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HOUSE OF REPRESENTATIVES

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SESSION

HOUSE FILE No. 1100

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The bill was read for the first time and referred to the Committee on State and Local Government Operations Reform,
Technology and Elections

A bill for an act

1.1 relating to retirement; authorizing the consolidation of the Minneapolis
1.2 Employees Retirement Fund with the general employees retirement plan of the
1.3 Public Employees Retirement Association; adjusting contribution requirements;
1.4 making conforming changes; amending Minnesota Statutes 2008, sections
1.5 6.67; 13D.01, subdivision 1; 43A.17, subdivision 9; 43A.316, subdivision 8;
1.6 69.011, subdivision 1; 69.021, subdivision 10; 69.031, subdivision 5; 126C.41,
1.7 subdivision 3; 256D.21; 352.01, subdivision 2b; 353.01, subdivisions 2a, 2b,
1.8 10, 16; 353.0161, subdivision 1; 353.026; 353.27, subdivisions 2, 3, 3a, 3b, by
1.9 adding a subdivision; 353.29, subdivisions 1, 3, by adding a subdivision; 353.30,
1.10 subdivision 5; 353.31, subdivisions 1, 1a; 353.32, subdivision 1a; 353.33,
1.11 subdivisions 1, 3, 12; 353.34, subdivision 3; 353.37, by adding a subdivision;
1.12 353.46, subdivision 6; 353.64, subdivision 7; 354.71; 354A.011, subdivision 27;
1.13 354A.39; 356.20, subdivision 2; 356.214, subdivision 1; 356.215, subdivisions 8,
1.14 11; 356.30, subdivision 3; 356.302, subdivisions 1, 7; 356.303, subdivision 4;
1.15 356.32, subdivision 2; 356.401, subdivision 3; 356.407, subdivision 2; 356.431,
1.16 subdivision 1; 356.465, subdivision 3; 356.64; 356.65, subdivision 2; 356.91;
1.17 356.96, subdivision 1; 422A.101, subdivision 3; 422A.26; 473.511, subdivision
1.18 3; 473.606, subdivision 5; 475.52, subdivision 6; 480.181, subdivision 2;
1.19 proposing coding for new law in Minnesota Statutes, chapter 353; repealing
1.20 Minnesota Statutes 2008, sections 13.63, subdivision 1; 69.011, subdivision 2a;
1.21 356.43; 422A.01, subdivisions 1, 2, 3, 4, 4a, 5, 6, 7, 8, 9, 10, 11, 12, 13, 13a, 17,
1.22 18; 422A.02; 422A.03; 422A.04; 422A.05, subdivisions 1, 2a, 2b, 2c, 2d, 2e, 2f,
1.23 5, 6, 8; 422A.06; 422A.08, subdivisions 1, 5, 5a; 422A.09; 422A.10; 422A.101,
1.24 subdivisions 1, 1a, 2, 2a; 422A.11; 422A.12; 422A.13; 422A.14, subdivision 1;
1.25 422A.15; 422A.151; 422A.155; 422A.156; 422A.16, subdivisions 1, 2, 3, 4, 5, 6,
1.26 7, 8, 9, 10; 422A.17; 422A.18, subdivisions 1, 2, 3, 4, 5, 7; 422A.19; 422A.20;
1.27 422A.21; 422A.22, subdivisions 1, 3, 4, 6; 422A.23, subdivisions 1, 2, 5, 6, 7, 8,
1.28 9, 10, 11, 12; 422A.231; 422A.24; 422A.25.

1.30 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:**

1.31 Section 1. Minnesota Statutes 2008, section 6.67, is amended to read:

1.32 **6.67 PUBLIC ACCOUNTANTS; REPORT OF POSSIBLE MISCONDUCT.**

1.33 Whenever a public accountant in the course of auditing the books and affairs of a
1.34 county, city, town, school district, other public corporation, or local public pension plan

2.1 governed by section 69.77, sections 69.771 to 69.775, or chapter 354A, ~~422A~~, 423B,
 2.2 423C, or 424A, discovers evidence pointing to nonfeasance, misfeasance, or malfeasance,
 2.3 on the part of an officer or employee in the conduct of duties and affairs, the public
 2.4 accountant shall promptly make a report of such discovery to the state auditor and the
 2.5 county attorney of the county in which the governmental unit is situated and the public
 2.6 accountant shall also furnish a copy of the report of audit upon completion to said officers.
 2.7 The county attorney shall act on such report in the same manner as required by law for
 2.8 reports made to the county attorney by the state auditor.

2.9 Sec. 2. Minnesota Statutes 2008, section 13D.01, subdivision 1, is amended to read:

2.10 Subdivision 1. **In executive branch, local government.** All meetings, including
 2.11 executive sessions, must be open to the public

2.12 (a) of a state

2.13 (1) agency,

2.14 (2) board,

2.15 (3) commission, or

2.16 (4) department,

2.17 when required or permitted by law to transact public business in a meeting;

2.18 (b) of the governing body of a

2.19 (1) school district however organized,

2.20 (2) unorganized territory,

2.21 (3) county,

2.22 (4) statutory or home rule charter city,

2.23 (5) town, or

2.24 (6) other public body;

2.25 (c) of any

2.26 (1) committee,

2.27 (2) subcommittee,

2.28 (3) board,

2.29 (4) department, or

2.30 (5) commission,

2.31 of a public body; and

2.32 (d) of the governing body or a committee of:

2.33 (1) a statewide public pension plan defined in section 356A.01, subdivision 24; or

2.34 (2) a local public pension plan governed by section 69.77, sections 69.771 to 69.775,
 2.35 or chapter 354A, ~~422A~~, or 423B.

3.1 Sec. 3. Minnesota Statutes 2008, section 43A.17, subdivision 9, is amended to read:

3.2 Subd. 9. **Political subdivision compensation limit.** (a) The salary and the value of
3.3 all other forms of compensation of a person employed by a political subdivision of this
3.4 state, excluding a school district, ~~or employed under section 422A.03~~ may not exceed 110
3.5 percent of the salary of the governor as set under section 15A.082, except as provided
3.6 in this subdivision. For purposes of this subdivision, "political subdivision of this state"
3.7 includes a statutory or home rule charter city, county, town, metropolitan or regional
3.8 agency, or other political subdivision, but does not include a hospital, clinic, or health
3.9 maintenance organization owned by such a governmental unit.

3.10 (b) Beginning in 2006, the limit in paragraph (a) shall be adjusted annually in
3.11 January. The limit shall equal the limit for the prior year increased by the percentage
3.12 increase, if any, in the Consumer Price Index for all-urban consumers from October of the
3.13 second prior year to October of the immediately prior year.

3.14 (c) Deferred compensation and payroll allocations to purchase an individual annuity
3.15 contract for an employee are included in determining the employee's salary. Other forms
3.16 of compensation which shall be included to determine an employee's total compensation
3.17 are all other direct and indirect items of compensation which are not specifically excluded
3.18 by this subdivision. Other forms of compensation which shall not be included in a
3.19 determination of an employee's total compensation for the purposes of this subdivision are:

3.20 (1) employee benefits that are also provided for the majority of all other full-time
3.21 employees of the political subdivision, vacation and sick leave allowances, health and
3.22 dental insurance, disability insurance, term life insurance, and pension benefits or like
3.23 benefits the cost of which is borne by the employee or which is not subject to tax as
3.24 income under the Internal Revenue Code of 1986;

3.25 (2) dues paid to organizations that are of a civic, professional, educational, or
3.26 governmental nature; and

3.27 (3) reimbursement for actual expenses incurred by the employee which the
3.28 governing body determines to be directly related to the performance of job responsibilities,
3.29 including any relocation expenses paid during the initial year of employment.

3.30 The value of other forms of compensation shall be the annual cost to the political
3.31 subdivision for the provision of the compensation.

3.32 (d) The salary of a medical doctor or doctor of osteopathy occupying a position that
3.33 the governing body of the political subdivision has determined requires an M.D. or D.O.
3.34 degree is excluded from the limitation in this subdivision.

3.35 (e) The commissioner may increase the limitation in this subdivision for a position
3.36 that the commissioner has determined requires special expertise necessitating a higher

4.1 salary to attract or retain a qualified person. The commissioner shall review each
4.2 proposed increase giving due consideration to salary rates paid to other persons with
4.3 similar responsibilities in the state and nation. The commissioner may not increase the
4.4 limitation until the commissioner has presented the proposed increase to the Legislative
4.5 Coordinating Commission and received the commission's recommendation on it. The
4.6 recommendation is advisory only. If the commission does not give its recommendation
4.7 on a proposed increase within 30 days from its receipt of the proposal, the commission
4.8 is deemed to have made no recommendation. If the commissioner grants or granted an
4.9 increase under this paragraph, the new limitation shall be adjusted beginning in August
4.10 2005 and in each subsequent calendar year in January by the percentage increase equal to
4.11 the percentage increase, if any, in the Consumer Price Index for all-urban consumers from
4.12 October of the second prior year to October of the immediately prior year.

4.13 Sec. 4. Minnesota Statutes 2008, section 43A.316, subdivision 8, is amended to read:

4.14 Subd. 8. **Continuation of coverage.** (a) A former employee of an employer
4.15 participating in the program who is receiving a public pension disability benefit or an
4.16 annuity or has met the age and service requirements necessary to receive an annuity under
4.17 chapter 353, 353C, 354, 354A, 356, ~~422A~~, 423, 423A, or 424, and the former employee's
4.18 dependents, are eligible to participate in the program. This participation is at the person's
4.19 expense unless a collective bargaining agreement or personnel policy provides otherwise.
4.20 Premiums for these participants must be established by the commissioner.

4.21 The commissioner may provide policy exclusions for preexisting conditions
4.22 only when there is a break in coverage between a participant's coverage under the
4.23 employment-based group insurance program and the participant's coverage under this
4.24 section. An employer shall notify an employee of the option to participate under this
4.25 paragraph no later than the effective date of retirement. The retired employee or the
4.26 employer of a participating group on behalf of a current or retired employee shall notify
4.27 the commissioner within 30 days of the effective date of retirement of intent to participate
4.28 in the program according to the rules established by the commissioner.

4.29 (b) The spouse of a deceased employee or former employee may purchase the
4.30 benefits provided at premiums established by the commissioner if the spouse was a
4.31 dependent under the employee's or former employee's coverage under this section at the
4.32 time of the death. The spouse remains eligible to participate in the program as long as
4.33 the group that included the deceased employee or former employee participates in the
4.34 program. Coverage under this clause must be coordinated with relevant insurance benefits
4.35 provided through the federally sponsored Medicare program.

5.1 (c) The program benefits must continue in the event of strike permitted by section
5.2 179A.18, if the exclusive representative chooses to have coverage continue and the
5.3 employee pays the total monthly premiums when due.

5.4 (d) A participant who discontinues coverage may not reenroll.

5.5 Persons participating under these paragraphs shall make appropriate premium
5.6 payments in the time and manner established by the commissioner.

5.7 Sec. 5. Minnesota Statutes 2008, section 69.011, subdivision 1, is amended to read:

5.8 Subdivision 1. **Definitions.** Unless the language or context clearly indicates that a
5.9 different meaning is intended, the following words and terms shall for the purposes of this
5.10 chapter and chapters 423, 423A, 424 and 424A have the meanings ascribed to them:

5.11 (a) "Commissioner" means the commissioner of revenue.

5.12 (b) "Municipality" means:

5.13 (1) a home rule charter or statutory city;

5.14 (2) an organized town;

5.15 (3) a park district subject to chapter 398;

5.16 (4) the University of Minnesota;

5.17 (5) for purposes of the fire state aid program only, an American Indian tribal
5.18 government entity located within a federally recognized American Indian reservation;

5.19 (6) for purposes of the police state aid program only, an American Indian tribal
5.20 government with a tribal police department which exercises state arrest powers under
5.21 section 626.90, 626.91, 626.92, or 626.93;

5.22 (7) for purposes of the police state aid program only, the Metropolitan Airports
5.23 Commission ~~with respect to peace officers covered under chapter 422A~~; and

5.24 (8) for purposes of the police state aid program only, the Department of Natural
5.25 Resources and the Department of Public Safety with respect to peace officers covered
5.26 under chapter 352B.

5.27 (c) "Minnesota Firetown Premium Report" means a form prescribed by the
5.28 commissioner containing space for reporting by insurers of fire, lightning, sprinkler
5.29 leakage and extended coverage premiums received upon risks located or to be performed
5.30 in this state less return premiums and dividends.

5.31 (d) "Firetown" means the area serviced by any municipality having a qualified fire
5.32 department or a qualified incorporated fire department having a subsidiary volunteer
5.33 firefighters' relief association.

5.34 (e) "Market value" means latest available market value of all property in a taxing
5.35 jurisdiction, whether the property is subject to taxation, or exempt from ad valorem

6.1 taxation obtained from information which appears on abstracts filed with the commissioner
6.2 of revenue or equalized by the State Board of Equalization.

6.3 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the
6.4 commissioner for reporting by each fire and casualty insurer of all premiums received
6.5 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,
6.6 during the preceding calendar year, with reference to insurance written for insuring against
6.7 the perils contained in auto insurance coverages as reported in the Minnesota business
6.8 schedule of the annual financial statement which each insurer is required to file with
6.9 the commissioner in accordance with the governing laws or rules less return premiums
6.10 and dividends.

6.11 (g) "Peace officer" means any person:

6.12 (1) whose primary source of income derived from wages is from direct employment
6.13 by a municipality or county as a law enforcement officer on a full-time basis of not less
6.14 than 30 hours per week;

6.15 (2) who has been employed for a minimum of six months prior to December 31
6.16 preceding the date of the current year's certification under subdivision 2, clause (b);

6.17 (3) who is sworn to enforce the general criminal laws of the state and local
6.18 ordinances;

6.19 (4) who is licensed by the Peace Officers Standards and Training Board and is
6.20 authorized to arrest with a warrant; and

6.21 (5) who is a member of a local police relief association to which section 69.77
6.22 applies, the State Patrol retirement plan; or the public employees police and fire fund; ~~or~~
6.23 ~~the Minneapolis Employees Retirement Fund.~~

6.24 (h) "Full-time equivalent number of peace officers providing contract service" means
6.25 the integral or fractional number of peace officers which would be necessary to provide
6.26 the contract service if all peace officers providing service were employed on a full-time
6.27 basis as defined by the employing unit and the municipality receiving the contract service.

6.28 (i) "Retirement benefits other than a service pension" means any disbursement
6.29 authorized under section 424A.05, subdivision 3, clauses (2) and (3).

6.30 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means the person
6.31 who was elected or appointed to the specified position or, in the absence of the person,
6.32 another person who is designated by the applicable governing body. In a park district,
6.33 the clerk is the secretary of the board of park district commissioners. In the case of the
6.34 University of Minnesota, the clerk is that official designated by the Board of Regents.
6.35 For the Metropolitan Airports Commission, the clerk is the person designated by the
6.36 commission. For the Department of Natural Resources or the Department of Public Safety,

7.1 the clerk is the respective commissioner. For a tribal police department which exercises
7.2 state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the clerk is the person
7.3 designated by the applicable American Indian tribal government.

7.4 Sec. 6. Minnesota Statutes 2008, section 69.021, subdivision 10, is amended to read:

7.5 Subd. 10. **Reduction in police state aid apportionment.** (a) The commissioner of
7.6 revenue shall reduce the apportionment of police state aid under subdivisions 5, paragraph
7.7 (b), 6, and 7a, for eligible employer units by any excess police state aid.

7.8 (b) "Excess police state aid" is:

7.9 (1) for counties and for municipalities in which police retirement coverage is
7.10 provided wholly by the public employees police and fire fund and all police officers are
7.11 members of the plan governed by sections 353.63 to 353.657, the amount in excess of the
7.12 employer's total prior calendar year obligation as defined in paragraph (c), as certified by
7.13 the executive director of the Public Employees Retirement Association;

7.14 (2) for municipalities in which police retirement coverage is provided in part by the
7.15 public employees police and fire fund governed by sections 353.63 to 353.657 and in
7.16 part by a local police consolidation account governed by chapter 353A, and established
7.17 before March 2, 1999, for which the municipality declined merger under section 353.665,
7.18 subdivision 1, or established after March 1, 1999, the amount in excess of the employer's
7.19 total prior calendar year obligation as defined in paragraph (c), plus the amount of the
7.20 employer's total prior calendar year obligation under section 353A.09, subdivision 5,
7.21 paragraphs (a) and (b), as certified by the executive director of the Public Employees
7.22 Retirement Association;

7.23 (3) for municipalities in which police retirement coverage is provided by the public
7.24 employees police and fire plan governed by sections 353.63 to 353.657, in which police
7.25 retirement coverage was provided by a police consolidation account under chapter
7.26 353A before July 1, 1999, and for which the municipality has an additional municipal
7.27 contribution under section 353.665, subdivision 8, paragraph (b), the amount in excess of
7.28 the employer's total prior calendar year obligation as defined in paragraph (c), plus the
7.29 amount of any additional municipal contribution under section 353.665, subdivision 8,
7.30 paragraph (b), until the year 2010, as certified by the executive director of the Public
7.31 Employees Retirement Association;

7.32 (4) for municipalities in which police retirement coverage is provided in part by the
7.33 public employees police and fire fund governed by sections 353.63 to 353.657 and in part
7.34 by a local police relief association governed by sections 69.77 and 423A.01, the amount
7.35 in excess of the employer's total prior calendar year obligation as defined in paragraph

8.1 (c), as certified by the executive director of the public employees retirement association,
 8.2 plus the amount of the financial requirements of the relief association certified to the
 8.3 applicable municipality during the prior calendar year under section 69.77, subdivisions 4
 8.4 and 5, reduced by the amount of member contributions deducted from the covered salary
 8.5 of the relief association during the prior calendar year under section 69.77, subdivision 3,
 8.6 as certified by the chief administrative officer of the applicable municipality;

8.7 (5) for the Metropolitan Airports Commission, ~~if there are police officers hired~~
 8.8 ~~before July 1, 1978, with retirement coverage by the Minneapolis Employees Retirement~~
 8.9 ~~Fund remaining~~, the amount in excess of the commission's total prior calendar year
 8.10 obligation as defined in paragraph (c), as certified by the executive director of the Public
 8.11 Employees Retirement Association, ~~plus the amount determined by expressing the~~
 8.12 ~~commission's total prior calendar year contribution to the Minneapolis Employees~~
 8.13 ~~Retirement Fund under section 422A.101, subdivisions 2 and 2a, as a percentage of~~
 8.14 ~~the commission's total prior calendar year covered payroll for commission employees~~
 8.15 ~~covered by the Minneapolis Employees Retirement Fund and applying that percentage~~
 8.16 ~~to the commission's total prior calendar year covered payroll for commission police~~
 8.17 ~~officers covered by the Minneapolis Employees Retirement Fund, as certified by the chief~~
 8.18 ~~administrative officer of the Metropolitan Airports Commission; and~~

8.19 (6) for the Department of Natural Resources and for the Department of Public
 8.20 Safety, the amount in excess of the employer's total prior calendar year obligation under
 8.21 section 352B.02, subdivision 1c, for plan members who are peace officers under section
 8.22 69.011, subdivision 1, clause (g), as certified by the executive director of the Minnesota
 8.23 State Retirement System.

8.24 (c) The employer's total prior calendar year obligation with respect to the public
 8.25 employees police and fire plan is the total prior calendar year obligation under section
 8.26 353.65, subdivision 3, for police officers as defined in section 353.64, subdivision 2,
 8.27 and the actual total prior calendar year obligation under section 353.65, subdivision 3,
 8.28 for firefighters, as defined in section 353.64, subdivision 3, but not to exceed for those
 8.29 firefighters the applicable following amounts:

8.30	Municipality	Maximum Amount
8.31	Albert Lea	\$54,157.01
8.32	Anoka	10,399.31
8.33	Apple Valley	5,442.44
8.34	Austin	49,864.73
8.35	Bemidji	27,671.38
8.36	Brooklyn Center	6,605.92
8.37	Brooklyn Park	24,002.26

9.1	Burnsville	15,956.00
9.2	Cloquet	4,260.49
9.3	Coon Rapids	39,920.00
9.4	Cottage Grove	8,588.48
9.5	Crystal	5,855.00
9.6	East Grand Forks	51,009.88
9.7	Edina	32,251.00
9.8	Elk River	5,216.55
9.9	Ely	13,584.16
9.10	Eveleth	16,288.27
9.11	Fergus Falls	6,742.00
9.12	Fridley	33,420.64
9.13	Golden Valley	11,744.61
9.14	Hastings	16,561.00
9.15	Hopkins	4,324.23
9.16	International Falls	14,400.69
9.17	Lakeville	782.35
9.18	Lino Lakes	5,324.00
9.19	Little Falls	7,889.41
9.20	Maple Grove	6,707.54
9.21	Maplewood	8,476.69
9.22	Minnetonka	10,403.00
9.23	Montevideo	1,307.66
9.24	Moorhead	68,069.26
9.25	New Hope	6,739.72
9.26	North St. Paul	4,241.14
9.27	Northfield	770.63
9.28	Owatonna	37,292.67
9.29	Plymouth	6,754.71
9.30	Red Wing	3,504.01
9.31	Richfield	53,757.96
9.32	Rosemont <u>Rosemount</u>	1,712.55
9.33	Roseville	9,854.51
9.34	St. Anthony	33,055.00
9.35	St. Louis Park	53,643.11
9.36	Thief River Falls	28,365.04
9.37	Virginia	31,164.46
9.38	Waseca	11,135.17
9.39	West St. Paul	15,707.20
9.40	White Bear Lake	6,521.04
9.41	Woodbury	3,613.00
9.42	any other municipality	0.00

10.1 (d) The total amount of excess police state aid must be deposited in the excess
10.2 police state-aid account in the general fund, administered and distributed as provided
10.3 in subdivision 11.

10.4 Sec. 7. Minnesota Statutes 2008, section 69.031, subdivision 5, is amended to read:

10.5 Subd. 5. **Deposit of state aid.** (a) The municipal treasurer shall, within 30 days
10.6 after receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters'
10.7 relief association if there is one organized and the association has filed a financial report
10.8 with the municipality. If the relief association has not filed a financial report with the
10.9 municipality, the municipal treasurer shall delay transmission of the fire state aid to the
10.10 relief association until the complete financial report is filed. If there is no relief association
10.11 organized, or if the association has dissolved, or has been removed as trustees of state aid,
10.12 then the treasurer of the municipality shall deposit the money in the municipal treasury as
10.13 provided for in section 424A.08 and the money may be disbursed only for the purposes
10.14 and in the manner set forth in that section.

10.15 (b) The municipal treasurer, upon receipt of the police state aid, shall disburse the
10.16 police state aid in the following manner:

10.17 (1) For a municipality in which a local police relief association exists and all peace
10.18 officers are members of the association, the total state aid must be transmitted to the
10.19 treasurer of the relief association within 30 days of the date of receipt, and the treasurer
10.20 of the relief association shall immediately deposit the total state aid in the special fund
10.21 of the relief association;

10.22 (2) For a municipality in which police retirement coverage is provided by the public
10.23 employees police and fire fund and all peace officers are members of the fund, including
10.24 municipalities covered by section 353.665, the total state aid must be applied toward the
10.25 municipality's employer contribution to the public employees police and fire fund under
10.26 sections 353.65, subdivision 3, and 353.665, subdivision 8, paragraph (b), if applicable; or

10.27 (3) For a municipality other than a city of the first class with a population of more
10.28 than 300,000 in which both a police relief association exists and police retirement
10.29 coverage is provided in part by the public employees police and fire fund, the municipality
10.30 may elect at its option to transmit the total state aid to the treasurer of the relief association
10.31 as provided in clause (1), to use the total state aid to apply toward the municipality's
10.32 employer contribution to the public employees police and fire fund subject to all the
10.33 provisions set forth in clause (2), or to allot the total state aid proportionately to be
10.34 transmitted to the police relief association as provided in this subdivision and to apply
10.35 toward the municipality's employer contribution to the public employees police and fire

11.1 fund subject to the provisions of clause (2) on the basis of the respective number of active
11.2 full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).

11.3 For a city of the first class with a population of more than 300,000, in addition, the
11.4 city may elect to allot the appropriate portion of the total police state aid to apply toward
11.5 the employer contribution of the city to the public employees police and fire fund based
11.6 on the covered salary of police officers covered by the fund each payroll period and to
11.7 transmit the balance to the police relief association; or

11.8 (4) For a municipality in which police retirement coverage is provided in part by
11.9 the public employees police and fire fund and in part by a local police consolidation
11.10 account governed by chapter 353A and established before March 2, 1999, for which the
11.11 municipality declined merger under section 353.665, subdivision 1, or established after
11.12 March 1, 1999, the total police state aid must be applied towards the municipality's total
11.13 employer contribution to the public employees police and fire fund and to the local police
11.14 consolidation account under sections 353.65, subdivision 3, and 353A.09, subdivision 5.

11.15 (c) The county treasurer, upon receipt of the police state aid for the county, shall
11.16 apply the total state aid toward the county's employer contribution to the public employees
11.17 police and fire fund under section 353.65, subdivision 3.

11.18 (d) The designated Metropolitan Airports Commission official, upon receipt of the
11.19 police state aid for the Metropolitan Airports Commission, shall apply the total police
11.20 state aid first toward the commission's employer contribution for ~~police officers to the~~
11.21 ~~Minneapolis Employees Retirement Fund under section 422A.101, subdivision 2a, and, if~~
11.22 ~~there is any amount of police state aid remaining, shall apply that remainder toward the~~
11.23 ~~commission's employer contribution for~~ police officers to the public employees police and
11.24 fire plan under section 353.65, subdivision 3.

11.25 (e) The police state aid apportioned to the Departments of Public Safety and Natural
11.26 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of
11.27 finance for transfer to the funds and accounts from which the salaries of peace officers
11.28 certified under section 69.011, subdivision ~~2a~~ 2b, are paid. The commissioner of revenue
11.29 shall certify to the commissioners of public safety, natural resources, and finance the
11.30 amounts to be transferred from the appropriation for police state aid. The commissioners
11.31 of public safety and natural resources shall certify to the commissioner of finance the
11.32 amounts to be credited to each of the funds and accounts from which the peace officers
11.33 employed by their respective departments are paid. Each commissioner must allocate the
11.34 police state aid first for employer contributions for employees funded from the general
11.35 fund and then for employer contributions for employees funded from other funds. For

12.1 peace officers whose salaries are paid from the general fund, the amounts transferred from
12.2 the appropriation for police state aid must be canceled to the general fund.

12.3 Sec. 8. Minnesota Statutes 2008, section 126C.41, subdivision 3, is amended to read:

12.4 Subd. 3. **Retirement levies.** (a) In 1991 and each year thereafter, a district to which
12.5 this subdivision applies may levy an additional amount required for contributions to the
12.6 general employees retirement plan of the Public Employees Retirement Association as the
12.7 successor of the Minneapolis Employees Retirement Fund as a result of the maximum
12.8 dollar amount limitation on state contributions to ~~the fund~~ that plan imposed under
12.9 section 422A.101, subdivision 3. The additional levy must not exceed the most recent
12.10 amount certified by the ~~board of the Minneapolis Employees Retirement Fund~~ executive
12.11 director of the Public Employees Retirement Association as the district's share of the
12.12 contribution requirement in excess of the maximum state contribution under section
12.13 422A.101, subdivision 3.

12.14 (b) For taxes payable in 1994 and thereafter, Special School District No. 1,
12.15 Minneapolis, and Independent School District No. 625, St. Paul, may levy for the increase
12.16 in the employer retirement fund contributions, under Laws 1992, chapter 598, article 5,
12.17 section 1.

12.18 (c) If the employer retirement fund contributions under section 354A.12, subdivision
12.19 2a, are increased for fiscal year 1994 or later fiscal years, Special School District No. 1,
12.20 Minneapolis, and Independent School District No. 625, St. Paul, may levy in payable
12.21 1994 or later an amount equal to the amount derived by applying the net increase in
12.22 the employer retirement fund contribution rate of the respective teacher retirement fund
12.23 association between fiscal year 1993 and the fiscal year beginning in the year after the
12.24 levy is certified to the total covered payroll of the applicable teacher retirement fund
12.25 association. If an applicable school district levies under this paragraph, they may not
12.26 levy under paragraph (b).

12.27 (d) In addition to the levy authorized under paragraph (c), Special School District
12.28 No. 1, Minneapolis, may also levy payable in 1997 or later an amount equal to the
12.29 contributions under section 423A.02, subdivision 3, and may also levy in payable 1994
12.30 or later an amount equal to the state aid contribution under section 354A.12, subdivision
12.31 3b. Independent School District No. 625, St. Paul, may levy payable in 1997 or later an
12.32 amount equal to the supplemental contributions under section 423A.02, subdivision 3.

13.1 Sec. 9. Minnesota Statutes 2008, section 256D.21, is amended to read:

13.2 **256D.21 CONTINUATION OF BENEFITS; FORMER MINNEAPOLIS**
 13.3 **EMPLOYEES.**

13.4 Subdivision 1. **Continuation of benefits.** Each employee of the city of Minneapolis
 13.5 who is transferred to and employed by the county under the provisions of section 256D.20
 13.6 and who is a contributing member of a retirement system organized under the provisions
 13.7 of chapter 422A, ~~shall continue to be~~ is a member of that system the general employees
 13.8 retirement plan of the Public Employees Retirement Association and is entitled to all of
 13.9 the applicable benefits conferred thereby by and subject to all the restrictions of ~~chapter~~
 13.10 ~~422A, unless the member applies to cancel membership within six months after January 1,~~
 13.11 ~~1974~~ sections 353.01 to 353.46, 353.67, and 353.71.

13.12 Subd. 2. **City obligation.** The cost to the public of that portion of the retirement
 13.13 allowances or other benefits accrued while any such employee was in the service of the
 13.14 city of Minneapolis shall remain an obligation of the city and a tax shall be levied and
 13.15 collected by it to discharge its obligation as provided ~~by chapter 422A~~ in sections 353.27,
 13.16 subdivisions 3 and 3a, and 353.47, subdivision 6.

