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HOUSE OF REPRESENTATIVES

**EIGHTY-SIXTH
SESSION**

HOUSE FILE No. 2922

February 12, 2010

Authored by Thissen, Newton and Loeffler

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

March 8, 2010

Committee Recommendation and Adoption of Report:

To Pass as Amended and re-referred to the Committee on Finance

May 11, 2010

Committee Recommendation and Adoption of Report:

To Pass as Amended and re-referred to the Committee on Ways and Means

May 12, 2010

Committee Recommendation and Adoption of Report:

To Pass as Amended

Read Second Time

A bill for an act

1.1 relating to retirement; Minneapolis Employees Retirement Fund; transfer of
1.2 administrative functions to the Public Employees Retirement Association;
1.3 creation of MERF consolidation account within the Public Employees Retirement
1.4 Association; making conforming changes; amending Minnesota Statutes 2008,
1.5 sections 11A.23, subdivision 4; 13D.01, subdivision 1; 43A.17, subdivision
1.6 9; 43A.316, subdivision 8; 69.021, subdivision 10; 126C.41, subdivision 3;
1.7 256D.21; 353.01, subdivision 2b, by adding subdivisions; 353.03, subdivision 1;
1.8 353.05; 353.27, as amended; 353.34, subdivisions 1, 6; 353.37, subdivisions 1, 2,
1.9 3, 4, 5; 353.46, subdivisions 2, 6; 353.64, subdivision 7; 353.71, subdivision 4;
1.10 353.86, subdivisions 1, 2; 353.87, subdivisions 1, 2; 353.88; 354.71; 354A.011,
1.11 subdivision 27; 354A.39; 355.095, subdivision 1; 356.214, subdivision 1;
1.12 356.215, subdivision 8; 356.30, subdivision 3; 356.302, subdivisions 1, 7;
1.13 356.303, subdivision 4; 356.407, subdivision 2; 356.431, subdivision 1; 356.465,
1.14 subdivision 3; 356.64; 356.65, subdivision 2; 356.91; 422A.101, subdivision 3;
1.15 422A.26; 473.511, subdivision 3; 473.606, subdivision 5; 475.52, subdivision
1.16 6; Minnesota Statutes 2009 Supplement, sections 6.67; 69.011, subdivision
1.17 1; 69.031, subdivision 5; 352.01, subdivision 2b; 353.01, subdivision 2a;
1.18 353.06; 356.20, subdivision 2; 356.215, subdivision 11; 356.32, subdivision 2;
1.19 356.401, subdivision 3; 356.415, subdivision 2; 356.96, subdivision 1; 480.181,
1.20 subdivision 2; proposing coding for new law in Minnesota Statutes, chapter
1.21 353; repealing Minnesota Statutes 2008, sections 13.63, subdivision 1; 69.011,
1.22 subdivision 2a; 356.43; 422A.01, subdivisions 1, 2, 3, 4, 4a, 5, 6, 7, 8, 9, 10, 11,
1.23 12, 13a, 17, 18; 422A.02; 422A.03; 422A.04; 422A.05, subdivisions 1, 2a, 2b,
1.24 2c, 2d, 2e, 2f, 5, 6, 8; 422A.06, subdivisions 1, 2, 3, 5, 6, 7; 422A.08, subdivision
1.25 1; 422A.09; 422A.10; 422A.101, subdivisions 1, 1a, 2, 2a; 422A.11; 422A.12;
1.26 422A.13; 422A.14, subdivision 1; 422A.15; 422A.151; 422A.155; 422A.156;
1.27 422A.16, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10; 422A.17; 422A.18, subdivisions
1.28 1, 2, 3, 4, 5, 7; 422A.19; 422A.20; 422A.21; 422A.22, subdivisions 1, 3, 4,
1.29 6; 422A.23, subdivisions 1, 2, 5, 6, 7, 8, 9, 10, 11, 12; 422A.231; 422A.24;
1.30 422A.25; Minnesota Statutes 2009 Supplement, sections 422A.06, subdivision 8;
1.31 422A.08, subdivision 5.
1.32

1.33 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

2.1 **ARTICLE 1**2.2 **ADMINISTRATIVE CONSOLIDATION OF THE MINNEAPOLIS**
2.3 **EMPLOYEES RETIREMENT FUND INTO THE PUBLIC EMPLOYEES**
2.4 **RETIREMENT ASSOCIATION**

2.5 Section 1. Minnesota Statutes 2009 Supplement, section 353.01, subdivision 2a,
2.6 is amended to read:

2.7 Subd. 2a. **Included employees.** (a) Public employees whose salary from
2.8 employment in one or more positions within one governmental subdivision exceeds \$425
2.9 in any month shall participate as members of the association. If the salary is less than
2.10 \$425 in a subsequent month, the employee retains membership eligibility. Eligible public
2.11 employees shall participate as members of the association with retirement coverage by
2.12 the ~~public general~~ employees retirement plan ~~or under this chapter~~, the public employees
2.13 police and fire retirement plan under this chapter, or the local government correctional
2.14 employees retirement plan under chapter 353E, whichever applies, as a condition of their
2.15 employment on the first day of employment unless they:

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

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

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

2.22 (b) A public employee who was a member of the association on June 30, 2002,
2.23 based on employment that qualified for membership coverage by the public employees
2.24 retirement plan or the public employees police and fire plan under this chapter, or the
2.25 local government correctional employees retirement plan under chapter 353E as of June
2.26 30, 2002, retains that membership for the duration of the person's employment in that
2.27 position or incumbency in elected office. Except as provided in subdivision 28, the person
2.28 shall participate as a member until the employee or elected official terminates public
2.29 employment under subdivision 11a or terminates membership under subdivision 11b.

2.30 (c) Public employees under paragraph (a) include:

2.31 (1) physicians under section 353D.01, subdivision 2, who do not elect public
2.32 employees defined contribution plan coverage under section 353D.02, subdivision 2;

2.33 (2) full-time employees of the Dakota County Agricultural Society; and

2.34 (3) employees of the Minneapolis Firefighters Relief Association or Minneapolis
2.35 Police Relief Association who are not excluded employees under subdivision 2b due to

3.1 coverage by the relief association pension plan and who elect Public Employee Retirement
3.2 Association general plan coverage under Laws 2009, chapter 169, article 12, section 10.

3.3 (d) For the purpose of participation in the MERF division of the general employees
3.4 retirement plan, public employees include employees who were members of the former
3.5 Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as
3.6 members of the MERF division of the association.

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

3.8 Subd. 2b. **Excluded employees.** The following public employees are not eligible to
3.9 participate as members of the association with retirement coverage by the ~~public~~ general
3.10 employees retirement plan, the local government correctional employees retirement plan
3.11 under chapter 353E, or the public employees police and fire retirement plan:

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

3.16 (2) election officers or election judges;

3.17 (3) patient and inmate personnel who perform services for a governmental
3.18 subdivision;

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

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

3.25 (6) employees who by virtue of their employment in one governmental subdivision
3.26 are required by law to be a member of and to contribute to any of the plans or funds
3.27 administered by the Minnesota State Retirement System, the Teachers Retirement
3.28 Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers
3.29 Retirement Fund Association, ~~the Minneapolis Employees Retirement Fund,~~ or any police
3.30 or firefighters relief association governed by section 69.77 that has not consolidated
3.31 with the Public Employees Retirement Association, or any local police or firefighters
3.32 consolidation account who have not elected the type of benefit coverage provided by the
3.33 public employees police and fire fund under sections 353A.01 to 353A.10, or any persons
3.34 covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees
3.35 police and fire plan benefit coverage. This clause must not be construed to prevent a person

4.1 from being a member of and contributing to the Public Employees Retirement Association
4.2 and also belonging to and contributing to another public pension plan or fund for other
4.3 service occurring during the same period of time. A person who meets the definition of
4.4 "public employee" in subdivision 2 by virtue of other service occurring during the same
4.5 period of time becomes a member of the association unless contributions are made to
4.6 another public retirement fund on the salary based on the other service or to the Teachers
4.7 Retirement Association by a teacher as defined in section 354.05, subdivision 2;

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

4.13 (8) employees of a governmental subdivision who have not reached the age of
4.14 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time
4.15 basis at an accredited school, college, or university in an undergraduate, graduate, or
4.16 professional-technical program, or a public or charter high school;

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

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

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

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

4.28 (13) public hospital employees who elected not to participate as members of the
4.29 association before 1972 and who did not elect to participate from July 1, 1988, to October
4.30 1, 1988;

4.31 (14) except as provided in section 353.86, volunteer ambulance service personnel,
4.32 as defined in subdivision 35, but persons who serve as volunteer ambulance service
4.33 personnel may still qualify as public employees under subdivision 2 and may be members
4.34 of the Public Employees Retirement Association and participants in the public general
4.35 employees retirement fund or the public employees police and fire fund, whichever

5.1 applies, on the basis of compensation received from public employment service other than
5.2 service as volunteer ambulance service personnel;

5.3 (15) except as provided in section 353.87, volunteer firefighters, as defined in
5.4 subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties;
5.5 provided that a person who is a volunteer firefighter may still qualify as a public
5.6 employee under subdivision 2 and may be a member of the Public Employees Retirement
5.7 Association and a participant in the ~~public~~ general employees retirement fund or the public
5.8 employees police and fire fund, whichever applies, on the basis of compensation received
5.9 from public employment activities other than those as a volunteer firefighter;

5.10 (16) pipefitters and associated trades personnel employed by Independent School
5.11 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
5.12 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,
5.13 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter
5.14 241, article 2, section 12;

5.15 (17) electrical workers, plumbers, carpenters, and associated trades personnel
5.16 employed by Independent School District No. 625, St. Paul, or the city of St. Paul,
5.17 who have retirement coverage under a collective bargaining agreement by the Electrical
5.18 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,
5.19 or the Carpenters Local 87 pension plan who were either first employed after May 1,
5.20 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000,
5.21 chapter 461, article 7, section 5;

5.22 (18) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
5.23 painters, allied tradesworkers, and plasterers employed by the city of St. Paul or
5.24 Independent School District No. 625, St. Paul, with coverage under a collective
5.25 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
5.26 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
5.27 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
5.28 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if
5.29 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
5.30 Session chapter 10, article 10, section 6;

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

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

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

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

6.12 (23) reemployed annuitants of the association during the course of that
6.13 reemployment.

6.14 Sec. 3. Minnesota Statutes 2008, section 353.01, is amended by adding a subdivision
6.15 to read:

6.16 Subd. 47. **MERF division.** "MERF division" means the separate retirement plan
6.17 within the general employees retirement plan of the Public Employees Retirement
6.18 Association containing the applicable provisions of Minnesota Statutes 2008, chapter
6.19 422A.

6.20 Sec. 4. Minnesota Statutes 2008, section 353.01, is amended by adding a subdivision
6.21 to read:

6.22 Subd. 48. **MERF division account.** "MERF division account" means the separate
6.23 account within the retirement fund of the general employees retirement fund of the
6.24 Public Employees Retirement Association in which the actuarial liabilities of the former
6.25 Minneapolis Employees Retirement Fund are held, and in which the assets of the former
6.26 Minneapolis Employees Retirement Fund are credited.

6.27 Sec. 5. Minnesota Statutes 2008, section 353.05, is amended to read:

6.28 **353.05 CUSTODIAN OF FUNDS.**

6.29 The commissioner of management and budget shall be ex officio treasurer of the
6.30 retirement funds of the association, including the MERF division, and the general bond of
6.31 the commissioner of management and budget to the state ~~shall~~ must be so conditioned
6.32 as to cover all liability for acts as treasurer of these funds. All ~~moneys~~ money of the
6.33 association received by the commissioner of management and budget ~~shall~~ must be set

7.1 aside in the state treasury to the credit of the proper fund or account. The commissioner
 7.2 of management and budget shall transmit monthly to the executive director a detailed
 7.3 statement of all amounts so received and credited to the ~~fund~~ funds, including the MERF
 7.4 division. Payments out of the fund ~~shall~~ funds, including the MERF division, may only
 7.5 be made ~~only~~ on warrants issued by the commissioner of management and budget, upon
 7.6 abstracts signed by the executive director; provided that abstracts for investment may be
 7.7 signed by the ~~secretary~~ executive director of the State Board of Investment.

7.8 Sec. 6. Minnesota Statutes 2009 Supplement, section 353.06, is amended to read:

7.9 **353.06 STATE BOARD OF INVESTMENT TO INVEST FUNDS.**

7.10 The executive director shall from time to time certify to the State Board of
 7.11 Investment for investment such portions of the ~~retirement fund~~ funds of the association,
 7.12 including the MERF division, as in its ~~the~~ director's judgment may not be required for
 7.13 immediate use. The State Board of Investment shall thereupon invest and reinvest the sum
 7.14 so certified, or transferred, in such securities as are duly authorized as legal investments
 7.15 ~~for state employees retirement fund~~ under section 11A.24 and shall have ~~has~~ authority to
 7.16 sell, convey, and exchange such securities and invest and reinvest the securities when it
 7.17 deems it desirable to do so and shall sell securities upon request of the ~~board of trustees~~
 7.18 executive director when such funds are needed for its purposes. All of the provisions
 7.19 regarding accounting procedures and restrictions and conditions for the purchase and
 7.20 sale of securities under chapter 11A must apply to the accounting, purchase and sale of
 7.21 securities for the funds of the Public Employees Retirement ~~fund~~ Association, including
 7.22 the MERF division.

7.23 Sec. 7. Minnesota Statutes 2008, section 353.27, as amended by Laws 2009, chapter
 7.24 169, article 1, section 32, and article 4, sections 9, 10, 11, and 12, is amended to read:

7.25 **353.27 PUBLIC GENERAL EMPLOYEES RETIREMENT FUND.**

7.26 Subdivision 1. **Income; disbursements.** There is a special fund known as the
 7.27 "public general employees retirement fund," the "retirement fund," or the "fund," which
 7.28 must include all the assets of the general employees retirement plan of the association.
 7.29 This fund must be credited with all contributions, all interest and all other income of the
 7.30 general employees retirement plan of the Public Employees Retirement Association that
 7.31 are authorized by law. From this fund there is appropriated the payments authorized by
 7.32 ~~this chapter~~ sections 353.01 to 353.46 in the amounts and at such time provided herein,
 7.33 including the expenses of administering the general employees retirement plan and fund.

8.1 Subd. 1a. **MERF division account established; revenue and disbursements.** The
 8.2 MERF division account is established as a special account. The MERF division account
 8.3 includes all of the assets of the former Minneapolis Employees Retirement Fund that
 8.4 were transferred to the administration of the Public Employees Retirement Association
 8.5 under section 353.50. The special account is credited with the contributions under
 8.6 section 353.50, subdivision 7, state aid under sections 356.43 and 422A.101, subdivision
 8.7 3, investment performance on the special account assets, and all other income of the
 8.8 MERF division authorized by law. The payments of annuities and benefits authorized by
 8.9 Minnesota Statutes 2008, chapter 422A, in the amounts and at the times provided in
 8.10 that chapter, and the administrative expenses of the MERF division are appropriated
 8.11 from the special account.

8.12 **Subd. 2. General employees retirement plan; employee contribution.** (a) For
 8.13 a basic member of the general employees retirement plan of the Public Employees
 8.14 Retirement Association, the employee contribution is 9.10 percent of salary. For a
 8.15 coordinated member of the general employees retirement plan of the Public Employees
 8.16 Retirement Association, the employee contribution is six percent of salary plus any
 8.17 contribution rate adjustment under subdivision 3b.

8.18 (b) These contributions must be made by deduction from salary as defined in section
 8.19 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a
 8.20 member's salary is paid from other than public funds, the member's employee contribution
 8.21 must be based on the total salary received by the member from all sources.

8.22 **Subd. 3. General employees retirement plan; employer contribution.** (a) For
 8.23 a basic member of the general employees retirement plan of the Public Employees
 8.24 Retirement Association, the employer contribution is 9.10 percent of salary. For a
 8.25 coordinated member of the general employees retirement plan of the Public Employees
 8.26 Retirement Association, the employer contribution is six percent of salary plus any
 8.27 contribution rate adjustment under subdivision 3b.

8.28 (b) This contribution must be made from funds available to the employing
 8.29 subdivision by the means and in the manner provided in section 353.28.

8.30 **Subd. 3a. Additional employer contribution.** (a) An additional employer
 8.31 contribution to the general employees retirement fund of the Public Employees Retirement
 8.32 Association must be made equal to the following applicable percentage of the total salary
 8.33 amount for "basic members" and for "coordinated members":

	Basic Program	Coordinated Program
8.34 Effective before January 1, 2006	2.68	.43
8.35 Effective January 1, 2006	2.68	.50

9.1	Effective January 1, 2009	2.68	.75
9.2	Effective January 1, 2010	2.68	1.00

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

9.5 (b) The coordinated program contribution rates set forth in paragraph (a) effective
9.6 for ~~January 1, 2009, or~~ January 1, 2010, must not be implemented if, following receipt of
9.7 the ~~July 1, 2008, or~~ July 1, 2009, annual actuarial valuation ~~reports~~ report under section
9.8 356.215, respectively, the actuarially required contributions are equal to or less than the
9.9 total rates under this section in effect as of January 1, 2008.

9.10 (c) This subdivision is repealed once the actuarial value of the assets of the general
9.11 employees retirement plan of the Public Employees Retirement Association equal or
9.12 exceed the actuarial accrued liability of the plan as determined by the actuary retained
9.13 under sections 356.214 and 356.215. The repeal is effective on the first day of the first full
9.14 pay period occurring after March 31 of the calendar year following the issuance of the
9.15 actuarial valuation upon which the repeal is based.

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

9.17 (a) For purposes of this section, a contribution sufficiency exists if the total of the
9.18 employee contribution under subdivision 2, the employer contribution under subdivision
9.19 3, the additional employer contribution under subdivision 3a, and any additional
9.20 contribution previously imposed under this subdivision exceeds the total of the normal
9.21 cost, the administrative expenses, and the amortization contribution of the general
9.22 employees retirement plan as reported in the most recent actuarial valuation of the
9.23 retirement plan prepared by the actuary retained under section 356.214 and prepared under
9.24 section 356.215 and the standards for actuarial work of the Legislative Commission on
9.25 Pensions and Retirement. For purposes of this section, a contribution deficiency exists if
9.26 the total of the employee contributions under subdivision 2, the employer contributions
9.27 under subdivision 3, the additional employer contribution under subdivision 3a, and any
9.28 additional contribution previously imposed under this subdivision is less than the total
9.29 of the normal cost, the administrative expenses, and the amortization contribution of the
9.30 general employees retirement plan as reported in the most recent actuarial valuation of the
9.31 retirement plan prepared by the actuary retained under section 356.214 and prepared under
9.32 section 356.215 and the standards for actuarial work of the Legislative Commission on
9.33 Pensions and Retirement.

9.34 (b) Employee and employer contributions to the general employees retirement plan
9.35 under subdivisions 2 and 3 must be adjusted:

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

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

10.14 (c) The general employees retirement plan contribution rate increase or decrease
10.15 must be determined by the executive director of the Public Employees Retirement
10.16 Association, must be reported to the chair and the executive director of the Legislative
10.17 Commission on Pensions and Retirement on or before the next February 1, and, if the
10.18 Legislative Commission on Pensions and Retirement does not recommend against the rate
10.19 change or does not recommend a modification in the rate change, is effective on the
10.20 next July 1 following the determination by the executive director that a contribution
10.21 deficiency or sufficiency has existed for two consecutive fiscal years based on the most
10.22 recent actuarial valuations under section 356.215. If the actuarially required contribution
10.23 of the general employees retirement plan exceeds or is less than the total support provided
10.24 by the combined employee and employer contribution rates by more than 0.5 percent of
10.25 covered payroll, the general employees retirement plan coordinated program employee
10.26 and employer contribution rates must be adjusted incrementally over one or more years to
10.27 a level such that there remains a contribution sufficiency of no more than 0.25 percent
10.28 of covered payroll.

