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State of Minnesota
HOUSE OF REPRESENTATIVES

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SESSION

HOUSE FILE No. 2922

February 12, 2010

 Authored by Thissen and Newton

 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

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; appropriating money; amending Minnesota Statutes 2008, sections
1.5 11A.23, subdivision 4; 13D.01, subdivision 1; 43A.17, subdivision 9; 43A.316,
1.6 subdivision 8; 69.021, subdivision 10; 126C.41, subdivision 3; 256D.21;
1.7 353.01, subdivision 2b, by adding subdivisions; 353.03, subdivision 1; 353.05;
1.8 353.27, as amended; 353.34, subdivisions 1, 6; 353.37, subdivisions 1, 2, 3,
1.9 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.

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

2.1 **ARTICLE 1**

2.2 **MERF CONSOLIDATION ACCOUNT IN PERA**

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

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

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

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

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

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

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

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

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

2.32 (3) employees of the Minneapolis Firefighters Relief Association or Minneapolis
2.33 Police Relief Association who are not excluded employees under subdivision 2b due to
2.34 coverage by the relief association pension plan and who elect Public Employee Retirement
2.35 Association general plan coverage under Laws 2009, chapter 169, article 12, section 10.

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

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

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

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

3.14 (2) election officers or election judges;

3.15 (3) patient and inmate personnel who perform services for a governmental
3.16 subdivision;

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

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

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

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

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

4.11 (8) employees of a governmental subdivision who have not reached the age of
4.12 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time
4.13 basis at an accredited school, college, or university in an undergraduate, graduate, or
4.14 professional-technical program, or a public or charter high school;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6.9 (23) reemployed annuitants of the association during the course of that
 6.10 reemployment.

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

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

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

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

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

6.25 **353.05 CUSTODIAN OF FUNDS.**

6.26 The commissioner of management and budget shall be ex officio treasurer of the
 6.27 retirement funds of the association, including the MERF division, and the general bond of
 6.28 the commissioner of management and budget to the state shall be so conditioned as to
 6.29 cover all liability for acts as treasurer of these funds. All ~~moneys~~ money of the association
 6.30 received by the commissioner of management and budget shall be set aside in the state
 6.31 treasury to the credit of the proper fund or account. The commissioner of management and
 6.32 budget shall transmit monthly to the executive director a detailed statement of all amounts
 6.33 so received and credited to the ~~fund~~ funds, including the MERF division. Payments out

7.1 of the fund shall funds, including the MERF division, may only be made ~~only~~ on warrants
 7.2 issued by the commissioner of management and budget, upon abstracts signed by the
 7.3 executive director; provided that abstracts for investment may be signed by the ~~secretary~~
 7.4 executive director of the State Board of Investment.

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

7.6 **353.06 STATE BOARD OF INVESTMENT TO INVEST FUNDS.**

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

7.20 Sec. 7. Minnesota Statutes 2008, section 353.27, as amended by Laws 2009, chapter
 7.21 169, article 1, section 32, and article 4, sections 9, 10, 11, and 12, is amended to read:

7.22 **353.27 PUBLIC GENERAL EMPLOYEES RETIREMENT FUND.**

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

7.31 Subd. 1a. MERF division account established; revenue and disbursements. The
 7.32 MERF division account is established as a special account. The MERF division account
 7.33 includes all of the assets of the former Minneapolis Employees Retirement Fund that
 7.34 were transferred to the administration of the Public Employees Retirement Association

8.1 under section 353.50. The special account is credited with the contributions under section
 8.2 353.50, subdivision 7, state aid under sections 356.43 and 422A.101, subdivision 3,
 8.3 investment performance on the special account assets, and all other income of the MERF
 8.4 division authorized by law. The payments of annuities and benefits authorized by chapter
 8.5 422A in the amounts and at the times provided in that chapter, and the administrative
 8.6 expenses of the MERF division are appropriated from the special account.

