of sinking fund payments into a sinking fund. The first installment of any series of

the Bonds shall mature or the first sinking fund payment of any series of the Bonds shall be due not later than eighteen months from the date of issue of such series, provided that such first installment shall mature or such first sinking fund payment shall be due not later than the fiscal year of the City next following the fiscal year in which such series is issued. The last installment of such series shall mature or the last sinking fund payment of such series shall be due not later than twenty-five years from such date of issue. The Bonds shall be in the denomination of \$1,000 or a whole multiple thereof, be issued in bearer form or in fully registered form, be executed in the name and on behalf of the City by the manual or facsimile signatures of the City Manager and the Comptroller, bear the City seal or a facsimile thereof, be certified by a bank or trust company designated by the City Manager and the Comptroller, which bank or trust company may be designated the registrar and transfer agent, be payable at a bank or trust company designated by the City Manager and the Comptroller, and be approved as to their legality by Pullman & Comley, LLC, Bond Counsel. Each of the Bonds shall recite that every requirement of law relating to its issue has been duly complied with, that such bond is within every debt and other limit prescribed by law, that the full faith and credit of the City are pledged to the payment of the principal thereof and the interest thereon. The aggregate principal amount of the Bonds, annual installments of principal, redemption provisions, if any, the date, time of issue and sale and other terms, details and particulars of such bonds, including the approval of the rate or rates of interests, shall be determined by the City Manager and the Comptroller in accordance with the requirements of the Statutes. In connection with the issuance of any bonds or notes authorized herein, the City may exercise any power delegated to municipalities pursuant to Section 7-370b of the Statutes, including the authority to enter into agreements managing interest rate risk. The City Manager and Comptroller, on behalf of the City, shall execute and deliver such reimbursement agreements, letter of credit agreement, credit facilities, remarketing, standby marketing agreements, standby bond purchase agreements, and any other commercially necessary or appropriate agreements which are necessary, appropriate or desirable in connection with or incidental to the sale and issuance of such bonds or notes.

Section 3. The issue of the Bonds and of all other bonds or notes of the City heretofore authorized but not yet issued, as of the effective date of this ordinance, would not cause the indebtedness of the City to exceed any debt limit calculated in accordance with law.

Section 4. Said Bonds shall be sold by the City Manager and Comptroller in a competitive offering or by negotiation, in their discretion. If sold in a competitive offering, the Bonds shall be sold at not less than par and accrued interest on the basis of the lowest net or true interest cost to the City. If sold on a negotiated basis, the City Manager and Comptroller are authorized to execute a bond purchase contract or similar agreement for the sale of the Bonds.

Section 5. The Bonds may bear interest which is includable in the gross income of holders thereof for Federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended, and the issuance of such taxable bonds is hereby determined to be in the public interest of the City.

Section 6. The City Manager and Comptroller are hereby authorized to exercise all powers conferred by Section 3-20e of the Statutes with respect to secondary market disclosure and to provide annual information and notices of material events as enumerated in Securities and Exchange Commission Exchange Act Rule 15c2-12, as amended, as may be necessary, appropriate or desirable to effect the sale of the bonds and notes authorized by this ordinance.

Section 7. The City Manager and Comptroller are hereby authorized to prepare and distribute preliminary and final Official Statements of the City, to execute and deliver on behalf of the City all such other documents and agreements, and to take all action, necessary and proper for the sale, issuance and delivery of the Bonds, including, but not limited to, repayment agreements, memoranda of

understanding, instruments and documents with its Department of Public Utilities and Board of Education, on behalf of the City.

Section 8. The City Manager and Comptroller shall take all actions necessary to comply with the terms of the Act including but not limited to making the necessary submissions to the Office of Policy and Management and the Office of the Treasurer of the State of Connecticut and, as long as the Bonds or any bond refunding the Bonds are outstanding, the City shall (i) in each fiscal year, commencing with the fiscal year in which the Bonds are issued, appropriate funds in an amount sufficient to meet the actuarially required contribution and contribute such amount to the Plan, acknowledging that any such amounts not included in any annual City budget to make such contributions may be deemed to be appropriated under the Act, and (ii) notify the Secretary of the Office of Policy and Management annually of the amount or the rate of any such actuarially recommended contribution and the amount or the rate, if any, of the actual annual contribution by the City to the Plan to meet such actuarially recommended contribution.

Section 9. This ordinance shall not take effect unless and until adopted by the City Council and approved at referendum.

City Manager John L. Salomone