10.29 (d) No incremental adjustment may exceed 0.25 percent for either the general
10.30 employees retirement plan coordinated program employee and employer contribution rates
10.31 per year in which any adjustment is implemented. A general employees retirement plan
10.32 contribution rate adjustment under this subdivision must not be made until at least two
10.33 years have passed since fully implementing a previous adjustment under this subdivision.

10.34 (e) The general employees retirement plan contribution sufficiency or deficiency
10.35 determination under paragraphs (a) to (d) must be made without the inclusion of the

11.1 contributions to, the funded condition of, or the actuarial funding requirements of the
11.2 MERF division.

11.3 Subd. 4. **Employer reporting requirements; contributions; member status.**

11.4 (a) A representative authorized by the head of each department shall deduct employee
11.5 contributions from the salary of each employee who qualifies for membership in the
11.6 general employees retirement plan of the Public Employees Retirement Association or in
11.7 the public employees police and fire retirement plan under this chapter and remit payment
11.8 in a manner prescribed by the executive director for the aggregate amount of the employee
11.9 contributions, the employer contributions and the additional employer contributions to be
11.10 received within 14 calendar days. The head of each department or the person's designee
11.11 shall for each pay period submit to the association a salary deduction report in the format
11.12 prescribed by the executive director. Data required to be submitted as part of salary
11.13 deduction reporting must include, but are not limited to:

11.14 (1) the legal names and Social Security numbers of employees who are members;

11.15 (2) the amount of each employee's salary deduction;

11.16 (3) the amount of salary from which each deduction was made;

11.17 (4) the beginning and ending dates of the payroll period covered and the date of
11.18 actual payment; and

11.19 (5) adjustments or corrections covering past pay periods.

11.20 (b) Employers must furnish the data required for enrollment for each new employee
11.21 who qualifies for membership in the general employees retirement plan of the Public
11.22 Employees Retirement Association or in the public employees police and fire retirement
11.23 plan in the format prescribed by the executive director. The required enrollment data
11.24 on new employees must be submitted to the association prior to or concurrent with the
11.25 submission of the initial employee salary deduction. The employer shall also report
11.26 to the association all member employment status changes, such as leaves of absence,
11.27 terminations, and death, and shall report the effective dates of those changes, on an
11.28 ongoing basis for the payroll cycle in which they occur. The employer shall furnish data,
11.29 forms, and reports as may be required by the executive director for proper administration
11.30 of the retirement system. Before implementing new or different computerized reporting
11.31 requirements, the executive director shall give appropriate advance notice to governmental
11.32 subdivisions to allow time for system modifications.

11.33 (c) Notwithstanding paragraph (a), the ~~association~~ executive director may provide
11.34 for less frequent reporting and payments for small employers.

11.35 Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except
11.36 as provided in paragraph (b), erroneous employee deductions and erroneous employer

12.1 contributions and additional employer contributions to the general employees retirement
12.2 plan of the Public Employees Retirement Association or to the public employees police
12.3 and fire retirement plan for a person, who otherwise does not qualify for membership
12.4 under this chapter, are considered:

12.5 (1) valid if the initial erroneous deduction began before January 1, 1990. Upon
12.6 determination of the error by the association, the person may continue membership in the
12.7 association while employed in the same position for which erroneous deductions were
12.8 taken, or file a written election to terminate membership and apply for a refund upon
12.9 termination of public service or defer an annuity under section 353.34; or

12.10 (2) invalid, if the initial erroneous employee deduction began on or after January 1,
12.11 1990. Upon determination of the error, the association shall refund all erroneous employee
12.12 deductions and all erroneous employer contributions as specified in paragraph (e). No
12.13 person may claim a right to continued or past membership in the association based on
12.14 erroneous deductions which began on or after January 1, 1990.

12.15 (b) Erroneous deductions taken from the salary of a person who did not qualify for
12.16 membership in the general employees retirement plan of the Public Employees Retirement
12.17 Association or in the public employees police and fire retirement plan by virtue of
12.18 concurrent employment before July 1, 1978, which required contributions to another
12.19 retirement fund or relief association established for the benefit of officers and employees
12.20 of a governmental subdivision, are invalid. Upon discovery of the error, the association
12.21 shall remove all invalid service and, upon termination of public service, the association
12.22 shall refund all erroneous employee deductions to the person, with interest as determined
12.23 under section 353.34, subdivision 2, and all erroneous employer contributions without
12.24 interest to the employer. This paragraph has both retroactive and prospective application.

12.25 (c) Adjustments to correct employer contributions and employee deductions taken
12.26 in error from amounts which are not salary under section 353.01, subdivision 10, must
12.27 be made as specified in paragraph (e). The period of adjustment must be limited to the
12.28 fiscal year in which the error is discovered by the association and the immediate two
12.29 preceding fiscal years.

12.30 (d) If there is evidence of fraud or other misconduct on the part of the employee or
12.31 the employer, the board of trustees may authorize adjustments to the account of a member
12.32 or former member to correct erroneous employee deductions and employer contributions
12.33 on invalid salary and the recovery of any overpayments for a period longer than provided
12.34 for under paragraph (c).

12.35 (e) Upon discovery of the receipt of erroneous employee deductions and employer
12.36 contributions under paragraph (a), clause (2), or paragraph (c), the association must require

13.1 the employer to discontinue the erroneous employee deductions and erroneous employer
13.2 contributions reported on behalf of a member. Upon discontinuation, the association must:

13.3 (1) for a member, provide a refund or credit to the employer in the amount of the
13.4 invalid employee deductions with interest on the invalid employee deductions at the rate
13.5 specified under section 353.34, subdivision 2, from the received date of each invalid salary
13.6 transaction through the date the credit or refund is made; and the employer must pay the
13.7 refunded employee deductions plus interest to the member;

13.8 (2) for a former member who:

13.9 (i) is not receiving a retirement annuity or benefit, return the erroneous employee
13.10 deductions to the former member through a refund with interest at the rate specified under
13.11 section 353.34, subdivision 2, from the received date of each invalid salary transaction
13.12 through the date the credit or refund is made; or

13.13 (ii) is receiving a retirement annuity or disability benefit, or a person who is
13.14 receiving an optional annuity or survivor benefit, for whom it has been determined an
13.15 overpayment must be recovered, adjust the payment amount and recover the overpayments
13.16 as provided under this section; and

13.17 (3) return the invalid employer contributions reported on behalf of a member or
13.18 former member to the employer by providing a credit against future contributions payable
13.19 by the employer.

13.20 (f) In the event that a salary warrant or check from which a deduction for the
13.21 retirement fund was taken has been canceled or the amount of the warrant or check
13.22 returned to the funds of the department making the payment, a refund of the sum
13.23 deducted, or any portion of it that is required to adjust the deductions, must be made
13.24 to the department or institution.

13.25 (g) If the accrual date of any retirement annuity, survivor benefit, or disability benefit
13.26 is within the limitation period specified in paragraph (c), and an overpayment has resulted
13.27 by using invalid service or salary, or due to any erroneous calculation procedure, the
13.28 association must recalculate the annuity or benefit payable and recover any overpayment
13.29 as provided under subdivision 7b.

13.30 (h) Notwithstanding the provisions of this subdivision, the association may apply
13.31 the Revenue Procedures defined in the federal Internal Revenue Service Employee Plans
13.32 Compliance Resolution System and not issue a refund of erroneous employee deductions
13.33 and employer contributions or not recover a small overpayment of benefits if the cost to
13.34 correct the error would exceed the amount of the member refund or overpayment.

14.1 (i) Any fees or penalties assessed by the federal Internal Revenue Service for any
14.2 failure by an employer to follow the statutory requirements for reporting eligible members
14.3 and salary must be paid by the employer.

14.4 Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee
14.5 deductions and employer contributions under this section, section 353.50, 353.65, or
14.6 353E.03 were erroneously transmitted to the association, but should have been transmitted
14.7 to another Minnesota public pension plan, the executive director shall transfer the
14.8 erroneous employee deductions and employer contributions to the appropriate retirement
14.9 fund or individual account, as applicable, without interest. The time limitations specified
14.10 in subdivisions 7 and 12 do not apply.

14.11 (b) For purposes of this subdivision, a Minnesota public pension plan means a
14.12 plan specified in section 356.30, subdivision 3, or the plans governed by chapters 353D
14.13 and 354B.

14.14 (c) A potential transfer under paragraph (a) that is reasonably determined to cause
14.15 the plan to fail to be a qualified plan under section 401(a) of the federal Internal Revenue
14.16 Code, as amended, must not be made by the executive director of the association. Within
14.17 30 days after being notified by the Public Employees Retirement Association of an
14.18 unmade potential transfer under this paragraph, the employer of the affected person
14.19 must transmit an amount representing the applicable salary deductions and employer
14.20 contributions, without interest, to the retirement fund of the appropriate Minnesota public
14.21 pension plan, or to the applicable individual account if the proper coverage is by a defined
14.22 contribution plan. The association must provide the employing unit a credit for the amount
14.23 of the erroneous salary deductions and employer contributions against future contributions
14.24 from the employer. If the employing unit receives a credit under this paragraph, the
14.25 employing unit is responsible for refunding to the applicable employee any amount that
14.26 had been erroneously deducted from the person's salary.

14.27 Subd. 7b. **Recovery of overpayments.** (a) In the event the executive director
14.28 determines that an overpaid annuity or benefit ~~that~~ from the general employees retirement
14.29 plan of the Public Employees Retirement Association, the public employees police and
14.30 fire retirement plan, or the local government correctional employees retirement plan is
14.31 the result of invalid salary included in the average salary used to calculate the payment
14.32 amount must be recovered, the association must determine the amount of the employee
14.33 deductions taken in error on the invalid salary, with interest determined in the manner
14.34 provided for a former member under subdivision 7, paragraph (e), clause (2), item (i),
14.35 and must subtract that amount from the total annuity or benefit overpayment, and the
14.36 remaining balance of the overpaid annuity or benefit, if any, must be recovered.

15.1 (b) If the invalid employee deductions plus interest exceed the amount of the
 15.2 overpaid benefits, the balance must be refunded to the person to whom the benefit or
 15.3 annuity is being paid.

15.4 (c) Any invalid employer contributions reported on the invalid salary must be
 15.5 credited to the employer as provided in subdivision 7, paragraph (e).

15.6 (d) If a member or former member, who is receiving a retirement annuity or
 15.7 disability benefit for which an overpayment is being recovered, dies before recovery of
 15.8 the overpayment is completed and a joint and survivor optional annuity is payable, the
 15.9 remaining balance of the overpaid annuity or benefit must continue to be recovered from
 15.10 the payment to the optional annuity beneficiary.

15.11 (e) If the association finds that a refund has been overpaid to a former member,
 15.12 beneficiary or other person, the amount of the overpayment must be recovered for the
 15.13 benefit of the respective retirement fund or account.

15.14 (f) The board of trustees shall adopt policies directing the period of time and manner
 15.15 for the collection of any overpaid retirement or optional annuity, and survivor or disability
 15.16 benefit, or a refund that the executive director determines must be recovered as provided
 15.17 under this section.

15.18 Subd. 7c. **Limitation on additional plan coverage.** No deductions for any plan
 15.19 under this chapter or chapter 353E may be taken from the salary of a person who is
 15.20 employed by a governmental subdivision under section 353.01, subdivision 6, and who is
 15.21 receiving disability benefit payments from any plan under this chapter or chapter 353E
 15.22 unless the person waives the right to further disability benefit payments.

15.23 Subd. 8. **District court reporters; salary deductions.** Deductions from the salary
 15.24 of a district court reporter in a judicial district consisting of two or more counties ~~shall~~
 15.25 must be made by the auditor of the county in which the bond and official oath of such
 15.26 district court reporter are filed, from the portion of salary paid by such county.

15.27 Subd. 9. **Fee officers; contributions; obligations of employers.** Any appointed or
 15.28 elected officer of a governmental subdivision who was or is a "public employee" within
 15.29 the meaning of section 353.01 and was or is a member of the ~~fund~~ general employees
 15.30 retirement plan of the Public Employees Retirement Association and whose salary
 15.31 was or is paid in whole or in part from revenue derived by fees and assessments, shall
 15.32 pay employee contribution in the amount, at the time, and in the manner provided in
 15.33 subdivisions 2 and 4. This subdivision ~~shall~~ does not apply to district court reporters.
 15.34 The employer contribution as provided in subdivision 3, and the additional employer
 15.35 contribution as provided in subdivision 3a, with respect to such service ~~shall~~ must be
 15.36 paid by the governmental subdivision. This subdivision ~~shall have~~ has both retroactive

16.1 and prospective application as to all such members; and every employing governmental
16.2 subdivision is deemed liable, retroactively and prospectively, for all employer and
16.3 additional employer contributions for every such member of the general employees
16.4 retirement plan in its employ. Delinquencies under this section ~~shall be~~ are governed
16.5 in all respects by section 353.28.

16.6 Subd. 10. **Employer exclusion reports.** The head of a department shall annually
16.7 furnish the executive director with an exclusion report listing only those employees in
16.8 potentially PERA general employees retirement plan-eligible positions who were not
16.9 reported as members of the ~~association~~ general employees retirement plan and who worked
16.10 during the school year for school employees and calendar year for nonschool employees.
16.11 The department head must certify the accuracy and completeness of the exclusion report
16.12 to the association. The executive director shall prescribe the manner and forms, including
16.13 standardized exclusion codes, to be used by a governmental subdivision in preparing and
16.14 filing exclusion reports. The executive director shall also check the exclusion report to
16.15 ascertain whether any omissions have been made by a department head in the reporting
16.16 of new public employees for membership. The executive director may delegate an
16.17 association employee under section 353.03, subdivision 3a, paragraph (b), clause (5), to
16.18 conduct a field audit to review the payroll records of a governmental subdivision.

16.19 Subd. 11. **Employers; required to furnish requested information.** (a) All
16.20 governmental subdivisions shall furnish promptly such other information relative to the
16.21 employment status of all employees or former employees, including, but not limited to,
16.22 payroll abstracts pertaining to all past and present employees, as may be requested by the
16.23 executive director, including schedules of salaries applicable to various categories of
16.24 employment.

16.25 (b) In the event payroll abstract records have been lost or destroyed, for whatever
16.26 reason or in whatever manner, so that such schedules of salaries cannot be furnished
16.27 therefrom, the employing governmental subdivision, in lieu thereof, shall furnish to the
16.28 association an estimate of the earnings of any employee or former employee for any
16.29 period as may be requested by the executive director. If the association is provided a
16.30 schedule of estimated earnings, the executive director is authorized to use the same as a
16.31 basis for making whatever computations might be necessary for determining obligations
16.32 of the employee and employer to the general employees retirement fund plan, the public
16.33 employees police and fire retirement plan, or the local government correctional employees
16.34 retirement plan. If estimates are not furnished by the employer at the request of the
16.35 executive director, the executive director may estimate the obligations of the employee
16.36 and employer to the general employees retirement fund, the public employees police and

17.1 fire retirement plan, or the local government correctional employees retirement plan based
17.2 upon those records that are in its possession.

17.3 Subd. 12. **Omitted salary deductions; obligations.** (a) In the case of omission
17.4 of required deductions for the general employees retirement plan, the public employees
17.5 police and fire retirement plan, or the local government correctional employees retirement
17.6 plan from the salary of an employee, the department head or designee shall immediately,
17.7 upon discovery, report the employee for membership and deduct the employee deductions
17.8 under subdivision 4 during the current pay period or during the pay period immediately
17.9 following the discovery of the omission. Payment for the omitted obligations may only be
17.10 made in accordance with reporting procedures and methods established by the executive
17.11 director.

17.12 (b) When the entire omission period of an employee does not exceed 60 days, the
17.13 governmental subdivision may report and submit payment of the omitted employee
17.14 deductions and the omitted employer contributions through the reporting processes under
17.15 subdivision 4.

17.16 (c) When the omission period of an employee exceeds 60 days, the governmental
17.17 subdivision shall furnish to the association sufficient data and documentation upon which
17.18 the obligation for omitted employee and employer contributions can be calculated.
17.19 The omitted employee deductions must be deducted from the employee's subsequent
17.20 salary payment or payments and remitted to the association for deposit in the applicable
17.21 retirement fund. The employee shall pay omitted employee deductions due for the 60
17.22 days prior to the end of the last pay period in the omission period during which salary
17.23 was earned. The employer shall pay any remaining omitted employee deductions and any
17.24 omitted employer contributions, plus cumulative interest at an annual rate of 8.5 percent
17.25 compounded annually, from the date or dates each omitted employee contribution was
17.26 first payable.

17.27 (d) An employer shall not hold an employee liable for omitted employee deductions
17.28 beyond the pay period dates under paragraph (c), nor attempt to recover from the employee
17.29 those employee deductions paid by the employer on behalf of the employee. Omitted
17.30 deductions due under paragraph (c) which are not paid by the employee constitute a
17.31 liability of the employer that failed to deduct the omitted deductions from the employee's
17.32 salary. The employer shall make payment with interest at an annual rate of 8.5 percent
17.33 compounded annually. Omitted employee deductions are no longer due if an employee
17.34 terminates public service before making payment of omitted employee deductions to
17.35 the association, but the employer remains liable to pay omitted employer contributions

18.1 plus interest at an annual rate of 8.5 percent compounded annually from the date the
18.2 contributions were first payable.

18.3 (e) The association may not commence action for the recovery of omitted employee
18.4 deductions and employer contributions after the expiration of three calendar years after
18.5 the calendar year in which the contributions and deductions were omitted. Except as
18.6 provided under paragraph (b), no payment may be made or accepted unless the association
18.7 has already commenced action for recovery of omitted deductions. An action for recovery
18.8 commences on the date of the mailing of any written correspondence from the association
18.9 requesting information from the governmental subdivision upon which to determine
18.10 whether or not omitted deductions occurred.

18.11 Subd. 12a. **Terminated employees: omitted deductions.** A terminated employee
18.12 who was a member of the general employees retirement plan of the Public Employees
18.13 Retirement Association, the public employees police and fire retirement plan, or the local
18.14 government correctional employees retirement plan and who has a period of employment
18.15 in which previously omitted employer contributions were made under subdivision 12
18.16 but for whom no, or only partial, omitted employee contributions have been made, or
18.17 a member who had prior coverage in the association for which previously omitted
18.18 employer contributions were made under subdivision 12 but who terminated service
18.19 before required omitted employee deductions could be withheld from salary, may pay the
18.20 omitted employee deductions for the period on which omitted employer contributions
18.21 were previously paid plus interest at an annual rate of 8.5 percent compounded annually.
18.22 A terminated employee may pay the omitted employee deductions plus interest within six
18.23 months of an initial notification from the association of eligibility to pay those omitted
18.24 deductions. If a terminated employee is reemployed in a position covered under a public
18.25 pension fund under section 356.30, subdivision 3, and elects to pay omitted employee
18.26 deductions, payment must be made no later than six months after a subsequent termination
18.27 of public service.

18.28 Subd. 12b. **Terminated employees: immediate eligibility.** If deductions were
18.29 omitted from salary adjustments or final salary of a terminated employee who was a
18.30 member of the general employees retirement plan, the public employees police and fire
18.31 retirement plan, or the local government correctional employees retirement plan and who
18.32 is immediately eligible to draw a monthly benefit, the employer shall pay the omitted
18.33 employer and employer additional contributions plus interest on both the employer and
18.34 employee amounts due at an annual rate of 8.5 percent compounded annually. The
18.35 employee shall pay the employee deductions within six months of an initial notification

19.1 from the association of eligibility to pay omitted deductions or the employee forfeits
19.2 the right to make the payment.