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

8.13 (b) These contributions must be made by deduction from salary as defined in section
 8.14 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a
 8.15 member's salary is paid from other than public funds, the member's employee contribution
 8.16 must be based on the total salary received by the member from all sources.

8.17 Subd. 3. **General employees retirement plan; employer contribution.** (a) For
 8.18 a basic member of the general employees retirement plan of the Public Employees
 8.19 Retirement Association, the employer contribution is 9.10 percent of salary. For a
 8.20 coordinated member of the general employees retirement plan of the Public Employees
 8.21 Retirement Association, the employer contribution is six percent of salary plus any
 8.22 contribution rate adjustment under subdivision 3b.

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

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

	Basic Program	Coordinated Program
8.29 Effective before January 1, 2006	2.68	.43
8.30 Effective January 1, 2006	2.68	.50
8.31 Effective January 1, 2009	2.68	.75
8.32 Effective January 1, 2010	2.68	1.00

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

8.36 (b) The coordinated program contribution rates set forth in paragraph (a) effective
 8.37 for ~~January 1, 2009~~, or January 1, 2010, must not be implemented if, following receipt of

9.1 the ~~July 1, 2008, or~~ July 1, 2009, annual actuarial valuation ~~reports~~ report under section
9.2 356.215, respectively, the actuarially required contributions are equal to or less than the
9.3 total rates under this section in effect as of January 1, 2008.

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

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

9.11 (a) For purposes of this section, a contribution sufficiency exists if the total of the
9.12 employee contribution under subdivision 2, the employer contribution under subdivision
9.13 3, the additional employer contribution under subdivision 3a, and any additional
9.14 contribution previously imposed under this subdivision exceeds the total of the normal
9.15 cost, the administrative expenses, and the amortization contribution of the general
9.16 employees retirement plan as reported in the most recent actuarial valuation of the
9.17 retirement plan prepared by the actuary retained under section 356.214 and prepared under
9.18 section 356.215 and the standards for actuarial work of the Legislative Commission on
9.19 Pensions and Retirement. For purposes of this section, a contribution deficiency exists if
9.20 the total of the employee contributions under subdivision 2, the employer contributions
9.21 under subdivision 3, the additional employer contribution under subdivision 3a, and any
9.22 additional contribution previously imposed under this subdivision is less than the total
9.23 of the normal cost, the administrative expenses, and the amortization contribution of the
9.24 general employees retirement plan as reported in the most recent actuarial valuation of the
9.25 retirement plan prepared by the actuary retained under section 356.214 and prepared under
9.26 section 356.215 and the standards for actuarial work of the Legislative Commission on
9.27 Pensions and Retirement.

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

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

10.1 (2) 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 deficiency equal to or greater than 0.5 percent of covered payroll for
10.4 two consecutive years, the coordinated program employee and employer contribution rates
10.5 must be increased as determined under paragraph (c) to a level such that no deficiency
10.6 exists based on the most recent actuarial valuation.

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

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

10.27 (e) The general employees retirement plan contribution sufficiency or deficiency
10.28 determination under paragraphs (a) through (d) must be made without the inclusion of
10.29 the contributions to, the funded condition of, or the actuarial funding requirements of
10.30 the MERF division.

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

10.32 (a) A representative authorized by the head of each department shall deduct employee
10.33 contributions from the salary of each employee who qualifies for membership in the
10.34 general employees retirement plan of the Public Employees Retirement Association or in
10.35 the public employees police and fire retirement plan under this chapter and remit payment
10.36 in a manner prescribed by the executive director for the aggregate amount of the employee

11.1 contributions, the employer contributions and the additional employer contributions to be
11.2 received within 14 calendar days. The head of each department or the person's designee
11.3 shall for each pay period submit to the association a salary deduction report in the format
11.4 prescribed by the executive director. Data required to be submitted as part of salary
11.5 deduction reporting must include, but are not limited to:

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

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

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

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

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

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

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

11.27 Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except
11.28 as provided in paragraph (b), erroneous employee deductions and erroneous employer
11.29 contributions and additional employer contributions to the general employees retirement
11.30 plan of the Public Employees Retirement Association or to the public employees police
11.31 and fire retirement plan for a person, who otherwise does not qualify for membership
11.32 under this chapter, are considered:

11.33 (1) valid if the initial erroneous deduction began before January 1, 1990. Upon
11.34 determination of the error by the association, the person may continue membership in the
11.35 association while employed in the same position for which erroneous deductions were

12.1 taken, or file a written election to terminate membership and apply for a refund upon
12.2 termination of public service or defer an annuity under section 353.34; or

12.3 (2) invalid, if the initial erroneous employee deduction began on or after January 1,
12.4 1990. Upon determination of the error, the association shall refund all erroneous employee
12.5 deductions and all erroneous employer contributions as specified in paragraph (e). No
12.6 person may claim a right to continued or past membership in the association based on
12.7 erroneous deductions which began on or after January 1, 1990.

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

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

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

12.28 (e) Upon discovery of the receipt of erroneous employee deductions and employer
12.29 contributions under paragraph (a), clause (2), or paragraph (c), the association must require
12.30 the employer to discontinue the erroneous employee deductions and erroneous employer
12.31 contributions reported on behalf of a member. Upon discontinuation, the association must:

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

13.1 (2) for a former member who:

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

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

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

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

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

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

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

13.31 Subd. 7a. **Deductions or contributions transmitted by error.** (a) If employee
13.32 deductions and employer contributions under this section, section 353.50, 353.65, or
13.33 353E.03 were erroneously transmitted to the association, but should have been transmitted
13.34 to another Minnesota public pension plan, the executive director shall transfer the
13.35 erroneous employee deductions and employer contributions to the appropriate retirement

14.1 fund or individual account, as applicable, without interest. The time limitations specified
14.2 in subdivisions 7 and 12 do not apply.

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

14.6 (c) A potential transfer under paragraph (a) that is reasonably determined to cause
14.7 the plan to fail to be a qualified plan under section 401(a) of the federal Internal Revenue
14.8 Code, as amended, must not be made by the executive director of the association. Within
14.9 30 days after being notified by the Public Employees Retirement Association of an
14.10 unmade potential transfer under this paragraph, the employer of the affected person
14.11 must transmit an amount representing the applicable salary deductions and employer
14.12 contributions, without interest, to the retirement fund of the appropriate Minnesota public
14.13 pension plan, or to the applicable individual account if the proper coverage is by a defined
14.14 contribution plan. The association must provide the employing unit a credit for the amount
14.15 of the erroneous salary deductions and employer contributions against future contributions
14.16 from the employer. If the employing unit receives a credit under this paragraph, the
14.17 employing unit is responsible for refunding to the applicable employee any amount that
14.18 had been erroneously deducted from the person's salary.

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

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

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

14.34 (d) If a member or former member, who is receiving a retirement annuity or
14.35 disability benefit for which an overpayment is being recovered, dies before recovery of
14.36 the overpayment is completed and a joint and survivor optional annuity is payable, the

15.1 remaining balance of the overpaid annuity or benefit must continue to be recovered from
15.2 the payment to the optional annuity beneficiary.