13.17 Subd. 3. **County obligation.** The cost to the public of the retirement allowances or
 13.18 other benefits accruing to employees so transferred to and employed by the county shall
 13.19 be the obligation of and paid by the county ~~at such time as the retirement board shall fix~~
 13.20 ~~and determine in accordance with chapter 422A~~ in sections 353.27, subdivisions 3 and
 13.21 3a, and 353.47, subdivision 6. The county shall pay to the ~~municipal~~ general employees
 13.22 ~~retirement fund an amount certified to the county auditor of the county by the retirement~~
 13.23 ~~board as the cost of the retirement allowances and other benefits accruing and owing to~~
 13.24 ~~such county employees~~ of the Public Employees Retirement Association those amounts.
 13.25 The cost to the public of the retirement allowances ~~as herein provided shall~~ coverage
 13.26 under this section must be paid from the county revenue fund by the county auditor ~~upon~~
 13.27 ~~receipt of certification from the retirement board as herein provided,~~ and the county board
 13.28 is authorized to levy and collect such taxes as may be necessary to pay such costs.

13.29 Sec. 10. Minnesota Statutes 2008, section 352.01, subdivision 2b, is amended to read:

13.30 Subd. 2b. **Excluded employees.** "State employee" does not include:

13.31 (1) students employed by the University of Minnesota, or the state colleges and
 13.32 universities, unless approved for coverage by the Board of Regents of the University of
 13.33 Minnesota or the Board of Trustees of the Minnesota State Colleges and Universities,
 13.34 whichever is applicable;

- 14.1 (2) employees who are eligible for membership in the state Teachers Retirement
14.2 Association, except employees of the Department of Education who have chosen or may
14.3 choose to be covered by the general state employees retirement plan of the Minnesota
14.4 State Retirement System instead of the Teachers Retirement Association;
- 14.5 (3) employees of the University of Minnesota who are excluded from coverage by
14.6 action of the Board of Regents;
- 14.7 (4) officers and enlisted personnel in the National Guard and the naval militia who
14.8 are assigned to permanent peacetime duty and who under federal law are or are required to
14.9 be members of a federal retirement system;
- 14.10 (5) election officers;
- 14.11 (6) persons who are engaged in public work for the state but who are employed
14.12 by contractors when the performance of the contract is authorized by the legislature or
14.13 other competent authority;
- 14.14 (7) officers and employees of the senate, or of the house of representatives, or of a
14.15 legislative committee or commission who are temporarily employed;
- 14.16 (8) receivers, jurors, notaries public, and court employees who are not in the judicial
14.17 branch as defined in section 43A.02, subdivision 25, except referees and adjusters
14.18 employed by the Department of Labor and Industry;
- 14.19 (9) patient and inmate help in state charitable, penal, and correctional institutions
14.20 including the Minnesota Veterans Home;
- 14.21 (10) persons who are employed for professional services where the service is
14.22 incidental to their regular professional duties and whose compensation is paid on a per
14.23 diem basis;
- 14.24 (11) employees of the Sibley House Association;
- 14.25 (12) the members of any state board or commission who serve the state intermittently
14.26 and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of those
14.27 boards if their compensation is \$5,000 or less per year, or, if they are legally prohibited
14.28 from serving more than three years; and the board of managers of the State Agricultural
14.29 Society and its treasurer unless the treasurer is also its full-time secretary;
- 14.30 (13) state troopers and persons who are described in section 352B.01, subdivision 2,
14.31 clauses (2) to (6);
- 14.32 (14) temporary employees of the Minnesota State Fair who are employed on or
14.33 after July 1 for a period not to extend beyond October 15 of that year; and persons who
14.34 are employed at any time by the state fair administration for special events held on the
14.35 fairgrounds;

15.1 (15) emergency employees who are in the classified service; except that if an
15.2 emergency employee, within the same pay period, becomes a provisional or probationary
15.3 employee on other than a temporary basis, the employee shall be considered a "state
15.4 employee" retroactively to the beginning of the pay period;

15.5 (16) temporary employees in the classified service, and temporary employees in the
15.6 unclassified service who are appointed for a definite period of not more than six months
15.7 and who are employed less than six months in any one-year period;

15.8 (17) interns hired for six months or less and trainee employees, except those listed in
15.9 subdivision 2a, clause (8);

15.10 (18) persons whose compensation is paid on a fee basis or as an independent
15.11 contractor;

15.12 (19) state employees who are employed by the Board of Trustees of the Minnesota
15.13 State Colleges and Universities in unclassified positions enumerated in section 43A.08,
15.14 subdivision 1, clause (9);

15.15 (20) state employees who in any year have credit for 12 months service as teachers
15.16 in the public schools of the state and as teachers are members of the Teachers Retirement
15.17 Association or a retirement system in St. Paul, Minneapolis, or Duluth, except for
15.18 incidental employment as a state employee that is not covered by one of the teacher
15.19 retirement associations or systems;

15.20 (21) employees of the adjutant general who are employed on an unlimited
15.21 intermittent or temporary basis in the classified or unclassified service for the support of
15.22 Army and Air National Guard training facilities;

15.23 (22) chaplains and nuns who are excluded from coverage under the federal Old
15.24 Age, Survivors, Disability, and Health Insurance Program for the performance of service
15.25 as specified in United States Code, title 42, section 410(a)(8)(A), as amended, if no
15.26 irrevocable election of coverage has been made under section 3121(r) of the Internal
15.27 Revenue Code of 1986, as amended through December 31, 1992;

15.28 (23) examination monitors who are employed by departments, agencies,
15.29 commissions, and boards to conduct examinations required by law;

15.30 (24) persons who are appointed to serve as members of fact-finding commissions or
15.31 adjustment panels, arbitrators, or labor referees under chapter 179;

15.32 (25) temporary employees who are employed for limited periods under any state or
15.33 federal program for training or rehabilitation, including persons who are employed for
15.34 limited periods from areas of economic distress, but not including skilled and supervisory
15.35 personnel and persons having civil service status covered by the system;

16.1 (26) full-time students who are employed by the Minnesota Historical Society
 16.2 intermittently during part of the year and full-time during the summer months;

16.3 (27) temporary employees who are appointed for not more than six months, of
 16.4 the Metropolitan Council and of any of its statutory boards, if the board members are
 16.5 appointed by the Metropolitan Council;

16.6 (28) persons who are employed in positions designated by the Department of
 16.7 Finance as student workers;

16.8 (29) members of trades who are employed by the successor to the Metropolitan
 16.9 Waste Control Commission, who have trade union pension plan coverage under a
 16.10 collective bargaining agreement, and who are first employed after June 1, 1977;

16.11 (30) off-duty peace officers while employed by the Metropolitan Council;

16.12 (31) persons who are employed as full-time police officers by the Metropolitan
 16.13 Council and as police officers are members of the public employees police and fire fund;

16.14 (32) persons who are employed as full-time firefighters by the Department of Military
 16.15 Affairs and as firefighters are members of the public employees police and fire fund;

16.16 (33) foreign citizens with a work permit of less than three years, or an H-1b/JV visa
 16.17 valid for less than three years of employment, unless notice of extension is supplied which
 16.18 allows them to work for three or more years as of the date the extension is granted, in
 16.19 which case they are eligible for coverage from the date extended; and

16.20 (34) persons who are employed by the Board of Trustees of the Minnesota State
 16.21 Colleges and Universities and who elected to remain members of the Public Employees
 16.22 Retirement Association or of the former Minneapolis Employees Retirement Fund,
 16.23 whichever applies, under Minnesota Statutes 1994, section 136C.75.

16.24 Sec. 11. Minnesota Statutes 2008, section 353.01, subdivision 2a, is amended to read:

16.25 Subd. 2a. **Included employees.** (a) Public employees whose salary from
 16.26 employment in one or more positions within one governmental subdivision exceeds \$425
 16.27 in any month shall participate as members of the association. If the salary is less than
 16.28 \$425 in a subsequent month, the employee retains membership eligibility. Eligible public
 16.29 employees shall participate as members of the association with retirement coverage by
 16.30 the public employees retirement plan or the public employees police and fire retirement
 16.31 plan under this chapter, or the local government correctional employees retirement plan
 16.32 under chapter 353E, whichever applies, as a condition of their employment on the first
 16.33 day of employment unless they:

16.34 (1) are specifically excluded under subdivision 2b;

17.1 (2) do not exercise their option to elect retirement coverage in the association as
 17.2 provided in subdivision 2d, paragraph (a); or

17.3 (3) are employees of the governmental subdivisions listed in subdivision 2d,
 17.4 paragraph (b), where the governmental subdivision has not elected to participate as a
 17.5 governmental subdivision covered by the association.

17.6 (b) A public employee who was a member of the association on June 30, 2002,
 17.7 based on employment that qualified for membership coverage by the public employees
 17.8 retirement plan or the public employees police and fire plan under this chapter, or the
 17.9 local government correctional employees retirement plan under chapter 353E as of June
 17.10 30, 2002, retains that membership for the duration of the person's employment in that
 17.11 position or incumbency in elected office. Except as provided in subdivision 28, the person
 17.12 shall participate as a member until the employee or elected official terminates public
 17.13 employment under subdivision 11a or terminates membership under subdivision 11b.

17.14 (c) Public employees under paragraph (a) include physicians under section 353D.01,
 17.15 subdivision 2, who do not elect public employees defined contribution plan coverage
 17.16 under section 353D.02, subdivision 2.

17.17 (d) Employees who were members of the Minneapolis Employees Retirement Fund
 17.18 on July 1, 2008, and on June 29, 2010, shall participate as members of the association.

17.19 Sec. 12. Minnesota Statutes 2008, section 353.01, subdivision 2b, is amended to read:

17.20 Subd. 2b. **Excluded employees.** The following public employees are not eligible
 17.21 to participate as members of the association with retirement coverage by the public
 17.22 employees retirement plan, the local government correctional employees retirement plan
 17.23 under chapter 353E, or the public employees police and fire retirement plan:

17.24 (1) public officers, other than county sheriffs, who are elected to a governing body,
 17.25 or persons who are appointed to fill a vacancy in an elective office of a governing body,
 17.26 whose term of office commences on or after July 1, 2002, for the service to be rendered
 17.27 in that elective position;

17.28 (2) election officers or election judges;

17.29 (3) patient and inmate personnel who perform services for a governmental
 17.30 subdivision;

17.31 (4) except as otherwise specified in subdivision 12a, employees who are hired for
 17.32 a temporary position as defined under subdivision 12a, and employees who resign from
 17.33 a nontemporary position and accept a temporary position within 30 days in the same
 17.34 governmental subdivision;

18.1 (5) employees who are employed by reason of work emergency caused by fire,
18.2 flood, storm, or similar disaster;

18.3 (6) employees who by virtue of their employment in one governmental subdivision
18.4 are required by law to be a member of and to contribute to any of the plans or funds
18.5 administered by the Minnesota State Retirement System, the Teachers Retirement
18.6 Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers
18.7 Retirement Fund Association, ~~the Minneapolis Employees Retirement Fund~~, or any police
18.8 or firefighters relief association governed by section 69.77 that has not consolidated
18.9 with the Public Employees Retirement Association, or any local police or firefighters
18.10 consolidation account who have not elected the type of benefit coverage provided by the
18.11 public employees police and fire fund under sections 353A.01 to 353A.10, or any persons
18.12 covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees
18.13 police and fire plan benefit coverage. This clause must not be construed to prevent a person
18.14 from being a member of and contributing to the Public Employees Retirement Association
18.15 and also belonging to and contributing to another public pension plan or fund for other
18.16 service occurring during the same period of time. A person who meets the definition of
18.17 "public employee" in subdivision 2 by virtue of other service occurring during the same
18.18 period of time becomes a member of the association unless contributions are made to
18.19 another public retirement fund on the salary based on the other service or to the Teachers
18.20 Retirement Association by a teacher as defined in section 354.05, subdivision 2;

18.21 (7) persons who are members of a religious order and are excluded from coverage
18.22 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the
18.23 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),
18.24 as amended through January 1, 1987, if no irrevocable election of coverage has been made
18.25 under section 3121(r) of the Internal Revenue Code of 1954, as amended;

18.26 (8) employees of a governmental subdivision who have not reached the age of
18.27 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time
18.28 basis at an accredited school, college, or university in an undergraduate, graduate, or
18.29 professional-technical program, or a public or charter high school;

18.30 (9) resident physicians, medical interns, and pharmacist residents and pharmacist
18.31 interns who are serving in a degree or residency program in public hospitals or clinics;

18.32 (10) students who are serving in an internship or residency program sponsored
18.33 by an accredited educational institution;

18.34 (11) persons who hold a part-time adult supplementary technical college license who
18.35 render part-time teaching service in a technical college;

19.1 (12) except for employees of Hennepin County or Hennepin Healthcare System,
19.2 Inc., foreign citizens working for a governmental subdivision with a work permit of less
19.3 than three years, or an H-1b visa valid for less than three years of employment. Upon
19.4 notice to the association that the work permit or visa extends beyond the three-year period,
19.5 the foreign citizens must be reported for membership from the date of the extension;

19.6 (13) public hospital employees who elected not to participate as members of the
19.7 association before 1972 and who did not elect to participate from July 1, 1988, to October
19.8 1, 1988;

19.9 (14) except as provided in section 353.86, volunteer ambulance service personnel,
19.10 as defined in subdivision 35, but persons who serve as volunteer ambulance service
19.11 personnel may still qualify as public employees under subdivision 2 and may be members
19.12 of the Public Employees Retirement Association and participants in the public employees
19.13 retirement fund or the public employees police and fire fund, whichever applies, on the
19.14 basis of compensation received from public employment service other than service as
19.15 volunteer ambulance service personnel;

19.16 (15) except as provided in section 353.87, volunteer firefighters, as defined in
19.17 subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties;
19.18 provided that a person who is a volunteer firefighter may still qualify as a public
19.19 employee under subdivision 2 and may be a member of the Public Employees Retirement
19.20 Association and a participant in the public employees retirement fund or the public
19.21 employees police and fire fund, whichever applies, on the basis of compensation received
19.22 from public employment activities other than those as a volunteer firefighter;

19.23 (16) pipefitters and associated trades personnel employed by Independent School
19.24 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
19.25 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,
19.26 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter
19.27 241, article 2, section 12;

19.28 (17) electrical workers, plumbers, carpenters, and associated trades personnel
19.29 employed by Independent School District No. 625, St. Paul, or the city of St. Paul,
19.30 who have retirement coverage under a collective bargaining agreement by the Electrical
19.31 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,
19.32 or the Carpenters Local 87 pension plan who were either first employed after May 1,
19.33 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000,
19.34 chapter 461, article 7, section 5;

19.35 (18) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
19.36 painters, allied tradesworkers, and plasterers employed by the city of St. Paul or

20.1 Independent School District No. 625, St. Paul, with coverage under a collective
 20.2 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
 20.3 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
 20.4 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
 20.5 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if
 20.6 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
 20.7 Session chapter 10, article 10, section 6;

20.8 (19) plumbers employed by the Metropolitan Airports Commission, with coverage
 20.9 under a collective bargaining agreement by the Plumbers Local 34 pension plan, who either
 20.10 were first employed after May 1, 2001, or if first employed before May 2, 2001, elected to
 20.11 be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

20.12 (20) employees who are hired after June 30, 2002, to fill seasonal positions under
 20.13 subdivision 12b which are limited in duration by the employer to 185 consecutive calendar
 20.14 days or less in each year of employment with the governmental subdivision;

20.15 (21) persons who are provided supported employment or work-study positions
 20.16 by a governmental subdivision and who participate in an employment or industries
 20.17 program maintained for the benefit of these persons where the governmental subdivision
 20.18 limits the position's duration to three years or less, including persons participating in a
 20.19 federal or state subsidized on-the-job training, work experience, senior citizen, youth, or
 20.20 unemployment relief program where the training or work experience is not provided as a
 20.21 part of, or for, future permanent public employment;

20.22 (22) independent contractors and the employees of independent contractors; and

20.23 (23) reemployed annuitants of the association during the course of that
 20.24 reemployment.

20.25 Sec. 13. Minnesota Statutes 2008, section 353.01, subdivision 10, is amended to read:

20.26 Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:

20.27 (1) the periodic compensation of a public employee, before deductions for deferred
 20.28 compensation, supplemental retirement plans, or other voluntary salary reduction
 20.29 programs, and also means "wages" and includes net income from fees;

20.30 (2) for a public employee who is covered by a supplemental retirement plan under
 20.31 section 356.24, subdivision 1, clause (8), (9), or (10), which require all plan contributions
 20.32 be made by the employer, the contribution to the applicable supplemental retirement plan
 20.33 when an agreement between the parties establishes that the contribution will either result
 20.34 in a mandatory reduction of employees' wages through payroll withholdings, or be made
 20.35 in lieu of an amount that would otherwise be paid as wages; ~~and~~

21.1 (3) for a public employee who has prior service covered by a local police or
21.2 firefighters relief association that has consolidated with the Public Employees Retirement
21.3 Association or to which section 353.665 applies and who has elected coverage either
21.4 under the public employees police and fire fund benefit plan under section 353A.08
21.5 following the consolidation or under section 353.665, subdivision 4, the rate of salary
21.6 upon which member contributions to the special fund of the relief association were made
21.7 prior to the effective date of the consolidation as specified by law and by bylaw provisions
21.8 governing the relief association on the date of the initiation of the consolidation procedure
21.9 and the actual periodic compensation of the public employee after the effective date of
21.10 consolidation-; and

21.11 (4) for a public employee who has prior service covered by the Minneapolis
21.12 Employees Retirement Fund under Minnesota Statutes 2008, chapter 422A, the amount
21.13 or amounts credited as salary as reflected in the records of the Minneapolis Employees
21.14 Retirement Fund for salary received before July 1, 2010.

21.15 (b) Salary does not mean:

21.16 (1) the fees paid to district court reporters, unused annual vacation or sick leave
21.17 payments, in lump-sum or periodic payments, severance payments, reimbursement of
21.18 expenses, lump-sum settlements not attached to a specific earnings period, or workers'
21.19 compensation payments;

21.20 (2) employer-paid amounts used by an employee toward the cost of insurance
21.21 coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health
21.22 care expense accounts, day care expenses, or any payments in lieu of any employer-paid
21.23 group insurance coverage, including the difference between single and family rates that
21.24 may be paid to a member with single coverage and certain amounts determined by the
21.25 executive director to be ineligible;

21.26 (3) the amount equal to that which the employing governmental subdivision would
21.27 otherwise pay toward single or family insurance coverage for a covered employee when,
21.28 through a contract or agreement with some but not all employees, the employer:

21.29 (i) discontinues, or for new hires does not provide, payment toward the cost of the
21.30 employee's selected insurance coverages under a group plan offered by the employer;

21.31 (ii) makes the employee solely responsible for all contributions toward the cost of
21.32 the employee's selected insurance coverages under a group plan offered by the employer,
21.33 including any amount the employer makes toward other employees' selected insurance
21.34 coverages under a group plan offered by the employer; and

21.35 (iii) provides increased salary rates for employees who do not have any
21.36 employer-paid group insurance coverages;

22.1 (4) except as provided in section 353.86 or 353.87, compensation of any kind paid to
 22.2 volunteer ambulance service personnel or volunteer firefighters, as defined in subdivision
 22.3 35 or 36;

22.4 (5) the amount of compensation that exceeds the limitation provided in section
 22.5 356.611; and

22.6 (6) amounts paid by a federal or state grant for which the grant specifically
 22.7 prohibits grant proceeds from being used to make pension plan contributions, unless the
 22.8 contributions to the plan are made from sources other than the federal or state grant.

22.9 (c) Amounts provided to an employee by the employer through a grievance
 22.10 proceeding or a legal settlement are salary only if the settlement is reviewed by the
 22.11 executive director and the amounts are determined by the executive director to be
 22.12 consistent with paragraph (a) and prior determinations.

22.13 Sec. 14. Minnesota Statutes 2008, section 353.01, subdivision 16, is amended to read:

22.14 Subd. 16. **Allowable service; limits and computation.** (a) "Allowable service"
 22.15 means:

22.16 (1) service during years of actual membership in the course of which employee
 22.17 contributions were made;

22.18 (2) service during periods covered by payments in lieu of salary deductions under
 22.19 section 353.35;

22.20 ~~(2)~~ (3) service in years during which the public employee was not a member but for
 22.21 which the member later elected, while a member, to obtain credit by making payments to
 22.22 the fund as permitted by any law then in effect;

22.23 ~~(3)~~ (4) a period of authorized leave of absence with pay from which deductions for
 22.24 employee contributions are made, deposited, and credited to the fund;

22.25 ~~(4)~~ (5) a period of authorized personal, parental, or medical leave of absence without
 22.26 pay, including a leave of absence covered under the federal Family Medical Leave Act,
 22.27 that does not exceed one year, and for which a member obtained service credit for each
 22.28 month in the leave period by payment under section 353.0161 to the fund made in place of
 22.29 salary deductions. An employee must return to public service and render a minimum of
 22.30 three months of allowable service in order to be eligible to make payment under section
 22.31 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
 22.32 employee must be granted allowable service credit for the purchased period;

22.33 ~~(5)~~ (6) a periodic, repetitive leave that is offered to all employees of a governmental
 22.34 subdivision. The leave program may not exceed 208 hours per annual normal work
 22.35 cycle as certified to the association by the employer. A participating member obtains

23.1 service credit by making employee contributions in an amount or amounts based on the
23.2 member's average salary that would have been paid if the leave had not been taken. The
23.3 employer shall pay the employer and additional employer contributions on behalf of the
23.4 participating member. The employee and the employer are responsible to pay interest on
23.5 their respective shares at the rate of 8.5 percent a year, compounded annually, from the
23.6 end of the normal cycle until full payment is made. An employer shall also make the
23.7 employer and additional employer contributions, plus 8.5 percent interest, compounded
23.8 annually, on behalf of an employee who makes employee contributions but terminates
23.9 public service. The employee contributions must be made within one year after the end of
23.10 the annual normal working cycle or within 20 days after termination of public service,
23.11 whichever is sooner. The executive director shall prescribe the manner and forms to be
23.12 used by a governmental subdivision in administering a periodic, repetitive leave. Upon
23.13 payment, the member must be granted allowable service credit for the purchased period;
23.14 ~~(6)~~ (7) an authorized temporary or seasonal layoff under subdivision 12, limited
23.15 to three months allowable service per authorized temporary or seasonal layoff in one
23.16 calendar year. An employee who has received the maximum service credit allowed for an
23.17 authorized temporary or seasonal layoff must return to public service and must obtain a
23.18 minimum of three months of allowable service subsequent to the layoff in order to receive
23.19 allowable service for a subsequent authorized temporary or seasonal layoff; or
23.20 ~~(7)~~ (8) a period during which a member is absent from employment by a
23.21 governmental subdivision by reason of service in the uniformed services, as defined in
23.22 United States Code, title 38, section 4303(13), if the member returns to public service
23.23 upon discharge from service in the uniformed service within the time frames required
23.24 under United States Code, title 38, section 4312(e), provided that the member did not
23.25 separate from uniformed service with a dishonorable or bad conduct discharge or under
23.26 other than honorable conditions. The service is credited if the member pays into the fund
23.27 equivalent employee contributions based upon the contribution rate or rates in effect at
23.28 the time that the uniformed service was performed multiplied by the full and fractional
23.29 years being purchased and applied to the annual salary rate. The annual salary rate is the
23.30 average annual salary during the purchase period that the member would have received
23.31 if the member had continued to be employed in covered employment rather than to
23.32 provide uniformed service, or, if the determination of that rate is not reasonably certain,
23.33 the annual salary rate is the member's average salary rate during the 12-month period of
23.34 covered employment rendered immediately preceding the period of the uniformed service.
23.35 Payment of the member equivalent contributions must be made during a period that begins
23.36 with the date on which the individual returns to public employment and that is three times

24.1 the length of the military leave period, or within five years of the date of discharge from
24.2 the military service, whichever is less. If the determined payment period is less than
24.3 one year, the contributions required under this clause to receive service credit may be
24.4 made within one year of the discharge date. Payment may not be accepted following 20
24.5 days after termination of public service under subdivision 11a. If the member equivalent
24.6 contributions provided for in this clause are not paid in full, the member's allowable
24.7 service credit must be prorated by multiplying the full and fractional number of years of
24.8 uniformed service eligible for purchase by the ratio obtained by dividing the total member
24.9 contributions received by the total member contributions otherwise required under this
24.10 clause. The equivalent employer contribution, and, if applicable, the equivalent additional
24.11 employer contribution must be paid by the governmental subdivision employing the
24.12 member if the member makes the equivalent employee contributions. The employer
24.13 payments must be made from funds available to the employing unit, using the employer
24.14 and additional employer contribution rate or rates in effect at the time that the uniformed
24.15 service was performed, applied to the same annual salary rate or rates used to compute the
24.16 equivalent member contribution. The governmental subdivision involved may appropriate
24.17 money for those payments. The amount of service credit obtainable under this section may
24.18 not exceed five years unless a longer purchase period is required under United States Code,
24.19 title 38, section 4312. The employing unit shall pay interest on all equivalent member and
24.20 employer contribution amounts payable under this clause. Interest must be computed at
24.21 a rate of 8.5 percent compounded annually from the end of each fiscal year of the leave
24.22 or the break in service to the end of the month in which the payment is received. Upon
24.23 payment, the employee must be granted allowable service credit for the purchased period.

24.24 (b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for
24.25 state officers and employees displaced by the Community Corrections Act, chapter 401,
24.26 and transferred into county service under section 401.04, "allowable service" means the
24.27 combined years of allowable service as defined in paragraph (a), clauses (1) to ~~(6)~~ (7), and
24.28 section 352.01, subdivision 11.

24.29 (c) For a public employee who has prior service covered by a local police or
24.30 firefighters relief association that has consolidated with the Public Employees Retirement
24.31 Association or to which section 353.665 applies, and who has elected the type of benefit
24.32 coverage provided by the public employees police and fire fund either under section
24.33 353A.08 following the consolidation or under section 353.665, subdivision 4, "applicable
24.34 service" is a period of service credited by the local police or firefighters relief association
24.35 as of the effective date of the consolidation based on law and on bylaw provisions
24.36 governing the relief association on the date of the initiation of the consolidation procedure.

25.1 (d) ~~No member may receive more than 12 months of allowable service credit~~
 25.2 ~~in a year either for vesting purposes or for benefit calculation purposes.~~ For a member
 25.3 who was previously a member of the former Minneapolis Employees Retirement Fund,
 25.4 "allowable service" is service credited by the prior Minneapolis Employees Retirement
 25.5 Fund on or before June 30, 2010, as reflected in the transferred records of that retirement
 25.6 plan, and service credited under paragraph (a), clause (1), (4), (5), or (8), for the period
 25.7 after the effective date of consolidation under section 353.47, subdivision 7.

25.8 (e) MS 2002 [Expired]

25.9 (f) No member may receive more than 12 months of allowable service credit in a
 25.10 year either for vesting purposes or for benefit calculation purposes.

25.11 Sec. 15. Minnesota Statutes 2008, section 353.0161, subdivision 1, is amended to read:

25.12 Subdivision 1. **Application.** This section applies to employees covered by any plan
 25.13 specified in this chapter or chapter 353E for any period of authorized leave of absence
 25.14 specified in section 353.01, subdivision 16, paragraph (a), clause ~~(4)~~ (5), for which the
 25.15 employee obtains credit for allowable service by making payment as specified in this
 25.16 section to the applicable fund.

25.17 Sec. 16. Minnesota Statutes 2008, section 353.026, is amended to read:

25.18 **353.026 COVERAGE FOR CERTAIN MUNICIPAL AND SCHOOL**
 25.19 **DISTRICT EMPLOYEES.**

25.20 Any person who was employed by the city of Minneapolis, Special School District
 25.21 No. 1, or public corporation as defined in Minnesota Statutes 2008, section 422A.01,
 25.22 subdivision 9, on or after July 1, 1978, and before July 1, 1979, and who was excluded
 25.23 from retirement coverage by the coordinated program of the Minneapolis municipal
 25.24 employees retirement fund under Minnesota Statutes 2008, section 422A.09, subdivision
 25.25 3, is entitled to retirement coverage by the general employees retirement plan of the Public
 25.26 Employees Retirement Association unless specifically excluded under section 353.01,
 25.27 subdivision 2b, from and after May 19, 1981.

25.28 Sec. 17. Minnesota Statutes 2008, section 353.27, subdivision 2, is amended to read:

25.29 Subd. 2. **Employee contribution.** (a) The employee contribution to the general
 25.30 employees retirement plan is the following applicable percentage of the total salary
 25.31 amount for a "basic member," other than a member who previously was a member of the
 25.32 former Minneapolis Employees Retirement Fund, and for a "coordinated member":

	Basic Program	Coordinated Program
26.1		
26.2	Effective before January 1, 2006	9.10
26.3	Effective January 1, 2006	5.10
26.4	Effective January 1, 2007	9.10
26.5	Effective January 1, 2008	5.50
26.6		9.10
26.7		6.00 plus any contribution rate adjustment under subdivision 3b

26.8 (b) The employee contribution to the general employees retirement plan is 9.60
 26.9 percent of the total salary for a basic member who previously was a member of the former
 26.10 Minneapolis Employees Retirement Fund.

26.11 (c) These contributions must be made by deduction from salary as defined in section
 26.12 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a
 26.13 member's salary is paid from other than public funds, the member's employee contribution
 26.14 must be based on the total salary received by the member from all sources.