19.3 Subd. 13. **Certain warrants canceled.** A warrant payable from the general
19.4 employees retirement fund, the public employees police and fire retirement fund, or the
19.5 local government correctional retirement fund remaining unpaid for a period of six
19.6 months must be canceled into the applicable retirement fund and not canceled into the
19.7 state's general fund.

19.8 Subd. 14. **Periods before initial coverage date.** (a) If an entity is determined to
19.9 be a governmental subdivision due to receipt of a written notice of eligibility from the
19.10 association with respect to the general employees retirement plan, the public employees
19.11 police and fire retirement plan, or the local government correctional retirement plan, that
19.12 employer and its employees are subject to the requirements of subdivision 12, effective
19.13 retroactively to the date that the executive director of the association determines that
19.14 the entity first met the definition of a governmental subdivision, if that date predates
19.15 the notice of eligibility.

19.16 (b) If the retroactive time period under paragraph (a) exceeds three years, an
19.17 employee is authorized to purchase service credit in the applicable Public Employees
19.18 Retirement Association plan for the portion of the period in excess of three years, by
19.19 making payment under section 356.551. Notwithstanding any provision of section
19.20 356.551, subdivision 2, to the contrary, regarding time limits on purchases, payment of a
19.21 service credit purchase amount may be made anytime before the termination of public
19.22 service.

19.23 (c) This subdivision does not apply if the applicable employment under paragraph
19.24 (a) included coverage by any public or private defined benefit or defined contribution
19.25 retirement plan, other than a volunteer firefighters relief association. If this paragraph
19.26 applies, an individual is prohibited from purchasing service credit from a Public Employees
19.27 Retirement Association plan for any period or periods specified in paragraph (a).

19.28 Sec. 8. Minnesota Statutes 2008, section 353.34, subdivision 1, is amended to read:

19.29 Subdivision 1. **Refund or deferred annuity.** (a) A former member is entitled
19.30 to a refund of accumulated employee deductions under subdivision 2, or to a deferred
19.31 annuity under subdivision 3. Application for a refund may not be made before the date of
19.32 termination of public service. Except as specified in paragraph (b), a refund must be paid
19.33 within 120 days following receipt of the application unless the applicant has again become
19.34 a public employee required to be covered by the association.

20.1 (b) If an individual was placed on layoff under section 353.01, subdivision 12 or 12c,
20.2 a refund is not payable before termination of service under section 353.01, subdivision 11a.

20.3 (c) An individual who terminates public service covered by the Public Employees
20.4 Retirement Association general employees retirement plan, the MERF division, the
20.5 Public Employees Retirement Association police and fire retirement plan, or the public
20.6 employees local government corrections service retirement plan, and who is employed
20.7 by a different employer and who becomes an active member covered by one of the other
20.8 two plans, may receive a refund of employee contributions plus six percent interest
20.9 compounded annually from the plan from which the member terminated service.

20.10 Sec. 9. Minnesota Statutes 2008, section 353.34, subdivision 6, is amended to read:

20.11 Subd. 6. **Additions to fund.** The board of trustees may credit to the general
20.12 employees retirement fund any ~~moneys~~ money received in the form of contributions,
20.13 donations, gifts, appropriations, bequests, or otherwise.

20.14 Sec. 10. Minnesota Statutes 2008, section 353.37, subdivision 1, is amended to read:

20.15 Subdivision 1. **Salary maximums.** (a) The annuity of a person otherwise eligible
20.16 for an annuity ~~under this chapter~~ from the general employees retirement plan of the Public
20.17 Employees Retirement Association, the public employees police and fire retirement plan,
20.18 or the local government correctional employees retirement plan must be suspended under
20.19 subdivision 2 or reduced under subdivision 3, whichever results in the higher annual
20.20 annuity amount, if the person reenters public service as a nonelective employee of a
20.21 governmental subdivision in a position covered by this chapter or returns to work as an
20.22 employee of a labor organization that represents public employees who are association
20.23 members under this chapter and salary for the reemployment service exceeds the annual
20.24 maximum earnings allowable for that age for the continued receipt of full benefit amounts
20.25 monthly under the federal Old Age, Survivors and Disability Insurance Program as set by
20.26 the secretary of health and human services under United States Code, title 42, section 403,
20.27 in any calendar year. If the person has not yet reached the minimum age for the receipt
20.28 of Social Security benefits, the maximum salary for the person is equal to the annual
20.29 maximum earnings allowable for the minimum age for the receipt of Social Security
20.30 benefits.

20.31 (b) The provisions of paragraph (a) do not apply to the members of the MERF
20.32 division.

20.33 Sec. 11. Minnesota Statutes 2008, section 353.37, subdivision 2, is amended to read:

21.1 Subd. 2. **Suspension of annuity.** (a) The association shall suspend the annuity on
21.2 the first of the month after the month in which the salary of the reemployed annuitant
21.3 described in subdivision 1, paragraph (a), exceeds the maximums set in subdivision 1,
21.4 paragraph (a), based only on those months in which the annuitant is actually employed
21.5 in nonelective public service in a position covered under this chapter or employment
21.6 with a labor organization that represents public employees who are ~~association~~ members
21.7 of a retirement plan under this chapter or chapter 353E.

21.8 (b) An annuitant who is elected to public office after retirement may hold that office
21.9 and receive an annuity otherwise payable from a retirement plan administered by the
21.10 association.

21.11 Sec. 12. Minnesota Statutes 2008, section 353.37, subdivision 3, is amended to read:

21.12 Subd. 3. **Reduction of annuity.** (a) The association shall reduce the amount
21.13 of the annuity of a person who has not reached the retirement age by one-half of the
21.14 amount in excess of the applicable reemployment income maximum under subdivision
21.15 1, paragraph (a).

21.16 (b) There is no reduction upon reemployment, regardless of income, for a person
21.17 who has reached the retirement age.

21.18 Sec. 13. Minnesota Statutes 2008, section 353.37, subdivision 4, is amended to read:

21.19 Subd. 4. **Resumption of annuity.** The association shall resume paying a full
21.20 annuity to the reemployed annuitant described in subdivision 1, paragraph (a), at the
21.21 start of each calendar year until the salary exceeds the maximums under subdivision 1,
21.22 paragraph (a), or on the first of the month following the termination of the employment
21.23 which resulted in the suspension of the annuity. The executive director may adopt policies
21.24 regarding the suspension and reduction of annuities under this section.

21.25 Sec. 14. Minnesota Statutes 2008, section 353.37, subdivision 5, is amended to read:

21.26 Subd. 5. **Effect on annuity.** Except as provided under this section, public service
21.27 performed by an annuitant described in subdivision 1, paragraph (a), subsequent to
21.28 retirement ~~under this chapter~~ from the general employees retirement plan, the public
21.29 employees police and fire retirement plan, or the local government correctional employees
21.30 retirement plan does not increase or decrease the amount of an annuity. The annuitant shall
21.31 not make any further contributions to ~~the association's~~ a defined benefit plan administered
21.32 by the association by reason of this subsequent public service.

22.1 Sec. 15. Minnesota Statutes 2008, section 353.46, subdivision 2, is amended to read:

22.2 Subd. 2. **Rights of deferred annuitant.** The ~~right~~ entitlement of a deferred
 22.3 annuitant or other former member of the general employees retirement plan of the
 22.4 Public Employees Retirement Association, the Minneapolis Employees Retirement Fund
 22.5 division, the public employees police and fire retirement plan, or the local government
 22.6 correctional employees retirement plan to receive an annuity under the law in effect at the
 22.7 time ~~such~~ the person terminated public service is herein preserved; ~~provided, however,~~
 22.8 The provisions of section 353.71, subdivision 2, as amended by Laws 1973, chapter 753
 22.9 ~~shall~~, apply to a deferred annuitant or other former member who first begins receiving an
 22.10 annuity after July 1, 1973.

22.11 Sec. 16. Minnesota Statutes 2008, section 353.46, subdivision 6, is amended to read:

22.12 Subd. 6. **Computation of benefits for certain coordinated members.** Any
 22.13 coordinated member of the general employees retirement plan of the Public Employees
 22.14 Retirement Association who ~~prior to,~~ before July 1, 1979₂, was a member of the former
 22.15 coordinated program of the former Minneapolis Municipal Employees Retirement
 22.16 Fund and who ~~prior to,~~ before July 1, 1978₂, was a member of the basic program of the
 22.17 Minneapolis Municipal Employees Retirement Fund ~~shall~~:

22.18 ~~(1) be~~ is entitled to receive a retirement annuity when otherwise qualified, the
 22.19 calculation of which ~~shall~~ must utilize the formula accrual rates specified in section
 22.20 422A.15, subdivision 1, for that portion of credited service which was rendered ~~prior to~~
 22.21 before July 1, 1978, and the formula accrual rates specified in section 353.29, subdivision
 22.22 3, for the remainder of credited service, both applied to the average salary as specified
 22.23 in section ~~353.29, subdivision 2~~ 353.01, subdivision 17a. The formula accrual rates to
 22.24 be used in calculating the retirement annuity ~~shall~~ must recognize the service after July
 22.25 1, 1978₂, as a member of the former coordinated program of the former Minneapolis
 22.26 Municipal Employees Retirement Fund and after July 1, 1979₂, as a member of the
 22.27 general employees retirement plan of the Public Employees Retirement Association as
 22.28 a continuation of service rendered ~~prior to~~ before July 1, 1978. The annuity amount
 22.29 attributable to service as a member of the basic program of the former Minneapolis
 22.30 Municipal Employees Retirement Fund ~~shall be~~ is payable ~~by~~ from the Minneapolis
 22.31 Employees Retirement Fund MERF division and the annuity amount attributable to all
 22.32 other service ~~shall be~~ is payable ~~by~~ from the general employees retirement fund of the
 22.33 Public Employees Retirement Association;

22.34 ~~(2) retain eligibility when otherwise qualified for a disability benefit from the~~
 22.35 ~~Minneapolis Employees Retirement Fund until July 1, 1982, notwithstanding coverage~~

23.1 ~~by the Public Employees Retirement Association, if the member has or would, without~~
 23.2 ~~the transfer of retirement coverage from the basic program of the Minneapolis Municipal~~
 23.3 ~~Employees Retirement Fund to the coordinated program of the Minneapolis Municipal~~
 23.4 ~~Employees Retirement Fund or from the coordinated program of the Minneapolis~~
 23.5 ~~Municipal Employees Retirement Fund to the public employees retirement fund, have~~
 23.6 ~~sufficient credited service prior to January 1, 1983, to meet the minimum service~~
 23.7 ~~requirements for a disability benefit pursuant to section 422A.18. The disability benefit~~
 23.8 ~~amount attributable to service as a member of the basic program of the Minneapolis~~
 23.9 ~~Municipal Employees Retirement Fund shall be payable by the Minneapolis Employees~~
 23.10 ~~Retirement Fund and the disability benefit amount attributable to all other service shall be~~
 23.11 ~~payable by the Public Employees Retirement Association.~~

23.12 Sec. 17. **[353.50] MERF CONSOLIDATION ACCOUNT; ESTABLISHMENT**
 23.13 **AND OPERATION.**

23.14 Subdivision 1. **Administrative consolidation.** (a) Notwithstanding any provision
 23.15 of this chapter or chapter 422A to the contrary, the administration of the Minneapolis
 23.16 Employees Retirement Fund as the MERF division is transferred to the Public Employees
 23.17 Retirement Association board of trustees. The assets, service credit, and benefit liabilities
 23.18 of the Minneapolis Employees Retirement Fund transfer to the MERF division account
 23.19 within the general employees retirement plan of the Public Employees Retirement
 23.20 Association established by section 353.27, subdivision 1a, on July 1, 2010.

23.21 (b) The creation of the MERF division must not be construed to alter the Social
 23.22 Security or Medicare coverage of any member of the former Minneapolis Employees
 23.23 Retirement Fund on June 29, 2010, while employed in a position covered under the MERF
 23.24 division of the Public Employees Retirement Association.

23.25 Subd. 2. **Membership transfer.** Effective June 30, 2010, the active, inactive, and
 23.26 retired members of the Minneapolis Employees Retirement Fund are transferred to the
 23.27 MERF division administered by the Public Employees Retirement Association and are no
 23.28 longer members of the Minneapolis Employees Retirement Fund.

23.29 Subd. 3. **Service credit and benefit liability transfer.** (a) All allowable service
 23.30 credit and salary credit of the members of the Minneapolis Employees Retirement Fund
 23.31 as specified in the records of the Minneapolis Employees Retirement Fund through June
 23.32 30, 2010, are transferred to the MERF division of the Public Employees Retirement
 23.33 Association and are credited by the MERF division. Annuities or benefits of persons
 23.34 who are active members of the former Minneapolis Employees Retirement Fund on
 23.35 June 30, 2010, must be calculated under Minnesota Statutes 2008, sections 422A.11;

24.1 422A.12; 422A.13; 422A.14; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16;
24.2 422A.17; 422A.18; 422A.19; 422A.20; and 422A.23, but are only eligible for automatic
24.3 postretirement adjustments after December 31, 2010, under section 356.415.

24.4 (b) The liability for the payment of annuities and benefits of the Minneapolis
24.5 Employees Retirement Fund retirees and benefit recipients as specified in the records
24.6 of the Minneapolis Employees Retirement Fund on June 29, 2010, is transferred to the
24.7 MERF division of the Public Employees Retirement Association on June 30, 2010.

24.8 Subd. 4. **Records transfer.** On June 30, 2010, the executive director of the
24.9 Minneapolis Employees Retirement Fund shall transfer all records and documents relating
24.10 to the Minneapolis Employees Retirement Fund and its benefit plan to the executive
24.11 director of the Public Employees Retirement Association. To the extent possible, original
24.12 copies of all records and documents must be transferred.

24.13 Subd. 5. **Transfer of title to assets.** On June 30, 2010, legal title to the assets of
24.14 the Minneapolis Employees Retirement Fund transfers to the State Board of Investment
24.15 and the assets must be invested under section 11A.14, as assets of the MERF division of
24.16 the Public Employees Retirement Association. The MERF division is the successor in
24.17 interest to all claims that the former Minneapolis Employees Retirement Fund may have
24.18 or may assert against any person and is the successor in interest to all claims which could
24.19 have been asserted against the former Minneapolis Employees Retirement Fund, but the
24.20 MERF division is not liable for any claim against the former Minneapolis Employees
24.21 Retirement Fund, its former governing board, or its former administrative staff acting in a
24.22 fiduciary capacity under chapter 356A or under common law, which is founded upon a
24.23 claim of breach of fiduciary duty, but where the act or acts constituting the claimed breach
24.24 were not undertaken in good faith, the Public Employees Retirement Association may
24.25 assert any applicable defense to any claim in any judicial or administrative proceeding
24.26 that the former Minneapolis Employees Retirement Fund, its former board, or its
24.27 former administrative staff would otherwise have been entitled to assert, and the Public
24.28 Employees Retirement Association may assert any applicable defense that it has in its
24.29 capacity as a statewide agency.

24.30 Subd. 6. **Benefits.** (a) The annuities and benefits of, or attributable to, retired,
24.31 disabled, deferred, or inactive Minneapolis Employees Retirement Fund members
24.32 with that status as of June 30, 2010, with the exception of post-December 31, 2010,
24.33 postretirement adjustments, which are governed by paragraph (b), as calculated under
24.34 Minnesota Statutes 2008, sections 422A.11; 422A.12; 422A.13; 422A.14; 422A.15;
24.35 422A.151; 422A.155; 422A.156; 422A.16; 422A.17; 422A.18; 422A.19; 422A.20; and
24.36 422A.23, continue in force after the administrative consolidation under this article.

25.1 (b) After December 31, 2010, annuities and benefits from the MERF division are
25.2 eligible for annual automatic postretirement adjustments solely under section 356.415.

25.3 Subd. 7. **MERF division account contributions.** (a) After June 30, 2010, the
25.4 member and employer contributions to the MERF division account are governed by this
25.5 subdivision.

25.6 (b) An active member covered by the MERF division must make an employee
25.7 contribution of 9.75 percent of the total salary of the member as defined in section 353.01,
25.8 subdivision 10. The employee contribution must be made by payroll deduction by the
25.9 member's employing unit under section 353.27, subdivision 4, and is subject to the
25.10 provisions of section 353.27, subdivisions 7, 7a, 7b, 12, 12a, and 12b.

25.11 (c) The employer regular contribution to the MERF division account with respect
25.12 to an active MERF division member is 9.75 percent of the total salary of the member as
25.13 defined in section 353.01, subdivision 10.

25.14 (d) The employer additional contribution to the MERF division account with respect
25.15 to an active member of the MERF division is 2.68 percent of the total salary of the member
25.16 as defined in section 353.01, subdivision 10, plus the employing unit's share of \$3,900,000
25.17 that the employing unit paid or is payable to the former Minneapolis Employees
25.18 Retirement Fund under Minnesota Statutes 2008, section 422A.101, subdivision 1a, 2,
25.19 or 2a, during calendar year 2009, as was certified by the former executive director of the
25.20 former Minneapolis Employees Retirement Fund.

25.21 (e) Annually after June 30, 2012, the employer supplemental contribution to
25.22 the MERF division account by the city of Minneapolis, Special School District No. 1,
25.23 Minneapolis, a Minneapolis-owned public utility, improvement, or municipal activity,
25.24 Hennepin county, the Metropolitan Council, the Metropolitan Airports Commission, and
25.25 the Minnesota State Colleges and Universities system is the larger of the following:

25.26 (1) the amount by which the total actuarial required contribution determined under
25.27 section 356.215 by the approved actuary retained by the Public Employees Retirement
25.28 Association in the most recent actuarial valuation of the MERF division and based on a
25.29 June 30, 2031, amortization date, after subtracting the contributions under paragraphs
25.30 (b), (c), and (d), exceeds \$24,000,000; or

25.31 (2) the amount of \$27,000,000, but the total supplemental contribution amount
25.32 plus the contributions under paragraphs (c) and (d) may not exceed \$34,000,000. Each
25.33 employing unit's share of the total employer supplemental contribution amount is equal
25.34 to the applicable portion specified in paragraph (g). The initial total actuarial required
25.35 contribution after June 30, 2012, must be calculated using the mortality assumption
25.36 change recommended on September 30, 2009, for the Minneapolis Employees Retirement

26.1 Fund by the approved consulting actuary retained by the Minneapolis Employees
26.2 Retirement Fund board.

26.3 (f) Notwithstanding any provision of paragraph (c), (d), or (e) to the contrary, as of
26.4 August 1 annually, if the amount of the retirement annuities and benefits paid from the
26.5 MERF division account during the preceding fiscal year, multiplied by the factor of 1.035,
26.6 exceeds the market value of the assets of the MERF division account on the preceding
26.7 June 30, plus state aid of \$9,000,000 or \$24,000,000, whichever applies, plus the amounts
26.8 payable under paragraphs (b), (c), (d), and (e) during the preceding fiscal year, multiplied
26.9 by the factor of 1.035, the balance calculated is a special additional employer contribution.
26.10 The special additional employer contribution under this paragraph is payable in addition
26.11 to any employer contribution required under paragraphs (c), (d), and (e), and is payable
26.12 on or before the following June 30. The special additional employer contribution under
26.13 this paragraph must be allocated between the city of Minneapolis, Special School District
26.14 No. 1, Minneapolis, any Minneapolis-owned public utility, improvement, or municipal
26.15 activity, the Minnesota State Colleges and Universities system, Hennepin County, the
26.16 Metropolitan Council, and the Metropolitan Airports Commission in proportion to their
26.17 share of the actuarial accrued liability of the former Minneapolis Employees Retirement
26.18 Fund as of July 1, 2009, as calculated by the approved actuary retained under section
26.19 356.214 as part of the actuarial valuation prepared as of July 1, 2009, under section
26.20 356.215 and the Standards for Actuarial Work adopted by the Legislative Commission on
26.21 Pensions and Retirement.

