

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 163

**DATE:** February 8, 2007

**Version:** Second Engrossment

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**Subject:** Duluth postemployment benefits; investments

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### Overview

Authorizes the city of Duluth to:

- (1) Have the State Board of Investment (SBI) invest assets of the city's community investment trust fund; and
- (2) Establish a fund to pay for postemployment benefits owed to retired employees.

### Section

- 1** **Accounts for Investment of Duluth Assets.** Authorizes the State Board of Investment (SBI), when requested by the city of Duluth, to invest assets of the city's community investment trust fund in the combined investment funds established by the SBI. Provides that use of the funds is restricted to 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.]

Specifies administrative provisions. Allows the city to terminate this account at any time.

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## **Account for Duluth Postemployment Benefits.**

**Subd. 1. Establishment.** Authorizes PERA to administer an irrevocable fund established by the city of Duluth for the city to use to pay for postemployment benefits owed to retired employees. Provides for the city's investment committee to serve as trustee.

**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 PERA to charge reasonable fees and to establish other terms for participation in the funds. Requires money to be certified to the SBI for investment.

**Subd. 4. Management and termination of account.** Specifies conditions for deposits and withdrawals. Provides that the account may be terminated only to the extent the city's postemployment benefit liability is satisfied.

**Subd. 5. Status of irrevocable fund.** Provides that money in the irrevocable fund is held in trust for the exclusive benefit of retired employees, and is not subject to claims by others. Specifies that the irrevocable fund is equivalent to a trust.