26.15 Sec. 18. Minnesota Statutes 2008, section 353.27, subdivision 3, is amended to read:

26.16 Subd. 3. **Employer contribution.** (a) The employer contribution to the general
 26.17 employees retirement plan with respect to all members other than employees who were
 26.18 members of the Minneapolis Employees Retirement Fund on the day before the effective
 26.19 date of the consolidation of the Minneapolis Employees Retirement Fund with the general
 26.20 employees retirement plan under section 353.47, subdivision 7, is the following applicable
 26.21 percentage of the total salary amount for "basic members" and for "coordinated members":

	Basic Program	Coordinated Program
26.22		
26.23	Effective before January 1, 2006	9.10
26.24	Effective January 1, 2006	5.10
26.25	Effective January 1, 2007	9.10
26.26	Effective January 1, 2008	5.50
26.27		9.10
26.28		6.00 plus any contribution rate adjustment under subdivision 3b

26.29 (b) The employee contribution of an employer of an employee as defined in
 26.30 Minnesota Statutes 2008, section 422A.01, subdivision 11, with respect to members who
 26.31 were members of the Minneapolis Employees Retirement Fund on June 29, 2010, is 9.60
 26.32 percent of the total salary amount of those members, payable each payroll period.

26.33 (c) This contribution must be made from funds available to the employing
 26.34 subdivision by the means and in the manner provided in section 353.28.

26.35 Sec. 19. Minnesota Statutes 2008, section 353.27, subdivision 3a, is amended to read:

27.1 Subd. 3a. **Additional employer contribution.** (a) An additional employer
 27.2 contribution to the general employees retirement plan of any governmental subdivision
 27.3 must be made in an amount equal to the following applicable percentage of the total salary
 27.4 amount for "basic members" and for "coordinated members":

27.5	Basic Program	Coordinated Program
27.6	Effective before January 1, 2006	2.68 .43
27.7	Effective January 1, 2006	2.68 .50
27.8	Effective January 1, 2009	2.68 .75
27.9	Effective January 1, 2010	2.68 1.00

27.10 These contributions must be made from funds available to the employing subdivision
 27.11 by the means and in the manner provided in section 353.28.

27.12 (b) The coordinated program contribution rates set forth in paragraph (a) effective
 27.13 for January 1, 2009, or January 1, 2010, must not be implemented if, following receipt of
 27.14 the July 1, 2008, or July 1, 2009, annual actuarial valuation reports under section 356.215,
 27.15 respectively, the actuarially required contributions are equal to or less than the total rates
 27.16 under this section in effect as of January 1, 2008.

27.17 (c) This subdivision is repealed once the actuarial value of the assets of the plan
 27.18 equal or exceed the actuarial accrued liability of the plan as determined by the actuary
 27.19 retained under sections 356.214 and 356.215. The repeal is effective on the first day of the
 27.20 first full pay period occurring after March 31 of the calendar year following the issuance
 27.21 of the actuarial valuation upon which the repeal is based.

27.22 Sec. 20. Minnesota Statutes 2008, section 353.27, subdivision 3b, is amended to read:

27.23 Subd. 3b. **Change in employee and employer contributions in certain instances.**

27.24 (a) For purposes of this section, a contribution sufficiency exists if the total of the
 27.25 employee contribution rates under subdivision 2, the employer contribution rates under
 27.26 subdivision 3, the additional employer contribution rates under subdivision 3a, the
 27.27 state aid with respect to the former Minneapolis Employees Retirement Fund under
 27.28 section 422A.101, subdivision 3, expressed as a percentage of covered payroll, the
 27.29 special employer contribution rate under subdivision 3c, and any additional contribution
 27.30 previously imposed under this subdivision exceeds the total of the normal cost rate,
 27.31 the administrative ~~expenses~~ expense rate, and the amortization contribution rate of the
 27.32 retirement plan as reported in the most recent actuarial valuation of the retirement plan
 27.33 prepared by the actuary retained under section 356.214 and prepared under section
 27.34 356.215 and the standards for actuarial work of the Legislative Commission on Pensions
 27.35 and Retirement. For purposes of this section, a contribution deficiency exists if the total of
 27.36 the rates of the employee contributions under subdivision 2, the employer contributions

28.1 under subdivision 3, the additional employer contribution under subdivision 3a, the state
28.2 aid with respect to the former Minneapolis Employees Retirement Fund under section
28.3 422A.101, subdivision 3, expressed as a percentage of covered payroll, the special
28.4 employer contribution under subdivision 3c, and any additional contribution previously
28.5 imposed under this subdivision is less than the total of the normal cost, the administrative
28.6 expenses, and the amortization contribution of the retirement plan as reported in the most
28.7 recent actuarial valuation of the retirement plan prepared by the actuary retained under
28.8 section 356.214 and prepared under section 356.215 and the standards for actuarial work
28.9 of the Legislative Commission on Pensions and Retirement.

28.10 (b) Employee and employer contributions under subdivisions 2 and 3 must be
28.11 adjusted:

28.12 (1) if, after July 1, 2010, the regular actuarial valuations of the general employees
28.13 retirement plan of the Public Employees Retirement Association under section 356.215
28.14 indicate that there is a contribution sufficiency under paragraph (a) equal to or greater
28.15 than 0.5 percent of covered payroll for two consecutive years, the coordinated program
28.16 employee and employer contribution rates must be decreased as determined under
28.17 paragraph (c) to a level such that the sufficiency equals no more than 0.25 percent of
28.18 covered payroll based on the most recent actuarial valuation; or

28.19 (2) if, after July 1, 2010, the regular actuarial valuations of the general employees
28.20 retirement plan of the Public Employees Retirement Association under section 356.215
28.21 indicate that there is a deficiency equal to or greater than 0.5 percent of covered payroll for
28.22 two consecutive years, the coordinated program employee and employer contribution rates
28.23 must be increased as determined under paragraph (c) to a level such that no deficiency
28.24 exists based on the most recent actuarial valuation.

28.25 (c) The contribution rate increase or decrease must be determined by the executive
28.26 director of the Public Employees Retirement Association, must be reported to the chair
28.27 and the executive director of the Legislative Commission on Pensions and Retirement
28.28 on or before the next February 1, and, if the Legislative Commission on Pensions and
28.29 Retirement does not recommend against the rate change or does not recommend a
28.30 modification in the rate change, is effective on the next July 1 following the determination
28.31 by the executive director that a contribution deficiency or sufficiency has existed for
28.32 two consecutive fiscal years based on the most recent actuarial valuations under section
28.33 356.215. If the actuarially required contribution exceeds or is less than the total support
28.34 provided by the combined employee and employer contribution rates by more than 0.5
28.35 percent of covered payroll, the coordinated program employee and employer contribution

29.1 rates must be adjusted incrementally over one or more years to a level such that there
29.2 remains a contribution sufficiency of no more than 0.25 percent of covered payroll.

29.3 (d) No incremental adjustment may exceed 0.25 percent for either the coordinated
29.4 program employee and employer contribution rates per year in which any adjustment is
29.5 implemented. A contribution rate adjustment under this subdivision must not be made
29.6 until at least two years have passed since fully implementing a previous adjustment under
29.7 this subdivision.

29.8 Sec. 21. Minnesota Statutes 2008, section 353.27, is amended by adding a subdivision
29.9 to read:

29.10 Subd. 3c. **Special former MERF employer contribution.** In addition to the
29.11 employer contribution under subdivision 3, paragraph (b), an employer of an employee
29.12 as defined in Minnesota Statutes 2008, section 422A.01, subdivision 11, shall pay its
29.13 proportional share of a total special employer contribution of \$....., payable annually until
29.14 all of the employer's employees who were former Minneapolis Employees Retirement
29.15 Fund members retire, or June 30, 2020, whichever occurs earlier. The proportional share
29.16 must be determined by the executive director based on the relationship of the total salaries
29.17 paid by the employing unit to former members of the former Minneapolis Employees
29.18 Retirement Fund to the total salaries paid by all employing units to former Minneapolis
29.19 Employees Retirement Fund members as of the prior June 30.

29.20 Sec. 22. Minnesota Statutes 2008, section 353.29, subdivision 1, is amended to read:

29.21 Subdivision 1. **Age and allowable service requirements.** (a) Upon termination
29.22 of membership, a person other than an employee who was a member of the former
29.23 Minneapolis Employees Retirement Fund on June 29, 2010, who has attained normal
29.24 retirement age and who received credit for not less than three years of allowable service is
29.25 entitled upon application to a retirement annuity under subdivision 3.

29.26 (b) Upon termination of membership, a person who was a member of the former
29.27 Minneapolis Employees Retirement Fund on June 29, 2010, who has attained the age of
29.28 at least 60 years and has credit for not less than ten years of allowable service or who
29.29 has credit for at least 30 years of allowable service is entitled, upon application, to a
29.30 retirement annuity under subdivision 3a.

29.31 (c) The retirement annuity is known as the "normal" retirement annuity.

29.32 Sec. 23. Minnesota Statutes 2008, section 353.29, subdivision 3, is amended to read:

30.1 Subd. 3. **General retirement annuity formula.** (a) This paragraph, in conjunction
 30.2 with section 353.30, subdivisions 1a, 1b, and 1c, applies to any member under subdivision
 30.3 1, paragraph (a), who first became a public employee or a member of a pension fund listed
 30.4 in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (b), in conjunction
 30.5 with section 353.30, subdivision 5, produces a higher annuity amount, in which case
 30.6 paragraph (b) will apply. The average salary as defined in section 353.01, subdivision 17a,
 30.7 multiplied by the percent specified in section 356.315, subdivision 3, for each year of
 30.8 allowable service for the first ten years and thereafter by the percent specified in section
 30.9 356.315, subdivision 4, per year of allowable service and completed months less than a
 30.10 full year for a basic member, and the percent specified in section 356.315, subdivision
 30.11 1, for each year of allowable service for the first ten years and thereafter by the percent
 30.12 specified in section 356.315, subdivision 2, per year of allowable service and completed
 30.13 months less than a full year for a coordinated member ~~shall determine~~ determines the
 30.14 amount of the normal retirement annuity.

30.15 (b) This paragraph applies to a member under subdivision 1, paragraph (a), who has
 30.16 become at least 55 years old and first became a public employee after June 30, 1989, and
 30.17 to any other member whose annuity amount, when calculated under this paragraph and
 30.18 in conjunction with section 353.30, subdivision 5, is higher than it is when calculated
 30.19 under paragraph (a), in conjunction with section 353.30, subdivisions 1a, 1b, and 1c.
 30.20 The average salary, as defined in section 353.01, subdivision 17a, multiplied by the
 30.21 percent specified in section 356.315, subdivision 4, for each year of allowable service and
 30.22 completed months less than a full year for a basic member and the percent specified in
 30.23 section 356.315, subdivision 2, per year of allowable service and completed months
 30.24 less than a full year for a coordinated member, ~~shall determine~~ determines the amount
 30.25 of the normal retirement annuity.

30.26 Sec. 24. Minnesota Statutes 2008, section 353.29, is amended by adding a subdivision
 30.27 to read:

30.28 **Subd. 3a. Alternative retirement annuity formula in certain cases.** A member
 30.29 under subdivision 1, paragraph (b), is entitled to a normal retirement annuity in an amount
 30.30 equal to 2.0 percent of average salary per year of allowable service, multiplied by the
 30.31 number of years of allowable service credited to the member for each of the first ten years
 30.32 of allowable service and 2.5 percent of average salary per year of allowable service,
 30.33 multiplied by the number of years of allowable service in excess of ten years credited to
 30.34 the member for each of the first ten years of allowable service and 2.5 percent of average
 30.35 salary per year of allowable service, multiplied by the number of years of allowable

31.1 service in excess of ten years credited to the member, and adjusted in amount to have the
31.2 same actuarial present value as the annuity would have had if eligible for an automatic
31.3 annual postretirement adjustment under Minnesota Statutes 2008, section 422A.06,
31.4 subdivision 8, subject to a 3.5 percent maximum annual postretirement adjustment rather
31.5 than the postretirement adjustment under section 11A.181, subdivision 3.

31.6 Sec. 25. Minnesota Statutes 2008, section 353.30, subdivision 5, is amended to read:

31.7 Subd. 5. **Actuarial reduction for early retirement.** (a) Except as provided in
31.8 paragraph (b), this subdivision applies to a member who has become at least 55 years old
31.9 and first became a public employee after June 30, 1989, and to any other member who
31.10 has become at least 55 years old and whose annuity is higher when calculated under
31.11 section 353.29, subdivision 3, paragraph (b), in conjunction with this subdivision than
31.12 when calculated under section 353.29, subdivision 3, paragraph (a), in conjunction with
31.13 subdivision 1, 1a, 1b, or 1c. An employee who retires before normal retirement age shall
31.14 be paid the retirement annuity provided in section 353.29, subdivision 3, paragraph (b),
31.15 reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be
31.16 payable to the employee if the employee deferred receipt of the annuity and the annuity
31.17 amount were augmented at an annual rate of three percent compounded annually from the
31.18 day the annuity begins to accrue until the normal retirement age if the employee became
31.19 an employee before July 1, 2006, and at 2.5 percent compounded annually from the day
31.20 the annuity begins to accrue until the normal retirement age if the employee initially
31.21 becomes an employee after June 30, 2006.

31.22 (b) A member under section 353.29, subdivision 1, paragraph (b), is not eligible
31.23 to receive a retirement annuity earlier than age 60 unless the person has 30 years of
31.24 allowable service and, if the person has 30 years of allowable service, no reduction for
31.25 early retirement is applicable.

31.26 Sec. 26. Minnesota Statutes 2008, section 353.31, subdivision 1, is amended to read:

31.27 Subdivision 1. **Benefits for surviving spouse and dependent children; before**
31.28 **retirement.** (a) Upon the death of a basic member before retirement or upon the death of a
31.29 basic member who was disabled and receiving disability benefits under section 353.33
31.30 at the time of death who has had at least 18 months of credited allowable service, who
31.31 in either case was not a member of the former Minneapolis Employees Retirement Fund
31.32 on June 29, 2010, the surviving spouse and dependent child or children of the member,
31.33 as defined in section 353.01, subdivisions 15 and 20, are entitled to receive the monthly
31.34 benefit provided below:

33.1 Subd. 1a. **Maximum family benefit.** (a) Payments for the benefit of a dependent
33.2 child or children, as defined in section 353.01, subdivision 15, must be made to the
33.3 surviving parent, or to the legal guardian of the child.

33.4 (b) The maximum monthly benefit for a family receiving a benefit under subdivision
33.5 1, paragraph (a), must not exceed an amount equal to 70 percent of the member's specified
33.6 average monthly salary, and the minimum benefit for a family including a 100 percent
33.7 joint and survivor annuity under subdivision 1b, must not be less than 50 percent of the
33.8 basic member's specified average monthly salary.

33.9 Sec. 28. Minnesota Statutes 2008, section 353.32, subdivision 1a, is amended to read:

33.10 Subd. 1a. **Surviving spouse optional annuity.** (a) This subdivision applies to
33.11 the surviving spouse of a person who was not a member of the former Minneapolis
33.12 Employees Retirement Fund on June 29, 2010.

33.13 (b) If a member or former member who has credit for not less than three years of
33.14 allowable service and dies before the annuity or disability benefit begins to accrue under
33.15 section 353.29, subdivision 7, or 353.33, subdivision 2, notwithstanding any designation
33.16 of beneficiary to the contrary, the surviving spouse may elect to receive, instead of a refund
33.17 with interest under subdivision 1, or surviving spouse benefits otherwise payable under
33.18 section 353.31, an annuity equal to a 100 percent joint and survivor annuity computed
33.19 consistent with section 353.30, subdivision 1a, 1c, or 5, whichever is applicable.

33.20 ~~(b)~~ (c) If a member first became a public employee or a member of a pension fund
33.21 listed in section 356.30, subdivision 3, before July 1, 1989, and has credit for at least 30
33.22 years of allowable service on the date of death, the surviving spouse may elect to receive a
33.23 100 percent joint and survivor annuity computed using section 353.30, subdivision 1b,
33.24 except that the early retirement reduction under that provision will be applied from age
33.25 62 back to age 55 and one-half of the early retirement reduction from age 55 back to
33.26 the age payment begins.

33.27 ~~(c)~~ (d) If a member who was under age 55 and has credit for at least three years
33.28 of allowable service dies, but did not qualify for retirement on the date of death, the
33.29 surviving spouse may elect to receive a 100 percent joint and survivor annuity computed
33.30 using section 353.30, subdivision 1c or 5, as applicable, except that the early retirement
33.31 reduction specified in the applicable subdivision will be applied to age 55 and one-half of
33.32 the early retirement reduction from age 55 back to the age payment begins.

33.33 ~~(d)~~ (e) Notwithstanding the definition of surviving spouse in section 353.01,
33.34 subdivision 20, a former spouse of the member, if any, is entitled to a portion of the
33.35 monthly surviving spouse optional annuity if stipulated under the terms of a marriage

34.1 dissolution decree filed with the association. If there is no surviving spouse or child
 34.2 or children, a former spouse may be entitled to a lump-sum refund payment under
 34.3 subdivision 1, if provided for in a marriage dissolution decree, but not a monthly surviving
 34.4 spouse optional annuity, despite the terms of a marriage dissolution decree filed with
 34.5 the association.

34.6 ~~(e)~~ (f) The surviving spouse eligible for surviving spouse benefits under paragraph
 34.7 (a) may apply for the annuity at any time after the date on which the deceased employee
 34.8 would have attained the required age for retirement based on the employee's allowable
 34.9 service. The surviving spouse eligible for surviving spouse benefits under paragraph ~~(b)~~
 34.10 (c) or ~~(e)~~ (d) may apply for an annuity any time after the member's death.

34.11 ~~(f)~~ (g) Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred
 34.12 annuity or surviving spouse benefit payable under this subdivision.

34.13 ~~(g)~~ (h) An amount equal to any excess of the accumulated contributions that were
 34.14 credited to the account of the deceased employee over and above the total of the annuities
 34.15 paid and payable to the surviving spouse must be paid to the surviving spouse's estate.

34.16 ~~(h)~~ (i) A member may specify in writing, with the signed consent of the spouse, that
 34.17 this subdivision does not apply and that payment may be made only to the designated
 34.18 beneficiary as otherwise provided by this chapter. The waiver of a surviving spouse
 34.19 annuity under this section does not make a dependent child eligible for benefits under
 34.20 subdivision 1c.

34.21 ~~(i)~~ (j) If the deceased member or former member first became a public employee or a
 34.22 member of a public pension plan listed in section 356.30, subdivision 3, on or after July 1,
 34.23 1989, a survivor annuity computed under paragraph ~~(a)~~ (b) or ~~(e)~~ (d) must be computed as
 34.24 specified in section 353.30, subdivision 5, except for the revised early retirement reduction
 34.25 specified in paragraph ~~(e)~~ (d), if paragraph ~~(e)~~ (d) is the applicable provision.

34.26 ~~(j)~~ (k) For any survivor annuity determined under this subdivision, the payment is to
 34.27 be based on the total allowable service that the member had accrued as of the date of death
 34.28 and the age of the member and surviving spouse on that date.

34.29 Sec. 29. Minnesota Statutes 2008, section 353.33, subdivision 1, is amended to read:

34.30 Subdivision 1. **Age, service, and salary requirements.** (a) A coordinated member
 34.31 who has at least three years of allowable service and becomes totally and permanently
 34.32 disabled before normal retirement age, and a basic member other than a basic member
 34.33 covered by paragraph (b) who has at least three years of allowable service and who
 34.34 becomes totally and permanently disabled, upon application as defined under section
 34.35 353.031, is entitled to a disability benefit in an amount determined under subdivision 3.

35.1 If the disabled person's public service has terminated at any time, at least two of the
 35.2 required three years of allowable service must have been rendered after last becoming
 35.3 an active member.

35.4 (b) A basic member who was a member of the former Minneapolis Employees
 35.5 Retirement Fund on June 29, 2010, and who was disabled as a result of injury or illness
 35.6 connected with the performance of employment duties with any allowable service or
 35.7 who was disabled not as a result of injury or illness connected with the performance of
 35.8 employment duties with at least five years of allowable service is entitled to a disability
 35.9 benefit.

35.10 Sec. 30. Minnesota Statutes 2008, section 353.33, subdivision 3, is amended to read:

35.11 Subd. 3. **Computation of benefits.** (a) ~~This~~ Except as provided in paragraph (b),
 35.12 the disability benefit is an amount equal to the normal annuity payable to a member who
 35.13 has reached normal retirement age with the same number of years of allowable service
 35.14 and the same average salary, as provided in section 353.01, subdivision 17a, and section
 35.15 353.29, subdivision 3.

35.16 (b) For a disabled member under subdivision 1, paragraph (b), the disability benefit
 35.17 is 50 percent of average salary or an amount equal to 2.0 percent of average salary per
 35.18 year of allowable service for the first ten years of allowable service and to 2.5 percent of
 35.19 average salary per year of allowable service in excess of the first ten years of allowable
 35.20 service, including assumed service between the date of disability and the person's earliest
 35.21 determinable normal retirement age. The computed disability benefit under this paragraph
 35.22 also must be adjusted to have the same actuarial present value as the benefit would
 35.23 have if eligible for an annual postretirement adjustment under Minnesota Statutes 2006,
 35.24 section 422A.06, subdivision 8, subject to a 3.5 percent maximum annual postretirement
 35.25 adjustment rather than the postretirement adjustment under section 11A.181, subdivision 3.

35.26 (c) A basic member ~~shall~~ under paragraph (a) is entitled to receive a supplementary
 35.27 monthly benefit of \$25 to age 65 or the five-year anniversary of the effective date of
 35.28 the disability benefit, whichever is later.

35.29 ~~(e)~~ (d) If the disability benefits under this subdivision paragraphs (a) and (c) exceed
 35.30 the average salary as defined in section 353.01, subdivision 17a, the disability benefits
 35.31 must be reduced to an amount equal to the average salary.

35.32 Sec. 31. Minnesota Statutes 2008, section 353.33, subdivision 12, is amended to read:

35.33 Subd. 12. **Basic disability survivor benefits.** If a basic member who is receiving a
 35.34 disability benefit under subdivision 3, paragraph (a):

36.1 (1) dies before attaining age 65 or within five years of the effective date of the
36.2 disability, whichever is later, the surviving spouse is entitled to receive a survivor benefit
36.3 under section 353.31, unless the surviving spouse elected to receive a refund under section
36.4 353.32, subdivision 1;

36.5 (2) is living at age 65 or five years after the effective date of the disability, whichever
36.6 is later, the basic member may continue to receive a normal disability benefit, or elect a
36.7 joint and survivor optional annuity under section 353.31, subdivision 1b. The election of
36.8 the joint and survivor optional annuity must occur within 90 days of attaining age 65 or of
36.9 reaching the five-year anniversary of the effective date of the disability benefit, whichever
36.10 is later. The optional annuity takes effect on the first day of the month following the month
36.11 in which the person attains age 65 or reaches the five-year anniversary of the effective date
36.12 of the disability benefit, whichever is later; or

36.13 (3) if there is a dependent child or children under clause (1) or (2), the dependent
36.14 child is entitled to a dependent child benefit under section 353.31, subdivision 1b,
36.15 paragraph (b).

36.16 Sec. 32. Minnesota Statutes 2008, section 353.34, subdivision 3, is amended to read:

36.17 Subd. 3. **Deferred annuity; eligibility; computation.** A member with at least
36.18 three years of allowable service when termination of public service or termination of
36.19 membership occurs has the option of leaving the accumulated deductions in the fund and
36.20 being entitled to a deferred retirement annuity commencing at normal retirement age or
36.21 to a deferred early retirement annuity under section 353.30, subdivision 1a, 1b, 1c, or 5.
36.22 The deferred annuity must be computed under section 353.29, subdivision 3 or 3a, on the
36.23 basis of the law in effect on the date of termination of public service or termination of
36.24 membership, whichever is earlier, and must be augmented as provided in section 353.71,
36.25 subdivision 2. A former member qualified to apply for a deferred retirement annuity may
36.26 revoke this option at any time before the commencement of deferred annuity payments
36.27 by making application for a refund. The person is entitled to a refund of accumulated
36.28 member contributions within 30 days following date of receipt of the application by the
36.29 executive director.

36.30 Sec. 33. Minnesota Statutes 2008, section 353.37, is amended by adding a subdivision
36.31 to read:

36.32 Subd. 6. **Application in certain instances.** (a) A person who retired under the
36.33 provisions of Minnesota Statutes 2008, chapter 422A, on or before June 30, 2010,

37.1 whichever is earlier, is not subject to the provisions of this section for subsequent
 37.2 reemployment by a governmental subdivision.

37.3 (b) A person who retired under the provisions of section 353.29, subdivision 1,
 37.4 paragraph (b), 353.31, subdivision 1, paragraph (b), or 353.33, subdivision 1, paragraph
 37.5 (b), after the effective date of the consolidation under section 353.47, subdivision 7, is
 37.6 subject to this section for subsequent reemployment by a governmental subdivision.

37.7 Sec. 34. Minnesota Statutes 2008, section 353.46, subdivision 6, is amended to read:

37.8 Subd. 6. **Computation of benefits for certain coordinated members.** Any
 37.9 coordinated member who ~~prior to~~ before July 1, 1979₂, was a member of the coordinated
 37.10 program of the former Minneapolis Municipal Employees Retirement Fund and who ~~prior~~
 37.11 ~~to~~ before July 1, 1978₂, was a member of the basic program of the former Minneapolis
 37.12 Municipal Employees Retirement Fund ~~shall~~:

37.13 ~~(1) be~~ is entitled to receive a retirement annuity when otherwise qualified, the
 37.14 calculation of which ~~shall~~ must utilize the formula accrual rates specified in Minnesota
 37.15 Statutes 2008, section 422A.15, subdivision 1, for that portion of credited service which
 37.16 was rendered ~~prior to~~ before July 1, 1978, and the formula accrual rates specified in
 37.17 section ~~353.29, subdivision 3~~ 356.315, subdivision 2, for the remainder of credited service,
 37.18 both applied to the average salary as specified in section ~~353.29, subdivision 2~~ 353.01,
 37.19 subdivision 17a. The formula accrual rates to be used in calculating the retirement annuity
 37.20 ~~shall~~ must recognize the service after July 1, 1978₂, as a member of the coordinated
 37.21 program of the former Minneapolis Municipal Employees Retirement Fund and after July
 37.22 1, 1979₂, as a member of the coordinated program of the general employees retirement plan
 37.23 of the Public Employees Retirement Association as a continuation of service rendered
 37.24 ~~prior to~~ before July 1, 1978. The annuity ~~amount attributable to service as a member of the~~
 37.25 ~~basic program of the Minneapolis Municipal Employees Retirement Fund shall be payable~~
 37.26 ~~by the Minneapolis Employees Retirement Fund and the annuity amount attributable to~~
 37.27 ~~all other service shall be~~ is payable by from the general employees retirement plan of the
 37.28 Public Employees Retirement Association;

37.29 ~~(2) retain eligibility when otherwise qualified for a disability benefit from the~~
 37.30 ~~Minneapolis Employees Retirement Fund until July 1, 1982, notwithstanding coverage~~
 37.31 ~~by the Public Employees Retirement Association, if the member has or would, without~~
 37.32 ~~the transfer of retirement coverage from the basic program of the Minneapolis Municipal~~
 37.33 ~~Employees Retirement Fund to the coordinated program of the Minneapolis Municipal~~
 37.34 ~~Employees Retirement Fund or from the coordinated program of the Minneapolis~~
 37.35 ~~Municipal Employees Retirement Fund to the public employees retirement fund, have~~

38.1 ~~sufficient credited service prior to January 1, 1983, to meet the minimum service~~
38.2 ~~requirements for a disability benefit pursuant to section 422A.18. The disability benefit~~
38.3 ~~amount attributable to service as a member of the basic program of the Minneapolis~~
38.4 ~~Municipal Employees Retirement Fund shall be payable by the Minneapolis Employees~~
38.5 ~~Retirement Fund and the disability benefit amount attributable to all other service shall be~~
38.6 ~~payable by the Public Employees Retirement Association.~~

38.7 Sec. 35. **[353.47] CONSOLIDATION OF MINNEAPOLIS EMPLOYEES**
38.8 **RETIREMENT FUND.**

38.9 Subdivision 1. **Membership transfer.** Effective as of June 30, 2010, under
38.10 subdivision 7, active, inactive, and retired members of the Minneapolis Employees
38.11 Retirement Fund are transferred to the general employees retirement plan of the Public
38.12 Employees Retirement Association and are no longer members of the Minneapolis
38.13 Employees Retirement Fund.

38.14 Subd. 2. **Service credit and benefit liability transfer.** (a) All allowable service
38.15 credit and salary credit of the members of the Minneapolis Employees Retirement Fund as
38.16 specified in the records of the Minneapolis Employees Retirement Fund through June 30,
38.17 2010, is transferred to the general employees retirement plan of the Public Employees
38.18 Retirement Association and is credited by the general employees retirement plan under
38.19 section 353.01, subdivisions 10 and 16, on June 30, 2010.

38.20 (b) The liability for the payment of annuities and benefits of the Minneapolis
38.21 Employees Retirement Fund retirees and benefit recipients as specified in the records of
38.22 the Minneapolis Employees Retirement Fund is transferred to the general employees
38.23 retirement plan of the Public Employees Retirement Association on July 1, 2010.

38.24 Subd. 3. **Transfer of records.** On June 30, 2010, the executive director of the
38.25 Minneapolis Employees Retirement Fund shall transfer all records and documents relating
38.26 to the Minneapolis Employees Retirement Fund to the executive director of the Public
38.27 Employees Retirement Association. To the extent possible, original copies of all records
38.28 and documents must be transferred.

38.29 Subd. 4. **Transfer of title to assets.** On July 1, 2010, legal title to the assets of the
38.30 Minneapolis Employees Retirement Fund transfers to the State Board of Investment and
38.31 the assets must be invested under section 11A.14, as assets of the general employees
38.32 retirement plan of the Public Employees Retirement Association. The general employees
38.33 retirement plan of the Public Employees Retirement Association is the successor in
38.34 interest to all claims that the Minneapolis Employees Retirement Fund may have or any
38.35 assets, but the general employees retirement plan is not liable for any claim against the

39.1 Minneapolis Employees Retirement Fund, its governing board, or its administrative staff
39.2 acting in a fiduciary capacity under chapter 356A or under common law, which is founded
39.3 upon a claim of breach of fiduciary duty, but where the act or acts constituting the claimed
39.4 breach were not undertaken in good faith, the general employees retirement plan may
39.5 assert any applicable defense to any claim in any judicial or administrative proceeding that
39.6 the Minneapolis Employees Retirement Fund, its board, or its administrative staff would
39.7 otherwise have been entitled to assert, and the general employees retirement plan may
39.8 assert any applicable defense that it has in its capacity as a statewide agency.