26.22 (g) The employer supplemental contribution under paragraph (e) or the special
26.23 additional employer contribution under paragraph (f) must be allocated between the city
26.24 of Minneapolis, Special School District No. 1, Minneapolis, any Minneapolis-owned
26.25 public utility, improvement, or municipal activity, the Minnesota State Colleges and
26.26 Universities system, Hennepin County, the Metropolitan Council, and the Metropolitan
26.27 Airports Commission in proportion to their share of the actuarial accrued liability of the
26.28 former Minneapolis Employees Retirement Fund as of July 1, 2009, as calculated by the
26.29 approved actuary retained under section 356.214 as part of the actuarial valuation prepared
26.30 as of July 1, 2009, under section 356.215 and the Standards for Actuarial Work adopted by
26.31 the Legislative Commission on Pensions and Retirement.

26.32 (h) The employer contributions under paragraphs (c), (d), and (e) must be paid as
26.33 provided in section 353.28.

26.34 (i) Contributions under this subdivision are subject to the provisions of section
26.35 353.27, subdivisions 4, 7, 7a, 7b, 11, 12, 12a, 12b, 13, and 14.

27.1 Subd. 7a. **Minneapolis Municipal Retirement Association dues.** If authorized
27.2 by an annuitant or retirement benefit recipient in writing on a form prescribed by the
27.3 executive director of the Public Employees Retirement Association, the executive director
27.4 shall deduct the dues for the Minneapolis Municipal Retirement Association from the
27.5 person's annuity or retirement benefit. This dues deduction authority expires upon the
27.6 eventual full consolidation of the MERF account under subdivision 8.

27.7 Subd. 8. **Eventual full consolidation.** (a) Once the fiscal year end market value
27.8 of assets of the MERF division account equals or exceeds 80 percent of the actuarial
27.9 accrued liability of the MERF division as calculated by the approved actuary retained by
27.10 the Public Employees Retirement Association under section 356.215 and the Standards
27.11 for Actuarial Work adopted by the Legislative Commission on Pensions and Retirement,
27.12 the MERF division must be merged with the general employees retirement plan of the
27.13 Public Employees Retirement Association and the MERF division account ceases as a
27.14 separate account within the general employees retirement fund of the Public Employees
27.15 Retirement Association.

27.16 (b) If the market value of the MERF division account is less than 100 percent of the
27.17 actuarial accrued liability of the MERF division under paragraph (a), the total employer
27.18 contribution of employing units referenced in subdivision 7, paragraph (e), for the period
27.19 after the full consolidation and June 30, 2031, to amortize on a level annual dollar payment
27.20 the remaining unfunded actuarial accrued liability of the former MERF division account
27.21 on the full consolidation date by June 30, 2031, shall be calculated by the consulting
27.22 actuary retained under section 356.214 using the applicable postretirement interest rate
27.23 actuarial assumption for the general employees retirement plan under section 356.215.
27.24 The actuarial accrued liability of the MERF division must be calculated using the healthy
27.25 retired life mortality assumption applicable to the general employees retirement plan.

27.26 (c) The merger shall occur as of the first day of the first month after the date on
27.27 which the triggering actuarial valuation report is filed with the executive director of the
27.28 Legislative Commission on Pensions and Retirement.

27.29 (d) The executive director of the Public Employees Retirement Association shall
27.30 prepare proposed legislation fully implementing the merger and updating the applicable
27.31 provisions of chapters 353 and 356 and transmit the proposed legislation to the executive
27.32 director of the Legislative Commission on Pensions and Retirement by the following
27.33 February 15.

27.34 Subd. 9. **Merger of former MERF membership groups into PERA-general.**
27.35 If provided for in an agreement between the board of trustees of the Public Employees
27.36 Retirement Association and the governing board of an employing unit formerly with

28.1 retirement coverage provided for its employees by the former Minneapolis Employees
 28.2 Retirement Fund, an employing unit may transfer sufficient assets to the general
 28.3 employees retirement fund to cover the anticipated actuarial accrued liability for its
 28.4 current or former employees that is in excess of MERF division account assets attributable
 28.5 to those employees, have those employees be considered full members of the general
 28.6 employees retirement plan, and be relieved of any further contribution obligation to the
 28.7 general employees retirement plan for those employees under this section. Any agreement
 28.8 under this subdivision and any actuarial valuation report related to a merger under this
 28.9 subdivision must be submitted to the executive director of the Legislative Commission on
 28.10 Pensions and Retirement for comment prior to the final execution.

28.11 Sec. 18. Minnesota Statutes 2008, section 353.64, subdivision 7, is amended to read:

28.12 Subd. 7. **Pension coverage for ~~certain~~ public safety employees of the**
 28.13 **Metropolitan Airports Commission.** Any person first employed as either a full-time
 28.14 firefighter or a full-time police officer by the Metropolitan Airports Commission ~~after June~~
 28.15 ~~30, 1978~~, who is not eligible for coverage under the agreement signed between the state
 28.16 and the secretary of the federal Department of Health and Human Services making the
 28.17 provisions of the federal Old Age, Survivors, and Disability Insurance Act applicable to
 28.18 municipal employees because that position is excluded from application ~~pursuant to~~ under
 28.19 Title 42, United States Code, Sections 418 (d) (5) (A) and 418 (d) (8) (D) and section
 28.20 355.07, ~~shall not be a member of the Minneapolis Employees Retirement Fund but shall~~
 28.21 ~~be~~ is a member of the public employees police and fire fund and ~~shall be~~ is deemed to be a
 28.22 firefighter or a police officer within the meaning of this section. The Metropolitan Airports
 28.23 Commission shall make the employer contribution required ~~pursuant to~~ under section
 28.24 353.65, subdivision 3, with respect to each of its firefighters or police officers covered
 28.25 by the public employees police and fire fund and shall meet the employers recording and
 28.26 reporting requirements set forth in section 353.65, subdivision 4.

28.27 Sec. 19. Minnesota Statutes 2008, section 356.215, subdivision 8, is amended to read:

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

28.31	28.32	28.33	28.34	28.35
		plan	preretirement interest rate assumption	postretirement interest rate assumption
		general state employees retirement plan	8.5%	6.0%
		correctional state employees retirement plan	8.5	6.0

29.1	State Patrol retirement plan	8.5	6.0
29.2	legislators retirement plan	8.5	6.0
29.3	elective state officers retirement plan	8.5	6.0
29.4	judges retirement plan	8.5	6.0
29.5	general public employees retirement plan	8.5	6.0
29.6	public employees police and fire retirement plan	8.5	6.0
29.7	local government correctional service retirement		
29.8	plan	8.5	6.0
29.9	teachers retirement plan	8.5	6.0
29.10	Minneapolis employees retirement plan	6.0	5.0
29.11	Duluth teachers retirement plan	8.5	8.5
29.12	St. Paul teachers retirement plan	8.5	8.5
29.13	Minneapolis Police Relief Association	6.0	6.0
29.14	Fairmont Police Relief Association	5.0	5.0
29.15	Minneapolis Fire Department Relief Association	6.0	6.0
29.16	Virginia Fire Department Relief Association	5.0	5.0
29.17	Bloomington Fire Department Relief Association	6.0	6.0
29.18	local monthly benefit volunteer firefighters relief		
29.19	associations	5.0	5.0

29.20 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
 29.21 single rate future salary increase assumption, the applicable following modified single
 29.22 rate future salary increase assumption, or the applicable following graded rate future
 29.23 salary increase assumption:

29.24 (1) single rate future salary increase assumption

29.25	plan	future salary increase assumption
29.26	legislators retirement plan	5.0%
29.27	judges retirement plan	4.0
29.28	Minneapolis Police Relief Association	4.0
29.29	Fairmont Police Relief Association	3.5
29.30	Minneapolis Fire Department Relief	
29.31	Association	4.0
29.32	Virginia Fire Department Relief Association	3.5
29.33	Bloomington Fire Department Relief	
29.34	Association	4.0

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

29.36	plan	future salary increase assumption
29.37	Minneapolis employees	the prior calendar year amount increased
29.38	retirement plan	first by 1.0198 percent to prior fiscal year
29.39		date and then increased by 4.0 percent
29.40		annually for each future year

29.41 ~~(3)~~ (2) select and ultimate future salary increase assumption or graded rate future
 29.42 salary increase assumption

30.1	plan	future salary increase assumption
30.2	general state employees retirement plan	select calculation and
30.3		assumption A
30.4	correctional state employees retirement plan	assumption H
30.5	State Patrol retirement plan	assumption G
30.6	general public employees retirement plan	select calculation and
30.7		assumption B
30.8	public employees police and fire fund retirement plan	assumption C
30.9	local government correctional service retirement plan	assumption G
30.10	teachers retirement plan	assumption D
30.11	Duluth teachers retirement plan	assumption E
30.12	St. Paul teachers retirement plan	assumption F
30.13	The select calculation is: during the	
30.14	designated select period, a designated	
30.15	percentage rate is multiplied by the result of	
30.16	the designated integer minus T, where T is the	
30.17	number of completed years of service, and is	
30.18	added to the applicable future salary increase	
30.19	assumption. The designated select period is	
30.20	five years and the designated integer is five	
30.21	for the general state employees retirement	
30.22	plan and the general public employees	
30.23	retirement plan. The designated select period	
30.24	is ten years and the designated integer is ten	
30.25	for all other retirement plans covered by	
30.26	this clause. The designated percentage rate	
30.27	is: (1) 0.2 percent for the correctional state	
30.28	employees retirement plan, the State Patrol	
30.29	retirement plan, the public employees police	
30.30	and fire plan, and the local government	
30.31	correctional service plan; (2) 0.6 percent	
30.32	for the general state employees retirement	
30.33	plan and the general public employees	
30.34	retirement plan; and (3) 0.3 percent for the	
30.35	teachers retirement plan, the Duluth Teachers	
30.36	Retirement Fund Association, and the St.	
30.37	Paul Teachers Retirement Fund Association.	
30.38	The select calculation for the Duluth Teachers	

31.1 Retirement Fund Association is 8.00 percent
 31.2 per year for service years one through seven,
 31.3 7.25 percent per year for service years seven
 31.4 and eight, and 6.50 percent per year for
 31.5 service years eight and nine.

31.6 The ultimate future salary increase assumption is:

31.7	age	A	B	C	D	E	F	G	H
31.8	16	5.95%	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%
31.9	17	5.90	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500
31.10	18	5.85	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500
31.11	19	5.80	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500
31.12	20	5.75	5.40	11.00	5.50	6.90	6.90	7.7500	7.2500
31.13	21	5.75	5.40	11.00	5.50	6.90	6.90	7.1454	6.6454
31.14	22	5.75	5.40	10.50	5.50	6.90	6.90	7.0725	6.5725
31.15	23	5.75	5.40	10.00	5.50	6.85	6.85	7.0544	6.5544
31.16	24	5.75	5.40	9.50	5.50	6.80	6.80	7.0363	6.5363
31.17	25	5.75	5.40	9.00	5.50	6.75	6.75	7.0000	6.5000
31.18	26	5.75	5.36	8.70	5.50	6.70	6.70	7.0000	6.5000
31.19	27	5.75	5.32	8.40	5.50	6.65	6.65	7.0000	6.5000
31.20	28	5.75	5.28	8.10	5.50	6.60	6.60	7.0000	6.5000
31.21	29	5.75	5.24	7.80	5.50	6.55	6.55	7.0000	6.5000
31.22	30	5.75	5.20	7.50	5.50	6.50	6.50	7.0000	6.5000
31.23	31	5.75	5.16	7.30	5.50	6.45	6.45	7.0000	6.5000
31.24	32	5.75	5.12	7.10	5.50	6.40	6.40	7.0000	6.5000
31.25	33	5.75	5.08	6.90	5.50	6.35	6.35	7.0000	6.5000
31.26	34	5.75	5.04	6.70	5.50	6.30	6.30	7.0000	6.5000
31.27	35	5.75	5.00	6.50	5.50	6.25	6.25	7.0000	6.5000
31.28	36	5.75	4.96	6.30	5.50	6.20	6.20	6.9019	6.4019
31.29	37	5.75	4.92	6.10	5.50	6.15	6.15	6.8074	6.3074
31.30	38	5.75	4.88	5.90	5.40	6.10	6.10	6.7125	6.2125
31.31	39	5.75	4.84	5.70	5.30	6.05	6.05	6.6054	6.1054
31.32	40	5.75	4.80	5.50	5.20	6.00	6.00	6.5000	6.0000
31.33	41	5.75	4.76	5.40	5.10	5.90	5.95	6.3540	5.8540
31.34	42	5.75	4.72	5.30	5.00	5.80	5.90	6.2087	5.7087
31.35	43	5.65	4.68	5.20	4.90	5.70	5.85	6.0622	5.5622
31.36	44	5.55	4.64	5.10	4.80	5.60	5.80	5.9048	5.4078
31.37	45	5.45	4.60	5.00	4.70	5.50	5.75	5.7500	5.2500
31.38	46	5.35	4.56	4.95	4.60	5.40	5.70	5.6940	5.1940
31.39	47	5.25	4.52	4.90	4.50	5.30	5.65	5.6375	5.1375
31.40	48	5.15	4.48	4.85	4.50	5.20	5.60	5.5822	5.0822
31.41	49	5.05	4.44	4.80	4.50	5.10	5.55	5.5404	5.0404
31.42	50	4.95	4.40	4.75	4.50	5.00	5.50	5.5000	5.0000

32.1	51	4.85	4.36	4.75	4.50	4.90	5.45	5.4384	4.9384
32.2	52	4.75	4.32	4.75	4.50	4.80	5.40	5.3776	4.8776
32.3	53	4.65	4.28	4.75	4.50	4.70	5.35	5.3167	4.8167
32.4	54	4.55	4.24	4.75	4.50	4.60	5.30	5.2826	4.7826
32.5	55	4.45	4.20	4.75	4.50	4.50	5.25	5.2500	4.7500
32.6	56	4.35	4.16	4.75	4.50	4.40	5.20	5.2500	4.7500
32.7	57	4.25	4.12	4.75	4.50	4.30	5.15	5.2500	4.7500
32.8	58	4.25	4.08	4.75	4.60	4.20	5.10	5.2500	4.7500
32.9	59	4.25	4.04	4.75	4.70	4.10	5.05	5.2500	4.7500
32.10	60	4.25	4.00	4.75	4.80	4.00	5.00	5.2500	4.7500
32.11	61	4.25	4.00	4.75	4.90	3.90	5.00	5.2500	4.7500
32.12	62	4.25	4.00	4.75	5.00	3.80	5.00	5.2500	4.7500
32.13	63	4.25	4.00	4.75	5.10	3.70	5.00	5.2500	4.7500
32.14	64	4.25	4.00	4.75	5.20	3.60	5.00	5.2500	4.7500
32.15	65	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
32.16	66	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
32.17	67	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
32.18	68	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
32.19	69	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
32.20	70	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
32.21	71	4.25	4.00		5.20				

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

32.26	plan	payroll growth assumption
32.27	general state employees retirement plan	4.50%
32.28	correctional state employees retirement plan	4.50
32.29	State Patrol retirement plan	4.50
32.30	legislators retirement plan	4.50
32.31	judges retirement plan	4.00
32.32	general public employees retirement plan	4.50
32.33	public employees police and fire retirement plan	4.50
32.34	local government correctional service retirement	
32.35	plan	4.50
32.36	teachers retirement plan	4.50
32.37	Duluth teachers retirement plan	4.50
32.38	St. Paul teachers retirement plan	5.00

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

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

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

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

33.5 Sec. 20. Minnesota Statutes 2009 Supplement, section 356.215, subdivision 11,
 33.6 is amended to read:

33.7 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating
 33.8 the level normal cost, the actuarial valuation of the retirement plan must contain an
 33.9 exhibit for financial reporting purposes indicating the additional annual contribution
 33.10 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit
 33.11 for contribution determination purposes indicating the additional contribution sufficient
 33.12 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in
 33.13 subdivision 8, paragraph (c), but excluding the MERF division of the Public Employees
 33.14 Retirement Association, the additional contribution must be calculated on a level
 33.15 percentage of covered payroll basis by the established date for full funding in effect when
 33.16 the valuation is prepared, assuming annual payroll growth at the applicable percentage
 33.17 rate set forth in subdivision 8, paragraph (c). For all other retirement plans and for the
 33.18 MERF division of the Public Employees Retirement Association, the additional annual
 33.19 contribution must be calculated on a level annual dollar amount basis.

33.20 (b) For any retirement plan other than ~~the Minneapolis Employees Retirement Fund,~~
 33.21 ~~the general employees a retirement plan of the Public Employees Retirement Association,~~
 33.22 ~~and the St. Paul Teachers Retirement Fund Association~~ governed by paragraph (d), (e),
 33.23 (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions used
 33.24 for calculating the actuarial accrued liability of the fund, a change in the benefit plan
 33.25 governing annuities and benefits payable from the fund, a change in the actuarial cost
 33.26 method used in calculating the actuarial accrued liability of all or a portion of the fund, or
 33.27 a combination of the three, which change or changes by itself or by themselves without
 33.28 inclusion of any other items of increase or decrease produce a net increase in the unfunded
 33.29 actuarial accrued liability of the fund, the established date for full funding is the first
 33.30 actuarial valuation date occurring after June 1, 2020.

33.31 (c) For any retirement plan other than the ~~Minneapolis Employees Retirement~~
 33.32 ~~Fund and the~~ general employees retirement plan of the Public Employees Retirement
 33.33 Association, if there has been a change in any or all of the actuarial assumptions used
 33.34 for calculating the actuarial accrued liability of the fund, a change in the benefit plan
 33.35 governing annuities and benefits payable from the fund, a change in the actuarial cost

34.1 method used in calculating the actuarial accrued liability of all or a portion of the fund,
34.2 or a combination of the three, and the change or changes, by itself or by themselves and
34.3 without inclusion of any other items of increase or decrease, produce a net increase in the
34.4 unfunded actuarial accrued liability in the fund, the established date for full funding must
34.5 be determined using the following procedure:

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

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

34.13 (iii) the unfunded actuarial accrued liability of the fund must be determined in
34.14 accordance with any new plan provisions governing annuities and benefits payable from
34.15 the fund and any new actuarial assumptions and the remaining plan provisions governing
34.16 annuities and benefits payable from the fund and actuarial assumptions in effect before
34.17 the change;

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

34.24 (v) the level annual dollar or level percentage amortization contribution under item
34.25 (iv) must be added to the level annual dollar amortization contribution or level percentage
34.26 calculated under item (ii);

34.27 (vi) the period in which the unfunded actuarial accrued liability amount determined
34.28 in item (iii) is amortized by the total level annual dollar or level percentage amortization
34.29 contribution computed under item (v) must be calculated using the interest assumption
34.30 specified in subdivision 8 in effect after any applicable change, rounded to the nearest
34.31 integral number of years, but not to exceed 30 years from the end of the plan year in
34.32 which the determination of the established date for full funding using the procedure set
34.33 forth in this clause is made and not to be less than the period of years beginning in the
34.34 plan year in which the determination of the established date for full funding using the
34.35 procedure set forth in this clause is made and ending by the date for full funding in effect
34.36 before the change; and

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

35.4 (d) For the ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public
 35.5 Employees Retirement Association, the established date for full funding is June 30, ~~2020~~
 35.6 2031.

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

35.9 (f) For the Teachers Retirement Association, the established date for full funding is
 35.10 June 30, 2037.

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

35.13 (h) For the judges retirement plan, the established date for full funding is June
 35.14 30, 2038.

35.15 (i) For the public employees police and fire retirement plan, the established date
 35.16 for full funding is June 30, 2038.

