GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2007

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SENATE BILL 580 Finance Committee Substitute Adopted 5/10/07 House Committee Substitute Favorable 7/26/07

Short Title: State Treasurer/Local OPEB Investments.

(Public)

Sponsors:

Referred to:

March 7, 2007

1	A BILL TO BE ENTITLED
2	AN ACT TO ESTABLISH THE LOCAL GOVERNMENT OTHER
$\frac{2}{3}$	POST-EMPLOYMENT BENEFITS FUND UNDER THE MANAGEMENT OF
4	THE STATE TREASURER, TO AUTHORIZE THE TREASURER TO MAKE
5	EQUITY INVESTMENTS FROM THE FUND TO THE SAME EXTENT
6	ALLOWED FOR CERTAIN INVESTMENTS FROM THE STATE
7	RETIREMENT SYSTEM, AND TO ALLOW LOCAL ENTITIES TO
8	ESTABLISH OTHER IRREVOCABLE TRUSTS TO FUND
9	POST-EMPLOYMENT BENEFITS.
10	The General Assembly of North Carolina enacts:
11	SECTION 1. Article 6 of Chapter 147 of the General Statutes is amended by
12	adding a new section to read:
13	"§ 147-69.4. Local Government Other Post-Employment Benefits Fund.
14	The Local Government Other Post-Employment Benefits Fund is established as a
15	trust fund in the Office of the State Treasurer under the management of the Treasurer.
16	The Fund consists of contributions made by local governments and other entities
17	authorized to make contributions to the Fund and interest and other investment income
18	earned by the Fund. Contributions to the Fund are irrevocable. Assets of the Fund may
19	be used only to provide other post-employment benefits to individuals who are former
20	employees, or beneficiaries of former employees, of an entity that contributes to the
21	Fund and are entitled to other post-employment benefits payable by the entity. The
22	assets of the Fund are not subject to the claims of creditors of an entity that contributes
23	to the Fund."
24	SECTION 2. G.S. 147-69.2(a) reads as rewritten:
25	"(a) This section applies to funds held by the State Treasurer to the credit of each
26	of the following:
27	
28	(17g) The Local Government Other Post-Employment Benefits Fund.

1	"
2	SECTION 3. G.S. 147-69.2 is amended by adding a new subsection to read:
3	"(b4) In addition to the investments authorized under subdivisions (b)(1) through
4	(b)(6) of this section, the State Treasurer may invest funds deposited in the Local
5	Government Other Post-Employment Benefits Fund in the investments authorized under
6	subdivision (b)(8) of this section. For investments from that Fund made under
7	subdivision (b)(8) of this section, the State Treasurer may require a minimum deposit of
8	up to one hundred thousand dollars (\$100,000) and may assess a fee of up to 15 basis
9	points as a condition of making the investment. The fee may be used to defray the costs
10	of administering the Fund."
11	SECTION 4. G.S. 159-30 is amended by adding a new subsection to read:
12	"(g) <u>A local government or public authority may make contributions to the Local</u>
13	Government Other Post-Employment Benefits Fund established in G.S. 147-69.4."
14	SECTION 5. Article 3 of Chapter 159 of the General Statutes is amended by
15	adding a new section to read:
16	" <u>§ 159-30.1. Trust for other post-employment benefits.</u>
17	(a) <u>Trust. – A local government, a public authority, and a local school</u>
18	administrative unit may establish and fund an irrevocable trust for the purpose of paying
19	post-employment benefits for which the entity is liable. The irrevocable trust must be
20	established by resolution or ordinance of the entity's governing board. The resolution or
21	ordinance must state the purposes for which the trust is created and the method of
22	determining and selecting the Fund's trustees. The resolution or ordinance establishing
23	the trust may be amended from time to time, but an amendment may not authorize the
24	use of monies in the trust for a purpose not stated in the resolution or ordinance
25 26	establishing the trust.
26 27	(b) <u>Restrictions. – Monies in an irrevocable trust established under subsection (a)</u>
27	of this section may be appropriated only for the purposes for which the trust was established. Monies in the trust are not subject to the claims of creditors of the entity
28 29	that established the trust. An entity that establishes a trust may not deposit money in the
29 30	trust if the total amount held in trust would exceed the entity's actuarial liability,
30 31	determined in accordance with the standards of the Governmental Accounting Standards
32	Board, for the purposes for which the trust was established."
33	SECTION 6. This act is effective when it becomes law.
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