39.9 Subd. 5. **Benefits.** The annuities and benefits of or attributable to retired, disabled,
39.10 deferred, or inactive Minneapolis Employees Retirement Fund members with that status
39.11 as of June 30, 2010, continue after consolidation, adjusted with an additional annuity or
39.12 benefit amount with an actuarial present value, calculated using the mortality table of
39.13 the general employees retirement plan of the Public Employees Retirement Association
39.14 and an interest rate of 8.5 percent, equal to the difference between the actuarial present
39.15 value of the person's annuity or benefit, calculated on the same basis, with automatic
39.16 annual postretirement adjustments based on increases in the federal Consumer Price
39.17 Index, subject to a 3.5 percent annual maximum, and the actuarial present value of the
39.18 person's annuity or benefit, calculated on the same basis, with 2.5 percent annual automatic
39.19 postretirement adjustments.

39.20 Subd. 6. **Additional asset transfer or annual payments.** (a) As of June 30, 2010,
39.21 the approved actuary retained by the Public Employees Retirement Association shall
39.22 determine the amount of any additional asset requirement of the general employees
39.23 retirement plan of the Public Employees Retirement Association by virtue of or as a result
39.24 of the consolidation of the Minneapolis Employees Retirement Fund.

39.25 (b) The additional asset amount is the amount of assets needed to bring the assets
39.26 of the Minneapolis Employees Retirement Fund, at fair market value as of June 30,
39.27 2009, attributable to active members equal to the present value of future benefits for
39.28 those members as of July 1, 2009, reduced by the present value of the future normal
39.29 cost for those active members as of July 1, 2009, and the assets of the Minneapolis
39.30 Employees Retirement Fund, at fair market value as of June 30, 2009, attributable to
39.31 retired members equal to the present value of future benefits for those retired members,
39.32 reduced by the present value of the state aid to the Minneapolis Employees Retirement
39.33 Fund under section 422A.101, subdivision 3, reduced by the present value of the employer
39.34 contributions payable by the city of Minneapolis under section 353.27, subdivision 3,
39.35 paragraph (b), reduced by the present value of the additional employer contribution
39.36 payable by the city of Minneapolis under section 353.27, subdivision 3a, for active former

40.1 Minneapolis Employees Retirement Fund members, and reduced by the present value of
 40.2 the special former Minneapolis Employees Retirement Fund employer contribution under
 40.3 section 353.27, subdivision 3c.

40.4 (c) Unless a different allocation of the additional asset amount is agreed upon by the
 40.5 city of Minneapolis and the state, the additional asset amount must be paid by the city of
 40.6 Minneapolis. The additional asset may be paid in a lump sum on or before September 30,
 40.7 2010, or in ten equal annual installments, payable on December 31 annually, plus interest
 40.8 on the unpaid balance at an annual compound interest rate of 8.5 percent from June 30,
 40.9 2010, or most recent prior payment, whichever applies, to the date of the applicable
 40.10 payment. Any alternative allocation agreement under this paragraph must be in the form
 40.11 of a written agreement executed by the mayor of Minneapolis and by the governor and
 40.12 must be accompanied by a resolution approving the agreement by the city council of the
 40.13 city of Minneapolis and by an approval resolution adopted by the Legislative Advisory
 40.14 Commission. Any alternative agreement and accompanying resolutions must be filed with
 40.15 the secretary of state. If Minneapolis is obligated to pay some or all of the additional
 40.16 asset amount and if the finance director of Minneapolis determines that employing units
 40.17 other than Minneapolis with former active Minneapolis Employees Retirement Fund
 40.18 members owe a portion of that lump sum payment, the finance director shall bill those
 40.19 employing units for their proportional share of the lump sum payment or of the annual
 40.20 installment payment.

40.21 Subd. 7. **Effective date of consolidation.** The effective date of the consolidation
 40.22 of the Minneapolis Employees Retirement Fund with the general employees retirement
 40.23 plan is June 30, 2010.

40.24 Sec. 36. Minnesota Statutes 2008, section 353.64, subdivision 7, is amended to read:

40.25 Subd. 7. **Pension coverage for ~~certain~~ public safety employees of the**
 40.26 **Metropolitan Airports Commission.** Any person first employed as either a full-time
 40.27 firefighter or a full-time police officer by the Metropolitan Airports Commission ~~after June~~
 40.28 ~~30, 1978~~, who is not eligible for coverage under the agreement signed between the state
 40.29 and the secretary of the federal Department of Health and Human Services making the
 40.30 provisions of the federal Old Age, Survivors, and Disability Insurance Act applicable to
 40.31 municipal employees because that position is excluded from application ~~pursuant to~~ under
 40.32 Title 42, United States Code, Sections 418 (d) (5) (A) and 418 (d) (8) (D) and section
 40.33 355.07, ~~shall not be a member of the Minneapolis Employees Retirement Fund but shall~~
 40.34 ~~be~~ is a member of the public employees police and fire fund and ~~shall be~~ is deemed to be a
 40.35 firefighter or a police officer within the meaning of this section. The Metropolitan Airports

41.1 Commission shall make the employer contribution required ~~pursuant to~~ under section
 41.2 353.65, subdivision 3, with respect to each of its firefighters or police officers covered
 41.3 by the public employees police and fire fund and shall meet the employers recording and
 41.4 reporting requirements set forth in section 353.65, subdivision 4.

41.5 Sec. 37. Minnesota Statutes 2008, section 354.71, is amended to read:

41.6 **354.71 MINNEAPOLIS EMPLOYEES RETIREMENT FUND STATE AID**
 41.7 **REDEDICATED.**

41.8 Subdivision 1. **Appropriation.** The positive difference, if any, between the actual
 41.9 state aid ~~paid~~ payable to the general employees retirement plan of the Public Employees
 41.10 Retirement Association with respect to the consolidated former Minneapolis Employees
 41.11 Retirement Fund under section 422A.101, subdivision 3, and \$8,065,000 annually is
 41.12 appropriated from the general fund to the commissioner of finance for deposit in the
 41.13 Teachers Retirement Association to offset all or a portion of the current and future
 41.14 unfunded actuarial accrued liability of the Minneapolis Teachers Retirement Fund
 41.15 Association.

41.16 Subd. 2. **Financial requirements.** The appropriation in subdivision 1 is available
 41.17 to the extent that financial requirements ~~of~~ with respect to the consolidated former
 41.18 Minneapolis Employees Retirement Fund under section 422A.101, subdivision 3, have
 41.19 been satisfied.

41.20 Sec. 38. Minnesota Statutes 2008, section 354A.011, subdivision 27, is amended to
 41.21 read:

41.22 Subd. 27. **Teacher.** (a) "Teacher" means any person who renders service for a public
 41.23 school district, other than a charter school, located in the corporate limits of Duluth or
 41.24 St. Paul, as any of the following:

41.25 (1) a full-time employee in a position for which a valid license from the state
 41.26 Department of Education is required;

41.27 (2) an employee of the teachers retirement fund association located in the city of
 41.28 the first class ~~unless the employee has exercised the option pursuant to Laws 1955,~~
 41.29 ~~chapter 10, section 1, to retain membership in the Minneapolis Employees Retirement~~
 41.30 ~~Fund established pursuant to chapter 422A;~~

41.31 (3) a part-time employee in a position for which a valid license from the state
 41.32 Department of Education is required; or

41.33 (4) a part-time employee in a position for which a valid license from the state
 41.34 Department of Education is required who also renders other nonteaching services for the

42.1 school district, unless the board of trustees of the teachers retirement fund association
 42.2 determines that the combined employment is on the whole so substantially dissimilar to
 42.3 teaching service that the service may not be covered by the association.

42.4 (b) The term does not mean any person who renders service in the school district
 42.5 as any of the following:

42.6 (1) an independent contractor or the employee of an independent contractor;

42.7 (2) an employee who is a full-time teacher covered by the Teachers Retirement
 42.8 Association or by another teachers retirement fund association established pursuant to this
 42.9 chapter or chapter 354;

42.10 (3) an employee exempt from licensure pursuant to section 122A.30;

42.11 (4) an employee who is a teacher in a technical college located in a city of the first
 42.12 class unless the person elects coverage by the applicable first class city teacher retirement
 42.13 fund association under section 354B.21, subdivision 2;

42.14 (5) a teacher employed by a charter school, irrespective of the location of the
 42.15 school; or

42.16 (6) an employee who is a part-time teacher in a technical college in a city of the first
 42.17 class and who has elected coverage by the applicable first class city teacher retirement
 42.18 fund association under section 354B.21, subdivision 2, but (i) the teaching service is
 42.19 incidental to the regular nonteaching occupation of the person; (ii) the applicable technical
 42.20 college stipulates annually in advance that the part-time teaching service will not exceed
 42.21 300 hours in a fiscal year; and (iii) the part-time teaching actually does not exceed 300
 42.22 hours in the fiscal year to which the certification applies.

42.23 Sec. 39. Minnesota Statutes 2008, section 354A.39, is amended to read:

42.24 **354A.39 SERVICE IN OTHER PUBLIC RETIREMENT FUNDS; ANNUITY.**

42.25 Any person who has been a member of the Minnesota State Retirement System, the
 42.26 Public Employees Retirement Association including the Public Employees Retirement
 42.27 Association Police and Fire Fund, the Teachers Retirement Association, the Minnesota
 42.28 State Patrol Retirement Association, the legislators retirement plan, the constitutional
 42.29 officers retirement plan, ~~the Minneapolis Employees Retirement Fund~~, the Duluth
 42.30 Teachers Retirement Fund Association new law coordinated program, the St. Paul
 42.31 Teachers Retirement Fund Association coordinated program, or any other public employee
 42.32 retirement system in the state of Minnesota having a like provision but excluding all other
 42.33 funds providing retirement benefits for police officers or firefighters shall be entitled
 42.34 when qualified to an annuity from each fund if the person's total allowable service in all
 42.35 of the funds or in any two or more of the funds totals three or more years, provided that

43.1 no portion of the allowable service upon which the retirement annuity from one fund is
 43.2 based is used again in the computation for a retirement annuity from another fund and
 43.3 provided further that the person has not taken a refund from any of funds or associations
 43.4 since the person's membership in the fund or association has terminated. The annuity
 43.5 from each fund or association shall be determined by the appropriate provisions of the
 43.6 law governing each fund or association, except that the requirement that a person must
 43.7 have at least three years of allowable service in the respective fund or association shall not
 43.8 apply for the purposes of this section, provided that the aggregate service in two or more
 43.9 of these funds equals three or more years.

43.10 Sec. 40. Minnesota Statutes 2008, section 356.20, subdivision 2, is amended to read:

43.11 Subd. 2. **Covered public pension plans and funds.** This section applies to the
 43.12 following public pension plans:

43.13 (1) the general state employees retirement plan of the Minnesota State Retirement
 43.14 System;

43.15 (2) the general employees retirement plan of the Public Employees Retirement
 43.16 Association;

43.17 (3) the Teachers Retirement Association;

43.18 (4) the State Patrol retirement plan;

43.19 (5) the St. Paul Teachers Retirement Fund Association;

43.20 (6) the Duluth Teachers Retirement Fund Association;

43.21 ~~(7) the Minneapolis Employees Retirement Fund;~~

43.22 ~~(8)~~ (7) the University of Minnesota faculty retirement plan;

43.23 ~~(9)~~ (8) the University of Minnesota faculty supplemental retirement plan;

43.24 ~~(10)~~ (9) the judges retirement fund;

43.25 ~~(11)~~ (10) a police or firefighter's relief association specified or described in section
 43.26 69.77, subdivision 1a;

43.27 ~~(12)~~ (11) a volunteer firefighter relief association governed by section 69.771,
 43.28 subdivision 1;

43.29 ~~(13)~~ (12) the public employees police and fire plan of the Public Employees
 43.30 Retirement Association;

43.31 ~~(14)~~ (13) the correctional state employees retirement plan of the Minnesota State
 43.32 Retirement System; and

43.33 ~~(15)~~ (14) the local government correctional service retirement plan of the Public
 43.34 Employees Retirement Association.

44.1 Sec. 41. Minnesota Statutes 2008, section 356.214, subdivision 1, is amended to read:

44.2 Subdivision 1. **Actuary retention.** (a) The governing board or managing or
 44.3 administrative official of each public pension plan and retirement fund or plan enumerated
 44.4 in paragraph (b) shall contract with an established actuarial consulting firm to conduct
 44.5 annual actuarial valuations and related services. The principal from the actuarial
 44.6 consulting firm on the contract must be an approved actuary under section 356.215,
 44.7 subdivision 1, paragraph (c).

44.8 (b) Actuarial services must include the preparation of actuarial valuations and
 44.9 related actuarial work for the following retirement plans:

44.10 (1) the teachers retirement plan, Teachers Retirement Association;

44.11 (2) the general state employees retirement plan, Minnesota State Retirement System;

44.12 (3) the correctional employees retirement plan, Minnesota State Retirement System;

44.13 (4) the State Patrol retirement plan, Minnesota State Retirement System;

44.14 (5) the judges retirement plan, Minnesota State Retirement System;

44.15 ~~(6) the Minneapolis employees retirement plan, Minneapolis Employees Retirement~~
 44.16 ~~Fund;~~

44.17 ~~(7) (6)~~ the public employees retirement plan, Public Employees Retirement
 44.18 Association;

44.19 ~~(8) (7)~~ the public employees police and fire plan, Public Employees Retirement
 44.20 Association;

44.21 ~~(9) (8)~~ the Duluth teachers retirement plan, Duluth Teachers Retirement Fund
 44.22 Association;

44.23 ~~(10) (9)~~ the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund
 44.24 Association;

44.25 ~~(11) (10)~~ the legislators retirement plan, Minnesota State Retirement System;

44.26 ~~(12) (11)~~ the elective state officers retirement plan, Minnesota State Retirement
 44.27 System; and

44.28 ~~(13) (12)~~ local government correctional service retirement plan, Public Employees
 44.29 Retirement Association.

44.30 (c) The contracts must require completion of the annual actuarial valuation
 44.31 calculations on a fiscal year basis, with the contents of the actuarial valuation calculations
 44.32 as specified in section 356.215, and in conformity with the standards for actuarial work
 44.33 adopted by the Legislative Commission on Pensions and Retirement.

44.34 The contracts must require completion of annual experience data collection and
 44.35 processing and a quadrennial published experience study for the plans listed in paragraph
 44.36 (b), clauses (1), (2), and ~~(7) (6)~~, as provided for in the standards for actuarial work

45.1 adopted by the commission. The experience data collection, processing, and analysis
45.2 must evaluate the following:

- 45.3 (1) individual salary progression;
- 45.4 (2) the rate of return on investments based on the current asset value;
- 45.5 (3) payroll growth;
- 45.6 (4) mortality;
- 45.7 (5) retirement age;
- 45.8 (6) withdrawal; and
- 45.9 (7) disablement.

45.10 (d) The actuary shall annually prepare a report to the governing or managing board
45.11 or administrative official and the legislature, summarizing the results of the actuarial
45.12 valuation calculations. The actuary shall include with the report any recommendations
45.13 concerning the appropriateness of the support rates to achieve proper funding of
45.14 the retirement plans by the required funding dates. The actuary shall, as part of the
45.15 quadrennial experience study, include recommendations on the appropriateness of the
45.16 actuarial valuation assumptions required for evaluation in the study.

45.17 (e) If the actuarial gain and loss analysis in the actuarial valuation calculations
45.18 indicates a persistent pattern of sizable gains or losses, the governing or managing board
45.19 or administrative official shall direct the actuary to prepare a special experience study
45.20 for a plan listed in paragraph (b), clause (3), (4), (5), ~~(6)~~ (7), (8), (9), (10), (11), ~~(12)~~;
45.21 or ~~(13)~~ (12), in the manner provided for in the standards for actuarial work adopted by
45.22 the commission.

45.23 Sec. 42. Minnesota Statutes 2008, section 356.215, subdivision 8, is amended to read:

45.24 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use
45.25 the applicable following preretirement interest assumption and the applicable following
45.26 postretirement interest assumption:

45.27 45.28 45.29 plan	45.27 45.28 preretirement 45.29 interest rate 45.30 assumption	45.27 45.28 postretirement 45.29 interest rate 45.30 assumption
45.30 general state employees retirement plan	8.5%	6.0%
45.31 correctional state employees retirement plan	8.5	6.0
45.32 State Patrol retirement plan	8.5	6.0
45.33 legislators retirement plan	8.5	6.0
45.34 elective state officers retirement plan	8.5	6.0
45.35 judges retirement plan	8.5	6.0
45.36 general public employees retirement plan	8.5	6.0
45.37 public employees police and fire retirement plan	8.5	6.0

46.1	local government correctional service retirement		
46.2	plan	8.5	6.0
46.3	teachers retirement plan	8.5	6.0
46.4	Minneapolis employees retirement plan	6.0	5.0
46.5	Duluth teachers retirement plan	8.5	8.5
46.6	St. Paul teachers retirement plan	8.5	8.5
46.7	Minneapolis Police Relief Association	6.0	6.0
46.8	Fairmont Police Relief Association	5.0	5.0
46.9	Minneapolis Fire Department Relief Association	6.0	6.0
46.10	Virginia Fire Department Relief Association	5.0	5.0
46.11	Bloomington Fire Department Relief Association	6.0	6.0
46.12	local monthly benefit volunteer firefighters relief		
46.13	associations	5.0	5.0

46.14 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
 46.15 single rate future salary increase assumption, the applicable following modified single
 46.16 rate future salary increase assumption, or the applicable following graded rate future
 46.17 salary increase assumption:

46.18 (1) single rate future salary increase assumption

46.19		future salary
46.20	plan	increase assumption
46.21	legislators retirement plan	5.0%
46.22	judges retirement plan	4.0
46.23	Minneapolis Police Relief Association	4.0
46.24	Fairmont Police Relief Association	3.5
46.25	Minneapolis Fire Department Relief	
46.26	Association	4.0
46.27	Virginia Fire Department Relief Association	3.5
46.28	Bloomington Fire Department Relief	
46.29	Association	4.0

46.30 ~~(2) modified single rate future salary increase assumption~~

46.31		future salary
46.32	plan	increase assumption
46.33	Minneapolis employees	the prior calendar year amount increased
46.34	retirement plan	first by 1.0198 percent to prior fiscal year
46.35		date and then increased by 4.0 percent
46.36		annually for each future year

46.37 ~~(3)~~ (2) select and ultimate future salary increase assumption or graded rate future
 46.38 salary increase assumption

46.39		future salary
46.40	plan	increase assumption
46.41	general state employees retirement plan	select calculation and
46.42		assumption A
46.43	correctional state employees retirement plan	assumption H

47.1	State Patrol retirement plan	assumption G
47.2	general public employees retirement plan	select calculation and
47.3		assumption B
47.4	public employees police and fire fund retirement plan	assumption C
47.5	local government correctional service retirement plan	assumption G
47.6	teachers retirement plan	assumption D
47.7	Duluth teachers retirement plan	assumption E
47.8	St. Paul teachers retirement plan	assumption F

47.9 The select calculation is: during the
47.10 designated select period, a designated
47.11 percentage rate is multiplied by the result of
47.12 the designated integer minus T, where T is the
47.13 number of completed years of service, and is
47.14 added to the applicable future salary increase
47.15 assumption. The designated select period is
47.16 five years and the designated integer is five
47.17 for the general state employees retirement
47.18 plan and the general public employees
47.19 retirement plan. The designated select period
47.20 is ten years and the designated integer is ten
47.21 for all other retirement plans covered by
47.22 this clause. The designated percentage rate
47.23 is: (1) 0.2 percent for the correctional state
47.24 employees retirement plan, the State Patrol
47.25 retirement plan, the public employees police
47.26 and fire plan, and the local government
47.27 correctional service plan; (2) 0.6 percent
47.28 for the general state employees retirement
47.29 plan and the general public employees
47.30 retirement plan; and (3) 0.3 percent for the
47.31 teachers retirement plan, the Duluth Teachers
47.32 Retirement Fund Association, and the St.
47.33 Paul Teachers Retirement Fund Association.
47.34 The select calculation for the Duluth Teachers
47.35 Retirement Fund Association is 8.00 percent
47.36 per year for service years one through seven,
47.37 7.25 percent per year for service years seven

48.1 and eight, and 6.50 percent per year for
 48.2 service years eight and nine.

48.3 The ultimate future salary increase assumption is:

48.4	age	A	B	C	D	E	F	G	H
48.5	16	5.95%	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%
48.6	17	5.90	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500
48.7	18	5.85	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500
48.8	19	5.80	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500
48.9	20	5.75	5.40	11.00	5.50	6.90	6.90	7.7500	7.2500
48.10	21	5.75	5.40	11.00	5.50	6.90	6.90	7.1454	6.6454
48.11	22	5.75	5.40	10.50	5.50	6.90	6.90	7.0725	6.5725
48.12	23	5.75	5.40	10.00	5.50	6.85	6.85	7.0544	6.5544
48.13	24	5.75	5.40	9.50	5.50	6.80	6.80	7.0363	6.5363
48.14	25	5.75	5.40	9.00	5.50	6.75	6.75	7.0000	6.5000
48.15	26	5.75	5.36	8.70	5.50	6.70	6.70	7.0000	6.5000
48.16	27	5.75	5.32	8.40	5.50	6.65	6.65	7.0000	6.5000
48.17	28	5.75	5.28	8.10	5.50	6.60	6.60	7.0000	6.5000
48.18	29	5.75	5.24	7.80	5.50	6.55	6.55	7.0000	6.5000
48.19	30	5.75	5.20	7.50	5.50	6.50	6.50	7.0000	6.5000
48.20	31	5.75	5.16	7.30	5.50	6.45	6.45	7.0000	6.5000
48.21	32	5.75	5.12	7.10	5.50	6.40	6.40	7.0000	6.5000
48.22	33	5.75	5.08	6.90	5.50	6.35	6.35	7.0000	6.5000
48.23	34	5.75	5.04	6.70	5.50	6.30	6.30	7.0000	6.5000
48.24	35	5.75	5.00	6.50	5.50	6.25	6.25	7.0000	6.5000
48.25	36	5.75	4.96	6.30	5.50	6.20	6.20	6.9019	6.4019
48.26	37	5.75	4.92	6.10	5.50	6.15	6.15	6.8074	6.3074
48.27	38	5.75	4.88	5.90	5.40	6.10	6.10	6.7125	6.2125
48.28	39	5.75	4.84	5.70	5.30	6.05	6.05	6.6054	6.1054
48.29	40	5.75	4.80	5.50	5.20	6.00	6.00	6.5000	6.0000
48.30	41	5.75	4.76	5.40	5.10	5.90	5.95	6.3540	5.8540
48.31	42	5.75	4.72	5.30	5.00	5.80	5.90	6.2087	5.7087
48.32	43	5.65	4.68	5.20	4.90	5.70	5.85	6.0622	5.5622
48.33	44	5.55	4.64	5.10	4.80	5.60	5.80	5.9048	5.4078
48.34	45	5.45	4.60	5.00	4.70	5.50	5.75	5.7500	5.2500
48.35	46	5.35	4.56	4.95	4.60	5.40	5.70	5.6940	5.1940
48.36	47	5.25	4.52	4.90	4.50	5.30	5.65	5.6375	5.1375
48.37	48	5.15	4.48	4.85	4.50	5.20	5.60	5.5822	5.0822
48.38	49	5.05	4.44	4.80	4.50	5.10	5.55	5.5404	5.0404
48.39	50	4.95	4.40	4.75	4.50	5.00	5.50	5.5000	5.0000
48.40	51	4.85	4.36	4.75	4.50	4.90	5.45	5.4384	4.9384
48.41	52	4.75	4.32	4.75	4.50	4.80	5.40	5.3776	4.8776
48.42	53	4.65	4.28	4.75	4.50	4.70	5.35	5.3167	4.8167
48.43	54	4.55	4.24	4.75	4.50	4.60	5.30	5.2826	4.7826

49.1	55	4.45	4.20	4.75	4.50	4.50	5.25	5.2500	4.7500
49.2	56	4.35	4.16	4.75	4.50	4.40	5.20	5.2500	4.7500
49.3	57	4.25	4.12	4.75	4.50	4.30	5.15	5.2500	4.7500
49.4	58	4.25	4.08	4.75	4.60	4.20	5.10	5.2500	4.7500
49.5	59	4.25	4.04	4.75	4.70	4.10	5.05	5.2500	4.7500
49.6	60	4.25	4.00	4.75	4.80	4.00	5.00	5.2500	4.7500
49.7	61	4.25	4.00	4.75	4.90	3.90	5.00	5.2500	4.7500
49.8	62	4.25	4.00	4.75	5.00	3.80	5.00	5.2500	4.7500
49.9	63	4.25	4.00	4.75	5.10	3.70	5.00	5.2500	4.7500
49.10	64	4.25	4.00	4.75	5.20	3.60	5.00	5.2500	4.7500
49.11	65	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
49.12	66	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
49.13	67	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
49.14	68	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
49.15	69	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
49.16	70	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
49.17	71	4.25	4.00		5.20				

49.18 (c) Before July 2, 2010, the actuarial valuation must use the applicable following
 49.19 payroll growth assumption for calculating the amortization requirement for the unfunded
 49.20 actuarial accrued liability where the amortization retirement is calculated as a level
 49.21 percentage of an increasing payroll:

49.22		payroll growth
49.23	plan	assumption
49.24	general state employees retirement plan	4.50%
49.25	correctional state employees retirement plan	4.50
49.26	State Patrol retirement plan	4.50
49.27	legislators retirement plan	4.50
49.28	judges retirement plan	4.00
49.29	general public employees retirement plan	4.50
49.30	public employees police and fire retirement plan	4.50
49.31	local government correctional service retirement	
49.32	plan	4.50
49.33	teachers retirement plan	4.50
49.34	Duluth teachers retirement plan	4.50
49.35	St. Paul teachers retirement plan	5.00

49.36 (d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to
 49.37 apply, unless a different salary assumption or a different payroll increase assumption:

49.38 (1) has been proposed by the governing board of the applicable retirement plan;

49.39 (2) is accompanied by the concurring recommendation of the actuary retained under
 49.40 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
 49.41 most recent actuarial valuation report if section 356.214 does not apply; and

50.1 (3) has been approved or deemed approved under subdivision 18.

50.2 Sec. 43. Minnesota Statutes 2008, section 356.215, subdivision 11, is amended to read:

50.3 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating
50.4 the level normal cost, the actuarial valuation of the retirement plan must contain an
50.5 exhibit for financial reporting purposes indicating the additional annual contribution
50.6 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit
50.7 for contribution determination purposes indicating the additional contribution sufficient
50.8 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in
50.9 subdivision 8, paragraph (c), the additional contribution must be calculated on a level
50.10 percentage of covered payroll basis by the established date for full funding in effect when
50.11 the valuation is prepared, assuming annual payroll growth at the applicable percentage
50.12 rate set forth in subdivision 8, paragraph (c). For all other retirement plans, the additional
50.13 annual contribution must be calculated on a level annual dollar amount basis.

50.14 (b) For any retirement plan other than the ~~Minneapolis Employees Retirement Fund,~~
50.15 ~~the~~ general employees retirement plan of the Public Employees Retirement Association;
50.16 and the St. Paul Teachers Retirement Fund Association, if there has not been a change in
50.17 the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a
50.18 change in the benefit plan governing annuities and benefits payable from the fund, a
50.19 change in the actuarial cost method used in calculating the actuarial accrued liability of all
50.20 or a portion of the fund, or a combination of the three, which change or changes by itself
50.21 or by themselves without inclusion of any other items of increase or decrease produce a
50.22 net increase in the unfunded actuarial accrued liability of the fund, the established date for
50.23 full funding is the first actuarial valuation date occurring after June 1, 2020.

50.24 (c) For any retirement plan other than the ~~Minneapolis Employees Retirement~~
50.25 ~~Fund and the~~ general employees retirement plan of the Public Employees Retirement
50.26 Association, if there has been a change in any or all of the actuarial assumptions used
50.27 for calculating the actuarial accrued liability of the fund, a change in the benefit plan
50.28 governing annuities and benefits payable from the fund, a change in the actuarial cost
50.29 method used in calculating the actuarial accrued liability of all or a portion of the fund,
50.30 or a combination of the three, and the change or changes, by itself or by themselves and
50.31 without inclusion of any other items of increase or decrease, produce a net increase in the
50.32 unfunded actuarial accrued liability in the fund, the established date for full funding must
50.33 be determined using the following procedure:

51.1 (i) the unfunded actuarial accrued liability of the fund must be determined in
51.2 accordance with the plan provisions governing annuities and retirement benefits and the
51.3 actuarial assumptions in effect before an applicable change;

51.4 (ii) the level annual dollar contribution or level percentage, whichever is applicable,
51.5 needed to amortize the unfunded actuarial accrued liability amount determined under item
51.6 (i) by the established date for full funding in effect before the change must be calculated
51.7 using the interest assumption specified in subdivision 8 in effect before the change;

51.8 (iii) the unfunded actuarial accrued liability of the fund must be determined in
51.9 accordance with any new plan provisions governing annuities and benefits payable from
51.10 the fund and any new actuarial assumptions and the remaining plan provisions governing
51.11 annuities and benefits payable from the fund and actuarial assumptions in effect before
51.12 the change;

51.13 (iv) the level annual dollar contribution or level percentage, whichever is applicable,
51.14 needed to amortize the difference between the unfunded actuarial accrued liability amount
51.15 calculated under item (i) and the unfunded actuarial accrued liability amount calculated
51.16 under item (iii) over a period of 30 years from the end of the plan year in which the
51.17 applicable change is effective must be calculated using the applicable interest assumption
51.18 specified in subdivision 8 in effect after any applicable change;

51.19 (v) the level annual dollar or level percentage amortization contribution under item
51.20 (iv) must be added to the level annual dollar amortization contribution or level percentage
51.21 calculated under item (ii);

51.22 (vi) the period in which the unfunded actuarial accrued liability amount determined
51.23 in item (iii) is amortized by the total level annual dollar or level percentage amortization
51.24 contribution computed under item (v) must be calculated using the interest assumption
51.25 specified in subdivision 8 in effect after any applicable change, rounded to the nearest
51.26 integral number of years, but not to exceed 30 years from the end of the plan year in
51.27 which the determination of the established date for full funding using the procedure set
51.28 forth in this clause is made and not to be less than the period of years beginning in the
51.29 plan year in which the determination of the established date for full funding using the
51.30 procedure set forth in this clause is made and ending by the date for full funding in effect
51.31 before the change; and

51.32 (vii) the period determined under item (vi) must be added to the date as of which
51.33 the actuarial valuation was prepared and the date obtained is the new established date
51.34 for full funding.