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

35.23 (k) For the retirement plans for which the annual actuarial valuation indicates an
 35.24 excess of valuation assets over the actuarial accrued liability, the valuation assets in
 35.25 excess of the actuarial accrued liability must be recognized as a reduction in the current
 35.26 contribution requirements by an amount equal to the amortization of the excess expressed
 35.27 as a level percentage of pay over a 30-year period beginning anew with each annual
 35.28 actuarial valuation of the plan.

35.29 Sec. 21. Minnesota Statutes 2008, section 422A.101, subdivision 3, is amended to read:

35.30 Subd. 3. **State contributions.** (a) Subject to the limitation ~~set forth~~ in paragraph
 35.31 (c), the state shall pay to the MERF division account of the Public Employees Retirement
 35.32 Association with respect to the former Minneapolis Employees Retirement Fund annually
 35.33 an amount equal to the amount calculated under paragraph (b).

35.34 (b) The payment amount is an amount equal to the financial requirements of the
 35.35 ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public Employees

36.1 Retirement Association reported in the actuarial valuation of the ~~fund~~ general employees
 36.2 retirement plan of the Public Employees Retirement Association prepared by the actuary
 36.3 retained under section 356.214 consistent with section 356.215 for the most recent year
 36.4 but based on a target date for full amortization of the unfunded actuarial accrued liabilities
 36.5 by June 30, ~~2020~~ 2031, less the amount of employee contributions required under section
 36.6 ~~422A.10~~ 353.50, subdivision 7, paragraph (b), and the amount of employer contributions
 36.7 required under ~~subdivisions 1a, 2, and 2a~~ section 353.50, subdivision 7, paragraphs (c)
 36.8 and (d). Payments ~~shall~~ must be made September 15 annually.

36.9 (c) The annual state contribution under this subdivision may not exceed \$9,000,000,
 36.10 plus the cost of the annual supplemental benefit determined under Minnesota Statutes
 36.11 2008, section 356.43, through June 30, 2012, and may not exceed \$9,000,000, plus the
 36.12 cost of the annual supplemental benefit determined under Minnesota Statutes 2008, section
 36.13 356.43, plus \$15,000,000 annually after June 30, 2012, and until June 30, 2031.

36.14 (d) Annually and after June 30, 2012, if the amount determined under paragraph
 36.15 (b) exceeds \$9,000,000 the applicable maximum amount specified in paragraph (c),
 36.16 the excess must be allocated to and paid to the fund by the employers identified in
 36.17 Minnesota Statutes 2008, section 422A.101, subdivisions 1a and 2, and 2a other than
 36.18 units of metropolitan government. Each employer's share of the excess is proportionate
 36.19 to the employer's share of the fund's unfunded actuarial accrued liability as disclosed in
 36.20 the annual actuarial valuation prepared by the actuary retained under section 356.214
 36.21 compared to the total unfunded actuarial accrued liability as of July 1, 2009, attributed
 36.22 to all employers identified in Minnesota Statutes 2008, section 422A.101, subdivisions
 36.23 1a and 2, other than units of metropolitan government. Payments must be made in equal
 36.24 installments as set forth in paragraph (b).

36.25 (e) State contributions under this section end on September 15, 2031, or on
 36.26 September 1 following the first date on which the current assets of the MERF division
 36.27 of the Public Employees Retirement Association equal or exceed the actuarial accrued
 36.28 liability of the MERF division of the Public Employees Retirement Association,
 36.29 whichever occurs earlier.

36.30 Sec. 22. Minnesota Statutes 2008, section 422A.26, is amended to read:

36.31 **422A.26 COVERAGE BY THE PUBLIC EMPLOYEES RETIREMENT**
 36.32 **ASSOCIATION.**

36.33 Notwithstanding ~~section 422A.09, or any other~~ law to the contrary, any person
 36.34 whose employment by, or assumption of a position as an appointed or elected officer
 36.35 of, the city of Minneapolis, any of the boards, departments, or commissions operated

37.1 as a department of the city of Minneapolis or independently if financed in whole or in
 37.2 part by funds of the city of Minneapolis, the Metropolitan Airports Commission, the
 37.3 former Minneapolis Employees Retirement Fund, or Special School District Number 1 if
 37.4 the person is not a member of the Minneapolis Teachers Retirement Fund Association
 37.5 by virtue of that employment or position, initially commences on or after July 1, 1979
 37.6 ~~shall be~~ is a member of the general employees retirement plan of the Public Employees
 37.7 Retirement Association unless excluded from membership pursuant to under section
 37.8 353.01, subdivision 2b. In no event shall there be any new members of the contributing
 37.9 class of the Minneapolis employees fund on or after July 1, 1979.

37.10 Sec. 23. **JULY 1, 2010, MERF DIVISION ACTUARIAL VALUATION**

37.11 **ASSUMPTIONS.**

37.12 The approved actuary retained by the Minneapolis Employees Retirement Fund shall
 37.13 compare the actuarial assumptions to be used for the July 1, 2010, actuarial valuation of
 37.14 the general employees retirement plan of the Public Employees Retirement Association
 37.15 with the actuarial assumptions used to prepare the July 1, 2009, actuarial valuation of the
 37.16 Minneapolis Employees Retirement Fund and, on or before July 1, 2010, shall recommend
 37.17 to the approved actuary retained by the Public Employees Retirement Association and to
 37.18 the Legislative Commission on Pensions and Retirement the actuarial assumptions that
 37.19 the actuary believes would be appropriate for the MERF division portion of the actuarial
 37.20 valuation of the general employees retirement plan of the Public Employees Retirement
 37.21 Association. Any actuarial assumption changes related to the MERF division must be
 37.22 approved under Minnesota Statutes, section 356.215, subdivision 18.

37.23 Sec. 24. **MINNEAPOLIS MUNICIPAL RETIREMENT ASSOCIATION.**

37.24 (a) The administrative consolidation of the former Minneapolis Employees
 37.25 Retirement Fund into the general employees retirement plan of the Public Employees
 37.26 Retirement Association and the merger of the MERF division of the Public Employees
 37.27 Retirement Association into the general employees retirement plan of the Public
 37.28 Employees Retirement Association does not affect the function of the Minneapolis
 37.29 Municipal Retirement Association, a nonprofit corporation, to monitor the administration
 37.30 of the retirement coverage for former members of the former Minneapolis Employees
 37.31 Retirement Fund.

37.32 (b) Nothing in this article entitles the Minneapolis Municipal Retirement Association
 37.33 to receive any revenue derived from taxes or obligates the Public Employees Retirement
 37.34 Association to undertake any special duties with respect to the corporation.

38.1 Sec. 25. **TRANSFER OF MERF EMPLOYEES.**

38.2 (a) Unless the employee elects the severance pay option under paragraph (c),
38.3 full-time employees of the Minneapolis Employees Retirement Fund first employed
38.4 before June 30, 2008, and employed full time by the Minneapolis Employees Retirement
38.5 Fund on June 29, 2010, with the employment title of benefits coordinator, are transferred
38.6 to employment by the city of Minneapolis on July 1, 2010. The chief human relations
38.7 official of the city of Minneapolis shall place the transferred employee in an appropriate
38.8 employment position based on the employee's education and employment experience.
38.9 Transferred employees must have their accumulated, but unused, vacation and sick leave
38.10 balances as of June 30, 2010, posted to the individual accounts with the new employer.
38.11 The transferred employees must receive length of service credit for time served with the
38.12 Minneapolis Employees Retirement Fund. The transferred employee must be given the
38.13 opportunity as of the date of transfer to be covered for all health and other insurance
38.14 benefits offered by the new employer. Upon the transfer of the employee, the Minneapolis
38.15 Employees Retirement Fund shall transfer assets to the city of Minneapolis equal to the
38.16 present value of any accumulated unused vacation or sick leave balances as of the date
38.17 of transfer.

38.18 (b) Unless the employee elects the severance pay option under paragraph (c),
38.19 full-time employees of the Minneapolis Employees Retirement Fund first employed before
38.20 June 30, 2008, and employed full time by the Minneapolis Employees Retirement Fund
38.21 on June 29, 2010, with the employment title of accounting manager or accountant II are
38.22 transferred to employment by the Public Employees Retirement Association on July 1,
38.23 2010. The chief human relations official of the Public Employees Retirement Association
38.24 shall place the transferred employee in an appropriate employment position based on the
38.25 employee's education and employment experience. Transferred employees must have
38.26 their accumulated, but unused, vacation and sick leave balances as of June 30, 2010,
38.27 posted to the individual accounts with the new employer. The transferred employees
38.28 must receive length of service credit for time served with the Minneapolis Employees
38.29 Retirement Fund. The transferred employee must be given the opportunity as of the
38.30 date of transfer to be covered for all health and other insurance benefits offered by the
38.31 new employer. Upon the transfer of the employee, the executive director of the Public
38.32 Employees Retirement Association shall deduct from any assets transferred under section
38.33 353.50 an amount equal to the present value of any accumulated unused vacation or sick
38.34 leave balances as of the date of transfer.

38.35 (c) An employee covered by paragraph (a) or (b) who elects not to transfer to the
38.36 new employer unit is granted severance pay in an amount equivalent to one year of salary

39.1 based on the last annual salary rate received by the employee. The election must be
 39.2 made prior to June 30, 2010, and is irrevocable. The severance pay is payable from the
 39.3 Minneapolis Employees Retirement Fund on June 30, 2010.

39.4 **Sec. 26. REVISOR'S INSTRUCTION.**

39.5 In the next and future editions of Minnesota Statutes, the revisor of statutes shall
 39.6 renumber Minnesota Statutes, section 422A.101, subdivision 3, as Minnesota Statutes,
 39.7 section 353.505, and shall renumber Minnesota Statutes, section 422A.26, as Minnesota
 39.8 Statutes, section 353.855. The revisor of statutes shall make conforming changes in
 39.9 Minnesota Statutes and Minnesota Rules consistent with the renumbering.

39.10 **Sec. 27. REPEALER.**

39.11 Minnesota Statutes 2008, sections 13.63, subdivision 1; 69.011, subdivision 2a;
 39.12 356.43; 422A.01, subdivisions 1, 2, 3, 4, 4a, 5, 6, 7, 8, 9, 10, 11, 12, 13a, 17, and 18;
 39.13 422A.02; 422A.03; 422A.04; 422A.05, subdivisions 1, 2a, 2b, 2c, 2d, 2e, 2f, 5, 6,
 39.14 and 8; 422A.06, subdivisions 1, 2, 3, 5, 6, and 7; 422A.08, subdivision 1; 422A.09;
 39.15 422A.10; 422A.101, subdivisions 1, 1a, 2, and 2a; 422A.11; 422A.12; 422A.13; 422A.14,
 39.16 subdivision 1; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16, subdivisions 1, 2, 3,
 39.17 4, 5, 6, 7, 8, 9, and 10; 422A.17; 422A.18, subdivisions 1, 2, 3, 4, 5, and 7; 422A.19;
 39.18 422A.20; 422A.21; 422A.22, subdivisions 1, 3, 4, and 6; 422A.23, subdivisions 1, 2, 5, 6,
 39.19 7, 8, 9, 10, 11, and 12; 422A.231; 422A.24; and 422A.25, are repealed.

39.20 Minnesota Statutes 2009 Supplement, sections 422A.06, subdivision 8; and
 39.21 422A.08, subdivision 5, are repealed.

39.22 **Sec. 28. EFFECTIVE DATE.**

39.23 Sections 1 to 27 are effective June 30, 2010.

39.24 **ARTICLE 2**

39.25 **CONFORMING CHANGES RELATED TO THE MERF**
 39.26 **ADMINISTRATIVE CONSOLIDATION**

39.27 Section 1. Minnesota Statutes 2009 Supplement, section 6.67, is amended to read:

39.28 **6.67 PUBLIC ACCOUNTANTS; REPORT OF POSSIBLE MISCONDUCT.**

39.29 Whenever a public accountant in the course of auditing the books and affairs of a
 39.30 political subdivision or a local public pension plan governed by section 69.77, sections
 39.31 69.771 to 69.775, or chapter 354A, ~~422A~~, 423B, 423C, or 424A, discovers evidence
 39.32 pointing to nonfeasance, misfeasance, or malfeasance, on the part of an officer or

40.1 employee in the conduct of duties and affairs, the public accountant shall promptly make
40.2 a report of such discovery to the state auditor and the county attorney of the county in
40.3 which the governmental unit is situated and the public accountant shall also furnish a
40.4 copy of the report of audit upon completion to said officers. The county attorney shall
40.5 act on such report in the same manner as required by law for reports made to the county
40.6 attorney by the state auditor.

40.7 Sec. 2. Minnesota Statutes 2008, section 11A.23, subdivision 4, is amended to read:

40.8 Subd. 4. **Covered retirement funds and plans.** The provisions of this section ~~shall~~
40.9 must apply to the following retirement funds and plans:

40.10 (1) Board of Trustees of the Minnesota State Colleges and Universities supplemental
40.11 retirement plan established under chapter 354C;

40.12 (2) state employees retirement fund established pursuant to chapter 352;

40.13 (3) correctional employees retirement plan established pursuant to chapter 352;

40.14 (4) State Patrol retirement fund established pursuant to chapter 352B;

40.15 (5) unclassified employees retirement plan established pursuant to chapter 352D;

40.16 (6) ~~public~~ general employees retirement fund established pursuant to chapter 353;

40.17 (7) public employees police and fire fund established pursuant to chapter 353;

40.18 (8) teachers' retirement fund established pursuant to chapter 354;

40.19 (9) judges' retirement fund established pursuant to chapter 490; and

40.20 (10) any other funds required by law to be invested by the board.

40.21 Sec. 3. Minnesota Statutes 2008, section 13D.01, subdivision 1, is amended to read:

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

40.24 (a) of a state

40.25 (1) agency,

40.26 (2) board,

40.27 (3) commission, or

40.28 (4) department,

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

40.30 (b) of the governing body of a

40.31 (1) school district however organized,

40.32 (2) unorganized territory,

40.33 (3) county,

40.34 (4) statutory or home rule charter city,

- 41.1 (5) town, or
- 41.2 (6) other public body;
- 41.3 (c) of any
- 41.4 (1) committee,
- 41.5 (2) subcommittee,
- 41.6 (3) board,
- 41.7 (4) department, or
- 41.8 (5) commission,
- 41.9 of a public body; and
- 41.10 (d) of the governing body or a committee of:
- 41.11 (1) a statewide public pension plan defined in section 356A.01, subdivision 24; or
- 41.12 (2) a local public pension plan governed by section 69.77, sections 69.771 to 69.775,
- 41.13 or chapter 354A, ~~422A~~, or 423B.

41.14 Sec. 4. Minnesota Statutes 2008, section 43A.17, subdivision 9, is amended to read:

41.15 Subd. 9. **Political subdivision compensation limit.** (a) The salary and the value of

41.16 all other forms of compensation of a person employed by a political subdivision of this

41.17 state, excluding a school district, ~~or employed under section 422A.03~~ may not exceed 110

41.18 percent of the salary of the governor as set under section 15A.082, except as provided

41.19 in this subdivision. For purposes of this subdivision, "political subdivision of this state"

41.20 includes a statutory or home rule charter city, county, town, metropolitan or regional

41.21 agency, or other political subdivision, but does not include a hospital, clinic, or health

41.22 maintenance organization owned by such a governmental unit.

41.23 (b) Beginning in 2006, the limit in paragraph (a) ~~shall~~ must be adjusted annually in

41.24 January. The limit ~~shall~~ must equal the limit for the prior year increased by the percentage

41.25 increase, if any, in the Consumer Price Index for all-urban consumers from October of the

41.26 second prior year to October of the immediately prior year.

41.27 (c) Deferred compensation and payroll allocations to purchase an individual annuity

41.28 contract for an employee are included in determining the employee's salary. Other forms of

41.29 compensation which ~~shall~~ must be included to determine an employee's total compensation

41.30 are all other direct and indirect items of compensation which are not specifically excluded

41.31 by this subdivision. Other forms of compensation which ~~shall~~ must not be included in a

41.32 determination of an employee's total compensation for the purposes of this subdivision are:

- 41.33 (1) employee benefits that are also provided for the majority of all other full-time
- 41.34 employees of the political subdivision, vacation and sick leave allowances, health and
- 41.35 dental insurance, disability insurance, term life insurance, and pension benefits or like

42.1 benefits the cost of which is borne by the employee or which is not subject to tax as
42.2 income under the Internal Revenue Code of 1986;

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

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

42.8 The value of other forms of compensation ~~shall be~~ is the annual cost to the political
42.9 subdivision for the provision of the compensation.

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

42.13 (e) The commissioner may increase the limitation in this subdivision for a position
42.14 that the commissioner has determined requires special expertise necessitating a higher
42.15 salary to attract or retain a qualified person. The commissioner shall review each proposed
42.16 increase giving due consideration to salary rates paid to other persons with similar
42.17 responsibilities in the state and nation. The commissioner may not increase the limitation
42.18 until the commissioner has presented the proposed increase to the Legislative Coordinating
42.19 Commission and received the commission's recommendation on it. The recommendation
42.20 is advisory only. If the commission does not give its recommendation on a proposed
42.21 increase within 30 days from its receipt of the proposal, the commission is deemed to have
42.22 made no recommendation. If the commissioner grants or granted an increase under this
42.23 paragraph, the new limitation ~~shall~~ must be adjusted beginning in August 2005 and in each
42.24 subsequent calendar year in January by the percentage increase equal to the percentage
42.25 increase, if any, in the Consumer Price Index for all-urban consumers from October of the
42.26 second prior year to October of the immediately prior year.

42.27 Sec. 5. Minnesota Statutes 2008, section 43A.316, subdivision 8, is amended to read:

42.28 Subd. 8. **Continuation of coverage.** (a) A former employee of an employer
42.29 participating in the program who is receiving a public pension disability benefit or an
42.30 annuity or has met the age and service requirements necessary to receive an annuity under
42.31 chapter 353, 353C, 354, 354A, 356, ~~422A~~, 423, 423A, ~~or~~ 424, or Minnesota Statutes
42.32 2008, chapter 422A, and the former employee's dependents, are eligible to participate in
42.33 the program. This participation is at the person's expense unless a collective bargaining
42.34 agreement or personnel policy provides otherwise. Premiums for these participants must
42.35 be established by the commissioner.

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

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

43.16 (c) The program benefits must continue in the event of strike permitted by section
43.17 179A.18, if the exclusive representative chooses to have coverage continue and the
43.18 employee pays the total monthly premiums when due.

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

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

43.22 Sec. 6. Minnesota Statutes 2009 Supplement, section 69.011, subdivision 1, is
43.23 amended to read:

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

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

43.28 (b) "Municipality" means:

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

43.30 (2) an organized town;

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

43.32 (4) the University of Minnesota;

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

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

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

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

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

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

44.16 (e) "Market value" means latest available market value of all property in a taxing
44.17 jurisdiction, whether the property is subject to taxation, or exempt from ad valorem
44.18 taxation obtained from information which appears on abstracts filed with the commissioner
44.19 of revenue or equalized by the State Board of Equalization.

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

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

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

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

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

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

45.3 (5) who is a member of ~~a local police relief association to which section 69.77~~
 45.4 ~~applies~~ the Minneapolis Police Relief Association, the State Patrol retirement plan, or the
 45.5 public employees police and fire fund, ~~or the Minneapolis Employees Retirement Fund.~~

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

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

45.12 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means the person
 45.13 who was elected or appointed to the specified position or, in the absence of the person,
 45.14 another person who is designated by the applicable governing body. In a park district,
 45.15 the clerk is the secretary of the board of park district commissioners. In the case of the
 45.16 University of Minnesota, the clerk is that official designated by the Board of Regents.
 45.17 For the Metropolitan Airports Commission, the clerk is the person designated by the
 45.18 commission. For the Department of Natural Resources or the Department of Public Safety,
 45.19 the clerk is the respective commissioner. For a tribal police department which exercises
 45.20 state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the clerk is the person
 45.21 designated by the applicable American Indian tribal government.

