

# HOUSE RESEARCH

## Bill Summary

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**Authors:** Huntley and others

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### Overview

H.F. 163 authorizes the city of Duluth to establish funds to: (1) pay for postemployment benefits owed to retired employees; and (2) make debt service payments for the city's street improvement program or another use approved according to section 54(E) of the Duluth home rule charter. The funds would be administered by the Public Employees Retirement Association (PERA), with money invested through the State Board of Investment (SBI).

### Section

#### **1 Accounts for Duluth Postemployment Benefits and other Obligations.**

**Subd. 1. Establishment.** Requires the Public Employees Retirement Association (PERA) to establish two funds for the city of Duluth:

- An irrevocable fund is to be used only to pay for postemployment benefits owed to retired employees.
- A revocable fund is to be used to accumulate money received by the city from Fond du Luth Casino or other sources, and is to be used for debt service payments for the city's street improvement program or any other use approved in accordance with Section 54(E) of the city's home rule charter. [Section 54(E) of the charter provides that the accumulated investment earnings of the city's community investment trust fund shall be transferred annually to the city's general fund, and that except for the annual transfer of investment earnings to

the general fund, monies in this fund shall only be spent or transferred to another fund of the city by authority of a resolution approved by at least seven members of the council.]

**Subd. 2. Definitions.** Defines "postemployment" benefit by reference to a statement of the Governmental Accounting Standards Board. These benefits do not include benefits paid by Minnesota public pension plans or benefits provided on a defined contribution, individual account basis.

**Subd. 3. Account maintenance and investment.** Authorizes the city to establish an account in one or both funds under this section. Requires PERA to maintain separate accounts, and authorizes PERA to charge reasonable fees and to establish other terms for participation in the funds. Requires money to be certified to the State Board of Investment for investment.

**Subd. 4. Deposits.** Authorizes quarterly deposits.

**Subd. 5. Withdrawal of funds and termination of account.** For the revocable account, authorizes the city to withdraw funds quarterly to make debt service payments or for purposes approved under Section 54(E) of the charter. Authorizes the city to terminate the revocable account at any time.

For the irrevocable account, authorizes the city to withdraw funds as needed to pay postemployment benefit owed to retired employees. Authorizes monthly withdrawals and provides that the account may be terminated only to the extent the city's postemployment benefit liability is satisfied.

**Subd. 6. Status of irrevocable fund.** Provides that money in the irrevocable fund is held in trust for the benefit of retired employees, and is not subject to claims by others.