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

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

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

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

15.19 Subd. 9. **Fee officers; contributions; obligations of employers.** Any appointed or
15.20 elected officer of a governmental subdivision who was or is a "public employee" within
15.21 the meaning of section 353.01 and was or is a member of the ~~fund~~ general employees
15.22 retirement plan of the Public Employees Retirement Association and whose salary
15.23 was or is paid in whole or in part from revenue derived by fees and assessments, shall
15.24 pay employee contribution in the amount, at the time, and in the manner provided in
15.25 subdivisions 2 and 4. This subdivision ~~shall~~ does not apply to district court reporters.
15.26 The employer contribution as provided in subdivision 3, and the additional employer
15.27 contribution as provided in subdivision 3a, with respect to such service ~~shall~~ must be
15.28 paid by the governmental subdivision. This subdivision ~~shall have~~ has both retroactive
15.29 and prospective application as to all such members; and every employing governmental
15.30 subdivision is deemed liable, retroactively and prospectively, for all employer and
15.31 additional employer contributions for every such member of the general employees
15.32 retirement plan in its employ. Delinquencies under this section ~~shall be~~ are governed
15.33 in all respects by section 353.28.

15.34 Subd. 10. **Employer exclusion reports.** The head of a department shall annually
15.35 furnish the executive director with an exclusion report listing only those employees in
15.36 potentially PERA general employees retirement plan-eligible positions who were not

16.1 reported as members of the ~~association~~ general employees retirement plan and who worked
16.2 during the school year for school employees and calendar year for nonschool employees.
16.3 The department head must certify the accuracy and completeness of the exclusion report
16.4 to the association. The executive director shall prescribe the manner and forms, including
16.5 standardized exclusion codes, to be used by a governmental subdivision in preparing and
16.6 filing exclusion reports. The executive director shall also check the exclusion report to
16.7 ascertain whether any omissions have been made by a department head in the reporting
16.8 of new public employees for membership. The executive director may delegate an
16.9 association employee under section 353.03, subdivision 3a, paragraph (b), clause (5), to
16.10 conduct a field audit to review the payroll records of a governmental subdivision.

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

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

16.31 **Subd. 12. Omitted salary deductions; obligations.** (a) In the case of omission
16.32 of required deductions for the general employees retirement plan, the public employees
16.33 police and fire retirement plan, or the local government correctional employees retirement
16.34 plan from the salary of an employee, the department head or designee shall immediately,
16.35 upon discovery, report the employee for membership and deduct the employee deductions
16.36 under subdivision 4 during the current pay period or during the pay period immediately

17.1 following the discovery of the omission. Payment for the omitted obligations may only be
17.2 made in accordance with reporting procedures and methods established by the executive
17.3 director.

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

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

17.19 (d) An employer shall not hold an employee liable for omitted employee deductions
17.20 beyond the pay period dates under paragraph (c), nor attempt to recover from the employee
17.21 those employee deductions paid by the employer on behalf of the employee. Omitted
17.22 deductions due under paragraph (c) which are not paid by the employee constitute a
17.23 liability of the employer that failed to deduct the omitted deductions from the employee's
17.24 salary. The employer shall make payment with interest at an annual rate of 8.5 percent
17.25 compounded annually. Omitted employee deductions are no longer due if an employee
17.26 terminates public service before making payment of omitted employee deductions to
17.27 the association, but the employer remains liable to pay omitted employer contributions
17.28 plus interest at an annual rate of 8.5 percent compounded annually from the date the
17.29 contributions were first payable.

17.30 (e) The association may not commence action for the recovery of omitted employee
17.31 deductions and employer contributions after the expiration of three calendar years after
17.32 the calendar year in which the contributions and deductions were omitted. Except as
17.33 provided under paragraph (b), no payment may be made or accepted unless the association
17.34 has already commenced action for recovery of omitted deductions. An action for recovery
17.35 commences on the date of the mailing of any written correspondence from the association

18.1 requesting information from the governmental subdivision upon which to determine
18.2 whether or not omitted deductions occurred.

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

18.20 Subd. 12b. **Terminated employees: immediate eligibility.** If deductions were
18.21 omitted from salary adjustments or final salary of a terminated employee who was a
18.22 member of the general employees retirement plan, the public employees police and fire
18.23 retirement plan, or the local government correctional employees retirement plan and who
18.24 is immediately eligible to draw a monthly benefit, the employer shall pay the omitted
18.25 employer and employer additional contributions plus interest on both the employer and
18.26 employee amounts due at an annual rate of 8.5 percent compounded annually. The
18.27 employee shall pay the employee deductions within six months of an initial notification
18.28 from the association of eligibility to pay omitted deductions or the employee forfeits
18.29 the right to make the payment.