51.35 ~~(d) For the Minneapolis Employees Retirement Fund, the established date for full~~
51.36 ~~funding is June 30, 2020.~~

52.1 ~~(e)~~ (d) For the general employees retirement plan of the Public Employees
52.2 Retirement Association, the established date for full funding is June 30, 2031.

52.3 ~~(f)~~ (e) For the Teachers Retirement Association, the established date for full funding
52.4 is June 30, 2037.

52.5 ~~(g)~~ (f) For the correctional state employees retirement plan of the Minnesota State
52.6 Retirement System, the established date for full funding is June 30, 2038.

52.7 ~~(h)~~ (g) For the judges retirement plan, the established date for full funding is June
52.8 30, 2038.

52.9 ~~(i)~~ (h) For the public employees police and fire retirement plan, the established date
52.10 for full funding is June 30, 2038.

52.11 ~~(j)~~ (i) For the St. Paul Teachers Retirement Fund Association, the established
52.12 date for full funding is June 30 of the 25th year from the valuation date. In addition to
52.13 other requirements of this chapter, the annual actuarial valuation shall contain an exhibit
52.14 indicating the funded ratio and the deficiency or sufficiency in annual contributions when
52.15 comparing liabilities to the market value of the assets of the fund as of the close of the
52.16 most recent fiscal year.

52.17 ~~(k)~~ (j) For the retirement plans for which the annual actuarial valuation indicates
52.18 an excess of valuation assets over the actuarial accrued liability, the valuation assets in
52.19 excess of the actuarial accrued liability must be recognized as a reduction in the current
52.20 contribution requirements by an amount equal to the amortization of the excess expressed
52.21 as a level percentage of pay over a 30-year period beginning anew with each annual
52.22 actuarial valuation of the plan.

52.23 ~~(l)~~ (k) In addition to calculating the unfunded actuarial accrued liability of the
52.24 retirement plan for financial reporting purposes under paragraphs (a) to ~~(j)~~ (i), the actuarial
52.25 valuation of the retirement plan must also include a calculation of the unfunded actuarial
52.26 accrued liability of the retirement plan for purposes of determining the amortization
52.27 contribution sufficient to amortize the unfunded actuarial liability of the Minnesota Post
52.28 Retirement Investment Fund. For this exhibit, the calculation must be the unfunded
52.29 actuarial accrued liability net of the postretirement adjustment liability funded from
52.30 the investment performance of the Minnesota Post Retirement Investment Fund or the
52.31 retirement benefit fund.

52.32 Sec. 44. Minnesota Statutes 2008, section 356.30, subdivision 3, is amended to read:

52.33 Subd. 3. **Covered plans.** This section applies to the following retirement plans:

52.34 (1) the general state employees retirement plan of the Minnesota State Retirement
52.35 System, established under chapter 352;

- 53.1 (2) the correctional state employees retirement plan of the Minnesota State
 53.2 Retirement System, established under chapter 352;
- 53.3 (3) the unclassified employees retirement program, established under chapter 352D;
- 53.4 (4) the State Patrol retirement plan, established under chapter 352B;
- 53.5 (5) the legislators retirement plan, established under chapter 3A;
- 53.6 (6) the elective state officers retirement plan, established under chapter 352C;
- 53.7 (7) the general employees retirement plan of the Public Employees Retirement
 53.8 Association, established under chapter 353;
- 53.9 (8) the public employees police and fire retirement plan of the Public Employees
 53.10 Retirement Association, established under chapter 353;
- 53.11 (9) the local government correctional service retirement plan of the Public
 53.12 Employees Retirement Association, established under chapter 353E;
- 53.13 (10) the Teachers Retirement Association, established under chapter 354;
- 53.14 ~~(11) the Minneapolis Employees Retirement Fund, established under chapter 422A;~~
- 53.15 ~~(12)~~ (11) the St. Paul Teachers Retirement Fund Association, established under
 53.16 chapter 354A;
- 53.17 ~~(13)~~ (12) the Duluth Teachers Retirement Fund Association, established under
 53.18 chapter 354A; and
- 53.19 ~~(14)~~ (13) the judges retirement fund, established by chapter 490.

53.20 Sec. 45. Minnesota Statutes 2008, section 356.302, subdivision 1, is amended to read:

53.21 Subdivision 1. **Definitions.** (a) The terms used in this section are defined in this
 53.22 subdivision.

53.23 (b) "Average salary" means the highest average of covered salary for the appropriate
 53.24 period of credited service that is required for the calculation of a disability benefit by
 53.25 the covered retirement plan and that is drawn from any period of credited service and
 53.26 successive years of covered salary in a covered retirement plan.

53.27 (c) "Covered retirement plan" or "plan" means a retirement plan listed in subdivision
 53.28 7.

53.29 (d) "Duty-related" means a disabling illness or injury that occurred while the person
 53.30 was actively engaged in employment duties or that arose out of the person's active
 53.31 employment duties.

53.32 (e) "General employee retirement plan" means a covered retirement plan listed in
 53.33 subdivision 7, clauses (1) to ~~(8)~~ (6) and ~~(13)~~ (12).

53.34 (f) "Occupationally disabled" means the condition of having a medically
 53.35 determinable physical or mental impairment that makes a person unable to satisfactorily

54.1 perform the minimum requirements of the person's employment position or a substantially
54.2 similar employment position.

54.3 (g) "Public safety employee retirement plan" means a covered retirement plan listed
54.4 in subdivision 7, clauses ~~(9)~~ (7) to ~~(12)~~ (11).

54.5 (h) "Totally and permanently disabled" means the condition of having a medically
54.6 determinable physical or mental impairment that makes a person unable to engage in any
54.7 substantial gainful activity and that is expected to continue or has continued for a period
54.8 of at least one year or that is expected to result directly in the person's death.

54.9 Sec. 46. Minnesota Statutes 2008, section 356.302, subdivision 7, is amended to read:

54.10 Subd. 7. **Covered retirement plans.** This section applies to the following
54.11 retirement plans:

54.12 (1) the general state employees retirement plan of the Minnesota State Retirement
54.13 System, established by chapter 352;

54.14 (2) the unclassified state employees retirement program of the Minnesota State
54.15 Retirement System, established by chapter 352D;

54.16 (3) the general employees retirement plan of the Public Employees Retirement
54.17 Association, established by chapter 353;

54.18 (4) the Teachers Retirement Association, established by chapter 354;

54.19 (5) the Duluth Teachers Retirement Fund Association, established by chapter 354A;

54.20 (6) the St. Paul Teachers Retirement Fund Association, established by chapter 354A;

54.21 ~~(7) the Minneapolis Employees Retirement Fund, established by chapter 422A;~~

54.22 ~~(8)~~ (7) the state correctional employees retirement plan of the Minnesota State
54.23 Retirement System, established by chapter 352;

54.24 ~~(9)~~ (8) the State Patrol retirement plan, established by chapter 352B;

54.25 ~~(10)~~ (9) the public employees police and fire plan of the Public Employees
54.26 Retirement Association, established by chapter 353;

54.27 ~~(11)~~ (10) the local government correctional service retirement plan of the Public
54.28 Employees Retirement Association, established by chapter 353E; and

54.29 ~~(12)~~ (11) the judges retirement plan, established by chapter 490.

54.30 Sec. 47. Minnesota Statutes 2008, section 356.303, subdivision 4, is amended to read:

54.31 Subd. 4. **Covered retirement plans.** This section applies to the following
54.32 retirement plans:

54.33 (1) the legislators retirement plan, established by chapter 3A;

- 55.1 (2) the general state employees retirement plan of the Minnesota State Retirement
 55.2 System, established by chapter 352;
- 55.3 (3) the correctional state employees retirement plan of the Minnesota State
 55.4 Retirement System, established by chapter 352;
- 55.5 (4) the State Patrol retirement plan, established by chapter 352B;
- 55.6 (5) the elective state officers retirement plan, established by chapter 352C;
- 55.7 (6) the unclassified state employees retirement program, established by chapter
 55.8 352D;
- 55.9 (7) the general employees retirement plan of the Public Employees Retirement
 55.10 Association, established by chapter 353;
- 55.11 (8) the public employees police and fire plan of the Public Employees Retirement
 55.12 Association, established by chapter 353;
- 55.13 (9) the local government correctional service retirement plan of the Public
 55.14 Employees Retirement Association, established by chapter 353E;
- 55.15 (10) the Teachers Retirement Association, established by chapter 354;
- 55.16 (11) the Duluth Teachers Retirement Fund Association, established by chapter 354A;
- 55.17 (12) the St. Paul Teachers Retirement Fund Association, established by chapter
 55.18 354A; and
- 55.19 ~~(13) the Minneapolis Employees Retirement Fund, established by chapter 422A; and~~
- 55.20 ~~(14)~~ (13) the judges retirement fund, established by chapter 490.

55.21 Sec. 48. Minnesota Statutes 2008, section 356.32, subdivision 2, is amended to read:

55.22 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the
 55.23 following retirement plans:

- 55.24 (1) the general state employees retirement plan of the Minnesota State Retirement
 55.25 System, established under chapter 352;
- 55.26 (2) the correctional state employees retirement plan of the Minnesota State
 55.27 Retirement System, established under chapter 352;
- 55.28 (3) the State Patrol retirement plan, established under chapter 352B;
- 55.29 (4) the general employees retirement plan of the Public Employees Retirement
 55.30 Association, established under chapter 353;
- 55.31 (5) the public employees police and fire plan of the Public Employees Retirement
 55.32 Association, established under chapter 353;
- 55.33 (6) the Teachers Retirement Association, established under chapter 354;
- 55.34 ~~(7) the Minneapolis Employees Retirement Fund, established under chapter 422A;~~

56.1 ~~(8)~~ (7) the Duluth Teachers Retirement Fund Association, established under chapter
 56.2 354A; and
 56.3 ~~(9)~~ the Minneapolis Teachers Retirement Fund Association, established under
 56.4 chapter 354A; and
 56.5 ~~(10)~~ (8) the St. Paul Teachers Retirement Fund Association, established under
 56.6 chapter 354A.

56.7 Sec. 49. Minnesota Statutes 2008, section 356.401, subdivision 3, is amended to read:

56.8 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the
 56.9 following retirement plans:

- 56.10 (1) the legislators retirement plan, established by chapter 3A;
 56.11 (2) the general state employees retirement plan of the Minnesota State Retirement
 56.12 System, established by chapter 352;
 56.13 (3) the correctional state employees retirement plan of the Minnesota State
 56.14 Retirement System, established by chapter 352;
 56.15 (4) the State Patrol retirement plan, established by chapter 352B;
 56.16 (5) the elective state officers retirement plan, established by chapter 352C;
 56.17 (6) the unclassified state employees retirement program, established by chapter
 56.18 352D;
 56.19 (7) the general employees retirement plan of the Public Employees Retirement
 56.20 Association, established by chapter 353;
 56.21 (8) the public employees police and fire plan of the Public Employees Retirement
 56.22 Association, established by chapter 353;
 56.23 (9) the public employees defined contribution plan, established by chapter 353D;
 56.24 (10) the local government correctional service retirement plan of the Public
 56.25 Employees Retirement Association, established by chapter 353E;
 56.26 (11) the Teachers Retirement Association, established by chapter 354;
 56.27 (12) the Duluth Teachers Retirement Fund Association, established by chapter 354A;
 56.28 ~~(13)~~ the Minneapolis Teachers Retirement Fund Association, established by chapter
 56.29 354A;
 56.30 ~~(14)~~ (13) the St. Paul Teachers Retirement Fund Association, established by chapter
 56.31 354A;
 56.32 ~~(15)~~ (14) the individual retirement account plan, established by chapter 354B;
 56.33 ~~(16)~~ (15) the higher education supplemental retirement plan, established by chapter
 56.34 354C;
 56.35 ~~(17)~~ the Minneapolis Employees Retirement Fund, established by chapter 422A;

- 57.1 ~~(18)~~ (16) the Minneapolis Police Relief Association, established by chapter 423B;
 57.2 ~~(19)~~ (17) the Minneapolis Firefighters Relief Association, established by chapter
 57.3 423C; and
 57.4 ~~(20)~~ (18) the judges retirement fund, established by chapter 490.

57.5 Sec. 50. Minnesota Statutes 2008, section 356.407, subdivision 2, is amended to read:

57.6 Subd. 2. **Covered funds.** The provisions of this section apply to the following
 57.7 retirement funds:

- 57.8 (1) the general employees retirement plan of the Public Employees Retirement
 57.9 Association established under chapter 353;
 57.10 (2) the public employees police and fire plan of the Public Employees Retirement
 57.11 Association established under chapter 353;
 57.12 (3) the State Patrol retirement plan established under chapter 352B;
 57.13 (4) the legislators retirement plan established under chapter 3A;
 57.14 (5) the elective state officers retirement plan established under chapter 352C; and
 57.15 (6) the Teachers Retirement Association established under chapter 354; ~~and~~
 57.16 ~~(7) the Minneapolis Employees Retirement Fund established under chapter 422A.~~

57.17 Sec. 51. Minnesota Statutes 2008, section 356.431, subdivision 1, is amended to read:

57.18 Subdivision 1. **Lump-sum postretirement payment conversion.** For benefits paid
 57.19 after December 31, 2001, to eligible persons under ~~sections~~ section 356.42 ~~and 356.43~~,
 57.20 the amount of the most recent lump-sum benefit payable to an eligible recipient under
 57.21 ~~sections~~ section 356.42 ~~and 356.43~~ must be divided by 12. The result must be added to
 57.22 the monthly annuity or benefit otherwise payable to an eligible recipient, must become a
 57.23 permanent part of the benefit recipient's pension, and must be included in any pension
 57.24 benefit subject to future increases.

57.25 Sec. 52. Minnesota Statutes 2008, section 356.465, subdivision 3, is amended to read:

57.26 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the
 57.27 following retirement plans:

- 57.28 (1) the general state employees retirement plan of the Minnesota State Retirement
 57.29 System established under chapter 352;
 57.30 (2) the correctional state employees retirement plan of the Minnesota State
 57.31 Retirement System established under chapter 352;
 57.32 (3) the State Patrol retirement plan established under chapter 352B;
 57.33 (4) the legislators retirement plan established under chapter 3A;

- 58.1 (5) the judges retirement plan established under chapter 490;
- 58.2 (6) the general employees retirement plan of the Public Employees Retirement
- 58.3 Association established under chapter 353;
- 58.4 (7) the public employees police and fire plan of the Public Employees Retirement
- 58.5 Association established under chapter 353;
- 58.6 (8) the teachers retirement plan established under chapter 354;
- 58.7 (9) the Duluth Teachers Retirement Fund Association established under chapter
- 58.8 354A;
- 58.9 (10) the St. Paul Teachers Retirement Fund Association established under chapter
- 58.10 354A;
- 58.11 ~~(11) the Minneapolis Employees Retirement Fund established under chapter 422A;~~
- 58.12 ~~(12)~~ (11) the Minneapolis Firefighters Relief Association established under chapter
- 58.13 423C;
- 58.14 ~~(13)~~ (12) the Minneapolis Police Relief Association established under chapter
- 58.15 423B; and
- 58.16 ~~(14)~~ (13) the local government correctional service retirement plan of the Public
- 58.17 Employees Retirement Association established under chapter 353E.

58.18 Sec. 53. Minnesota Statutes 2008, section 356.64, is amended to read:

58.19 **356.64 REAL ESTATE INVESTMENTS.**

58.20 (a) Notwithstanding any law to the contrary, any public pension plan whose assets

58.21 are not invested by the State Board of Investment may invest its funds in Minnesota situs

58.22 nonfarm real estate ownership interests or loans secured by mortgages or deeds of trust if

58.23 the investment is consistent with section 356A.04.

58.24 ~~(b) Except to the extent authorized in the case of the Minneapolis Employees~~

58.25 ~~Retirement Fund under section 422A.05, subdivision 2c, paragraph (a);~~ An investment

58.26 otherwise authorized by this section must also comply with the requirements and

58.27 limitations of section 11A.24, subdivision 6.

58.28 Sec. 54. Minnesota Statutes 2008, section 356.65, subdivision 2, is amended to read:

58.29 Subd. 2. **Disposition of abandoned amounts.** Any unclaimed public pension

58.30 fund amounts existing in any public pension fund are presumed to be abandoned, but are

58.31 not subject to the provisions of sections 345.31 to 345.60. Unless the benefit plan of

58.32 the public pension fund specifically provides for a different disposition of unclaimed or

58.33 abandoned funds or amounts, any unclaimed public pension fund amounts cancel and

58.34 must be credited to the public pension fund. If the unclaimed public pension fund amount

59.1 exceeds \$25 and the inactive or former member again becomes a member of the applicable
 59.2 public pension plan or applies for a retirement annuity under section 3A.12, 352.72,
 59.3 352B.30, 353.71, 354.60, or 356.30, ~~or 422A.16, subdivision 8~~; whichever applies, the
 59.4 canceled amount must be restored to the credit of the person.

59.5 Sec. 55. Minnesota Statutes 2008, section 356.91, is amended to read:

59.6 **356.91 VOLUNTARY MEMBERSHIP DUES DEDUCTION.**

59.7 (a) Upon written authorization of a person receiving an annuity from a public
 59.8 pension fund administered by the Minnesota State Retirement System; or the Public
 59.9 Employees Retirement Association, ~~or the Minneapolis Employees Retirement Fund~~; the
 59.10 executive director of the public pension fund may deduct from the retirement annuity an
 59.11 amount requested by the annuitant to be paid as dues to any labor organization that is an
 59.12 exclusive bargaining agent representing public employees or an organization representing
 59.13 retired public employees of which the annuitant is a member and shall pay the amount to
 59.14 the organization so designated by the annuitant.

59.15 (b) A pension fund and the plan fiduciaries which authorize or administer deductions
 59.16 of dues payments under paragraph (a) are not liable for failure to properly deduct or
 59.17 transmit the dues amounts, provided that the fund and the fiduciaries have acted in good
 59.18 faith.

59.19 (c) The deductions under paragraph (a) may occur no more frequently than two
 59.20 times per year and may not be used for political purposes.

59.21 (d) Any labor organization specified in paragraph (a) shall reimburse the public
 59.22 pension fund for the administrative expense of withholding premium amounts.

59.23 Sec. 56. Minnesota Statutes 2008, section 356.96, subdivision 1, is amended to read:

59.24 Subdivision 1. **Definitions.** (a) Unless the language or context clearly indicates that
 59.25 a different meaning is intended, for the purpose of this section, the terms in paragraphs
 59.26 (b) to (e) have the meanings given them.

59.27 (b) "Chief administrative officer" means the executive director of a covered pension
 59.28 plan or the executive director's designee or representative.

59.29 (c) "Covered pension plan" means a plan enumerated in section 356.20, subdivision
 59.30 2, clauses (1) to (4), ~~(10)~~ (9), and ~~(13)~~ (12) to ~~(15)~~ (14), but does not mean the
 59.31 deferred compensation plan administered under sections 352.965 and 352.97 or to the
 59.32 postretirement health care savings plan administered under section 352.98.

60.1 (d) "Governing board" means the Board of Trustees of the Public Employees
60.2 Retirement Association, the Board of Trustees of the Teachers Retirement Association, or
60.3 the Board of Directors of the Minnesota State Retirement System.

60.4 (e) "Person" includes an active, retired, deferred, or nonvested inactive participant in
60.5 a covered pension plan or a beneficiary of a participant, or an individual who has applied
60.6 to be a participant or who is or may be a survivor of a participant, or a state agency or
60.7 other governmental unit that employs active participants in a covered pension plan.

60.8 Sec. 57. Minnesota Statutes 2008, section 422A.101, subdivision 3, is amended to read:

60.9 Subd. 3. **State contributions.** (a) Subject to the limitation ~~set forth~~ in paragraph
60.10 (c), the state shall pay to the general employees retirement plan of the Public Employees
60.11 Retirement Association with respect to the former Minneapolis Employees Retirement
60.12 Fund annually an amount equal to the amount calculated under paragraph (b).

60.13 (b) The payment amount is an amount equal to the financial requirements of the
60.14 Minneapolis Employees Retirement Fund reported in the actuarial valuation of the fund
60.15 ~~prepared by the actuary retained under section 356.214 consistent with section 356.215 for~~
60.16 ~~the most recent year but~~ as of July 1, 2009, based on a target date for full amortization of
60.17 the unfunded actuarial accrued liabilities by June 30, 2020, less the amount of employee
60.18 contributions that would have been required under Minnesota Statutes 2008, section
60.19 422A.10, and the amount of employer contributions that would have been required under
60.20 Minnesota Statutes 2008, section 422A.101, subdivisions 1a, 2, and 2a. Payments ~~shall~~
60.21 must be made September 15 annually.

60.22 (c) The annual state contribution under this subdivision may not exceed \$9,000,000,
60.23 plus the cost of the annual supplemental benefit determined under Minnesota Statutes
60.24 2008, section 356.43.

60.25 (d) If the amount determined under paragraph (b) exceeds \$9,000,000, the excess
60.26 must be allocated to and paid to the fund by the employers identified in subdivisions 1a
60.27 and 2, other than units of metropolitan government. Each employer's share of the excess is
60.28 proportionate to the employer's share of the fund's unfunded actuarial accrued liability as
60.29 disclosed in the July 1, 2009, annual actuarial valuation prepared by the actuary retained
60.30 under section 356.214 compared to the total unfunded actuarial accrued liability attributed
60.31 to all employers identified in Minnesota Statutes 2008, section 422A.101, subdivisions
60.32 1a and 2, other than units of metropolitan government. Payments must be made in equal
60.33 installments as set forth in paragraph (b).

60.34 (e) State contributions under this section end on September 15, 2020, or on the
60.35 September 1 following the first date on which the current assets of the general employees

61.1 retirement plan of the Public Employees Retirement Association equal or exceed
 61.2 the actuarial accrued liability of the general employees retirement plan of the Public
 61.3 Employees Retirement Association, whichever is earlier.

61.4 Sec. 58. Minnesota Statutes 2008, section 422A.26, is amended to read:

61.5 **422A.26 COVERAGE BY THE PUBLIC EMPLOYEES RETIREMENT**
 61.6 **ASSOCIATION.**

61.7 Notwithstanding ~~section 422A.09, or any other~~ law to the contrary, any person
 61.8 whose employment by, or assumption of a position as an appointed or elected officer
 61.9 of, the city of Minneapolis, any of the boards, departments, or commissions operated
 61.10 as a department of the city of Minneapolis or independently if financed in whole or in
 61.11 part by funds of the city of Minneapolis, the Metropolitan Airports Commission, the
 61.12 former Minneapolis Employees Retirement Fund, or Special School District Number 1 if
 61.13 the person is not a member of the ~~Minneapolis Teachers Retirement Fund Association~~
 61.14 by virtue of that employment or position, ~~initially commences on or after July 1, 1979~~
 61.15 ~~shall be~~ is a member of the general employees retirement plan of the Public Employees
 61.16 Retirement Association unless excluded from membership ~~pursuant to~~ under section
 61.17 353.01, subdivision 2b. ~~In no event shall there be any new members of the contributing~~
 61.18 ~~class of the Minneapolis employees fund on or after July 1, 1979.~~

61.19 Sec. 59. Minnesota Statutes 2008, section 473.511, subdivision 3, is amended to read:

61.20 Subd. 3. **Existing sanitary districts, joint sewer boards.** Effective January 1,
 61.21 1971, the corporate existence of the Minneapolis-St. Paul Sanitary District, the North
 61.22 Suburban Sanitary Sewer District, and any joint board created by agreement among local
 61.23 government units pursuant to section 471.59, to provide interceptors and treatment works
 61.24 for such local government units, shall terminate. All persons regularly employed by
 61.25 such sanitary districts and joint boards on that date or on any earlier date on which the
 61.26 former waste control commission pursuant to subdivisions 1 and 2 assumed ownership
 61.27 and control of any interceptors or treatment works owned or operated by such sanitary
 61.28 districts and joint boards, and who are employees of the commission on July 1, 1994, shall
 61.29 be employees of the council, ~~and may at their option become members of the Minnesota~~
 61.30 ~~State Retirement System or may continue as members of a public retirement association~~
 61.31 ~~under chapter 422A or any other law, to which they belonged before such date, and shall~~
 61.32 ~~retain all pension rights which they may have under such latter laws, and all other rights~~
 61.33 ~~to which they are entitled by contract or law.~~ Members of trades who are employed by
 61.34 the former Metropolitan Waste Control Commission, who have trade union pension

62.1 coverage pursuant to a collective bargaining agreement, and who elected exclusion from
62.2 coverage pursuant to section 473.512, or who are first employed after July 1, 1977, shall
62.3 not be covered by the Minnesota State Retirement System. The council shall make the
62.4 employer's contributions to pension funds of its employees. Such employees shall perform
62.5 such duties as may be prescribed by the council. All funds of such sanitary districts and
62.6 joint boards then on hand, and all subsequent collections of taxes, special assessments or
62.7 service charges levied or imposed by or for such sanitary districts or joint boards shall
62.8 be transferred to the council. The local government units otherwise entitled to such
62.9 cash, taxes, assessments or service charges shall be credited with such amounts, and
62.10 such credits shall be offset against any amounts to be paid by them to the council as
62.11 provided in section 473.517. The former Metropolitan Waste Control Commission, and
62.12 on July 1, 1994, the council shall succeed to and become vested by action of law with
62.13 all right, title and interest in and to any property, real or personal, owned or operated
62.14 by such sanitary districts and joint boards. Prior to that date the proper officers of such
62.15 sanitary districts and joint boards, or the former Metropolitan Waste Control Commission,
62.16 shall execute and deliver to the council all deeds, conveyances, bills of sale, and other
62.17 documents or instruments required to vest in the council good and marketable title to all
62.18 such real or personal property; provided that vesting of the title shall occur by operation
62.19 of law and failure to execute and deliver the documents shall not affect the vesting of
62.20 title in the former Metropolitan Waste Control Commission or the council on the dates
62.21 indicated in this subdivision. The council shall become obligated to pay or assume all
62.22 bonded or other debt and contract obligations incurred by the former Metropolitan Waste
62.23 Control Commission, or by such sanitary districts and joint boards, or incurred by local
62.24 government units for the acquisition or betterment of any interceptors or treatment works
62.25 owned or operated by such sanitary districts or joint boards.

62.26 Sec. 60. Minnesota Statutes 2008, section 473.606, subdivision 5, is amended to read:

62.27 Subd. 5. **Employees, others, affirmative action; prevailing wage.** The corporation
62.28 shall have the power to appoint engineers and other consultants, attorneys, and such other
62.29 officers, agents, and employees as it may see fit, who shall perform such duties and receive
62.30 such compensation as the corporation may determine, and be removable at the pleasure of
62.31 the corporation. The corporation shall adopt an affirmative action plan, which shall be
62.32 submitted to the appropriate agency or office of the state for review and approval. The plan
62.33 shall include a yearly progress report to the agency or office. ~~Officers and employees of~~
62.34 ~~the corporation who cannot qualify and participate in the municipal employees retirement~~
62.35 ~~fund under chapter 422A, shall be separated from service at the retirement age applicable~~

63.1 ~~to officers or employees of the state of Minnesota in the classified service of the state civil~~
 63.2 ~~service as provided in section 43A.34, or as the same may from time to time be amended;~~
 63.3 ~~regardless of the provisions of the Veteran's Preference Act.~~ Whenever the corporation
 63.4 performs any work within the limits of a city of the first class, or establishes a minimum
 63.5 wage for skilled or unskilled labor in the specifications or any contract for work within
 63.6 one of the cities, the rate of pay to such skilled and unskilled labor shall be the prevailing
 63.7 rate of wage for such labor in that city.

63.8 Sec. 61. Minnesota Statutes 2008, section 475.52, subdivision 6, is amended to read:

63.9 Subd. 6. **Certain purposes.** Any municipality may issue bonds for paying
 63.10 judgments against it; for refunding outstanding bonds; for funding floating indebtedness;
 63.11 for funding actuarial liabilities to pay postemployment benefits to employees or officers
 63.12 after their termination of service; or for funding all or part of the municipality's current
 63.13 and future unfunded liability for a pension or retirement fund or plan referred to in
 63.14 section 356.20, subdivision 2, as those liabilities are most recently computed pursuant
 63.15 to sections 356.215 and 356.216. The board of trustees or directors of a ~~pension fund or~~
 63.16 ~~relief association referred to in section 69.77 or chapter 422A~~ must consent and must
 63.17 be a party to any contract made under this section with respect to the fund held by it
 63.18 for the benefit of and in trust for its members. For purposes of this section, the term
 63.19 "postemployment benefits" means benefits giving rise to a liability under Statement No.
 63.20 45 of the Governmental Accounting Standards Board.

