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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **2424**

April 13, 2007

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

1.1 A bill for an act
1.2 relating to retirement; adding certain positions to salary limit provisions;
1.3 amending duties of certain retirement associations' boards of trustees; amending
1.4 Minnesota Statutes 2006, sections 15A.0815, subdivisions 2, 3; 352.03,
1.5 subdivision 4; 353.03, subdivision 3a; 354.06, subdivision 2.

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

1.7 Section 1. Minnesota Statutes 2006, section 15A.0815, subdivision 2, is amended to
1.8 read:

1.9 Subd. 2. **Group I salary limits.** The salaries for positions in this subdivision may
1.10 not exceed 95 percent of the salary of the governor:

- 1.11 Commissioner of administration;
- 1.12 Commissioner of agriculture;
- 1.13 Commissioner of education;
- 1.14 Commissioner of commerce;
- 1.15 Commissioner of corrections;
- 1.16 Commissioner of employee relations;
- 1.17 Commissioner of finance;
- 1.18 Commissioner of health;
- 1.19 Executive director, Minnesota Office of Higher Education;
- 1.20 Commissioner, Housing Finance Agency;
- 1.21 Commissioner of human rights;
- 1.22 Commissioner of human services;
- 1.23 Commissioner of labor and industry;
- 1.24 Commissioner of natural resources;
- 1.25 Director of Office of Strategic and Long-Range Planning;

2.1 Commissioner, Pollution Control Agency;
 2.2 Commissioner of public safety;
 2.3 Commissioner of revenue;
 2.4 Commissioner of employment and economic development;
 2.5 Commissioner of transportation; ~~and~~
 2.6 Commissioner of veterans affairs;
 2.7 Executive director, Public Employees Retirement Association;
 2.8 Executive director, State Retirement System; and
 2.9 Executive director, Teachers Retirement Association.

2.10 Sec. 2. Minnesota Statutes 2006, section 15A.0815, subdivision 3, is amended to read:

2.11 Subd. 3. **Group II salary limits.** The salaries for positions in this subdivision may
 2.12 not exceed 85 percent of the salary of the governor:

2.13 Executive director of Gambling Control Board;
 2.14 Commissioner, Iron Range Resources and Rehabilitation Board;
 2.15 Commissioner, Bureau of Mediation Services;
 2.16 Ombudsman for Mental Health and Developmental Disabilities;
 2.17 Chair, Metropolitan Council;
 2.18 Executive director of pari-mutuel racing; and
 2.19 ~~Executive director, Public Employees Retirement Association;~~
 2.20 Commissioner, Public Utilities Commission;
 2.21 ~~Executive director, State Retirement System; and~~
 2.22 ~~Executive director, Teachers Retirement Association.~~

2.23 Sec. 3. Minnesota Statutes 2006, section 352.03, subdivision 4, is amended to read:

2.24 Subd. 4. **Duties and powers of board of directors.** The board shall:

2.25 (1) elect a chair;

2.26 (2) appoint an executive director;

2.27 (3) establish rules to administer this chapter and chapters 3A, 352B, 352C, 352D,
 2.28 and 490 and transact the business of the system, subject to the limitations of law;

2.29 (4) consider and dispose of, or take any other action the board of directors deems
 2.30 appropriate concerning denials of applications for annuities or disability benefits under
 2.31 this chapter, and complaints of employees and others pertaining to the retirement of
 2.32 employees and the operation of the system;

2.33 (5) advise the director on any matters relating to the system and carrying out
 2.34 functions and purposes of this chapter. The board's advice shall control; and

3.1 (6) oversee the administration of the state deferred compensation plan established
3.2 in section 352.96.

3.3 The director and assistant director must be in the unclassified service but appointees
3.4 may be selected from civil service lists if desired. The salary of the executive director
3.5 ~~must be as provided by~~ shall be set by the board but must not exceed the salary limit
3.6 established in section 15A.0815, subdivision 2. The provisions of section 15A.0185,
3.7 subdivision 5, do not apply to this subdivision. The salary of the assistant director must
3.8 be set in accordance with section 43A.18, subdivision 3.

3.9 Sec. 4. Minnesota Statutes 2006, section 353.03, subdivision 3a, is amended to read:

3.10 Subd. 3a. **Executive director.** (a) **Appointment.** The board shall appoint, ~~with~~
3.11 ~~the advice and consent of the senate,~~ an executive director on the basis of education,
3.12 experience in the retirement field, and leadership ability. The executive director shall have
3.13 had at least five years' experience in an executive level management position, which has
3.14 included responsibility for pensions, deferred compensation, or employee benefits. The
3.15 executive director serves at the pleasure of the board. The salary of the executive director
3.16 ~~is as provided by~~ shall be set by the board but must not exceed the salary limit established
3.17 in section 15A.0815, subdivision 2. The provisions of section 15A.0185, subdivision 5,
3.18 do not apply to this subdivision.