45.22 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the
 45.23 retirement plan established by chapter 353G.

45.24 Sec. 7. Minnesota Statutes 2008, section 69.021, subdivision 10, is amended to read:

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

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

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

45.34 (2) for municipalities in which police retirement coverage is provided in part by the
 45.35 public employees police and fire fund governed by sections 353.63 to 353.657 and in

46.1 part by a local police consolidation account governed by chapter 353A, and established
46.2 before March 2, 1999, for which the municipality declined merger under section 353.665,
46.3 subdivision 1, or established after March 1, 1999, the amount in excess of the employer's
46.4 total prior calendar year obligation as defined in paragraph (c), plus the amount of the
46.5 employer's total prior calendar year obligation under section 353A.09, subdivision 5,
46.6 paragraphs (a) and (b), as certified by the executive director of the Public Employees
46.7 Retirement Association;

46.8 (3) for municipalities in which police retirement coverage is provided by the public
46.9 employees police and fire plan governed by sections 353.63 to 353.657, in which police
46.10 retirement coverage was provided by a police consolidation account under chapter
46.11 353A before July 1, 1999, and for which the municipality has an additional municipal
46.12 contribution under section 353.665, subdivision 8, paragraph (b), the amount in excess of
46.13 the employer's total prior calendar year obligation as defined in paragraph (c), plus the
46.14 amount of any additional municipal contribution under section 353.665, subdivision 8,
46.15 paragraph (b), until the year 2010, as certified by the executive director of the Public
46.16 Employees Retirement Association;

46.17 (4) for municipalities in which police retirement coverage is provided in part by the
46.18 public employees police and fire fund governed by sections 353.63 to 353.657 and in part
46.19 by a local police relief association governed by sections 69.77 and 423A.01, the amount
46.20 in excess of the employer's total prior calendar year obligation as defined in paragraph
46.21 (c), as certified by the executive director of the public employees retirement association,
46.22 plus the amount of the financial requirements of the relief association certified to the
46.23 applicable municipality during the prior calendar year under section 69.77, subdivisions 4
46.24 and 5, reduced by the amount of member contributions deducted from the covered salary
46.25 of the relief association during the prior calendar year under section 69.77, subdivision 3,
46.26 as certified by the chief administrative officer of the applicable municipality;

46.27 (5) for the Metropolitan Airports Commission, ~~if there are police officers hired~~
46.28 ~~before July 1, 1978, with retirement coverage by the Minneapolis Employees Retirement~~
46.29 ~~Fund remaining~~, the amount in excess of the commission's total prior calendar year
46.30 obligation as defined in paragraph (c), as certified by the executive director of the Public
46.31 Employees Retirement Association, ~~plus the amount determined by expressing the~~
46.32 ~~commission's total prior calendar year contribution to the Minneapolis Employees~~
46.33 ~~Retirement Fund under section 422A.101, subdivisions 2 and 2a, as a percentage of~~
46.34 ~~the commission's total prior calendar year covered payroll for commission employees~~
46.35 ~~covered by the Minneapolis Employees Retirement Fund and applying that percentage~~
46.36 ~~to the commission's total prior calendar year covered payroll for commission police~~

47.1 ~~officers covered by the Minneapolis Employees Retirement Fund, as certified by the chief~~
 47.2 ~~administrative officer of the Metropolitan Airports Commission; and~~

47.3 (6) for the Department of Natural Resources and for the Department of Public
 47.4 Safety, the amount in excess of the employer's total prior calendar year obligation under
 47.5 section 352B.02, subdivision 1c, for plan members who are peace officers under section
 47.6 69.011, subdivision 1, clause (g), as certified by the executive director of the Minnesota
 47.7 State Retirement System.

47.8 (c) The employer's total prior calendar year obligation with respect to the public
 47.9 employees police and fire plan is the total prior calendar year obligation under section
 47.10 353.65, subdivision 3, for police officers as defined in section 353.64, subdivision 2,
 47.11 and the actual total prior calendar year obligation under section 353.65, subdivision 3,
 47.12 for firefighters, as defined in section 353.64, subdivision 3, but not to exceed for those
 47.13 firefighters the applicable following amounts:

47.14	Municipality	Maximum Amount
47.15	Albert Lea	\$54,157.01
47.16	Anoka	10,399.31
47.17	Apple Valley	5,442.44
47.18	Austin	49,864.73
47.19	Bemidji	27,671.38
47.20	Brooklyn Center	6,605.92
47.21	Brooklyn Park	24,002.26
47.22	Burnsville	15,956.00
47.23	Cloquet	4,260.49
47.24	Coon Rapids	39,920.00
47.25	Cottage Grove	8,588.48
47.26	Crystal	5,855.00
47.27	East Grand Forks	51,009.88
47.28	Edina	32,251.00
47.29	Elk River	5,216.55
47.30	Ely	13,584.16
47.31	Eveleth	16,288.27
47.32	Fergus Falls	6,742.00
47.33	Fridley	33,420.64
47.34	Golden Valley	11,744.61
47.35	Hastings	16,561.00
47.36	Hopkins	4,324.23
47.37	International Falls	14,400.69
47.38	Lakeville	782.35
47.39	Lino Lakes	5,324.00
47.40	Little Falls	7,889.41

48.1	Maple Grove	6,707.54
48.2	Maplewood	8,476.69
48.3	Minnetonka	10,403.00
48.4	Montevideo	1,307.66
48.5	Moorhead	68,069.26
48.6	New Hope	6,739.72
48.7	North St. Paul	4,241.14
48.8	Northfield	770.63
48.9	Owatonna	37,292.67
48.10	Plymouth	6,754.71
48.11	Red Wing	3,504.01
48.12	Richfield	53,757.96
48.13	Rosemont <u>Rosemount</u>	1,712.55
48.14	Roseville	9,854.51
48.15	St. Anthony	33,055.00
48.16	St. Louis Park	53,643.11
48.17	Thief River Falls	28,365.04
48.18	Virginia	31,164.46
48.19	Waseca	11,135.17
48.20	West St. Paul	15,707.20
48.21	White Bear Lake	6,521.04
48.22	Woodbury	3,613.00
48.23	any other municipality	0.00

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

48.27 Sec. 8. Minnesota Statutes 2009 Supplement, section 69.031, subdivision 5, is
 48.28 amended to read:

48.29 Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit
 48.30 firefighting corporation is covered by the voluntary statewide lump-sum volunteer
 48.31 firefighter retirement plan under chapter 353G, the executive director shall credit the fire
 48.32 state aid against future municipal contribution requirements under section 353G.08 and
 48.33 shall notify the municipality or independent nonprofit firefighting corporation of the fire
 48.34 state aid so credited at least annually. If the municipality or the independent nonprofit
 48.35 firefighting corporation is not covered by the voluntary statewide lump-sum volunteer
 48.36 firefighter retirement plan, the municipal treasurer shall, within 30 days after receipt,
 48.37 transmit the fire state aid to the treasurer of the duly incorporated firefighters' relief
 48.38 association if there is one organized and the association has filed a financial report with the
 48.39 municipality. If the relief association has not filed a financial report with the municipality,

49.1 the municipal treasurer shall delay transmission of the fire state aid to the relief association
49.2 until the complete financial report is filed. If the municipality or independent nonprofit
49.3 firefighting corporation is not covered by the voluntary statewide lump-sum volunteer
49.4 firefighter retirement plan, if there is no relief association organized, or if the association
49.5 has dissolved or has been removed as trustees of state aid, then the treasurer of the
49.6 municipality shall deposit the money in the municipal treasury and the money may be
49.7 disbursed only for the purposes and in the manner set forth in section 424A.08 or for the
49.8 payment of the employer contribution requirement with respect to firefighters covered by
49.9 the public employees police and fire retirement plan under section 353.65, subdivision 3.

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

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

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

49.22 (3) For a municipality other than a city of the first class with a population of more
49.23 than 300,000 in which both a police relief association exists and police retirement
49.24 coverage is provided in part by the public employees police and fire fund, the municipality
49.25 may elect at its option to transmit the total state aid to the treasurer of the relief association
49.26 as provided in clause (1), to use the total state aid to apply toward the municipality's
49.27 employer contribution to the public employees police and fire fund subject to all the
49.28 provisions set forth in clause (2), or to allot the total state aid proportionately to be
49.29 transmitted to the police relief association as provided in this subdivision and to apply
49.30 toward the municipality's employer contribution to the public employees police and fire
49.31 fund subject to the provisions of clause (2) on the basis of the respective number of active
49.32 full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).

49.33 For a city of the first class with a population of more than 300,000, in addition, the
49.34 city may elect to allot the appropriate portion of the total police state aid to apply toward
49.35 the employer contribution of the city to the public employees police and fire fund based

50.1 on the covered salary of police officers covered by the fund each payroll period and to
50.2 transmit the balance to the police relief association; or

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

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

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

50.20 (e) The police state aid apportioned to the Departments of Public Safety and Natural
50.21 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner
50.22 of management and budget for transfer to the funds and accounts from which the
50.23 salaries of peace officers certified under section 69.011, subdivision ~~2a~~ 2b, are paid.
50.24 The commissioner of revenue shall certify to the commissioners of public safety,
50.25 natural resources, and management and budget the amounts to be transferred from the
50.26 appropriation for police state aid. The commissioners of public safety and natural
50.27 resources shall certify to the commissioner of management and budget the amounts to be
50.28 credited to each of the funds and accounts from which the peace officers employed by their
50.29 respective departments are paid. Each commissioner shall allocate the police state aid first
50.30 for employer contributions for employees funded from the general fund and then for
50.31 employer contributions for employees funded from other funds. For peace officers whose
50.32 salaries are paid from the general fund, the amounts transferred from the appropriation
50.33 for police state aid must be canceled to the general fund.

50.34 Sec. 9. Minnesota Statutes 2008, section 126C.41, subdivision 3, is amended to read:

51.1 Subd. 3. **Retirement levies.** (a) In 1991 and each year thereafter, a district to which
 51.2 this subdivision applies may levy an additional amount required for contributions to the
 51.3 general employees retirement plan of the Public Employees Retirement Association as the
 51.4 successor of the Minneapolis Employees Retirement Fund as a result of the maximum
 51.5 dollar amount limitation on state contributions to ~~the fund~~ that plan imposed under
 51.6 section 422A.101, subdivision 3. The additional levy must not exceed the most recent
 51.7 amount certified by the ~~board of the Minneapolis Employees Retirement Fund~~ executive
 51.8 director of the Public Employees Retirement Association as the district's share of the
 51.9 contribution requirement in excess of the maximum state contribution under section
 51.10 422A.101, subdivision 3.

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

51.15 (c) If the employer retirement fund contributions under section 354A.12, subdivision
 51.16 2a, are increased for fiscal year 1994 or later fiscal years, Special School District No. 1,
 51.17 Minneapolis, and Independent School District No. 625, St. Paul, may levy in payable
 51.18 1994 or later an amount equal to the amount derived by applying the net increase in
 51.19 the employer retirement fund contribution rate of the respective teacher retirement fund
 51.20 association between fiscal year 1993 and the fiscal year beginning in the year after the
 51.21 levy is certified to the total covered payroll of the applicable teacher retirement fund
 51.22 association. If an applicable school district levies under this paragraph, they may not
 51.23 levy under paragraph (b).

51.24 (d) In addition to the levy authorized under paragraph (c), Special School District
 51.25 No. 1, Minneapolis, may also levy payable in 1997 or later an amount equal to the
 51.26 contributions under section 423A.02, subdivision 3, and may also levy in payable 1994
 51.27 or later an amount equal to the state aid contribution under section 354A.12, subdivision
 51.28 3b. Independent School District No. 625, St. Paul, may levy payable in 1997 or later an
 51.29 amount equal to the supplemental contributions under section 423A.02, subdivision 3.

51.30 Sec. 10. Minnesota Statutes 2008, section 256D.21, is amended to read:

51.31 **256D.21 CONTINUATION OF BENEFITS; FORMER MINNEAPOLIS**
 51.32 **EMPLOYEES.**

51.33 Subdivision 1. **Continuation of benefits.** Each employee of the city of Minneapolis
 51.34 who is transferred to and employed by the county under the provisions of section 256D.20
 51.35 and who is a contributing member of a retirement system organized under the provisions

52.1 of Minnesota Statutes 2008, chapter 422A, ~~shall continue to be~~ is a member of ~~that system~~
 52.2 the MERF division of the Public Employees Retirement Association and is entitled to all
 52.3 of the applicable benefits conferred ~~thereby by~~ and subject to all the restrictions of ~~chapter~~
 52.4 ~~422A, unless the member applies to cancel membership within six months after January~~
 52.5 ~~1, 1974~~ section 353.50.

52.6 Subd. 2. **City obligation.** The cost to the public of that portion of the retirement
 52.7 allowances or other benefits accrued while any such employee was in the service of the
 52.8 city of Minneapolis ~~shall~~ must remain an obligation of the city and a tax ~~shall~~ must be
 52.9 levied and collected by it to discharge its obligation as provided ~~by chapter 422A in~~
 52.10 section 353.50, subdivision 7.

52.11 Subd. 3. **County obligation.** The cost to the public of the retirement allowances
 52.12 or other benefits accruing to employees so transferred to and employed by the county
 52.13 ~~shall be~~ is the obligation of and paid by the county ~~at such time as the retirement board~~
 52.14 ~~shall fix and determine in accordance with chapter 422A in~~ section 353.50, subdivision
 52.15 7. The county shall pay to the municipal general employees retirement fund ~~an amount~~
 52.16 ~~certified to the county auditor of the county by the retirement board as the cost of the~~
 52.17 ~~retirement allowances and other benefits accruing and owing to such county employees of~~
 52.18 the Public Employees Retirement Association those amounts. The cost to the public of
 52.19 the retirement ~~allowances as herein provided shall~~ coverage under this section must be
 52.20 paid from the county revenue fund by the county auditor ~~upon receipt of certification from~~
 52.21 ~~the retirement board as herein provided~~, and the county board is authorized to levy and
 52.22 collect such taxes as may be necessary to pay such costs.

52.23 Sec. 11. Minnesota Statutes 2009 Supplement, section 352.01, subdivision 2b, is
 52.24 amended to read:

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

52.26 (1) students employed by the University of Minnesota, or the state colleges and
 52.27 universities, unless approved for coverage by the Board of Regents of the University of
 52.28 Minnesota or the Board of Trustees of the Minnesota State Colleges and Universities,
 52.29 whichever is applicable;

52.30 (2) employees who are eligible for membership in the state Teachers Retirement
 52.31 Association, except employees of the Department of Education who have chosen or may
 52.32 choose to be covered by the general state employees retirement plan of the Minnesota
 52.33 State Retirement System instead of the Teachers Retirement Association;

52.34 (3) employees of the University of Minnesota who are excluded from coverage by
 52.35 action of the Board of Regents;

53.1 (4) officers and enlisted personnel in the National Guard and the naval militia who
53.2 are assigned to permanent peacetime duty and who under federal law are or are required to
53.3 be members of a federal retirement system;

53.4 (5) election officers;

53.5 (6) persons who are engaged in public work for the state but who are employed
53.6 by contractors when the performance of the contract is authorized by the legislature or
53.7 other competent authority;

53.8 (7) officers and employees of the senate, or of the house of representatives, or of a
53.9 legislative committee or commission who are temporarily employed;

53.10 (8) receivers, jurors, notaries public, and court employees who are not in the judicial
53.11 branch as defined in section 43A.02, subdivision 25, except referees and adjusters
53.12 employed by the Department of Labor and Industry;

53.13 (9) patient and inmate help in state charitable, penal, and correctional institutions
53.14 including the Minnesota Veterans Home;

53.15 (10) persons who are employed for professional services where the service is
53.16 incidental to their regular professional duties and whose compensation is paid on a per
53.17 diem basis;

53.18 (11) employees of the Sibley House Association;

53.19 (12) the members of any state board or commission who serve the state intermittently
53.20 and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of those
53.21 boards if their compensation is \$5,000 or less per year, or, if they are legally prohibited
53.22 from serving more than three years; and the board of managers of the State Agricultural
53.23 Society and its treasurer unless the treasurer is also its full-time secretary;

53.24 (13) state troopers and persons who are described in section 352B.011, subdivision
53.25 10, clauses (2) to (8);

53.26 (14) temporary employees of the Minnesota State Fair who are employed on or
53.27 after July 1 for a period not to extend beyond October 15 of that year; and persons who
53.28 are employed at any time by the state fair administration for special events held on the
53.29 fairgrounds;

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

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

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

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

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

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

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

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

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

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

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

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

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

54.34 (28) persons who are employed in positions designated by the Department of
54.35 Management and Budget as student workers;

- 55.1 (29) members of trades who are employed by the successor to the Metropolitan
55.2 Waste Control Commission, who have trade union pension plan coverage under a
55.3 collective bargaining agreement, and who are first employed after June 1, 1977;
- 55.4 (30) off-duty peace officers while employed by the Metropolitan Council;
- 55.5 (31) persons who are employed as full-time police officers by the Metropolitan
55.6 Council and as police officers are members of the public employees police and fire fund;
- 55.7 (32) persons who are employed as full-time firefighters by the Department of Military
55.8 Affairs and as firefighters are members of the public employees police and fire fund;
- 55.9 (33) foreign citizens with a work permit of less than three years, or an H-1b/JV visa
55.10 valid for less than three years of employment, unless notice of extension is supplied which
55.11 allows them to work for three or more years as of the date the extension is granted, in
55.12 which case they are eligible for coverage from the date extended; and
- 55.13 (34) persons who are employed by the Board of Trustees of the Minnesota State
55.14 Colleges and Universities and who elected to remain members of the Public Employees
55.15 Retirement Association or of the MERF division of the Public Employees Retirement
55.16 Association as the successor of the Minneapolis Employees Retirement Fund, whichever
55.17 applies, under Minnesota Statutes 1994, section 136C.75.

55.18 Sec. 12. Minnesota Statutes 2008, section 353.03, subdivision 1, is amended to read:

55.19 Subdivision 1. **Management; composition; election.** (a) The management of the
55.20 ~~public employees retirement fund~~ Public Employees Retirement Association is vested in
55.21 an 11-member board of trustees consisting of ten members and the state auditor. The
55.22 state auditor may designate a deputy auditor with expertise in pension matters as the
55.23 auditor's representative on the board. The governor shall appoint five trustees to four-year
55.24 terms, one of whom shall be designated to represent school boards, one to represent
55.25 cities, one to represent counties, one who is a retired annuitant, and one who is a public
55.26 member knowledgeable in pension matters. The membership of the association, including
55.27 recipients of retirement annuities and disability and survivor benefits, shall elect five
55.28 trustees for terms of four years, one of whom must be a member of the police and fire fund
55.29 and one of whom must be a former member who met the definition of public employee
55.30 under section 353.01, subdivisions 2 and 2a, for at least five years prior to terminating
55.31 membership or a member who receives a disability benefit. Terms expire on January 31 of
55.32 the fourth year, and positions are vacant until newly elected members are seated. Except
55.33 as provided in this subdivision, trustees elected by the membership of the association must
55.34 be public employees and members of the association.

56.1 (b) For seven days beginning October 1 of each year preceding a year in which
56.2 an election is held, the association shall accept at its office filings in person or by mail
56.3 of candidates for the board of trustees. A candidate shall submit at the time of filing a
56.4 nominating petition signed by 25 or more members of the association. No name may
56.5 be withdrawn from nomination by the nominee after October 15. At the request of a
56.6 candidate for an elected position on the board of trustees, the board shall mail a statement
56.7 of up to 300 words prepared by the candidate to all persons eligible to vote in the election
56.8 of the candidate. The board may adopt policies, subject to review and approval by the
56.9 secretary of state under paragraph (e), to govern the form and length of these statements,
56.10 timing of mailings, and deadlines for submitting materials to be mailed. The secretary
56.11 of state shall resolve disputes between the board and a candidate concerning application
56.12 of these policies to a particular statement.