63.21 Sec. 62. Minnesota Statutes 2008, section 480.181, subdivision 2, is amended to read:

63.22 Subd. 2. **Election to retain insurance and benefits; retirement.** (a) Before a
 63.23 person is transferred to state employment under this section, the person may elect to do
 63.24 either or both of the following:

63.25 (1) keep life insurance; hospital, medical, and dental insurance; and vacation and
 63.26 sick leave benefits and accumulated time provided by the county instead of receiving
 63.27 benefits from the state under the judicial branch personnel rules; or

63.28 (2) remain a member of the general employees retirement plan of the Public
 63.29 Employees Retirement Association ~~or the Minneapolis employees retirement fund~~ instead
 63.30 of joining the general state employees retirement plan of the Minnesota State Retirement
 63.31 System.

63.32 Employees who make an election under clause (1) remain on the county payroll,
 63.33 but the state shall reimburse the county on a quarterly basis for the salary and cost of the
 63.34 benefits provided by the county. The state shall make the employer contribution to the

64.1 general employees retirement plan of the Public Employees Retirement Association or
 64.2 the employer contribution under section 422A.101, subdivision 1a, to the Minneapolis
 64.3 Employees Retirement Fund on behalf of employees who make an election under clause
 64.4 (2).

64.5 (b) An employee who makes an election under paragraph (a), clause (1), may revoke
 64.6 the election, once, at any time, but if the employee revokes the election, the employee
 64.7 cannot make another election. An employee who makes an election under paragraph (a),
 64.8 clause (2), may revoke the election at any time within six months after the person becomes
 64.9 a state employee. Once an employee revokes this election, the employee cannot make
 64.10 another election.

64.11 (c) The Supreme Court, after consultation with the Judicial Council, the
 64.12 commissioner of employee relations, and the executive directors of the Public Employees
 64.13 Retirement Association and the Minnesota State Retirement Association, shall adopt
 64.14 procedures for making elections under this section.

64.15 (d) The Supreme Court shall notify all affected employees of the options available
 64.16 under this section. The executive directors of the Public Employees Retirement
 64.17 Association and the Minnesota State Retirement System shall provide counseling to
 64.18 affected employees on the effect of making an election to remain ~~a member~~ members of
 64.19 the general employees retirement plan of the Public Employees Retirement Association.

64.20 Sec. 63. **TRANSFER OF MERF EMPLOYEES; EMPLOYMENT**
 64.21 **PREFERENCE.**

64.22 (a) Full-time employees of the Minneapolis Employees Retirement Fund first
 64.23 employed before June 30, 2008, and employed full-time by the Minneapolis Employees
 64.24 Retirement Fund on June 29, 2010, are transferred to employment by the city of
 64.25 Minneapolis on July 1, 2010, and retain their same level of compensation, if so employed,
 64.26 for a period of 12 months.

64.27 (b) After the expiration of the full compensation level period under paragraph (a),
 64.28 a person described in paragraph (a) has a civil service employment preference with the
 64.29 city of Minneapolis or with Special School District No. 1, Minneapolis, comparable
 64.30 to a veteran's employment preference for employment in a position that is determined
 64.31 appropriate by the chief human resources official of the employing unit based on the
 64.32 person's education and employment experience. The preference is in effect for a period of
 64.33 48 months following the expiration of the full compensation level period in paragraph (a).

64.34 (c) If a person described in paragraph (a) is employed by an employing unit other
 64.35 than the city of Minneapolis or Special School District No. 1, Minneapolis, before the

65.1 expiration of the preference period in paragraph (b), the provisions of paragraphs (a) and
65.2 (b) are no longer applicable to the person.

65.3 Sec. 64. **REVISOR'S INSTRUCTION.**

65.4 In the next and future editions of Minnesota Statutes, the revisor of statutes shall
65.5 renumber Minnesota Statutes, section 422A.26, as Minnesota Statutes, section 353.855.
65.6 The revisor of statutes shall make conforming changes in Minnesota Statutes and
65.7 Minnesota Rules consistent with the renumbering.

65.8 Sec. 65. **REPEALER.**

65.9 Minnesota Statutes 2008, sections 13.63, subdivision 1; 69.011, subdivision 2a;
65.10 356.43; 422A.01, subdivisions 1, 2, 3, 4, 4a, 5, 6, 7, 8, 9, 10, 11, 12, 13, 13a, 17, and
65.11 18; 422A.02; 422A.03; 422A.04; 422A.05, subdivisions 1, 2a, 2b, 2c, 2d, 2e, 2f, 5,
65.12 6, and 8; 422A.06; 422A.08, subdivisions 1, 5, and 5a; 422A.09; 422A.10; 422A.101,
65.13 subdivisions 1, 1a, 2, and 2a; 422A.11; 422A.12; 422A.13; 422A.14, subdivision 1;
65.14 422A.15; 422A.151; 422A.155; 422A.156; 422A.16, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9,
65.15 and 10; 422A.17; 422A.18, subdivisions 1, 2, 3, 4, 5, and 7; 422A.19; 422A.20; 422A.21;
65.16 422A.22, subdivisions 1, 3, 4, and 6; 422A.23, subdivisions 1, 2, 5, 6, 7, 8, 9, 10, 11, and
65.17 12; 422A.231; 422A.24; and 422A.25, are repealed.

65.18 Sec. 66. **EFFECTIVE DATE.**

65.19 (a) Section 35 is effective July 1, 2009.

65.20 (b) Sections 1 to 34 and 36 to 65 are effective July 1, 2010.

13.63 RETIREMENT DATA.

Subdivision 1. **Minneapolis Employees Retirement Fund data.** (a) Beneficiary and survivor data. The following data on beneficiaries and survivors of Minneapolis Employees Retirement Fund members are private data on individuals: home address, date of birth, direct deposit account number, and tax withholding data.

(b) Limits on disclosure. Required disclosure of data about members, survivors, and beneficiaries is limited to name, gross pension, and type of benefit awarded.

69.011 QUALIFYING FOR STATE AID.

Subd. 2a. **Metropolitan Airports Commission.** The Metropolitan Airports Commission shall apply for all police state aid that it is eligible to receive on behalf of employees covered under chapter 422A.

356.43 SUPPLEMENTAL BENEFIT; LUMP-SUM PAYMENTS; MINNEAPOLIS EMPLOYEES RETIREMENT FUND.

Subdivision 1. **Entitlement.** Any person who is receiving either an annuity that was computed under the laws in effect before March 5, 1974, or a "\$2 bill and annuity" annuity from the Minneapolis Employees Retirement Fund is entitled to receive a supplemental benefit lump-sum payment from the retirement fund in the amount specified in subdivision 2.

Subd. 2. **Amount of payment.** (a) For any person receiving an annuity or benefit on November 30, 1991, and entitled to receive a supplemental benefit lump-sum payment under subdivision 1, the payment is \$28 for each full year of allowable service credited to the person by the retirement fund.

In 1992 and each following year, each eligible benefit recipient is entitled to receive the amount received in the preceding year increased by the same percentage applied on the most recent January 1 to regular annuities paid from the Minneapolis Employees Retirement Fund.

(b) The payment provided for in this section is payable on December 1, 1991, to those persons receiving an annuity or benefit on November 30, 1991. In subsequent years, the payment must be made on December 1 to those persons receiving an annuity or benefit on the preceding November 30. This section does not authorize payment to an estate if the annuity or benefit recipient dies before the November 30 eligibility date. The payment provided for in this section must be paid automatically unless the intended recipient files a written notice with the retirement fund requesting that it not be paid.

Subd. 3. **State appropriation.** Payments under this section are the responsibility of the Minneapolis Employees Retirement Fund. A separate state aid is provided toward the level dollar amortized cost of the payments. For state fiscal years 1992 to 2001 inclusive, there is appropriated annually \$550,000 from the general fund to the commissioner of finance to be added, in quarterly installments, to the annual state contribution amount determined under section 422A.101, subdivision 3. After fiscal year 2001, any difference between the cumulative benefit amounts actually paid under this section after fiscal year 1991 and the amounts paid to the retirement fund by the state under this subdivision, plus investment earnings on the aid, shall be included by the retirement fund board and the actuary retained under section 356.214 in determining the financial requirements of the fund and contributions under section 422A.101.

422A.01 DEFINITIONS.

Subdivision 1. **Scope.** For purposes of this chapter the terms defined in this section shall have the following meanings.

Subd. 2. **City.** "City" means the city of Minneapolis.

Subd. 3. **Retirement allowance.** "Retirement allowance" means either a service allowance to which an employee may be entitled who retires from the city service after having attained the minimum established age for retirement or a "disability allowance" to which an employee may be entitled who retires from the city service as a result of disability before having attained the minimum age for retirement.

Subd. 4. **Annuity.** "Annuity" means payments for life derived from contributions made by an employee, as provided in this chapter.

Subd. 4a. **Average salary.** (a) "Average salary" means the arithmetic average annual salary, wages, or compensation of the member from the city for any five calendar years out of the

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last ten calendar years of service, except as provided for in section 422A.16, which may include the year in which the employee retires, as selected by the employee.

(b) A member with more than five calendar years of service, but less than ten calendar years, may select any five calendar years of service to determine the average salary. A member with less than five years of service with the city shall use all earnings to determine the average salary.

Subd. 5. **Pension.** "Pension" means payments for life derived from credits allowed and appropriations made by the city, as provided in this chapter.

Subd. 6. **Present worth or present value.** "Present worth" or "present value" means that the present amount of money if increased at the applicable postretirement or preretirement interest rate assumption specified in section 356.215, subdivision 8, and based on the mortality table adopted by the board of trustees based on the experience of the fund as recommended by the actuary retained under section 356.214, and approved under section 356.215, subdivision 18, will at retirement equal the actuarial accrued liability of the annuity already earned.

Subd. 7. **Actuarial equivalent.** "Actuarial equivalent" means the condition of one annuity or benefit having an equal present worth or present value as another annuity or benefit.

Subd. 8. **Established age.** "Established age" means the minimum age for retirement on a service allowance as specified by or pursuant to this chapter.

Subd. 9. **Public corporation.** "Public corporation" includes Metropolitan Airports Commission, Metropolitan Council and municipal employees retirement fund.

Subd. 10. **Unfunded actuarial accrued liability.** "Unfunded actuarial accrued liability" means the difference between the actuarial accrued liability to date and the corresponding assets valued under section 356.215, subdivision 1, clause (6).

Subd. 11. **Employee.** "Employee" means a person who is not exempted from the contributing class under section 422A.09, subdivision 3, who was employed before July 1, 1979, by and paid, in whole or in part, by the city or any of its boards, departments, or commissions, operated as a department of city government or independently if financed in whole or in part by city funds, including a person who was employed by a public corporation as herein defined, a person who was employed before July 1, 1979, by Special School District No. 1, and who is not a member of any other retirement system, and a person who was employed before July 1, 1973, by the county of Hennepin, who was entitled by law to elect and has elected to retain membership in the Minneapolis Employees Retirement Fund and who makes any required member contributions to the fund and who remains so employed.

Subd. 12. **Dependent.** "Dependent" means a spouse, child, or any person actually dependent upon and receiving over 50 percent of support from such employee.

Subd. 13. **Postretirement investment fund annuity.** "Postretirement investment fund annuity" means all retirement and disability payments made by the fund under the terms of this chapter as adjusted from time to time. This does not include payments, if any, from sources other than participation in the Minnesota postretirement investment fund.

Subd. 13a. **Covered salary.** (a) "Salary" is subject to the limitations of section 356.611.

(b) "Salary" also includes the contributions to a supplemental retirement plan under section 356.24, subdivision 1, clause (8), (9), or (10), for an employee who is covered by a supplemental retirement plan which requires that all plan contributions be made by the person's employer from mandatory withholdings from the employee's wages.

Subd. 17. **Firefighter.** "Firefighter," for purposes of section 422A.151, means an employee of the metropolitan airports commission who was employed by the commission before June 30, 1978, and whose employment duties include, at a minimum, full-time service as an employee of a designated fire company who is engaged primarily in fire suppression and related duties, or as a person who is in charge of a designated fire company or companies and who is engaged in the hazards of fire fighting.

Subd. 18. **Licensed peace officer.** "Licensed peace officer," for purposes of section 422A.151, means an employee of the Metropolitan Airports Commission who was employed by the commission before June 30, 1978, and whose employment duties include, at a minimum, full-time service as an officer whose primary job it is to enforce the law, who is licensed by the Minnesota Board of Peace Officer Standards and Training under sections 626.84 to 626.863, who is engaged in the hazards of protecting the safety and property of others, and who has the power to arrest by warrant.

422A.02 RETIREMENT BOARD; MEMBERS.

A retirement board of seven members is hereby constituted which shall consist of the following:

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(1) mayor, or a designee selected by the mayor;
(2) one member of the city council selected by the council; and
(3) five legally qualified voters to be chosen by the members of the retirement fund created by this chapter at least two of whom shall be retired members. The members may form an association for that purpose and the employing authorities are authorized to make payroll deductions for the payment of dues to the association. The persons selected shall serve for staggered terms of three years from the first of the next succeeding January after their election, and until their successors are duly elected. The selection shall be made by the members of the association during the first week of December of each year. Vacancies occurring by death, resignation, or removal of representatives shall be filled by representatives chosen by the members of the association.

422A.03 MEETINGS; EMPLOYEES; RULES AND REGULATIONS.

Subdivision 1. **Meetings; employees.** The retirement board shall meet on the third Tuesday of each calendar month of each year and may adjourn from time to time. Special meetings may be held upon the call of the president. The board shall, by a four-sevenths vote of all members of the board, appoint an executive director, who shall have charge of the performance of the duties required by the provisions of this chapter, and who shall appoint other necessary employees to positions approved in advance by the board. If at the time of appointment as executive director the appointee holds a position subject to the civil service rules and regulations of the city the appointee shall be deemed to be on leave of absence from the civil service position during tenure as executive director, and upon termination of service shall be returned to the appointee's permanent civil service classification. If no vacancy is available in the appointee's permanent civil service classified position, seniority shall prevail, and the person most recently certified to the position shall be returned to the permanent civil service classification held prior to such certification.

Subd. 2. **Removal of executive director; classification of employees.** The executive director may be removed by a four-sevenths vote of all members of the board at a meeting called for that purpose. Before exercising the power of removal, 15 days' written notice shall be given to the executive director setting forth the cause for removal and stating the time and place where the charges will be heard. The hearing shall be open to the public. Other employees under the supervision of the board and employees appointed hereafter shall be subject to applicable civil service laws and rules of the city unless the board determines that they should be unclassified. The compensation of the executive director and the other employees under the supervision of the board shall be fixed by the board.

Subd. 3. **Officers.** At the regular meeting in January each year, the board shall elect from among its members a president, a vice-president, and a secretary-treasurer, who shall hold office for one year or until successors have been elected and qualified. The president, if present, shall preside at all meetings. In the absence of the president the vice-president shall preside and have all the powers of the president while acting as such. The recording secretary shall keep a record of all proceedings of the board, which shall be open to public inspection. At least one of the officers of the board shall be one of the representatives elected by the employees of the city to the board.

Subd. 4. **Rules.** Subject to the limitations of law, the board shall from time to time establish rules and regulations for the administration of the fund or funds created by this chapter and for the transaction of its business. Roberts rules of order shall be the rules of order of the board except as otherwise specifically adopted.

Subd. 5. **Powers of executive director.** For the purpose of administration, except as otherwise herein provided, the executive director, under the direction of the board, shall perform any and all acts and make regulations as may be necessary and proper for the purpose of carrying out the provisions of this chapter.

422A.04 EXPENSES; REPORTS; RECORDS; POWERS.

Subdivision 1. **Requirements of board members.** The members of the retirement board shall serve without compensation but shall be reimbursed for any necessary expenditures and no employee shall suffer loss of salary or wages through serving on the board. Every member of the board shall take a similar oath of office as taken by employees of the city and such oath shall be subscribed to by each member and filed with the clerk of the city.

Subd. 2. **Actuarial data.** The board shall keep in convenient form any data necessary for the preparation of the annual actuarial valuation of the fund created by this chapter. The actuarial valuation of the fund shall be governed by the provisions of chapter 356.

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Subd. 3. **Experience data and mortality tables.** The board shall prepare and keep any needful tables, records, and accounts required for carrying out the provisions of sections 422A.01 to 422A.25, including data showing the mortality and disability experience of the officers and employees of the service and the date of withdrawal from service, and any other information that may serve as a guide for future actuarial valuations and adjustments in the actuarial assumptions for the retirement fund. Mortality tables shall be adopted and may be modified from time to time by the board based on the experience of the fund as recommended by the actuary retained under section 356.214 as a basis of calculation for retirement allowances, with any recommendation by the actuary retained as a part of the permanent records of the board.

Subd. 4. **Other powers.** The board shall perform such other functions as are required for the execution of the provisions of this chapter. For the purposes of this chapter, the board shall possess the powers and privileges of a corporation, and as such may sue and be sued, and shall have the right to issue subpoenas and to compel the attendance of witnesses.

422A.05 TRUSTEE OF FUNDS.

Subdivision 1. **Power over funds.** The members of the retirement board shall be the trustees and custodians of the several funds created by this chapter and shall have exclusive control and management of these funds, and power to invest them and to hold, purchase, sell, assign, transfer, or dispose of any of the securities and investments in which any of the funds created by this chapter shall have been invested as well as the proceeds of the investments, and of the money belonging to these funds. The power to manage and invest the assets of the funds must be exercised by the retirement board solely through professional investment or property management firms that are independent of the retirement fund. No financial or property assets of the funds may be managed, serviced, or invested internally or in-house at the retirement fund, except that any investment held by a fund on February 1, 1993, that is not readily tradable on an established securities exchange may continue to be managed directly by the retirement board until the investment is converted to cash. The retirement board's functions under this section consist primarily of establishing and effectuating investment policy and structure, managing the investment process, monitoring and measuring the performance of the external independent professional investment or property management firms, retaining or terminating agreements with these firms, apportioning the assets of the funds to be managed among these firms, and making financial decisions on issues if approvals have been specifically reserved by and to the board.

Subd. 2a. **Fiduciary duty.** (a) In the discharge of their respective duties, the members of the board, the executive director, the board staff, and any person charged with the responsibility of servicing assets of the funds pursuant to the standards set forth in this chapter shall act in good faith and shall exercise that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived therefrom. In addition, the members of the board and the chief administrative officer shall act in a manner consistent with chapter 356A.

(b) Individuals authorized by the board to manage or invest the assets of the funds must act in a manner consistent with chapter 356A. In addition, these individuals must act in good faith and exercise that degree of judgment, skill, diligence, and care, under the circumstances then prevailing, that persons of prudence, discretion, and intelligence acting in a like capacity and familiar with the activity would exercise.

Subd. 2b. **Conflicts of interest.** No member of the board may participate in the deliberations or the voting on any matter before the board which will or is likely to result in direct, measurable personal gain to the member.

Subd. 2c. **Minneapolis Employees Retirement Fund investment authority.** (a) For investments made on or after July 1, 1991, the board shall invest funds only in investments authorized by section 356A.06, subdivision 7.

(b) However, in addition to real estate investments authorized under paragraph (a), the board may also make loans to purchasers of Minnesota situs nonfarm residential real estate that is owned by the Minneapolis Employees Retirement Fund. The loans must be secured by mortgages or deeds of trust.

(c) For investments made before July 1, 1991, the board may, but is not required to, comply with paragraph (a). However, with respect to these investments, the board shall act in accordance with subdivision 2a and chapter 356A.

(d) The board may certify assets for investment by the State Board of Investment under section 11A.17. Alternatively or in addition, the board may certify assets for investment by

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the State Board of Investment in fixed income pools or in a separately managed account at the discretion of the State Board of Investment as provided in section 11A.14.

Subd. 2d. **Account transfers.** Notwithstanding any law to the contrary, the retirement board, subject to the standards of subdivision 2a and chapter 356A, may transfer assets between accounts established by section 422A.06.

Subd. 2e. **Standing; parties.** In addition to other parties with claims under statute or the common law, the state and a political subdivision that helps to finance a plan have standing to sue on behalf of all taxpayers and the plan beneficiaries for an alleged breach of fiduciary duty. If a suit is brought by the state or a political subdivision under this subdivision, no separate suit regarding the same claims on behalf of taxpayers of the state or a political subdivision or of beneficiaries may be allowed, and any suit then pending on behalf of taxpayers of the state or a political subdivision or of beneficiaries must be dismissed unless the court determines that its dismissal would prejudice or limit the rights or claims of the taxpayers or beneficiaries. Nothing in this subdivision precludes suits by both the state and an affected political subdivision or suits by the retirement board on behalf of one or more of the funds.

Subd. 2f. **Attorney fees.** The court shall award reasonable attorney fees and costs of litigation, in addition to damages and other relief, in a suit where a breach of fiduciary duty is found under subdivision 2a or chapter 356A.

Subd. 5. **Payments; revolving fund.** All payments from the funds created by this chapter shall be signed by the treasurer, executive director, or other person appointed by the retirement board, and no payment shall be made except by order of the board duly entered in the record of its proceedings, except that the board may create a revolving fund in an amount as may be necessary to be used for the purpose of withdrawals from the fund of excess contributions; refunds to employees upon their separation from the service and for other purposes as may be determined by the board. The revolving fund shall be periodically reimbursed as set forth herein. It shall be subject to withdrawal upon check signed by the executive director, or other person appointed by the board.

Subd. 6. **Special funds.** The board may, in carrying out the provisions of this chapter, establish special funds supplementing individual contributions by the employees and to receive, invest, and disburse for such purpose all moneys in the form of donations, gifts, legacies, bequests, or otherwise which may be contributed by private individuals or corporations or organizations for the benefit of the city employees generally, or any special employee or class of employees of the city.

Subd. 8. **Health insurance.** The retirement board may authorize the executive director or the executive director's designee to:

(1) offer the beneficiaries of the fund the option of having their health insurance premiums deducted automatically from their monthly benefit amounts and paid to a designated insurer; and

(2) provide beneficiaries information about available group health insurance plan options.

Beneficiaries who elect to avail themselves of this service are ultimately responsible for the timely payment of premiums and the payment of premiums in the proper amount.

422A.06 RETIREMENT FUND.

Subdivision 1. **Creation; divisions of fund.** For the purposes of this chapter, there is established the Minneapolis Employees Retirement Fund. That retirement fund is subdivided into (1) a deposit accumulation fund, (2) a survivor benefit fund, (3) a disability benefit fund, and (4) a retirement benefit fund. The expense of the administration of the retirement fund must be paid from the deposit accumulation fund, less the amount as the retirement board may charge against income of the retirement benefit fund from investments as the cost of handling the investments of the retirement benefit fund.

Subd. 2. **Actuarial valuation required.** (a) As of July 1 of each year, an actuarial valuation of the retirement fund shall be prepared by the actuary retained by the joint retirement systems under section 356.214 and filed in conformance with the provisions and requirements of sections 356.215 to 356.23. Experience studies shall be prepared at those times required by statute, required by the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement or ordered by the board.

(b) The board may contract for the services of an approved actuary and fix the reasonable compensation for those services. Any approved actuary retained by the board shall function as the actuarial advisor to the board and may perform actuarial valuations and experience studies to supplement those performed by the actuary retained by the joint retirement systems under section 356.214. Any supplemental actuarial valuations or experience studies must be filed with the executive director of the Legislative Commission on Pensions and Retirement.

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Subd. 3. **Deposit accumulation fund.** (a) The deposit accumulation fund consists of the assets held in the fund, including amounts contributed by or for employees, amounts contributed by the city, amounts contributed by municipal activities supported in whole or in part by revenues other than taxes and amounts contributed by any public corporation, amounts paid by the state, and by income from investments.

(b) There must be paid from the fund the amounts required to be transferred to the retirement benefit fund, or the disability benefit fund, refunds of contributions, including the death-while-active refund specified in section 422A.22, subdivision 4, postretirement increases in retirement allowances granted under Laws 1965, chapter 688, or Laws 1969, chapter 859, and expenses of the administration of the retirement fund which were not charged by the retirement board against the income of the retirement benefit fund from investments as the cost of handling the investments of the retirement benefit fund.

(c) To the extent that the deposit accumulation fund has insufficient assets to transfer the total value of the required reserves for retirement annuities to either the disability benefit fund under subdivisions 5 and 7 or the retirement benefit fund under subdivisions 5 and 8 as required, the deposit accumulation fund has a transfer amount payable on which an interest charge accrues. The executive director must determine the interest charge for the period that the transfer amount payable remains unpaid at an annual rate equal to five percent plus the percentage increase in the amount of the annual Consumer Price Index for urban wage earners and clerical workers as calculated by the Bureau of Labor Statistics of the United States Department of Labor from the previous June 30. The interest charge must be reflected in the books of the Minneapolis Employees Retirement Fund and assessed against the deposit accumulation fund based on the average quarterly transfer amount payable balance outstanding. Any revenue received by the deposit accumulation fund subsequent to unpaid transfers must be transferred from the deposit accumulation fund to the disability benefit fund or to the retirement fund, whichever applies, and must first be applied to any remaining interest charge and then must be applied to the principal amount of transfer amount payable outstanding.

Subd. 4. **No participation in the Minnesota postretirement investment fund.** The Minneapolis Employees Retirement Fund shall not participate in the Minnesota postretirement investment fund.

Subd. 5. **Transfer of reserves to retirement benefit fund; adjustments of annuities and benefits.** (a) Assets equal to the required reserves for retirement annuities as determined in accordance with the appropriate mortality table adopted by the board of trustees based on the experience of the fund as recommended by the actuary retained under section 356.214 and using the postretirement interest assumption specified in section 356.215, subdivision 8, must be transferred to the disability benefit fund as provided in subdivision 7, or the retirement benefit fund, except for any amounts payable from the survivor benefit fund, as of date of retirement.

(b) To the extent that the deposit accumulation fund has insufficient assets to cover a full required transfer amount, the applicable fund must be credited with an interest-bearing transfer amount payable.

(c) Annuity payments must be adjusted in accordance with this chapter, except that no minimum retirement payments described in this chapter must include any amounts payable from the survivors' benefit fund or disability benefit fund and supplemented benefits specifically financed by statute.

(d) Increases in annuity payments under this section shall be made automatically unless written notice on a form prescribed by the board is filed with the retirement board requesting that the increase not be made.

(e) Any additional annuity which began to accrue on July 1, 1973, or which began to accrue on January 1, 1974, under Laws 1973, chapter 770, section 1, must be considered as part of the base amount to be used in determining any postretirement adjustments payable under the provisions of subdivision 8.

Subd. 6. **Survivor's benefit fund.** The survivor's benefit fund consists of the amount held for survivor benefits, increased by contributions for survivor benefits made by and for employees, including contributions made by the employer, by any municipal activity supported in whole or in part by revenue other than taxes or by any public corporation. A proportionate share of income from investments must be allocated to this fund. Survivor benefits specified in section 422A.23 must be paid from this fund.

Subd. 7. **Disability benefit fund.** (a) A disability benefit fund is established, containing the required reserves for disability allowances under this chapter. A proportionate share of income from investments must be allocated to this fund and any interest charge under subdivision 3, paragraph (c), must be credited to the fund. The disability allowances payable under this chapter must be paid from this fund.

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(b) In the event of the termination of any disability allowance for any reason other than the death of the recipient, the balance of the required reserves for the disability allowance as of the date of the termination must be transferred from the disability benefit fund to the deposit accumulation fund.

(c) At the end of each fiscal year, as part of the annual actuarial valuation, a determination must be made of the required reserves for all disability allowances being paid from the disability benefit fund. Any excess of assets over actuarial required reserves in the disability benefit fund must be transferred to the deposit accumulation fund. Unless subdivision 3, paragraph (c), applies, any excess of actuarial reserves over assets in the disability benefit fund must be funded by a transfer of the appropriate amount of assets from the deposit accumulation fund.

Subd. 8. Retirement benefit fund. (a) The retirement benefit fund consists of amounts held for payment of retirement allowances for members retired under this chapter, including any transfer amount payable under subdivision 3, paragraph (c).

(b) Unless subdivision 3, paragraph (c), applies, assets equal to the required reserves for retirement allowances under this chapter determined in accordance with the appropriate mortality table adopted by the board of trustees based on the experience of the fund as recommended by the actuary retained under section 356.214 must be transferred from the deposit accumulation fund to the retirement benefit fund as of the last business day of the month in which the retirement allowance begins. The income from investments of these assets must be allocated to this fund and any interest charge under subdivision 3, paragraph (c), must be credited to the fund. There must be paid from this fund the retirement annuities authorized by law. A required reserve calculation for the retirement benefit fund must be made by the actuary retained under section 356.214 and must be certified to the retirement board by the actuary retained under section 356.214.

(c) There is established a deferred yield adjustment account which must be increased by the sale or disposition of any debt securities at less than book value and must be decreased by the sale or disposition of debt securities at more than book value. At the end of each fiscal year, a portion of the balance of this account must be offset against the investment income for that year. The annual portion of the balance to be offset must be proportional to the reciprocal of the average remaining life of the bonds sold, unless the amounts are offset by gains on the future sales of these securities. The amount of this account must be included in the recognized value of assets other than corporate stocks and all other equity investments. In any fiscal year in which the gains on the sales of debt securities exceed the discounts realized on the sales of such securities, the excess must be used to reduce the balance of the account. If the realized capital gains are sufficient to reduce the balance of the account to zero, any excess gains must be available for the calculation of postretirement adjustments.

(d)(1) Annually, following June 30, the board shall use the procedures in clauses (2), (3), and (4), to determine whether a postretirement adjustment is payable and to determine the amount of any postretirement adjustment.

(2) If the Consumer Price Index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor increases from June 30 of the preceding year to June 30 of the current year, the board shall certify the percentage increase. The amount certified must not exceed the lesser of the difference between the preretirement interest assumption and postretirement interest assumption in section 356.215, subdivision 8, paragraph (a), or 3.5 percent.