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

18.35 Subd. 14. **Periods before initial coverage date.** (a) If an entity is determined to
18.36 be a governmental subdivision due to receipt of a written notice of eligibility from the

19.1 association with respect to the general employees retirement plan, the public employees
19.2 police and fire retirement plan, or the local government correctional retirement plan, that
19.3 employer and its employees are subject to the requirements of subdivision 12, effective
19.4 retroactively to the date that the executive director of the association determines that
19.5 the entity first met the definition of a governmental subdivision, if that date predates
19.6 the notice of eligibility.

19.7 (b) If the retroactive time period under paragraph (a) exceeds three years, an
19.8 employee is authorized to purchase service credit in the applicable Public Employees
19.9 Retirement Association plan for the portion of the period in excess of three years, by
19.10 making payment under section 356.551. Notwithstanding any provision of section
19.11 356.551, subdivision 2, to the contrary, regarding time limits on purchases, payment of a
19.12 service credit purchase amount may be made anytime before the termination of public
19.13 service.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21.2 Subd. 3. **Reduction of annuity.** (a) The association shall reduce the amount
21.3 of the annuity of a person who has not reached the retirement age by one-half of the
21.4 amount in excess of the applicable reemployment income maximum under subdivision
21.5 1, paragraph (a).

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

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

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

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

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

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

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

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

22.2 Subd. 6. **Computation of benefits for certain coordinated members.** Any
 22.3 coordinated member of the general employees retirement plan of the Public Employees
 22.4 Retirement Association who ~~prior to,~~ before July 1, 1979, was a member of the former
 22.5 coordinated program of the former Minneapolis Municipal Employees Retirement
 22.6 Fund and who ~~prior to,~~ before July 1, 1978, was a member of the basic program of the
 22.7 Minneapolis Municipal Employees Retirement Fund ~~shall:~~

22.8 ~~(1) be~~ is entitled to receive a retirement annuity when otherwise qualified, the
 22.9 calculation of which ~~shall~~ must utilize the formula accrual rates specified in section
 22.10 422A.15, subdivision 1, for that portion of credited service which was rendered ~~prior to~~
 22.11 before July 1, 1978, and the formula accrual rates specified in section 353.29, subdivision
 22.12 3, for the remainder of credited service, both applied to the average salary as specified
 22.13 in section ~~353.29, subdivision 2~~ 353.01, subdivision 17a. The formula accrual rates to
 22.14 be used in calculating the retirement annuity ~~shall~~ must recognize the service after July
 22.15 1, 1978 as a member of the former coordinated program of the former Minneapolis
 22.16 Municipal Employees Retirement Fund and after July 1, 1979 as a member of the
 22.17 general employees retirement plan of the Public Employees Retirement Association as
 22.18 a continuation of service rendered ~~prior to~~ before July 1, 1978. The annuity amount
 22.19 attributable to service as a member of the basic program of the former Minneapolis
 22.20 Municipal Employees Retirement Fund ~~shall be~~ is payable by from the ~~Minneapolis~~
 22.21 ~~Employees Retirement Fund~~ MERF division and the annuity amount attributable to all
 22.22 other service ~~shall be~~ is payable by from the general employees retirement fund of the
 22.23 Public Employees Retirement Association;