3.19 (b) **Duties.** The management of the association is vested in the executive director
3.20 who shall be the executive and administrative head of the association. The executive
3.21 director shall act as adviser to the board on all matters pertaining to the association and
3.22 shall also act as the secretary of the board. The executive director shall:

3.23 (1) attend all meetings of the board;

3.24 (2) prepare and recommend to the board appropriate rules to carry out the provisions
3.25 of this chapter;

3.26 (3) establish and maintain an adequate system of records and accounts following
3.27 recognized accounting principles and controls;

3.28 (4) designate, with the approval of the board, up to two persons who shall serve
3.29 in the unclassified service and whose salary is set in accordance with section 43A.18,
3.30 subdivision 3, appoint a confidential secretary in the unclassified service, and appoint
3.31 employees to carry out this chapter, who are subject to chapters 43A and 179A in the same
3.32 manner as are executive branch employees;

3.33 (5) organize the work of the association as the director deems necessary to fulfill
3.34 the functions of the association, and define the duties of its employees and delegate to

4.1 them any powers or duties, subject to the control of, and under such conditions as, the
4.2 executive director may prescribe;

4.3 (6) with the approval of the board, contract for the services of an approved actuary,
4.4 professional management services, and any other consulting services as necessary
4.5 to fulfill the purposes of this chapter. All contracts are subject to chapter 16C. The
4.6 commissioner of administration shall not approve, and the association shall not enter
4.7 into, any contract to provide lobbying services or legislative advocacy of any kind.
4.8 Any approved actuary retained by the executive director shall function as the actuarial
4.9 advisor of the board and the executive director and may perform actuarial valuations and
4.10 experience studies to supplement those performed by the actuary retained under section
4.11 356.214. Any supplemental actuarial valuations or experience studies shall be filed with
4.12 the executive director of the Legislative Commission on Pensions and Retirement. Copies
4.13 of professional management survey reports shall be transmitted to the secretary of the
4.14 senate, the chief clerk of the house of representatives, and the Legislative Reference
4.15 Library as provided by section 3.195, and to the executive director of the commission at
4.16 the same time as reports are furnished to the board. Only management firms experienced
4.17 in conducting management surveys of federal, state, or local public retirement systems
4.18 shall be qualified to contract with the director hereunder;

4.19 (7) with the approval of the board provide in-service training for the employees
4.20 of the association;

4.21 (8) make refunds of accumulated contributions to former members and to the
4.22 designated beneficiary, surviving spouse, legal representative or next of kin of deceased
4.23 members or deceased former members, as provided in this chapter;

4.24 (9) determine the amount of the annuities and disability benefits of members covered
4.25 by the association and authorize payment of the annuities and benefits beginning as of
4.26 the dates on which the annuities and benefits begin to accrue, in accordance with the
4.27 provisions of this chapter;

4.28 (10) pay annuities, refunds, survivor benefits, salaries, and necessary operating
4.29 expenses of the association;

4.30 (11) prepare and submit to the board and the legislature an annual financial report
4.31 covering the operation of the association, as required by section 356.20;

4.32 (12) prepare and submit biennial and annual budgets to the board for its approval
4.33 and submit the approved budgets to the Department of Finance for approval by the
4.34 commissioner;

4.35 (13) reduce all or part of the accrued interest payable under section 353.27,
4.36 subdivisions 12, 12a, and 12b, or 353.28, subdivision 5, upon receipt of proof by the

5.1 association of an unreasonable processing delay or other extenuating circumstances of
5.2 the employing unit. The executive director shall prescribe and submit for approval by the
5.3 board the conditions under which such interest may be reduced; and

5.4 (14) with the approval of the board, perform such other duties as may be required for
5.5 the administration of the association and the other provisions of this chapter and for the
5.6 transaction of its business.

5.7 Sec. 5. Minnesota Statutes 2006, section 354.06, subdivision 2, is amended to read:

5.8 Subd. 2. **President; executive director.** The board shall annually elect one of
5.9 its members as president. It shall elect an executive director, whose salary shall be ~~as~~
5.10 ~~provided by~~ set by the board but must not exceed the salary limit established in section
5.11 15A.0815, subdivision 2. The provisions of section 15A.0185, subdivision 5, do not apply
5.12 to this subdivision. The salary of the assistant executive director who shall be in the
5.13 unclassified service, shall be set in accordance with section 43A.18, subdivision 3. The
5.14 executive director shall serve during the pleasure of the board and be the executive officer
5.15 of the board, with such duties as the board shall prescribe. The board shall employ all
5.16 other clerks and employees necessary to properly administer the association. The cost and
5.17 expense of administering the provisions of this chapter shall be paid by the association.
5.18 The executive director shall be appointed by the board on the basis of fitness, experience
5.19 in the retirement field and leadership ability. The executive director shall have had at least
5.20 five years of experience on the administrative staff of a major retirement system.

5.21 Sec. 6. **EFFECTIVE DATE.**

5.22 Sections 1 to 5 are effective the day following final enactment.