56.13 (c) By January 10 of each year in which elections are to be held, the board shall
56.14 distribute by mail to the members ballots listing the candidates. No member may vote for
56.15 more than one candidate for each board position to be filled. A ballot indicating a vote for
56.16 more than one person for any position is void. No special marking may be used on the
56.17 ballot to indicate incumbents. Ballots mailed to the association must be postmarked no
56.18 later than January 31. The ballot envelopes must be so designated and the ballots must be
56.19 counted in a manner that ensures that each vote is secret.

56.20 (d) A candidate who receives contributions or makes expenditures in excess of \$100,
56.21 or has given implicit or explicit consent for any other person to receive contributions or
56.22 make expenditures in excess of \$100 for the purpose of bringing about the candidate's
56.23 election, shall file a report with the campaign finance and public disclosure board
56.24 disclosing the source and amount of all contributions to the candidate's campaign. The
56.25 campaign finance and public disclosure board shall prescribe forms governing these
56.26 disclosures. Expenditures and contributions have the meaning defined in section 10A.01.
56.27 These terms do not include the mailing made by the association board on behalf of the
56.28 candidate. A candidate shall file a report within 30 days from the day that the results of
56.29 the election are announced. The Campaign Finance and Public Disclosure Board shall
56.30 maintain these reports and make them available for public inspection in the same manner
56.31 as the board maintains and makes available other reports filed with it.

56.32 (e) The secretary of state shall review and approve the procedures defined by the
56.33 board of trustees for conducting the elections specified in this subdivision, including
56.34 board policies adopted under paragraph (b).

56.35 (f) The board of trustees and the executive director shall undertake their activities
56.36 consistent with chapter 356A.

57.1 Sec. 13. Minnesota Statutes 2008, section 353.71, subdivision 4, is amended to read:

57.2 Subd. 4. **Repayment of refund.** Any person who has received a refund from the
57.3 ~~public employees retirement fund~~ Public Employees Retirement Association and who is
57.4 a member of any public retirement system referred to in subdivision 1, may repay such
57.5 refund to the ~~public employees retirement fund~~ Public Employees Retirement Association
57.6 as provided in section 353.35.

57.7 Sec. 14. Minnesota Statutes 2008, section 353.86, subdivision 1, is amended to read:

57.8 Subdivision 1. **Participation.** Volunteer ambulance service personnel, as defined
57.9 in section 353.01, subdivision 35, who are or become members of and participants in
57.10 the ~~public general~~ employees retirement fund or the public employees police and fire
57.11 fund before July 1, 2002, and make contributions to either of those funds based on
57.12 compensation for service other than volunteer ambulance service may elect to participate
57.13 in that same fund with respect to compensation received for volunteer ambulance service,
57.14 provided that the volunteer ambulance service is not credited to another public or private
57.15 pension plan including the public employees retirement plan established by chapter
57.16 353D and provided further that the volunteer ambulance service is rendered for the same
57.17 governmental unit for which the nonvolunteer ambulance service is rendered.

57.18 Sec. 15. Minnesota Statutes 2008, section 353.86, subdivision 2, is amended to read:

57.19 Subd. 2. **Election.** Volunteer ambulance service personnel to whom subdivision
57.20 1 applies may exercise the election authorized under subdivision 1 within the earlier of
57.21 the one-year period beginning on July 1, 1989, and extending through June 30, 1990, or
57.22 the one-year period commencing on the first day of the first month following the start of
57.23 employment in a position covered by the ~~public general~~ employees retirement fund or the
57.24 public employees police and fire fund. The election must be exercised by filing a written
57.25 notice on a form prescribed by the executive director of the association.

57.26 Sec. 16. Minnesota Statutes 2008, section 353.87, subdivision 1, is amended to read:

57.27 Subdivision 1. **Participation.** Except as provided in subdivision 2, a volunteer
57.28 firefighter, as defined in section 353.01, subdivision 36, who, on June 30, 1989, was
57.29 a member of, and a participant in, the ~~public general~~ employees retirement fund or the
57.30 public employees police and fire fund and was making contributions to either of those
57.31 funds based, at least in part, on compensation for services performed as a volunteer
57.32 firefighter shall continue as a member of, and a participant in, the ~~public general~~

58.1 employees retirement fund or the public employees police and fire fund and compensation
58.2 for services performed as a volunteer firefighter ~~shall~~ must be considered salary.

58.3 Sec. 17. Minnesota Statutes 2008, section 353.87, subdivision 2, is amended to read:

58.4 Subd. 2. **Option.** A volunteer firefighter to whom subdivision 1 applies has the
58.5 option to terminate membership and future participation in the public general employees
58.6 retirement fund or the public employees police and fire fund upon filing of a written notice
58.7 of intention to terminate participation. Notice must be given on a form prescribed by the
58.8 executive director of the association and must be filed in the offices of the association not
58.9 later than June 30, 1990.

58.10 Sec. 18. Minnesota Statutes 2008, section 353.88, is amended to read:

58.11 **353.88 PENALTY FOR MEMBERSHIP MISCERTIFICATIONS AND**
58.12 **CERTIFICATION FAILURES.**

58.13 (a) If the board of trustees of the Public Employees Retirement Association,
58.14 upon the recommendation of the executive director, determines that a governmental
58.15 subdivision has certified a public employee for membership in the public employees
58.16 police and fire retirement plan when the public employee was not eligible for that
58.17 retirement plan coverage, the public employee must be covered by the correct retirement
58.18 plan for subsequent service, the public employee retains the coverage for the period of
58.19 the misclassification, and the governmental subdivision shall pay in a lump sum the
58.20 difference in the actuarial present value of the retirement annuities to which the public
58.21 employee would have been entitled if the public employee was properly classified. The
58.22 governmental subdivision payment is payable within 30 days of the board's determination.
58.23 If unpaid, it must be collected under section 353.28. The lump-sum payment must be
58.24 deposited in the public general employees retirement fund.

58.25 (b) If the executive director of the Public Employees Retirement Association
58.26 determines that a governmental subdivision has failed to certify a person for retirement
58.27 plan membership and coverage under this chapter, in addition to the procedures under
58.28 section 353.27, subdivision 4, 9, 10, 11, 12, 12a, or 12b, the director shall charge a fine of
58.29 \$25 for each membership certification failure.

58.30 Sec. 19. Minnesota Statutes 2008, section 354.71, is amended to read:

58.31 **354.71 MINNEAPOLIS EMPLOYEES RETIREMENT FUND STATE AID**
58.32 **REDEDICATED.**

59.1 Subdivision 1. **Appropriation.** The positive difference, if any, between the
 59.2 actual state aid ~~paid~~ payable to the MERF division account of the Public Employees
 59.3 Retirement Association with respect to the former Minneapolis Employees Retirement
 59.4 Fund under section 422A.101, subdivision 3, and \$8,065,000 annually is appropriated
 59.5 from the general fund to the commissioner of management and budget for deposit in
 59.6 the Teachers Retirement Association to offset all or a portion of the ~~current and future~~
 59.7 unfunded actuarial accrued liability of the former Minneapolis Teachers Retirement
 59.8 Fund Association.

59.9 Subd. 2. **Financial requirements.** The appropriation in subdivision 1 is available to
 59.10 the extent that financial requirements ~~of~~ with respect to the MERF division of the Public
 59.11 Employees Retirement Association as the successor of the former Minneapolis Employees
 59.12 Retirement Fund under section ~~422A.101, subdivision 3,~~ 353.50 have been satisfied.

59.13 Sec. 20. Minnesota Statutes 2008, section 354A.011, subdivision 27, is amended to
 59.14 read:

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

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

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

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

59.26 (4) a part-time employee in a position for which a valid license from the state
 59.27 Department of Education is required who also renders other nonteaching services for the
 59.28 school district, unless the board of trustees of the teachers retirement fund association
 59.29 determines that the combined employment is on the whole so substantially dissimilar to
 59.30 teaching service that the service may not be covered by the association.

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

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

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

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

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

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

60.10 (6) an employee who is a part-time teacher in a technical college in a city of the first
 60.11 class and who has elected coverage by the applicable first class city teacher retirement
 60.12 fund association under section 354B.21, subdivision 2, but (i) the teaching service is
 60.13 incidental to the regular nonteaching occupation of the person; (ii) the applicable technical
 60.14 college stipulates annually in advance that the part-time teaching service will not exceed
 60.15 300 hours in a fiscal year; and (iii) the part-time teaching actually does not exceed 300
 60.16 hours in the fiscal year to which the certification applies.

60.17 Sec. 21. Minnesota Statutes 2008, section 354A.39, is amended to read:

60.18 **354A.39 SERVICE IN OTHER PUBLIC RETIREMENT FUNDS; ANNUITY.**

60.19 Any person who has been a member of the Minnesota State Retirement System, the
 60.20 Public Employees Retirement Association including the Public Employees Retirement
 60.21 Association Police and Fire Fund, the Teachers Retirement Association, the Minnesota
 60.22 State Patrol Retirement Association, the legislators retirement plan, the constitutional
 60.23 officers retirement plan, ~~the Minneapolis Employees Retirement Fund~~, the Duluth
 60.24 Teachers Retirement Fund Association new law coordinated program, the St. Paul
 60.25 Teachers Retirement Fund Association coordinated program, or any other public employee
 60.26 retirement system in the state of Minnesota having a like provision but excluding all other
 60.27 funds providing retirement benefits for police officers or firefighters ~~shall be~~ is entitled
 60.28 when qualified, to an annuity from each fund if the person's total allowable service in all
 60.29 of the funds or in any two or more of the funds totals three or more years, provided that
 60.30 no portion of the allowable service upon which the retirement annuity from one fund is
 60.31 based is used again in the computation for a retirement annuity from another fund and
 60.32 provided further that the person has not taken a refund from any of funds or associations
 60.33 since the person's membership in the fund or association has terminated. The annuity from
 60.34 each fund or association ~~shall~~ must be determined by the appropriate provisions of the law
 60.35 governing each fund or association, except that the requirement that a person must have at

61.1 least three years of allowable service in the respective fund or association ~~shall~~ does not
 61.2 apply for the purposes of this section, provided that the aggregate service in two or more
 61.3 of these funds equals three or more years.

61.4 Sec. 22. Minnesota Statutes 2008, section 355.095, subdivision 1, is amended to read:

61.5 Subdivision 1. **Agreement.** (a) The director, on behalf of the state, its political
 61.6 subdivisions, and its other governmental employers, is authorized to enter into an
 61.7 agreement with the Secretary of Health and Human Services to extend the provisions of
 61.8 United States Code, title 42, section 426, 426-1, and 1395c, to the employees in paragraph
 61.9 (b) who meet the requirements of United States Code, title 42, section 418(v)(2) and who
 61.10 do not have coverage by the federal old age, survivors, and disability insurance program
 61.11 for that employment under any previous modification of the agreement or previous
 61.12 Medicare referendum.

61.13 (b) The applicable employees are:

61.14 (1) employees who are members of one of the retirement plans in Minnesota Statutes
 61.15 2008, section 356.30, subdivision 3, except clauses (4) and (8), based on continuous
 61.16 employment since March 31, 1986; and

61.17 (2) employees of a special authority or district who have been continuously
 61.18 employed by the special authority or district since March 31, 1986.

61.19 Sec. 23. Minnesota Statutes 2009 Supplement, section 356.20, subdivision 2, is
 61.20 amended to read:

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

61.23 (1) the general state employees retirement plan of the Minnesota State Retirement
 61.24 System;

61.25 (2) the general employees retirement plan of the Public Employees Retirement
 61.26 Association;

61.27 (3) the Teachers Retirement Association;

61.28 (4) the State Patrol retirement plan;

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

61.30 (6) the Duluth Teachers Retirement Fund Association;

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

61.32 ~~(8) (7) the University of Minnesota faculty retirement plan;~~

61.33 ~~(9) (8) the University of Minnesota faculty supplemental retirement plan;~~

61.34 ~~(10) (9) the judges retirement fund;~~

- 62.1 ~~(11)~~ (10) a police or firefighter's relief association specified or described in section
 62.2 69.77, subdivision 1a;
- 62.3 ~~(12)~~ (11) a volunteer firefighter relief association governed by section 69.771,
 62.4 subdivision 1;
- 62.5 ~~(13)~~ (12) the public employees police and fire plan of the Public Employees
 62.6 Retirement Association;
- 62.7 ~~(14)~~ (13) the correctional state employees retirement plan of the Minnesota State
 62.8 Retirement System;
- 62.9 ~~(15)~~ (14) the local government correctional service retirement plan of the Public
 62.10 Employees Retirement Association; and
- 62.11 ~~(16)~~ (15) the voluntary statewide lump-sum volunteer firefighter retirement plan.

62.12 Sec. 24. Minnesota Statutes 2008, section 356.214, subdivision 1, is amended to read:

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

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

- 62.21 (1) the teachers retirement plan, Teachers Retirement Association;
- 62.22 (2) the general state employees retirement plan, Minnesota State Retirement System;
- 62.23 (3) the correctional employees retirement plan, Minnesota State Retirement System;
- 62.24 (4) the State Patrol retirement plan, Minnesota State Retirement System;
- 62.25 (5) the judges retirement plan, Minnesota State Retirement System;
- 62.26 ~~(6) the Minneapolis employees retirement plan, Minneapolis Employees Retirement~~
 62.27 ~~Fund;~~
- 62.28 ~~(7)~~ (6) the ~~public~~ general employees retirement plan, Public Employees Retirement
 62.29 Association, including the MERF division;
- 62.30 ~~(8)~~ (7) the public employees police and fire plan, Public Employees Retirement
 62.31 Association;
- 62.32 ~~(9)~~ (8) the Duluth teachers retirement plan, Duluth Teachers Retirement Fund
 62.33 Association;
- 62.34 ~~(10)~~ (9) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund
 62.35 Association;

63.1 ~~(11)~~ (10) the legislators retirement plan, Minnesota State Retirement System;
 63.2 ~~(12)~~ (11) the elective state officers retirement plan, Minnesota State Retirement
 63.3 System; and
 63.4 ~~(13)~~ (12) local government correctional service retirement plan, Public Employees
 63.5 Retirement Association.

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

63.10 The contracts must require completion of annual experience data collection and
 63.11 processing and a quadrennial published experience study for the plans listed in paragraph
 63.12 (b), clauses (1), (2), and ~~(7)~~ (6), as provided for in the standards for actuarial work
 63.13 adopted by the commission. The experience data collection, processing, and analysis
 63.14 must evaluate the following:

- 63.15 (1) individual salary progression;
- 63.16 (2) the rate of return on investments based on the current asset value;
- 63.17 (3) payroll growth;
- 63.18 (4) mortality;
- 63.19 (5) retirement age;
- 63.20 (6) withdrawal; and
- 63.21 (7) disablement.

63.22 (d) The actuary shall annually prepare a report to the governing or managing board
 63.23 or administrative official and the legislature, summarizing the results of the actuarial
 63.24 valuation calculations. The actuary shall include with the report any recommendations
 63.25 concerning the appropriateness of the support rates to achieve proper funding of
 63.26 the retirement plans by the required funding dates. The actuary shall, as part of the
 63.27 quadrennial experience study, include recommendations on the appropriateness of the
 63.28 actuarial valuation assumptions required for evaluation in the study.

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

63.34 Sec. 25. Minnesota Statutes 2008, section 356.30, subdivision 3, is amended to read:

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

- 64.1 (1) the general state employees retirement plan of the Minnesota State Retirement
 64.2 System, established under chapter 352;
- 64.3 (2) the correctional state employees retirement plan of the Minnesota State
 64.4 Retirement System, established under chapter 352;
- 64.5 (3) the unclassified employees retirement program, established under chapter 352D;
- 64.6 (4) the State Patrol retirement plan, established under chapter 352B;
- 64.7 (5) the legislators retirement plan, established under chapter 3A;
- 64.8 (6) the elective state officers retirement plan, established under chapter 352C;
- 64.9 (7) the general employees retirement plan of the Public Employees Retirement
 64.10 Association, established under chapter 353, including the MERF division of the Public
 64.11 Employees Retirement Association;
- 64.12 (8) the public employees police and fire retirement plan of the Public Employees
 64.13 Retirement Association, established under chapter 353;
- 64.14 (9) the local government correctional service retirement plan of the Public
 64.15 Employees Retirement Association, established under chapter 353E;
- 64.16 (10) the Teachers Retirement Association, established under chapter 354;
- 64.17 ~~(11) the Minneapolis Employees Retirement Fund, established under chapter 422A;~~
- 64.18 ~~(12)~~ (11) the St. Paul Teachers Retirement Fund Association, established under
 64.19 chapter 354A;
- 64.20 ~~(13)~~ (12) the Duluth Teachers Retirement Fund Association, established under
 64.21 chapter 354A; and
- 64.22 ~~(14)~~ (13) the judges retirement fund, established by chapter 490.

64.23 Sec. 26. Minnesota Statutes 2008, section 356.302, subdivision 1, is amended to read:

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

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

64.30 (c) "Covered retirement plan" or "plan" means a retirement plan listed in subdivision
 64.31 7.

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

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

65.3 (f) "Occupationally disabled" means the condition of having a medically
65.4 determinable physical or mental impairment that makes a person unable to satisfactorily
65.5 perform the minimum requirements of the person's employment position or a substantially
65.6 similar employment position.

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

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

65.13 Sec. 27. Minnesota Statutes 2008, section 356.302, subdivision 7, is amended to read:

65.14 Subd. 7. **Covered retirement plans.** This section applies to the following
65.15 retirement plans:

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

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

65.20 (3) the general employees retirement plan of the Public Employees Retirement
65.21 Association, established by chapter 353, including the MERF division of the Public
65.22 Employees Retirement Association;

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

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

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

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

65.27 ~~(8)~~ (7) the state correctional employees retirement plan of the Minnesota State
65.28 Retirement System, established by chapter 352;

65.29 ~~(9)~~ (8) the State Patrol retirement plan, established by chapter 352B;

65.30 ~~(10)~~ (9) the public employees police and fire plan of the Public Employees
65.31 Retirement Association, established by chapter 353;

65.32 ~~(11)~~ (10) the local government correctional service retirement plan of the Public
65.33 Employees Retirement Association, established by chapter 353E; and

65.34 ~~(12)~~ (11) the judges retirement plan, established by chapter 490.

66.1 Sec. 28. Minnesota Statutes 2008, section 356.303, subdivision 4, is amended to read:

66.2 Subd. 4. **Covered retirement plans.** This section applies to the following
66.3 retirement plans:

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

66.5 (2) the general state employees retirement plan of the Minnesota State Retirement
66.6 System, established by chapter 352;

66.7 (3) the correctional state employees retirement plan of the Minnesota State
66.8 Retirement System, established by chapter 352;

66.9 (4) the State Patrol retirement plan, established by chapter 352B;

66.10 (5) the elective state officers retirement plan, established by chapter 352C;

66.11 (6) the unclassified state employees retirement program, established by chapter
66.12 352D;

66.13 (7) the general employees retirement plan of the Public Employees Retirement
66.14 Association, established by chapter 353, including the MERF division of the Public
66.15 Employees Retirement Association;

66.16 (8) the public employees police and fire plan of the Public Employees Retirement
66.17 Association, established by chapter 353;

66.18 (9) the local government correctional service retirement plan of the Public
66.19 Employees Retirement Association, established by chapter 353E;

66.20 (10) the Teachers Retirement Association, established by chapter 354;

66.21 (11) the Duluth Teachers Retirement Fund Association, established by chapter 354A;

66.22 (12) the St. Paul Teachers Retirement Fund Association, established by chapter
66.23 354A; and

66.24 ~~(13) the Minneapolis Employees Retirement Fund, established by chapter 422A; and~~

66.25 ~~(14)~~ (13) the judges retirement fund, established by chapter 490.