22.24 ~~(2) retain eligibility when otherwise qualified for a disability benefit from the~~
 22.25 ~~Minneapolis Employees Retirement Fund until July 1, 1982, notwithstanding coverage~~
 22.26 ~~by the Public Employees Retirement Association, if the member has or would, without~~
 22.27 ~~the transfer of retirement coverage from the basic program of the Minneapolis Municipal~~
 22.28 ~~Employees Retirement Fund to the coordinated program of the Minneapolis Municipal~~
 22.29 ~~Employees Retirement Fund or from the coordinated program of the Minneapolis~~
 22.30 ~~Municipal Employees Retirement Fund to the public employees retirement fund, have~~
 22.31 ~~sufficient credited service prior to January 1, 1983, to meet the minimum service~~
 22.32 ~~requirements for a disability benefit pursuant to section 422A.18. The disability benefit~~
 22.33 ~~amount attributable to service as a member of the basic program of the Minneapolis~~
 22.34 ~~Municipal Employees Retirement Fund shall be payable by the Minneapolis Employees~~
 22.35 ~~Retirement Fund and the disability benefit amount attributable to all other service shall be~~
 22.36 ~~payable by the Public Employees Retirement Association.~~

23.1 Sec. 17. **[353.50] MERF CONSOLIDATION ACCOUNT; ESTABLISHMENT**
23.2 **AND OPERATION.**

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

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

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

23.18 Subd. 3. **Service credit and benefit liability transfer.** (a) All allowable service
23.19 credit and salary credit of the members of the Minneapolis Employees Retirement Fund
23.20 as specified in the records of the Minneapolis Employees Retirement Fund through June
23.21 30, 2010, are transferred to the MERF division of the Public Employees Retirement
23.22 Association and are credited by the MERF division. Annuities or benefits of persons
23.23 who are active members of the former Minneapolis Employees Retirement Fund on
23.24 June 30, 2010, must be calculated under Minnesota Statutes 2008, sections 422A.11;
23.25 422A.12; 422A.13; 422A.14; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16;
23.26 422A.17; 422A.18; 422A.19; 422A.20; and 422A.23, but are only eligible for automatic
23.27 postretirement adjustments after December 31, 2010, under section 356.415.

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

23.32 Subd. 4. **Records transfer.** On June 30, 2010, the executive director of the
23.33 Minneapolis Employees Retirement Fund shall transfer all records and documents relating
23.34 to the Minneapolis Employees Retirement Fund and its benefit plan to the executive
23.35 director of the Public Employees Retirement Association. To the extent possible, original
23.36 copies of all records and documents must be transferred.

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

24.18 Subd. 6. **Benefits.** (a) The annuities and benefits of, or attributable to, retired,
24.19 disabled, deferred, or inactive Minneapolis Employees Retirement Fund members
24.20 with that status as of June 30, 2010, with the exception of post-December 31, 2010,
24.21 postretirement adjustments, which are governed by paragraph (b), as calculated under
24.22 Minnesota Statutes 2008, sections 422A.11; 422A.12; 422A.13; 422A.14; 422A.15;
24.23 422A.151; 422A.155; 422A.156; 422A.16; 422A.17; 422A.18; 422A.19; 422A.20; and
24.24 422A.23, continue in force after the administrative consolidation under this article.

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

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

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

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

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

25.11 (e) Annually after June 30, 2012, the employer supplemental contribution to
25.12 the MERF division account by the city of Minneapolis, Special School District No. 1,
25.13 Minneapolis, a Minneapolis-owned public utility, improvement, or municipal activity,
25.14 Hennepin county, the Metropolitan Council, the Metropolitan Airports Commission,
25.15 and the Minnesota State Colleges and Universities system is the amount by which the
25.16 total actuarial required contribution determined under section 356.215 by the approved
25.17 actuary retained by the Public Employees Retirement Association in the most recent
25.18 actuarial valuation of the MERF division and based on a June 30, 2031, amortization
25.19 date, after subtracting the contributions under paragraphs (b), (c), and (d), exceeds
25.20 \$36,500,000. Unless the various employing units agree to a different allocation and file
25.21 that agreement with the executive director by August 15 for the following calendar year,
25.22 each employing unit's share of the total employer supplemental contribution amount
25.23 is equal to its percentage share of the total amount allocated under Minnesota Statutes
25.24 2008, section 422A.101, subdivision 3, payable for calendar year 2009. The initial total
25.25 actuarial required contribution after June 30, 2012, must be calculated using the mortality
25.26 assumption change recommended on September 30, 2009, for the Minneapolis Employees
25.27 Retirement Fund by the approved consulting actuary retained by the Minneapolis
25.28 Employees Retirement Fund board.

