

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE BILL 580
Finance Committee Substitute Adopted 5/10/07

Short Title: State Treasurer/Local OPEB Investments.

(Public)

Sponsors:

Referred to:

March 7, 2007

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH THE LOCAL GOVERNMENT POST-EMPLOYMENT BENEFITS FUND UNDER THE MANAGEMENT OF THE STATE TREASURER, TO AUTHORIZE THE TREASURER TO MAKE EQUITY INVESTMENTS FROM THE FUND TO THE SAME EXTENT ALLOWED FOR CERTAIN INVESTMENTS FROM THE STATE RETIREMENT SYSTEM, AND TO ALLOW LOCAL ENTITIES TO ESTABLISH OTHER IRREVOCABLE TRUSTS TO FUND POST-EMPLOYMENT BENEFITS.

The General Assembly of North Carolina enacts:

SECTION 1. Article 6 of Chapter 147 of the General Statutes is amended by adding a new section to read:

"§ 147-69.4. Local Government Other Post-Employment Benefits Fund

The Local Government Other Post-Employment Benefits Fund is established as a trust fund in the Office of the State Treasurer under the management of the Treasurer. The Fund consists of contributions made by local governments and other entities authorized to make contributions to the Fund and interest and other investment income earned by the Fund. Contributions to the Fund are irrevocable. Assets of the Fund may be used only to provide other post-employment benefits to individuals who are former employees, or beneficiaries of former employees, of an entity that contributes to the Fund and are entitled to other post-employment benefits payable by the entity. The assets of the Fund are not subject to the claims of creditors of an entity that contributes to the Fund."

SECTION 2. G.S. 147-69.2(a) reads as rewritten:

"(a) This section applies to funds held by the State Treasurer to the credit of each of the following:

...

(17g) The Local Government Other Post-Employment Benefits Fund.

...."

SECTION 3. G.S. 147-69.2 is amended by adding a new subsection to read:

1 "(b4) In addition to the investments authorized under subdivisions (b)(1) through
2 (b)(6) of this section, the State Treasurer may invest funds deposited in the Local
3 Government Other Post-Employment Benefits Fund in the investments authorized under
4 subdivision (b)(8) of this section. For investments from that Fund made under
5 subdivision (b)(8) of this section, the State Treasurer may require a minimum deposit of
6 up to one hundred thousand dollars (\$100,000) and may assess a fee of up to 15 basis
7 points as a condition of making the investment. The fee may be used to defray the costs
8 of administering the Fund."

9 **SECTION 4.** G.S. 159-30 is amended by adding a new subsection to read:

10 "(g) A local government or public authority may make contributions to the Local
11 Government Other Post-Employment Benefits Fund established in G.S. 147-69.4."

12 **SECTION 5.** Article 3 of Chapter 159 of the General Statutes is amended by
13 adding a new section to read:

14 **"§ 159-30.1. Trust for other post-employment benefits.**

15 (a) Trust. – A local government, a public authority, and a local school
16 administrative unit may establish and fund an irrevocable trust for the purpose of paying
17 post-employment benefits for which the entity is liable. The irrevocable trust must be
18 established by resolution or ordinance of the entity's governing board. The resolution or
19 ordinance must state the purposes for which the trust is created and the method of
20 determining and selecting the Fund's trustees. The resolution or ordinance establishing
21 the trust may be amended from time to time, but an amendment may not authorize the
22 use of monies in the trust for a purpose not stated in the resolution or ordinance
23 establishing the trust.

24 (b) Restrictions. – Monies in an irrevocable trust established under subsection (a)
25 of this section may be appropriated only for the purposes for which the trust was
26 established. Monies in the trust are not subject to the claims of creditors of the entity
27 that established the trust. An entity that establishes a trust may not deposit money in the
28 trust if the total amount held in trust would exceed the entity's actuarial liability,
29 determined in accordance with the standards of the Governmental Accounting Standards
30 Board, for the purposes for which the trust was established."

31 **SECTION 6.** This act is effective when it becomes law.