66.26 Sec. 29. Minnesota Statutes 2009 Supplement, section 356.32, subdivision 2, is
66.27 amended to read:

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

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

66.32 (2) the correctional state employees retirement plan of the Minnesota State
66.33 Retirement System, established under chapter 352;

66.34 (3) the State Patrol retirement plan, established under chapter 352B;

67.1 (4) the general employees retirement plan of the Public Employees Retirement
 67.2 Association, established under chapter 353, including the MERF division of the Public
 67.3 Employees Retirement Association;

67.4 (5) the public employees police and fire plan of the Public Employees Retirement
 67.5 Association, established under chapter 353;

67.6 (6) the Teachers Retirement Association, established under chapter 354;

67.7 ~~(7) the Minneapolis Employees Retirement Fund, established under chapter 422A;~~

67.8 ~~(8) (7) the Duluth Teachers Retirement Fund Association, established under chapter~~
 67.9 354A; and

67.10 ~~(9) (8) the St. Paul Teachers Retirement Fund Association, established under chapter~~
 67.11 354A.

67.12 Sec. 30. Minnesota Statutes 2009 Supplement, section 356.401, subdivision 3, is
 67.13 amended to read:

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

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

67.17 (2) the general state employees retirement plan of the Minnesota State Retirement
 67.18 System, established by chapter 352;

67.19 (3) the correctional state employees retirement plan of the Minnesota State
 67.20 Retirement System, established by chapter 352;

67.21 (4) the State Patrol retirement plan, established by chapter 352B;

67.22 (5) the elective state officers retirement plan, established by chapter 352C;

67.23 (6) the unclassified state employees retirement program, established by chapter
 67.24 352D;

67.25 (7) the general employees retirement plan of the Public Employees Retirement
 67.26 Association, established by chapter 353, including the MERF division of the Public
 67.27 Employees Retirement Association;

67.28 (8) the public employees police and fire plan of the Public Employees Retirement
 67.29 Association, established by chapter 353;

67.30 (9) the public employees defined contribution plan, established by chapter 353D;

67.31 (10) the local government correctional service retirement plan of the Public
 67.32 Employees Retirement Association, established by chapter 353E;

67.33 (11) the voluntary statewide lump-sum volunteer firefighter retirement plan,
 67.34 established by chapter 353G;

67.35 (12) the Teachers Retirement Association, established by chapter 354;

- 68.1 (13) the Duluth Teachers Retirement Fund Association, established by chapter 354A;
- 68.2 (14) the St. Paul Teachers Retirement Fund Association, established by chapter
- 68.3 354A;
- 68.4 (15) the individual retirement account plan, established by chapter 354B;
- 68.5 (16) the higher education supplemental retirement plan, established by chapter 354C;
- 68.6 ~~(17) the Minneapolis Employees Retirement Fund, established by chapter 422A;~~
- 68.7 ~~(18)~~ (17) the Minneapolis Police Relief Association, established by chapter 423B;
- 68.8 ~~(19)~~ (18) the Minneapolis Firefighters Relief Association, established by chapter
- 68.9 423C; and
- 68.10 ~~(20)~~ (19) the judges retirement fund, established by chapter 490.

68.11 Sec. 31. Minnesota Statutes 2008, section 356.407, subdivision 2, is amended to read:

68.12 Subd. 2. **Covered funds.** The provisions of this section apply to the following

68.13 retirement funds:

- 68.14 (1) the general employees retirement plan of the Public Employees Retirement
- 68.15 Association established under chapter 353, including the MERF division of the Public
- 68.16 Employees Retirement Association;
- 68.17 (2) the public employees police and fire plan of the Public Employees Retirement
- 68.18 Association established under chapter 353;
- 68.19 (3) the State Patrol retirement plan established under chapter 352B;
- 68.20 (4) the legislators retirement plan established under chapter 3A;
- 68.21 (5) the elective state officers retirement plan established under chapter 352C; and
- 68.22 (6) the Teachers Retirement Association established under chapter 354; ~~and~~
- 68.23 ~~(7) the Minneapolis Employees Retirement Fund established under chapter 422A.~~

68.24 Sec. 32. Minnesota Statutes 2009 Supplement, section 356.415, subdivision 2, is

68.25 amended to read:

68.26 Subd. 2. **Covered retirement plans.** The provisions of this section apply to the

68.27 following retirement plans:

- 68.28 (1) the legislators retirement plan established under chapter 3A;
- 68.29 (2) the correctional state employees retirement plan of the Minnesota State
- 68.30 Retirement System established under chapter 352;
- 68.31 (3) the general state employees retirement plan of the Minnesota State Retirement
- 68.32 System established under chapter 352;
- 68.33 (4) the State Patrol retirement plan established under chapter 352B;
- 68.34 (5) the elective state officers retirement plan established under chapter 352C;

69.1 (6) the general employees retirement plan of the Public Employees Retirement
 69.2 Association established under chapter 353, including the MERF division of the Public
 69.3 Employees Retirement Association;

69.4 (7) the public employees police and fire retirement plan of the Public Employees
 69.5 Retirement Association established under chapter 353;

69.6 (8) the local government correctional employees retirement plan of the Public
 69.7 Employees Retirement Association established under chapter 353E;

69.8 (9) the teachers retirement plan established under chapter 354; and

69.9 (10) the judges retirement plan established under chapter 490.

69.10 Sec. 33. Minnesota Statutes 2008, section 356.431, subdivision 1, is amended to read:

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

69.18 Sec. 34. Minnesota Statutes 2008, section 356.465, subdivision 3, is amended to read:

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

69.21 (1) the general state employees retirement plan of the Minnesota State Retirement
 69.22 System established under chapter 352;

69.23 (2) the correctional state employees retirement plan of the Minnesota State
 69.24 Retirement System established under chapter 352;

69.25 (3) the State Patrol retirement plan established under chapter 352B;

69.26 (4) the legislators retirement plan established under chapter 3A;

69.27 (5) the judges retirement plan established under chapter 490;

69.28 (6) the general employees retirement plan of the Public Employees Retirement
 69.29 Association established under chapter 353, including the MERF division of the Public
 69.30 Employees Retirement Association;

69.31 (7) the public employees police and fire plan of the Public Employees Retirement
 69.32 Association established under chapter 353;

69.33 (8) the teachers retirement plan established under chapter 354;

70.1 (9) the Duluth Teachers Retirement Fund Association established under chapter
 70.2 354A;
 70.3 (10) the St. Paul Teachers Retirement Fund Association established under chapter
 70.4 354A;
 70.5 ~~(11) the Minneapolis Employees Retirement Fund established under chapter 422A;~~
 70.6 ~~(12)~~ (11) the Minneapolis Firefighters Relief Association established under chapter
 70.7 423C;
 70.8 ~~(13)~~ (12) the Minneapolis Police Relief Association established under chapter
 70.9 423B; and
 70.10 ~~(14)~~ (13) the local government correctional service retirement plan of the Public
 70.11 Employees Retirement Association established under chapter 353E.

70.12 Sec. 35. Minnesota Statutes 2008, section 356.64, is amended to read:

70.13 **356.64 REAL ESTATE INVESTMENTS.**

70.14 (a) Notwithstanding any law to the contrary, any public pension plan whose assets
 70.15 are not invested by the State Board of Investment may invest its funds in Minnesota situs
 70.16 nonfarm real estate ownership interests or loans secured by mortgages or deeds of trust if
 70.17 the investment is consistent with section 356A.04.

70.18 ~~(b) Except to the extent authorized in the case of the Minneapolis Employees~~
 70.19 ~~Retirement Fund under section 422A.05, subdivision 2c, paragraph (a);~~ An investment
 70.20 otherwise authorized by this section must also comply with the requirements and
 70.21 limitations of section 11A.24, subdivision 6.

70.22 Sec. 36. Minnesota Statutes 2008, section 356.65, subdivision 2, is amended to read:

70.23 Subd. 2. **Disposition of abandoned amounts.** Any unclaimed public pension
 70.24 fund amounts existing in any public pension fund are presumed to be abandoned, but are
 70.25 not subject to the provisions of sections 345.31 to 345.60. Unless the benefit plan of
 70.26 the public pension fund specifically provides for a different disposition of unclaimed or
 70.27 abandoned funds or amounts, any unclaimed public pension fund amounts cancel and
 70.28 must be credited to the public pension fund. If the unclaimed public pension fund amount
 70.29 exceeds \$25 and the inactive or former member again becomes a member of the applicable
 70.30 public pension plan or applies for a retirement annuity under section 3A.12, 352.72,
 70.31 352B.30, 353.71, 354.60, or 356.30, ~~or 422A.16, subdivision 8;~~ whichever applies, the
 70.32 canceled amount must be restored to the credit of the person.

71.1 Sec. 37. Minnesota Statutes 2008, section 356.91, is amended to read:

71.2 **356.91 VOLUNTARY MEMBERSHIP DUES DEDUCTION.**

71.3 (a) Upon written authorization of a person receiving an annuity from a public
71.4 pension fund administered by the Minnesota State Retirement System; or the Public
71.5 Employees Retirement Association, ~~or the Minneapolis Employees Retirement Fund~~, the
71.6 executive director of the public pension fund may deduct from the retirement annuity an
71.7 amount requested by the annuitant to be paid as dues to any labor organization that is an
71.8 exclusive bargaining agent representing public employees or an organization representing
71.9 retired public employees of which the annuitant is a member and shall pay the amount to
71.10 the organization so designated by the annuitant.

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

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

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

71.19 Sec. 38. Minnesota Statutes 2009 Supplement, section 356.96, subdivision 1, is
71.20 amended to read:

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

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

71.26 (c) "Covered pension plan" means a plan enumerated in section 356.20, subdivision
71.27 2, clauses (1) to (4), ~~(10) (9)~~, and ~~(13) (12)~~ to ~~(16) (15)~~, but does not mean the
71.28 deferred compensation plan administered under sections 352.965 and 352.97 or to the
71.29 postretirement health care savings plan administered under section 352.98.

71.30 (d) "Governing board" means the Board of Trustees of the Public Employees
71.31 Retirement Association, the Board of Trustees of the Teachers Retirement Association, or
71.32 the Board of Directors of the Minnesota State Retirement System.

71.33 (e) "Person" includes an active, retired, deferred, or nonvested inactive participant in
71.34 a covered pension plan or a beneficiary of a participant, or an individual who has applied

72.1 to be a participant or who is or may be a survivor of a participant, or a state agency or
 72.2 other governmental unit that employs active participants in a covered pension plan.

72.3 Sec. 39. Minnesota Statutes 2008, section 473.511, subdivision 3, is amended to read:

72.4 Subd. 3. **Existing sanitary districts, joint sewer boards.** Effective January 1,
 72.5 1971, the corporate existence of the Minneapolis-St. Paul Sanitary District, the North
 72.6 Suburban Sanitary Sewer District, and any joint board created by agreement among local
 72.7 government units ~~pursuant to~~ under section 471.59, to provide interceptors and treatment
 72.8 works for such local government units, ~~shall~~ terminate. All persons regularly employed by
 72.9 such sanitary districts and joint boards on that date or on any earlier date on which the
 72.10 former waste control commission pursuant to subdivisions 1 and 2 assumed ownership and
 72.11 control of any interceptors or treatment works owned or operated by such sanitary districts
 72.12 and joint boards, and who are employees of the commission on July 1, 1994, ~~shall be~~ are
 72.13 employees of the council, ~~and may at their option become members of the Minnesota~~
 72.14 ~~State Retirement System or may continue as members of a public retirement association~~
 72.15 ~~under chapter 422A or any other law, to which they belonged before such date, and shall~~
 72.16 ~~retain all pension rights which they may have under such latter laws, and all other rights to~~
 72.17 ~~which they are entitled by contract or law.~~ Members of trades who are employed by the
 72.18 former Metropolitan Waste Control Commission, who have trade union pension coverage
 72.19 ~~pursuant to~~ under a collective bargaining agreement, and who elected exclusion from
 72.20 coverage ~~pursuant to~~ under section 473.512, or who are first employed after July 1, 1977,
 72.21 ~~shall~~ may not be covered by the Minnesota State Retirement System. The council shall
 72.22 make the employer's contributions to pension funds of its employees. Such employees
 72.23 shall perform such duties as may be prescribed by the council. All funds of such sanitary
 72.24 districts and joint boards then on hand, and all subsequent collections of taxes, special
 72.25 assessments or service charges levied or imposed by or for such sanitary districts or joint
 72.26 boards ~~shall~~ must be transferred to the council. The local government units otherwise
 72.27 entitled to such cash, taxes, assessments or service charges ~~shall~~ must be credited with
 72.28 such amounts, and such credits ~~shall~~ must be offset against any amounts to be paid by
 72.29 them to the council as provided in section 473.517. The former Metropolitan Waste
 72.30 Control Commission, and on July 1, 1994, the council shall succeed to and become vested
 72.31 by action of law with all right, title and interest in and to any property, real or personal,
 72.32 owned or operated by such sanitary districts and joint boards. Prior to that date the proper
 72.33 officers of such sanitary districts and joint boards, or the former Metropolitan Waste
 72.34 Control Commission, shall execute and deliver to the council all deeds, conveyances, bills
 72.35 of sale, and other documents or instruments required to vest in the council good and

73.1 marketable title to all such real or personal property; provided that vesting of the title ~~shall~~
 73.2 must occur by operation of law and failure to execute and deliver the documents ~~shall~~ does
 73.3 not affect the vesting of title in the former Metropolitan Waste Control Commission or the
 73.4 council on the dates indicated in this subdivision. The council shall become obligated to
 73.5 pay or assume all bonded or other debt and contract obligations incurred by the former
 73.6 Metropolitan Waste Control Commission, or by such sanitary districts and joint boards, or
 73.7 incurred by local government units for the acquisition or betterment of any interceptors or
 73.8 treatment works owned or operated by such sanitary districts or joint boards.

73.9 Sec. 40. Minnesota Statutes 2008, section 473.606, subdivision 5, is amended to read:

73.10 Subd. 5. **Employees, others, affirmative action; prevailing wage.** The corporation
 73.11 shall have the power to appoint engineers and other consultants, attorneys, and such
 73.12 other officers, agents, and employees as it may see fit, who shall perform such duties and
 73.13 receive such compensation as the corporation may determine, and be removable at the
 73.14 pleasure of the corporation. The corporation ~~shall~~ must adopt an affirmative action plan,
 73.15 which shall be submitted to the appropriate agency or office of the state for review and
 73.16 approval. The plan ~~shall~~ must include a yearly progress report to the agency or office.
 73.17 ~~Officers and employees of the corporation who cannot qualify and participate in the~~
 73.18 ~~municipal employees retirement fund under chapter 422A, shall be separated from service~~
 73.19 ~~at the retirement age applicable to officers or employees of the state of Minnesota in the~~
 73.20 ~~classified service of the state civil service as provided in section 43A.34, or as the same~~
 73.21 ~~may from time to time be amended, regardless of the provisions of the Veteran's Preference~~
 73.22 ~~Act.~~ Whenever the corporation performs any work within the limits of a city of the first
 73.23 class, or establishes a minimum wage for skilled or unskilled labor in the specifications or
 73.24 any contract for work within one of the cities, the rate of pay to such skilled and unskilled
 73.25 labor ~~shall~~ must be the prevailing rate of wage for such labor in that city.

73.26 Sec. 41. Minnesota Statutes 2008, section 475.52, subdivision 6, is amended to read:

73.27 Subd. 6. **Certain purposes.** Any municipality may issue bonds for paying
 73.28 judgments against it; for refunding outstanding bonds; for funding floating indebtedness;
 73.29 for funding actuarial liabilities to pay postemployment benefits to employees or officers
 73.30 after their termination of service; or for funding all or part of the municipality's current
 73.31 and future unfunded liability for a pension or retirement fund or plan referred to in
 73.32 section 356.20, subdivision 2, as those liabilities are most recently computed pursuant
 73.33 to under sections 356.215 and 356.216. The board of trustees or directors of a pension
 73.34 fund or relief association referred to in section 69.77 ~~or chapter 422A~~ must consent and

74.1 must be a party to any contract made under this section with respect to the fund held by
74.2 it for the benefit of and in trust for its members. For purposes of this section, the term
74.3 "postemployment benefits" means benefits giving rise to a liability under Statement No.
74.4 45 of the Governmental Accounting Standards Board.

74.5 Sec. 42. Minnesota Statutes 2009 Supplement, section 480.181, subdivision 2, is
74.6 amended to read:

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

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

74.13 (2) remain a member of the general employees retirement plan of the Public
74.14 Employees Retirement Association or the ~~Minneapolis employees retirement fund~~ MERF
74.15 division of the Public Employees Retirement Association instead of joining the Minnesota
74.16 State Retirement System.

74.17 Employees who make an election under clause (1) remain on the county payroll,
74.18 but the state shall reimburse the county on a quarterly basis for the salary and cost of the
74.19 benefits provided by the county. The state shall make the employer contribution to the
74.20 general employees retirement plan of the Public Employees Retirement Association or the
74.21 employer contribution under section ~~422A.101~~ 353.50, subdivision ~~4a~~ 7, paragraphs (c)
74.22 and (d), to the ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public
74.23 Employees Retirement Association on behalf of employees who make an election under
74.24 clause (2).

74.25 (b) An employee who makes an election under paragraph (a), clause (1), may revoke
74.26 the election, once, at any time, but if the employee revokes the election, the employee
74.27 cannot make another election. An employee who makes an election under paragraph (a),
74.28 clause (2), may revoke the election at any time within six months after the person becomes
74.29 a state employee. Once an employee revokes this election, the employee cannot make
74.30 another election.

74.31 (c) The Supreme Court, after consultation with the Judicial Council, the
74.32 commissioner of management and budget, and the executive directors of the Public
74.33 Employees Retirement Association and the Minnesota State Retirement Association, shall
74.34 adopt procedures for making elections under this section.

75.1 (d) The Supreme Court shall notify all affected employees of the options available
75.2 under this section. The executive directors of the Public Employees Retirement
75.3 Association and the Minnesota State Retirement System shall provide counseling to
75.4 affected employees on the effect of making an election to remain a member of the Public
75.5 Employees Retirement Association.

75.6 Sec. 43. **APPROPRIATIONS MADE ONLY ONCE.**

75.7 If the appropriations made in this act are enacted more than once in the 2010 regular
75.8 session, these appropriations must be given effect only once.

75.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

75.10 Sec. 44. **EFFECTIVE DATE.**

75.11 Sections 1 to 42 are effective June 30, 2010.

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	ADMINISTRATIVE CONSOLIDATION OF THE MINNEAPOLIS EMPLOYEES RETIREMENT FUND INTO THE PUBLIC	
ARTICLE 1	EMPLOYEES RETIREMENT ASSOCIATION	Page.Ln 2.1
	CONFORMING CHANGES RELATED TO THE MERF	
ARTICLE 2	ADMINISTRATIVE CONSOLIDATION	Page.Ln 39.24

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 management and budget 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. 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:

- (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

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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.

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

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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 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.

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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.

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.

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(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. 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.

(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,

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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 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 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);

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(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 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.

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(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 management and budget 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 section 356.551, 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 section 356.551.

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

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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 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

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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 management and budget 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;

(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

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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.

(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

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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 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.

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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.

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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 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.

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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 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

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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 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

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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:

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.

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(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 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.

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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.

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

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(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 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

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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.

(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.

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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, 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.