(3) In addition to any percentage increase certified under paragraph (b), the board shall use the following procedures to determine if a postretirement adjustment is payable under this paragraph:

- (i) the board shall determine the market value of the fund on June 30 of that year;
- (ii) the amount of reserves required as of the current June 30 for the annuity or benefit payable to an annuitant and benefit recipient must be determined by the actuary retained under section 356.214. An annuitant or benefit recipient who has been receiving an annuity or benefit for at least 12 full months as of the current June 30 is eligible to receive a full postretirement adjustment. An annuitant or benefit recipient who has been receiving an annuity or benefit for at least one full month, but less than 12 full months as of the current June 30, is eligible to receive a partial postretirement adjustment. The amount of the reserves for those annuitants and benefit recipients who are eligible to receive a full postretirement benefit adjustment is known as "eligible reserves." The amount of the reserves for those annuitants and benefit recipients who are not eligible to receive a postretirement adjustment is known as "noneligible reserves." For an annuitant or benefit recipient who is eligible to receive a partial postretirement adjustment, additional "eligible reserves" is an amount that bears the same ratio to the total reserves required for the annuitant or benefit recipient as the number of full months of annuity or benefit receipt

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as of the current June 30 bears to 12 full months. The remainder of the annuitant's or benefit recipient's reserves are "noneligible reserves";

(iii) the board shall determine the percentage increase certified under clause (2) multiplied by the eligible required reserves, as adjusted for mortality gains and losses, determined under item (ii);

(iv) the board shall add the amount of reserves required for the annuities or benefits payable to annuitants and benefit recipients of the participating public pension plans or funds as of the current June 30 to the amount determined under item (iii);

(v) the board shall subtract the amount determined under item (iv) from the market value of the fund determined under item (i);

(vi) the board shall adjust the amount determined under item (v) by the cumulative current balance determined under item (viii) and any negative balance carried forward under item (ix);

(vii) a positive amount resulting from the calculations in items (i) to (vi) is the excess market value. A negative amount is the negative balance;

(viii) the board shall allocate one-fifth of the excess market value or one-fifth of the negative balance to each of five consecutive years, beginning with the fiscal year ending the current June 30; and

(ix) to calculate the postretirement adjustment under this paragraph based on investment performance for a fiscal year, the board shall add together all excess market value allocated to that year and subtract from the sum all negative balances allocated to that year. If this calculation results in a negative number, the entire negative balance must be carried forward and allocated to the next year. If the resulting amount is positive, a postretirement adjustment is payable under this paragraph. The board shall express a positive amount as a percentage of the total eligible required reserves certified to the board under item (ii).

(4) The board shall determine the amount of any postretirement adjustment which is payable using the following procedure:

(i) the total "eligible" required reserves as of the first of January next following the end of the fiscal year for the annuitants and benefit recipients eligible to receive a full or partial postretirement adjustment as determined by item (ii) must be certified to the board by the actuary retained under section 356.214. The total "eligible" required reserves must be determined by the actuary retained under section 356.214 on the assumption that all annuitants and benefit recipients eligible to receive a full or partial postretirement adjustment will be alive on the January 1 in question; and

(ii) the board shall add the percentage certified under clause (2) to any positive percentage calculated under clause (3). The board shall not subtract from the percentage certified under paragraph (b) any negative amount calculated under clause (3). The sum of these percentages must be carried to five decimal places and must be certified as the full postretirement adjustment percentage.

(e) The board shall determine the amount of the postretirement adjustment payable to each eligible annuitant and benefit recipient. The dollar amount of the postretirement adjustment must be calculated by applying the certified postretirement adjustment percentage to the amount of the monthly annuity or benefit payable to each eligible annuitant or benefit recipient eligible for a full adjustment.

The dollar amount of the partial postretirement adjustment payable to each annuitant or benefit recipient eligible for a partial adjustment must be calculated by first determining a partial percentage amount that bears the same ratio to the certified full adjustment percentage amount as the number of full months of annuity or benefit receipt as of the current June 30 bears to 12 full months. The partial percentage amount determined must then be applied to the amount of the monthly annuity or benefit payable to each annuitant or benefit recipient eligible to receive a partial postretirement adjustment. The postretirement adjustments are payable on January 1 following the calculations required under this section and must thereafter be included in the monthly annuity or benefit paid to the recipient. Any adjustments under this section must be paid automatically unless the intended recipient files a written notice with the applicable participating public pension fund or plan requesting that the adjustment not be paid.

(f) As of June 30 annually, the actuary retained under section 356.214 shall calculate the amount of required reserves representing any mortality gains and any mortality losses incurred during the fiscal year and report the results of those calculations to the plan. The actuary shall report separately the amount of the reserves for annuitants and benefit recipients who are eligible for a postretirement benefit adjustment and the amount of reserves for annuitants and benefit recipients who are not eligible for a postretirement benefit adjustment. If the net amount of required reserves represents a mortality gain, the board shall sell sufficient securities or transfer sufficient available cash to equal the amount. If the amount of required reserves represents a

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mortality loss, the plan shall transfer an amount equal to the amount of the net mortality loss. The amount of the transfers must be determined before any postretirement benefit adjustments have been made. All transfers resulting from mortality adjustments must be completed annually by December 31 for the preceding June 30. Interest is payable on any transfers after December 31 based upon the preretirement interest assumption for the participating plan or fund as specified in section 356.215, subdivision 8, stated as a monthly rate. Book values of the assets of the fund must be determined only after all adjustments for mortality gains and losses for the fiscal year have been made.

(g) All money necessary to meet the requirements of the certification of withdrawals and all money necessary to pay postretirement adjustments under this section are hereby and from time to time appropriated from the postretirement investment fund to the board.

(h) Annually, following the calculation of any postretirement adjustment payable from the retirement benefit fund, the board of trustees shall submit a report to the executive director of the Legislative Commission on Pensions and Retirement and to the commissioner of finance indicating the amount of any postretirement adjustment and the underlying calculations on which that postretirement adjustment amount is based, including the amount of dividends, the amount of interest, and the amount of net realized capital gains or losses utilized in the calculations.

(i) With respect to a former contributing member who began receiving a retirement annuity or disability benefit under section 422A.151, paragraph (a), clause (2), after June 30, 1997, or with respect to a survivor of a former contributing member who began receiving a survivor benefit under section 422A.151, paragraph (a), clause (2), after June 30, 1997, the reserves attributable to the one percent lower amount of the cost-of-living adjustment payable to those annuity or benefit recipients annually must be transferred back to the deposit accumulation fund to the credit of the Metropolitan Airports Commission. The calculation of this annual reduced cost-of-living adjustment reserve transfer must be reviewed by the actuary retained under section 356.214.

422A.08 FINANCING OF CITY'S CONTRIBUTION.

Subdivision 1. **Financing.** All income, interest and dividends derived from deposits and investments authorized by this chapter shall be placed to the credit of the retirement fund.

Subd. 5. **Service credit purchase.** Any contributor who prior to entering the service of the city was an employee of a public corporation, is authorized, using the procedure in subdivision 5a, to purchase allowable service credit in the retirement fund for employment by the public corporation in the same manner as though the service had been rendered to the city, providing that the individual has not received service credit and is not eligible to receive service credit for this period under any other plan or fund listed in section 356.30, subdivision 3. Before receiving credit for service rendered to a public corporation as herein set forth, the contributing employee shall make application therefor in writing to the retirement board, and shall contribute to the retirement fund the amount specified in subdivision 5a.

Subd. 5a. **Purchase payment amount.** (a) To purchase credit for prior service under this section, there must be paid to the Minneapolis Employees Retirement Fund an amount equal to the present value, on the date of payment, of the amount of the additional retirement annuity obtained by the purchase of the additional service credit. Calculation of this amount must be made using the applicable preretirement interest rate for the association specified in section 356.215, subdivision 8, and the mortality table adopted for the fund. The calculation must assume continuous future service in the fund until, and retirement at, the age at which the minimum requirements of the fund for normal retirement or retirement with an annuity unreduced for retirement at an early age, including section 356.30, are met with the additional service credit purchased. The calculation must also assume a future salary history that includes annual salary increases at the applicable salary increase rate for the fund or association specified in section 356.215, subdivision 8. The member must establish in the records of the fund proof of the service for which the purchase of prior service is requested. The manner of the proof of service must be in accordance with procedures prescribed by the executive director.

(b) Payment must be made in one lump sum.

(c) Payment of the amount calculated under this subdivision must be made by the member. However, the current or former governmental subdivision employer of the member may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the rate

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of six percent a year compounded annually from the date on which the contributions would otherwise have been made to the date on which the payment is made.

422A.09 CLASSIFICATION OF EMPLOYEES.

Subdivision 1. **Two classes.** Employees of the city shall be divided into a contributing class and an exempt class.

Subd. 2. **Contributing class.** (a) The contributing class shall consist of all employees not included in the exempt class, who become prospective beneficiaries of the fund created by this chapter.

(b) A member of the contributing class who is granted a leave of absence without pay by the member's employer to serve as an employee or agent of a labor union representing members of the contributing class may continue as a member of the contributing class during the period of such leave of absence by depositing each month with the fund the amount of the contribution of the employee as required by this chapter which amount shall be the normal employee contribution.

(c) The contributions referred to in this subdivision shall be based on the salary for the position or its equivalent held by the member immediately prior to such leave of absence subject to any adjustment thereof during the period of such leave.

Subd. 3. **Exempt class.** The exempt class shall consist of:

(1) Employees who are members of any other organization or association of the city on behalf of which a tax is levied by the city for the purpose of paying retirement allowances to disabled or superannuated employees.

(2) Persons filling elective position; provided that any elective officer holding an elective city office, except a judge of municipal court, shall, upon written application to the retirement board, be entitled to become a member of the contributing class of the fund, and after becoming a contributor to the fund be entitled to all benefits conferred upon employees of the contributing class except retirement on a service allowance, which shall be granted only upon completion of ten or more years of service and attaining at least age 60.

All retirement allowances shall be computed and determined as provided herein, except that in determining the number of years of service, credit shall be given for time served as an elective officer or employee, or member of an executive board or commission or any combination thereof. Persons who have served in elective positions which qualified them for membership in the fund prior to July 1, 1967, and who immediately thereafter hold elective office, first being appointed to that elective office in Hennepin County, may retain or resume membership in the fund as an elective officer of the county. The county shall collect and pay to the retirement fund the employee contribution as required under section 422A.10. The employer contribution on behalf of the elected officer must be paid by the county. Before receiving a retirement allowance, or any other benefit, any person who claims credit for service under this section shall contribute to the fund an amount equal to the amount of contributions to the fund which the person would have made had the person been a contributor to the fund since the date the person first became eligible for membership in the fund, under section 422A.10, plus six percent compound interest.

(3) Persons serving without pay.

(4) Persons employed on a temporary basis, as doorkeepers, ticket takers, and attendants at the municipal auditorium, park recreation facilities, or like activities, employed less than 1000 hours, or its equivalent if employed on any other basis than an hourly basis, in any calendar year from January 1 to December 31, inclusive, provided that employees who were contributing members of the fund on July 1, 1959 shall not be affected by the exclusions in this section.

(5) A person who is exempted from the contributing class by Minnesota Statutes 1974, section 422A.09, subdivision 3, clauses (4) and (5), but who is employed by and paid, in whole or in part, by the city or any of its boards, departments, or commissions, operated as a department of the city government or independently, if financed in whole or in part by city funds, including any person employed by a public corporation, and including any person employed by Special School District No. 1, each of whom is not a member of any other retirement system, who later becomes a contributing member of the fund may elect to qualify at that time for credit by paying into the fund an amount equal to the amount of contributions to the fund which the person would have made had the person been a contributor to the fund since the date the person first qualified as an exempt member of the contributing class, under section 422A.10, plus six percent compound interest.

Subd. 4. **City coordinator; assistant city coordinator.** The exempt class shall also consist of persons filling the positions of Minneapolis city coordinator and assistant city coordinator, provided that any such person shall, upon written application to the retirement board, be entitled to become a member of the contributing class of the fund, and after becoming a contributor to the fund be entitled to all benefits conferred upon employees of the contributing

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class. If a person filling the position of city coordinator or assistant city coordinator does not elect to become a member of the contributing class, the city of Minneapolis may pay to such person, in addition to the salary allowed under any limitations imposed upon salaries by any law, an amount equal to what would be the employer's contribution for normal costs to the retirement fund if the employee was a member of the contributing class, provided that such employee agrees that the additional salary shall be deposited by the city in a deferred compensation program.

422A.10 SALARY DEDUCTIONS.

Subdivision 1. **Member contribution; deductions.** (a) There must be deducted and withheld from the basic salary, pay or compensation of each employee in the contributing class an amount equal to 9-1/4 percent of such salary, pay or compensation, except as hereinafter provided.

(b) The retirement board may increase the percentage rate of contribution to the retirement fund of any employee or employees for the purpose of establishing and maintaining on an actuarial basis a plan of insurance, survivors' benefits, or other type of benefit or benefits, the cost of which must be paid out of such extra percentage so authorized and deducted from the employee's compensation, except as hereinafter provided. Any plan or plans so established and placed in operation may be amended from time to time, or may be abandoned, but if abandoned, any surplus remaining from the operation of a plan must be the property of the fund, and must be credited to the reserve for loss in investment account.

Subd. 2. **Mandatory member contributions.** Every employee to whom this chapter applies is deemed to consent and agree to the deductions made and provided for herein, and payment with such reductions, for service, are a full and complete discharge and acquittance of all claims and demands for all services rendered by such person during the period covered by such payment; except the person's claim to the benefits to which the person may be entitled under the provisions of this chapter.

Subd. 3. **Option to increase contributions.** Subject to such terms and conditions and to such rules and regulations as the retirement board may adopt, any contributor from time to time may increase or decrease the contributor's rate of contribution to the retirement fund, but in no event shall the contribution be less than the minimum contribution specified in the provisions of this chapter.

**422A.101 PREPARATION OF FINANCIAL REQUIREMENTS OF FUND;
EMPLOYER CONTRIBUTIONS.**

Subdivision 1. **Financial requirements of fund.** Prior to July 31 annually, the retirement board, in consultation with the actuary retained under section 356.214, shall prepare an itemized statement of the financial requirements of the fund for the succeeding fiscal year. A copy of the statement shall be submitted to the city council, the board of estimate and taxation of the city, the managing board or chief administrative officer of each city owned public utility, improvement project or municipal activity supported in whole or in part by revenues other than real estate taxes, public corporation, or unit of metropolitan government employing members of the fund, the board of Special School District No. 1, and the state commissioner of finance prior to July 31 annually. The statement shall be itemized and shall include the following:

(1) an estimate of the administrative expenses of the fund for the following year, including the amount necessary to amortize through June 30, 2020, the annual costs that are determined by the retirement board to be related to investment activities of the deposit accumulation fund other than actual investment transaction amounts;

(2) an estimate of the normal cost of the fund expressed as a dollar amount, which shall be determined by applying the normal cost of the fund as reported in the most recent actuarial valuation prepared by the actuary retained under section 356.214 and expressed as a percentage of covered payroll to the estimated total covered payroll of all employees covered by the fund for the following year;

(3) an estimate of the contribution required to amortize on a level annual dollar basis the unfunded actuarial accrued liability of the fund by June 30, 2020, using an interest rate of six percent compounded annually as reported in the most recent actuarial valuation, prepared by the actuary retained under section 356.214 expressed as a dollar amount. In determining the amount of the unfunded actuarial accrued liability of the fund, all assets other than the assets of the retirement benefit fund shall be valued as current assets as defined under section 356.215, subdivision 1, clause (6), and the assets of the retirement benefit fund shall be valued equal to the actuarially determined required reserves for benefits payable from that fund;

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(4) the amount of any deficiency in the actual amount of any employer contribution provided for in this section when compared to the required contribution amount certified for the previous year, plus interest on the amount at the rate of six percent per annum.

Subd. 1a. **City contributions.** (a) Prior to August 31 of each year, the retirement board shall prepare an itemized statement of the financial requirements of the fund payable by the city for the succeeding fiscal year, and a copy of the statement shall be submitted to the board of estimate and taxation and to the city council by September 15. The financial requirements of the fund payable by the city shall be calculated as follows:

(1) a regular employer contribution of an amount equal to the percentage rounded to the nearest two decimal places of the salaries and wages of all employees covered by the retirement fund which equals the difference between the level normal cost plus administrative cost as reported in the annual actuarial valuation prepared by the actuary retained under section 356.214 and the employee contributions provided for in section 422A.10 less any amounts contributed toward the payment of the balance of the normal cost not paid by employee contributions by any city owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than real estate taxes, any public corporation, any employing unit of metropolitan government, or by Special School District No. 1 pursuant to subdivision 2;

(2) an additional employer contribution of an amount equal to the percent specified in section 353.27, subdivision 3a, clause (a), multiplied by the salaries and wages of all employees covered by the retirement fund less any amounts contributed toward amortization of the unfunded actuarial accrued liability by June 30, 2020, attributable to their respective covered employees by any city owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than real estate taxes, any public corporation, any employing unit of metropolitan government, or by Special School District No. 1 pursuant to subdivision 2; and

(3) a proportional share of an additional employer amortization contribution of an amount equal to \$3,900,000 annually until June 30, 2020, based upon the share of the fund's unfunded actuarial accrued liability attributed to the city as disclosed in the annual actuarial valuation prepared by the actuary retained under section 356.214.

(b) The city council shall, in addition to other taxes levied by the city, annually levy a tax equal to the amount of the financial requirements of the fund which are payable by the city. The tax, when levied, shall be extended upon the county lists and shall be collected and enforced in the same manner as other taxes levied by the city. If the city does not levy a tax sufficient to meet the requirements of this subdivision, the retirement board shall submit the tax levy statement directly to the county auditor, who shall levy the tax. The tax, when levied, shall be extended upon the county lists and shall be collected and paid into the city treasury to the credit of the retirement fund. Any amount to the credit of the retirement fund shall constitute a special fund and shall be used only for the payment of obligations authorized pursuant to this chapter.

Subd. 2. **Contributions by or for city-owned public utilities, improvements, or municipal activities.** (a) Contributions by or for any city-owned public utility, improvement project, and other municipal activities supported in whole or in part by revenues other than real estate taxes, any public corporation, any employing unit of metropolitan government, Special School District No. 1, or Hennepin County, on account of any employee covered by the fund, shall be calculated as follows:

(1) a regular employer contribution of an amount equal to the percentage rounded to the nearest two decimal places of the salaries and wages of all employees of the employing unit covered by the retirement fund which equals the difference between the level normal cost plus administrative cost reported in the annual actuarial valuation prepared by the actuary retained under section 356.214 and the employee contributions provided for in section 422A.10;

(2) an additional employer contribution of an amount equal to the percent specified in section 353.27, subdivision 3a, clause (a), multiplied by the salaries and wages of all employees of the employing unit covered by the retirement fund;

(3) a proportional share of an additional employer amortization contribution of an amount equal to \$3,900,000 annually until June 30, 2020, based upon the share of the fund's unfunded actuarial accrued liability attributed to the employer as disclosed in the annual actuarial valuation prepared by the actuary retained under section 356.214.

(b) The city council or any board or commission may, by proper action, provide for the inclusion of the cost of the retirement contributions for employees of any city-owned public utility or for persons employed in any improvement project or other municipal activity supported in whole or in part by revenues other than taxes who are covered by the retirement fund in the cost of operating the utility, improvement project, or municipal activity. The cost of retirement contributions for these employees shall be determined by the retirement board and the respective governing bodies having jurisdiction over the financing of these operating costs.

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(c) The cost of the employer contributions on behalf of employees of Special School District No. 1 who are covered by the retirement fund shall be the obligation of the school district. Contributions by the school district to the retirement fund or any other public pension or retirement fund of which its employees are members must be remitted to the fund each month. An amount due and not transmitted begins to accrue interest at the rate of six percent compounded annually 15 days after the date due. The retirement board shall prepare an itemized statement of the financial requirements of the fund payable by the school district, which shall be submitted prior to September 15. Contributions by the school district shall be made at times designated by the retirement board. The school district may levy for its contribution to the retirement fund only to the extent permitted pursuant to section 126C.41, subdivision 3.

(d) The cost of the employer contributions on behalf of elective officers or other employees of Hennepin County who are covered by the retirement fund pursuant to section 422A.09, subdivision 3, clause (2), or 422A.22, subdivision 2, or Laws 1973, chapter 380, section 3, Laws 1975, chapter 402, section 2, or any other applicable law shall be the obligation of Hennepin County. The retirement board shall prepare an itemized statement of the financial requirements of the fund payable by Hennepin County, which shall be submitted prior to September 15. Contributions by Hennepin County shall be made at times designated by the retirement board. Hennepin County may levy for its contribution to the retirement fund.

Subd. 2a. **Contributions by Metropolitan Airports Commission and Metropolitan Council.** The Metropolitan Airports Commission and the Metropolitan Council shall pay to the Minneapolis Employees Retirement Fund annually in installments as specified in subdivision 3 the share of the additional support rate required for full amortization of the unfunded actuarial accrued liabilities by June 30, 2020, that is attributable to employees of the airports commission or former Metropolitan Waste Control Commission who are members of the fund. The amount of the payment shall be determined as if the airport commission and Metropolitan Council's employer contributions determined under subdivision 2 had also included a proportionate share of a \$1,000,000 annual employer amortization contribution. The amount of this \$1,000,000 annual employer amortization contribution that would have been allocated to the commission or council would have been based on the share of the fund's unfunded actuarial accrued liability attributed to the commission or council compared to the total unfunded actuarial accrued liability attributed to all employers under subdivisions 1a and 2. The determinations required under this subdivision must be based on the most recent actuarial valuation prepared by the actuary retained under section 356.214.

422A.11 MILITARY SERVICE.

Subdivision 1. **Service credit.** Any employee who engages in or has engaged in active service in time of war or other emergency declared by proper authority, in any of the military or naval forces of the state or of the United States, and returns to the employment of the city within 90 days following release from military or naval service, shall receive credit for the period of military service as provided in this section as though actually employed by the city, provided the employee was a member of the contributing class of the retirement fund at the time of entrance into military service, or was a member of the exempt class at the time of entrance into military service prior to December 31, 1945, or qualifies as a member of the exempt class as specified in section 422A.09, subdivision 3, clause (5), notwithstanding the provisions of the Veterans Preference Act or any other law, rule or bylaw providing for credit for military service for pension purposes. Employees on leave of absence or layoff at time of entrance into military service as herein provided shall be considered employees for the purpose of this chapter. Credit shall be granted for military service rendered, provided that credit for military service shall not exceed six calendar years.

Subd. 2. **Credit after refund.** Any employee who was a member of the contributing class of the fund at the time of entrance into military service and who resigned from the service of the city and received a refund of the employee's personal contribution to the fund and who is reemployed by the city and again becomes a contributing member of the fund shall receive credit for military service as provided by this section upon repaying to the fund the amount of the refund plus interest thereon at six percent compounded annually until fully paid and the further payment to the fund without interest of the amount the contribution would have totaled had the employee continued as a contributing member of the fund during the period of military service. No contribution shall be made by the city to the credit of an employee's account for the period of such military service.

Subd. 3. **Calculation of credit.** The retirement board shall determine and compute the amount of the contributions which said employee would have made to such fund if employment had not been interrupted by military service. The amount so determined and computed shall

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constitute an obligation of and be paid by the city or public corporation, and shall be credited to the contribution account of such employee. In determining the amount of contributions that the employee would have made if the employee had not entered military service, consideration shall be given to the employment service of employees who did not enter military service with like classification, seniority rights, length of service, and other factors determining probable time of employment.

Subd. 4. **Separation from service.** In the event that such employee becomes separated from the service, except by retirement or death, prior to the expiration of five years subsequent to the date on which the employee was reinstated as an employee, such contribution may not be withdrawn by said employee, but shall be canceled and credited to the reserve for annuities account of this fund. If an employee returns to the service after being separated as provided herein, credit shall be granted upon payment of the separation refund required by section 422A.22. In determining the five year period, there shall be included only time of actual employment.

422A.12 CREDITS; INDIVIDUAL RECORD.

Subdivision 1. **Salary deductions.** The city comptroller or other person having supervision of the payment of salaries to employees shall cause the deductions to be withheld from all specific appropriations for the particular salaries or compensation from which the deductions are made and from all allotments out of lump-sum appropriations for payments of such salaries or compensation for each fiscal year; and a record of these sums shall be entered to the credit of the various employees from whose salaries deductions have been made.

Subd. 2. **Credits.** At the close of each fiscal year there shall be credited within the deposit accumulation fund to accounts representing contributions by the municipality and to accounts representing the accumulated amount of each contributing employee in proportion to the average quarterly balance in each such account during said fiscal year the amount of income from investments earned on the accumulated funds in possession of the board, after having deducted from the total of such income (1) the amounts otherwise required as interest for various allowances or purposes specified in this chapter and (2) an amount to be set aside to liquidate actual or to amortize prospective losses on investments in the accumulation account. The net balance of the investment earnings to be so distributed shall be distributed at the greatest multiple of one-tenth of one percent up to and including a maximum of the interest assumption rate provided for in section 422A.06, subdivision 5 of all such accounts. Any undistributed excess earnings or losses determined to be earnings or losses attributable to the employers' contributions shall be distributed or charged to the employers' reserve accounts in proportion to the employers' average quarterly balances. Any undistributed excess earnings or losses determined to be earnings or losses attributable to the employees' contributions shall be distributed or charged to the employers' reserve accounts in proportion to the number of covered employees employed by each employer. If income from investments is insufficient to enable the crediting of the maximum interest amount to the employee and employer accounts, the maximum interest will first be credited to the employee accounts. If income is insufficient to cover the amounts credited to the employee accounts, the insufficiency attributable to each employer group of employees' accounts will be made up by a charge against the reserve account of that employer. The amount that shall be set aside annually to liquidate losses on investments shall be such amount as the board may deem necessary for such purpose but not in excess of one mill on the dollar of the gross amount received as income on the cash and investments in the fund.

422A.13 RETIREMENT ALLOWANCES; WHEN PAID.

Subdivision 1. **Allowance.** Any person who shall have been employed by the city and who shall have fulfilled the conditions in this chapter specified shall be entitled to receive a retirement allowance, as set forth in this chapter.

Subd. 2. **Retirement age.** Subject to the limitations in this chapter, an employee in the contributing class who was employed by the city for ten or more years and attains the established age for retirement, or was employed by the city for 30 or more years, as determined by the retirement board, may retire.

422A.14 APPLICATION; APPROVAL.

Subdivision 1. **Application for allowance.** No disability benefit or retirement allowance shall be granted to any employee who may become eligible for retirement as provided in this chapter until the employee, or one authorized to act in the employee's behalf, shall have filed with the retirement board, in such form as may be prescribed by the board, an application for such

allowance. No installment of any such allowance shall be paid for any period prior to the effective date of retirement or the date of application, whichever occurs later.

422A.15 SERVICE ALLOWANCE; CONTRIBUTING EMPLOYEES.

Subdivision 1. **Formula pension and annuity.** (a) Except as otherwise provided in subdivision 3, each contributing member who, at the time of retirement, fulfills the conditions necessary to enable the member to retire is entitled to receive a "formula pension and annuity" equal to two percent for each year of allowable service for the first ten years and thereafter 2.5 percent per year of allowable service of the average salary, multiplied by the years of service credited by the retirement fund. The formula pension and annuity must be computed on the single life plan but subject to the option selections provided for in section 422A.17.

(b) In order to be entitled to the formula pension and annuity herein provided for, the retiring employee at the time of cessation of employment and of actual retirement must have attained the age of 60 years or have been employed by the city not less than 30 years, or meet the qualifications provided for in section 422A.16, and in addition thereto have contributed to the retirement fund at the percentage rate prescribed by the retirement law applicable when the salary, wages or compensation was paid on all salaries, wages, or compensation received from the city or from an applicable employing unit. The years of service to be applied in the formula pension and annuity must be found and determined by the retirement board, except that no credit may be allowed for any year in which a back charge is owing at time of retirement and the earnings from any year in which a back charge is owing may not be used in determining the average salary.

Subd. 2. **Withdrawal of voluntary contributions.** Voluntary additions to the employee's deposits made by the employee under section 422A.10 may be withdrawn by the retiring employee or, with the approval of the retirement board, applied to the purchase of an additional annuity computed and determined under a procedure specified by the actuary retained under section 356.214 utilizing the appropriate mortality table established by the board of trustees based on the experience of the fund as recommended by the actuary retained under section 356.214 and using the applicable postretirement interest rate assumption specified in section 356.215, subdivision 8.

Subd. 3. **Optional defined contribution annuity.** (a) In lieu of the formula pension and annuity, a person who was a contributing member on April 28, 1973, who is eligible to retire and who ceases to be employed and who qualifies for retirement shall have the option of electing to receive a retirement allowance known as "the \$2 bill and annuity."

(b) If a member of the contributing class makes the election provided for in this section, the member shall receive a minimum pension of \$2 per month for each year of service. The pension shall be the actuarial equivalent of the accumulated amounts of the annual installments as may be fixed and designated by law throughout the period of service of the retiring employee, not to exceed 25 years, accumulated to the date of retirement at six percent compound interest, and such extra credit to be provided by the city as will produce the minimum pension of \$2 per month for each year of service. The pension shall be in addition to the annuity. The annuity shall be in the actuarial equivalent of the net accumulated contributions to the credit of the retiring employee, calculated at the date of retirement. For the purposes of this chapter, the "service allowance" for members of the contributing class shall consist of an "annuity" and a "pension."

(c) The pension provided for herein shall be the actuarial equivalent of the accumulated annual installments of \$2 per month for each year of service. The sum of \$2 shall be computed as a single life annuity and subject to the option selections provided for in section 422A.17. The pension and annuity provided for in this subdivision shall be first paid from the contributing member's own contributions and normal earned credits, plus interest, until those credits are exhausted.

(d) The retirement allowance provided under this subdivision or any optional annuity form of the retirement allowance shall be computed and determined under a procedure specified by the actuary retained under section 356.214 utilizing the appropriate mortality table established by the board of trustees based on the experience of the fund as recommended by the actuary retained under section 356.214 and using the applicable postretirement interest rate assumption specified in section 356.215, subdivision 8.

Subd. 4. **Service.** Except as otherwise provided in this chapter, the service of each contributing member shall be calculated from the date of original appointment. Said service shall include periods of service at different times and service for one or more departments, branches or independent boards of the city. In computing length of service of contributing employees for the purpose of this chapter, periods of separations from the service shall not be included, provided, that any contributing employee who heretofore or hereafter shall serve as a duly elected member of the Minnesota state legislature and who at the time of entrance into the service herein

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outlined was a contributing member of the retirement fund, shall receive credit for the time spent in such service as though actually employed by such city. In order to receive credit as herein outlined, such employee shall contribute to the retirement fund the amount that would have been contributed by the employee if actually employed by the city. The amount of salary, wages or compensation received by the employee immediately prior to entering the service herein set forth, shall be the dollar amount used in determining the contributions to be made to the retirement fund, and also the amount to be used in determining the arithmetical average annual compensation otherwise provided for in this chapter.

Subd. 5. Payment. All retirement allowances as herein provided shall be paid in monthly installments and checks shall be issued and mailed to the last known address of each beneficiary by the first business day of the month succeeding the month in which the allowance is authorized. Where a beneficiary is under legal guardianship, monthly installments may be paid to the guardian.

422A.151 ALTERNATIVE CALCULATION OF ANNUITY.

(a) In the case of a contributing member of the Minneapolis Employees Retirement Fund who is employed as a licensed peace officer or firefighter with the Metropolitan Airports Commission and who retires, becomes disabled within the meaning of section 422A.18, or dies, the retirement, disability, or survivor allowance is equal to the higher of the following:

(1) the retirement, disability, or survivor allowance calculated for the person under the applicable provisions of the Minneapolis Employees Retirement Fund; or

(2) the retirement, disability, or survivor benefit that the person would be entitled to upon meeting the applicable age and allowable service requirements of section 353.651, 353.656, or 353.657 if all employment as a licensed peace officer or firefighter with the Metropolitan Airports Commission had been allowable service under the Public Employees Retirement Association police and fire fund, instead of being covered by the Minneapolis Employees Retirement Fund. In computing the alternative benefit under section 353.651, 353.656, or 353.657, the applicable definitions and related provisions of chapter 353 must be used.

A firefighter or licensed peace officer terminating employment by the Metropolitan Airports Commission after June 30, 1997, or the survivor of a deceased firefighter or licensed peace officer terminating employment by the Metropolitan Airports Commission after June 30, 1997, under section 353.651, 353.656, or 353.657, shall receive a one percent lower cost-of-living adjustment than otherwise payable under section 422A.06, subdivision 5. If the cost-of-living adjustment payable under section 422A.06, subdivision 5, is less than one percent, the firefighter or licensed peace officer who retired after June 30, 1997, must not have a reduction in the previously received annuity or benefit amount, but future cost-of-living adjustments must be modified equal to the percentage the benefit would have been reduced below the person's current annuity or benefit amount to reflect the one percent lower cost-of-living adjustment under section 422A.06, subdivision 5.

(b) If a contributing member under paragraph (a) has periods of coverage by the Minneapolis Employees Retirement Fund that include service other than employment as a licensed peace officer or firefighter as well as employment as a licensed peace officer or firefighter, the calculation of the benefit under paragraph (a), clause (2), may only utilize service as a licensed peace officer or firefighter employed by the Metropolitan Airports Commission.

422A.155 DETERMINATION OF SERVICE CREDIT.

(a) Notwithstanding the provisions of section 422A.15, subdivision 1, no employee of the contributing class of the Minneapolis Employees Retirement Fund shall be entitled to receive a year of service credit during the employee's final year of service unless the employee is employed and has received compensation from the city of Minneapolis or other applicable employing unit during each of the calendar months making up the year for which the employee would usually be employed. Any employee of the contributing class who is employed and receives compensation in fewer than the usual number of calendar months during the final year of service shall receive credit for that portion of a year that the employee's completed months of employment and receipt of compensation bears to the usual number of months which the employee would usually be employed.

(b) [Expired]

422A.156 LIMITATION ON CERTAIN BENEFIT PAYMENTS.

From and after February 8, 1980, nothing contained in section 422A.09, subdivision 3, clause (2) shall be construed as allowing payment of a retirement allowance or other retirement

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benefits other than a disability allowance pursuant to section 422A.18 if otherwise eligible to any former, present or future elective officer of the city of Minneapolis who has not attained the age of at least 60 years unless the elective officer has received credit for at least 30 years of services and retires pursuant to section 422A.15, subdivision 1.

422A.16 RETIREMENT ALLOWANCE; DEFERRED COMPENSATION.

Subdivision 1. **Contribution.** Any member of the contributing class who becomes permanently separated from the service of the city after three or more years of service to the city may, by an instrument in writing filed with the retirement board within 30 days after such separation becomes permanent, elect to allow the member's contributions to the fund to the date of separation to remain on deposit in the fund.

Subd. 2. **Deferred defined contribution annuity.** (a) A person who is a member of the contributing class on April 28, 1973, and who makes the election provided for in this subdivision and in subdivision 1, may, upon attaining the age of 55 years, but before attaining the age of 65 years, or someone acting in the member's behalf, may make application to receive the retirement allowance provided for in section 422A.15, subdivision 3, or an optional retirement allowance in the manner provided for by section 422A.17. The retirement allowance shall be the actuarial equivalent of the city's contribution and the member's deposit, as they were on the date the separation becomes permanent, plus interest, as provided for in section 422A.12.

(b) The retirement allowance provided under this subdivision or any optional annuity form of the retirement allowance shall be computed and determined under a procedure specified by the actuary retained under section 356.214 utilizing the appropriate mortality table established by the board of trustees based on the experience of the fund as recommended by the actuary retained under section 356.214 and using the applicable postretirement interest rate assumption specified in section 356.215, subdivision 8.

Subd. 3. **Payments to beneficiaries.** (a) If such contributing member dies without having made the election provided for herein, the net accumulated amount of deductions from the member's salary, pay or compensation plus interest to the member's credit on date of death must be paid to such person, or persons, as the member shall have nominated by written designation filed with the retirement board, in such form as the retirement board shall require. If the employee fails to make a designation, or if the person or persons designated by the employee is not living to receive payment, the net accumulated amount of deductions from the employee's salary, pay, or compensation, plus interest to the credit of such employee on date of death must be paid to the employee's estate. The net accumulated city deposits must be paid to a beneficiary designated by such contributing member in such form as the retirement board shall require, who shall be the surviving spouse, or surviving child, or children of such member. If there is no surviving spouse, or surviving child or children, deposits must be paid to a person actually dependent on and receiving principal support from such member or surviving mother or father, or surviving brother or sister, or surviving children of the deceased brother or sister of such member.

(b) If the beneficiary designated by the member is not one of the class of persons named in the preceding paragraph, such benefit from the accumulations of city deposits shall be paid in the following order: (1) to the surviving spouse, the whole thereof; (2) if there be no surviving spouse, to the surviving children, share and share alike; (3) if there be no surviving spouse or child, or children, to the dependent or dependents of the member, share and share alike; (4) if there be no surviving spouse, child, or children, or dependents, to the surviving mother and father, share and share alike; (5) if there be no surviving mother and father, to the surviving brothers and sisters of the member, in equal shares; (6) and if there be no surviving brothers and sisters, to the surviving children of the deceased brothers and sisters of the member, in equal shares; (7) and if there be no person named in this paragraph who survives the member, the accumulation of city deposits must be canceled.

Subd. 4. **Retirement allowance.** A contributing member may, after electing to receive a retirement allowance as provided herein, make application to withdraw the member's deposit before reaching the age of 60 years, at which time that portion contributed by the city shall be canceled.

Subd. 5. **Withdrawal before retirement.** If such deposit is withdrawn before retirement, the retirement rights shall be forfeited unless such employee returns to the service of the city and again becomes a contributing member to the fund and redeposits the amount withdrawn, plus six percent compound interest from date of withdrawal to date of reinstatement to the service of the city.

Subd. 6. **Disability allowance.** If a contributing member, after becoming permanently separated from the service of the city and after electing to receive a retirement allowance as

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provided herein, becomes totally and permanently disabled for any cause before reaching the age of 60 years, the member shall be entitled to receive such disability allowance upon application to the retirement board and certified by the medical board provided in this chapter. Such disability allowance shall be the actuarial equivalent of the total credit to the member's account on the date application for such retirement allowance is made.

Subd. 7. Election for funds to remain on deposit. Any member of the contributing class who becomes permanently separated from the service of the city after ten or more years of service for such city, and who is under the age of 60 years, may, by an instrument in writing, filed with the retirement board within 30 days after such separation becomes permanent, elect to allow the member's contributions to such fund to the date of separation to remain on deposit in such fund, and in such event the member shall be entitled to receive a retirement allowance at age 60 or later, but before age 65, provided the member, or someone acting in the member's behalf if the member be incompetent, make written application for the retirement allowance provided for in section 422A.15, subdivision 1, in the same manner provided for in section 422A.17. The provisions of subdivisions 3, 4, 5 and 6 shall also apply to any member qualifying for benefits under this subdivision.

Subd. 8. Service in more than one fund. Any person who was a member of the Minneapolis Employees Retirement Fund and also a member of a plan administered by the director of the Minnesota State Retirement System having a like provision or a member of the Public Employees Retirement Association or the Teachers Retirement Association, or any other public employee retirement system in the state of Minnesota having a like provision but excluding all other funds providing benefits for police officers or firefighters shall be entitled when qualified to an annuity from each fund if the person's total allowable service in any two or more of these funds totals ten or more years, provided that no portion of the allowable service upon which the retirement annuity from one fund is based is again used in the computation for benefits from another fund and provided further that any refundment received from the Minneapolis Employees Retirement Fund has been repaid to that fund. The annuity from each fund shall be determined by the appropriate provisions of that fund except the provision requiring at least ten years allowable service in the respective system or association shall not apply for the purposes of this section provided the combined service in two or more of these funds equal ten or more years.

Subd. 9. Incompetency or death of member. (a) Any member of the contributing class who becomes permanently separated from the service of the city under subdivision 8, may, by an instrument in writing, filed with the municipal employees retirement board within 30 days after the separation becomes permanent, elect to allow the member contributions to the fund to the date of separation to remain on deposit in the fund, and in the event the member is entitled to receive a retirement allowance at age 65, provided the member, or someone acting in the member's behalf if the member be incompetent, must make a written application for the retirement allowance in the same manner provided for in section 422A.17 and in accordance with the provisions of section 422A.15, subdivision 1, except for determining average salary.

(b) If the contributing member dies before reaching the age of 65 years, or having attained the age of 65 years without having made the election provided for herein, the net accumulated amount of deductions from the member's salary, pay or compensation, plus interest, to the member's credit on date of death is payable to the person or persons as have been nominated by written designation filed with the retirement board, in the form that the retirement board requires.

(c) If the employee fails to make a designation, or if the person or persons designated by the employee predeceases the employee, the net accumulated credit to the employee's account on date of death is payable to the employee's estate.

(d) The provisions of subdivisions 4, 5, and 6 also apply to any member qualifying for benefits under this subdivision, except for purposes of this subdivision the age referred to in subdivision 4 is 65 years.

Subd. 10. Deferred allowance augmentation. Deferred allowances granted under this section shall be calculated as of the date of separation and shall be increased by the interest rate of five percent per year until January 1, 1981, and thereafter by the interest rate of three percent per year, compounded annually.

422A.17 RETIREMENT ALLOWANCE; OPTIONS.

(a) At retirement, any employee who is eligible to receive a service allowance may elect to receive benefits in a retirement allowance payable throughout life or may on retirement elect to receive the actuarial equivalent at that time of annuity, pension, or retirement allowance in a lesser annuity, or a lesser pension, or a lesser retirement allowance, payable throughout life, with the provisions that:

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Option I. If the benefit recipient dies before receiving in payments an amount equal to the present value of the benefit recipient's annuity, pension, or retirement allowance, as of the date of the benefit recipient's retirement, the balance shall be paid to the benefit recipient's legal representatives or to such person as the benefit recipient shall nominate by written designation duly acknowledged and filed with the retirement board as of the date of retirement, or

Option II. Upon the death of the benefit recipient, the benefit recipient's annuity, pension, or retirement allowance shall be continued throughout the life of and paid to the person as the benefit recipient shall nominate by written designation duly acknowledged and filed with the retirement board as of the date of retirement, or

Option III. Upon death of the benefit recipient, one-half of the benefit recipient's annuity, pension, or retirement allowance shall be continued throughout the life of and paid to the person as the benefit recipient shall nominate by written designation duly acknowledged and filed with the retirement board as of the date of retirement, or

Option IV. Other optional retirement allowance forms, including a joint and survivor option under which the benefit recipient receives a normal single-life annuity if the designated optional annuity beneficiary dies before the benefit recipient, shall be paid to the benefit recipient or other person or persons the benefit recipient nominates, provided that the optional annuity is of equivalent actuarial value to the applicable single life annuity calculated under section 422A.15 and is approved by the retirement board.

(b) Any optional retirement allowance shall be computed and determined under a procedure specified by the actuary retained under section 356.214 utilizing the appropriate mortality table established by the board of trustees based on the experience of the fund as recommended by the actuary retained under section 356.214 and using the applicable postretirement interest rate assumption specified in section 356.215, subdivision 8.

(c) In adopting optional annuity forms, the board of trustees shall obtain the written recommendation of the actuary retained under section 356.214. The recommendations shall be a part of the permanent records of the board of trustees.

422A.18 DISABILITY ALLOWANCES.

Subdivision 1. **Expert examination.** (a) Upon the application of the head of the department in which a contributing employee is employed, or upon the application of the contributing employee or of one acting in the employee's behalf, the retirement board shall place the contributor on disability and pay the person a disability allowance under this section if the medical board, after an expert examination of the contributor made at the place of residence of the contributor or at a place mutually agreed upon, shall certify to the retirement board that the contributor is physically or mentally incapacitated for the performance of further service to the city and recommend that the contributor be placed on disability.

(b) The medical board shall consist of the city physician, a physician, chiropractor, or licensed psychologist to be selected by the retirement board, and a physician, chiropractor, or licensed psychologist to be selected by the employee.

(c) Disability of an employee resulting from injury or illness received in the performance of the duties of the city service shall be defined as duty disability.

(d) Disability incurred as a result of injury or illness not connected with the performance of such service shall be defined as nonduty disability. In order to be entitled to a retirement allowance for a nonduty disability, an employee shall have rendered five or more years of service to the city.

Subd. 2. **Disability allowance amount.** (a) The amount of disability allowance under this section shall be the amount of service allowance to which the employee would be entitled under section 422A.15, notwithstanding the age requirements expressed therein; or the lesser of the following amounts: 50 percent of the final average compensation, or an amount equal to two percent of final average compensation for each year of allowable service for the first ten years, and thereafter 2.5 percent of final average compensation per year of allowable service, including in the latter assumed service between the date the disability occurred and the 60th birthday of the employee.

(b) Annuities payable under this section shall be adjusted at the same time and rate as retirement annuities in the retirement benefit fund.

Subd. 3. **Payment.** Payment of any disability allowance authorized by sections 422A.01 to 422A.25, shall commence three months after date of application provided that the applicant has not been restored to duty. Such payment shall be retroactive to date of application and shall continue throughout the full period of the disability subject to the same optional selections as are provided for service allowances; provided that when a disability beneficiary shall have attained the minimum age for retirement on a service allowance the disability allowance shall be

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discontinued only as provided by the terms of the option selected. Any employee eligible for a disability allowance who is also entitled to an allowance under a workers' compensation act and/or resumes a gainful occupation shall be entitled to receive during the period of such compensation only that portion of the retirement allowance provided by this chapter which when added to such additional compensation does not exceed the salary of the employee at the time of disability.

Subd. 4. **Additional medical examinations.** (a) Once each year, the retirement board may require any disability beneficiary while still under the established age for retirement to undergo an expert examination by one or more physicians, one or more chiropractors, or one or more licensed psychologists designated by the retirement board. The examination must be made at the place of residence of the beneficiary or other place mutually agreed upon.

(b) If the medical board certifies to the retirement board that the disability beneficiary is no longer physically or mentally incapacitated for the performance of duty, the beneficiary's allowance must be discontinued and the head of the department in which the beneficiary was employed at the time of retirement shall, upon notification by the retirement board of the report of the medical board, reemploy the beneficiary at a rate of salary not less than the amount of the disability allowance.

(c) After the expiration of five years subsequent to the retirement of the beneficiary, the restoration to duty, notwithstanding the recommendation of the medical board, is optional with the head of the department. If any disability beneficiary, while under the established age for retirement, refuses to submit to at least one expert examination in any year by one or more physicians, one or more chiropractors, or one or more licensed psychologists designated by the medical board, the allowance must be discontinued until the withdrawal of such refusal, and should such refusal continue for one year, all the beneficiary's rights in and to any retirement or disability allowance are forfeited.

Subd. 5. **Return to active service.** Upon application of any beneficiary under the established age for retirement drawing a pension or a disability allowance under the provisions of this chapter, approved by the retirement board, the beneficiary may be restored to active service by the head of the department in which the beneficiary was employed at the time of disability. Upon the restoration of a beneficiary to active service the disability allowance shall cease.

Subd. 7. **Rules.** The board shall establish rules and regulations for the determination of earnings for purposes of this section.

422A.19 RETIREMENT; CREDIT FOR SERVICE UNDER DISABILITY.

Where the city pays a disability allowance to any employee under any provisions of this chapter and which provisions require the performance of services for any specified period immediately preceding the time of retirement to entitle an employee to a retirement allowance, the time during which any such person has heretofore received a disability allowance within such specified period immediately preceding retirement, by reason of any disability arising from an accident occurring in the course of employment, shall be credited as service with the same force and effect as if the employee had actually performed service during such time.

422A.20 DEATH BENEFITS; DISTRIBUTION.

Subdivision 1. **Death benefits.** In all cases where the retirement board of the city pursuant to this chapter is required to refund the net accumulated credits of any contributing employee standing to the employee's credit on date of death, or to refund the balance remaining to the credit of a retired employee on the date of death, who has retired under the Option I plan of retirement, the retirement board shall, at the written request of such employee filed with the retirement board prior to death, or at the written request of a beneficiary filed with the retirement board after the employee's death, provide for the payment of such credits or balances or any portion thereof in monthly installments until such credits or balances are exhausted; provided that such beneficiary shall be of the class of persons permitted to receive a sum or sums standing to the credit of the employee at the time of death.

Subd. 2. **Interest.** The retirement board shall provide for the payment of annual interest on the credits or balances remaining on deposit at the same rate that is paid to contributing employees on accumulated salary deductions.

Subd. 3. **Applicability.** Nothing in this section shall be construed to alter the method of determining the persons entitled to receive such refunds or the amount to be paid.

422A.21 RETIREMENT ALLOWANCES INCREASED.

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Subdivision 1. **Increases.** The retirement board shall increase the retirement allowances hereafter paid of those employees who have retired or shall retire under the "\$2 bill and annuity" after January 1, 1973, by three 25 percent increases computed separately, each increase not to exceed \$300 per annum.

Subd. 2. **Applicability.** Nothing in this section shall be construed to alter the method of computing and determining the amount of the retirement allowance as provided in this chapter, except the amount provided in subdivision 1 shall be paid in addition to any allowance authorized in this chapter.

422A.22 REFUNDS.

Subdivision 1. **Retention; transfer.** (a) If an employee to whom this chapter applies becomes absolutely separated from active service before attaining the minimum retirement age established in section 422A.13, the employee is entitled to a refund of the net accumulated amount of deduction from salary, pay, or compensation, made for the purpose of accumulating a fund from which to pay retirement allowances, with interest at the annual compound rate of six percent.

(b) Any contributing employee who separates from a department, board or commission of the city whose employees are covered by a fund organized under this chapter, and becomes an employee of a department or board of the same city, whose employees are covered by a retirement fund or relief association by whatever name known, organized under any other law and supported in whole or in part by taxes on the same city, has the option of:

(1) retaining their membership in the fund organized under this chapter, regardless of the provisions of any law, rule, bylaw or other action requiring membership in any other retirement fund or relief association however organized; or

(2) transferring to the fund or association covering the employees of the department or board to which they are transferring, providing they are eligible for membership therein.

(c) Any contributing employee who elects to transfer to another fund or association as provided in paragraph (b), clause (2), must make such election within one year from the date of separation from the city service covered by this fund. If the contributing employee elects to transfer to another fund, the employee is entitled to a refund of the net accumulated contributions made by such employee to the fund organized under this chapter with interest at the annual compound rate of six percent.

Subd. 3. **Limitation on eligibility.** No employee of the city is eligible to be a member of, or receive benefits from, more than one retirement plan or fund of the city for the same period of service.

Subd. 4. **Death-while-active refund.** (a) Upon the death of an active member before the employee's termination of active service, the beneficiary or beneficiaries designated by the member on a form specified by the executive director and filed with the retirement board are entitled to receive the net accumulated employee deductions from salary, pay, or compensation, including interest under subdivision 1, paragraph (a), compounded annually to the date of the member's death. The amount must not include any contributions made by the employee or on the employee's behalf, or any interest or investment earnings on those contributions, which were allocated to the survivor benefit fund under section 422A.06, subdivision 6.

(b) If the employee fails to make a designation, or if the beneficiary or beneficiaries designated by the employee predeceases the employee, the deceased employee's estate is entitled to the benefit specified in paragraph (a).

(c) A benefit payable under this subdivision is in addition to any applicable survivor benefit under section 422A.23.

Subd. 6. **Refund; Minneapolis Employees Retirement Fund.** A person who has received a refund from the Minneapolis Employees Retirement Fund, and who is a member of a public retirement system included in section 422A.16, subdivision 8, may repay such refund with interest at a compound annual rate of 8.5 percent to the Minneapolis Employees Retirement Fund. If a refund is repaid to the fund and if more than one refund has been received from the fund, all refunds must be repaid. Repayment must be made as provided in this chapter.

422A.23 SURVIVOR BENEFITS.

Subdivision 1. **Payment of city installment accumulated amount.** (a) If an active or deferred member dies with ten or more years of service credit, except as noted in paragraph (d), the individual specified in paragraph (b) is eligible to receive the benefit specified in paragraph (c).

(b) An individual eligible for the benefit specified in paragraph (c) is a beneficiary designated by the member on a form specified by the executive director. If the member failed

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to designate a beneficiary, or if the beneficiary or beneficiaries designated by the employee predecease the employee, the benefit in paragraph (c) is payable to the deceased employee's estate.

(c) The benefit is a lump-sum payment of the present value of the city's or other contributing employer's annual installments of \$60 to the credit of the member.

(d) No benefit is payable under this subdivision if a monthly survivor benefit is paid on behalf of the deceased employee under another subdivision of this section.

Subd. 2. Short-service survivor benefit. (a) If an active member dies prior to termination of service with at least 18 months but less than 20 years of service credit, the surviving spouse or surviving child or children is eligible to receive the survivor benefit specified in paragraph (b) or (c), as applicable. Payment of a benefit for any surviving child under the age of 18 years shall be made to the surviving parent, or if there be none, to the legal guardian of the surviving child.

(b) If the surviving spouse or surviving child benefit commenced before July 1, 1983, the surviving spouse benefit is increased from \$500 per month to \$750 per month and the surviving child benefit is \$225 per month, beginning with the first monthly payment payable after May 28, 1998. The sum of surviving spouse and surviving child benefits payable under this paragraph shall not exceed \$900 per month. The increased cost resulting from the benefit increases under this paragraph must be allocated to each employing unit listed in section 422A.101, subdivisions 1a, 2, and 2a, on the basis of the additional accrued liability resulting from increased benefits paid to the survivors of employees from that unit.

(c) If the surviving spouse or surviving child benefit commences after June 30, 1983, the surviving spouse benefit is 30 percent of the member's average salary in effect over the last six months of allowable service preceding the month in which death occurs. The surviving child benefit is ten percent of the member's average salary in effect over the last six months of allowable service preceding the month in which death occurs. The sum of surviving spouse and surviving child benefits payable under this paragraph shall not exceed 50 percent of the member's average salary in effect over the last six months of allowable service.

(d) Any surviving child benefit or surviving spouse benefit computed under paragraph (c) and in effect for the month immediately prior to May 28, 1998, is increased by 15 percent as of the first payment on or after May 28, 1998.

(e) Surviving child benefits under this subdivision terminate when the child no longer meets the definition of surviving child.

Subd. 5. Administration. Benefits provided in this section following the death of an active employee or deferred member, as applicable, commence on the first day of the month following the month in which the active employee or deferred member dies and shall end with the last day of the month preceding the month in which eligibility ceases. Information deemed necessary by the executive director to determine eligibility for the benefits provided by this section must be submitted. Failure to furnish any required information shall be sufficient grounds for denial or discontinuance of benefits. A determination made by the executive director may be appealed to the retirement board, whose determination is final. If the surviving spouse of the deceased active employee or deferred member becomes entitled to a retirement allowance by reason of membership in this fund, the surviving spouse is authorized to receive the retirement allowance in addition to all applicable surviving spouse benefits to which the surviving spouse is entitled as specified in this section and section 422A.22, subdivision 4, if applicable. The cost of all benefits provided in this section is an obligation of the members and of the city, any of its boards, departments, commissions or public corporations or other applicable employing units.

Subd. 6. Survivor benefit employee contribution. The retirement board shall create a reserve account for survivor's benefits from which shall be paid on an actuarial basis all survivor benefits due and payable. At the end of each fiscal year, as part of the annual actuarial valuation of the fund prepared by the actuary retained under section 356.214, a determination of the normal cost of the benefits payable from the survivor's benefit account shall be made and the board shall reduce or increase the employee contribution rate if and when it is determined based on the annual actuarial valuation that the member contribution rate is in excess of or is less than the amount necessary to pay for 50 percent of the calculated normal cost of the survivor benefits provided in this section.

Subd. 7. Long-service active and deferred member survivor coverage. (a) If the active or deferred member dies with 20 or more years of service credit, a beneficiary as defined in paragraph (b) is eligible to receive the benefit specified in paragraph (c).

(b) The beneficiary eligible for a benefit under paragraph (c) is the surviving spouse of the deceased employee. If there is no surviving spouse, the beneficiary may be a dependent surviving child of the member or dependent parent designated by the employee on a form prescribed by the executive director.

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(c) The benefit payable to the beneficiary designated in paragraph (b) is a monthly allowance for life. The monthly allowance is the actuarial equivalent of a single life service allowance specified in section 422A.15, subdivision 1, which would have been payable to the employee on the date of death, notwithstanding the age requirement stated in section 422A.15, subdivision 1. For purposes of this section, the amount of any excess contributions or voluntary additions by the member shall not be included in the calculations in determining the monthly allowance.

(d) For benefits payable under this subdivision following the death of a deferred member, the benefit must be calculated as of the date of termination from service and increased by five percent per year until January 1, 1981, and by three percent per year thereafter, compounded annually.

Subd. 8. Surviving child; dependent definition. For purposes of subdivision 2, a surviving child is an unmarried child of the deceased member under the age of 18, or under the age of 22 if a full-time student at an accredited school, college, or university. For purposes of subdivision 7, a dependent surviving child or dependent parent must meet the definition of dependent, as defined in section 422A.01, subdivision 12, at the time of the active or deferred member's death.

Subd. 9. Lump-sum death benefit. If no monthly survivor benefit is payable under subdivision 2 or 7, there shall be paid from the survivor benefit account to a beneficiary designated by the employee on a form prescribed by the executive director a lump-sum death benefit of \$750 if death occurs prior to the end of the employee's tenth year of service credit or of \$1,500 if the employee had ten or more years of service credit. Any benefit under this subdivision may be paid in addition to a benefit payable under subdivision 1.

Subd. 10. Benefit increases. Annuities payable under this section must be adjusted at the same time and rate as retirement annuities in the retirement benefit fund.

Subd. 11. Effect of spouse remarriage. A monthly survivor benefit must not be discontinued or terminated due to a surviving spouse's remarriage.

Subd. 12. Determination of annuity. The survivor annuities payable under this section must be computed and determined under a procedure specified by the actuary retained under section 356.214 utilizing the appropriate mortality table based on the experience of the fund as recommended by that actuary and approved by the Legislative Commission on Pensions and Retirement and using the applicable postretirement interest rate assumption specified in section 356.215, subdivision 8.

422A.231 COST ALLOCATION.

(a) Notwithstanding any law to the contrary, all current and future contribution requirements due to this article are payable by the participating contributing employing units other than the state of Minnesota.

(b) In each actuarial valuation of the retirement fund, the actuary retained under section 356.214 shall include an exhibit on the impact of the benefit increases contained in this article on the survivor benefit fund. The actuary shall calculate the expected change in the present value of the future benefits payable from the survivor benefit fund attributable to this article, using the actuarial method and assumptions applicable to the Minneapolis Employees Retirement Fund, from the prior actuarial valuation and shall compare that result with the actual change in the present value of future benefits payable from the survivor benefit fund attributable to this article from the prior actuarial valuation.

(c) The executive director shall assess each participating employer, other than the state of Minnesota, its proportional share of the net increase amount calculated under paragraph (b). The assessment must be made on the first business day of the following February, plus compound interest at an annual rate of six percent on the amount from the actuarial valuation date to the date of payment.

422A.24 ALLOWANCES NOT ASSIGNABLE OR SUBJECT TO PROCESS.

The provisions of section 356.401 apply to the Minneapolis employees retirement plan.

422A.25 CONTINUING APPROPRIATION, RIGHTS NOT IMPAIRED.

All money necessary to meet all transfers from account to account, from fund to fund, and from fund to beneficiaries and annuitants provided in this chapter, are hereby annually and from time to time appropriated. Nothing contained in this chapter shall be construed as diminishing,

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limiting or modifying any vested right of an employee, annuitant or beneficiary to a retirement allowance, annuity or pension acquired under the law existing prior to May 1, 1975.