25.29 (f) Notwithstanding any provision of paragraph (c), (d), or (e) to the contrary, as of
25.30 August 1 annually, if the amount of the retirement annuities and benefits paid from the
25.31 MERF division account during the preceding fiscal year, multiplied by the factor of 1.035,
25.32 exceeds the market value of the assets of the MERF division account on the preceding June
25.33 30, plus state aid of \$9,000,000 or \$36,500,000, whichever applies, and plus the amounts
25.34 payable under paragraphs (b), (c), (d), and (e) during the preceding fiscal year, multiplied
25.35 by the factor of 1.035, the balance calculated is a special additional employer contribution.
25.36 The special additional employer contribution under this paragraph is payable in addition

26.1 to any employer contribution required under paragraphs (c), (d), and (e), and is payable on
26.2 or before the next following June 30. The special additional employer contribution under
26.3 this paragraph must be allocated between the city of Minneapolis, Special School District
26.4 No. 1, Minneapolis, any Minneapolis-owned public utility, improvement, or municipal
26.5 activity, the Minnesota State Colleges and Universities system, Hennepin County, the
26.6 Metropolitan Council, and the Metropolitan Airports Commission in proportion to their
26.7 share of the actuarial accrued liability of the former Minneapolis Employees Retirement
26.8 Fund as of July 1, 2009, as calculated by the approved actuary retained under section
26.9 356.214 as part of the actuarial valuation prepared as of July 1, 2009, under section
26.10 356.215 and the Standards for Actuarial Work adopted by the Legislative Commission on
26.11 Pensions and Retirement.

26.12 (g) The employer contributions under paragraphs (c), (d), and (e) must be paid as
26.13 provided in section 353.28.

26.14 (h) Contributions under this subdivision are subject to the provisions of section
26.15 353.27, subdivisions 4, 7, 7a, 7b, 11, 12, 12a, 12b, 13, and 14.

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

26.22 Subd. 8. **Eventual full consolidation.** (a) Once the fiscal year end market value
26.23 of assets of the MERF division account equals or exceeds 80 percent of the actuarial
26.24 accrued liability of the MERF division as calculated by the approved actuary retained by
26.25 the Public Employees Retirement Association under section 356.215 and the Standards
26.26 for Actuarial Work adopted by the Legislative Commission on Pensions and Retirement,
26.27 the MERF division must be merged with the general employees retirement plan of the
26.28 Public Employees Retirement Association and the MERF division account ceases as a
26.29 separate account within the general employees retirement fund of the Public Employees
26.30 Retirement Association.

26.31 (b) If the market value of the MERF division account is less than 100 percent of the
26.32 actuarial accrued liability of the MERF division under paragraph (a), the total employer
26.33 contribution of employing units referenced in subdivision 7, paragraph (e), for the period
26.34 after the full consolidation and June 30, 2031, to amortize on a level annual dollar payment
26.35 the remaining unfunded actuarial accrued liability of the former MERF division account
26.36 on the full consolidation date by June 30, 2031, shall be calculated by the consulting

27.1 actuary retained under section 356.214 using the applicable postretirement interest rate
 27.2 actuarial assumption for the general employees retirement plan under section 356.215.
 27.3 The actuarial accrued liability of the MERF division must be calculated using the healthy
 27.4 retired life mortality assumption applicable to the general employees retirement plan.

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

27.8 (d) The executive director of the Public Employees Retirement Association shall
 27.9 prepare proposed legislation fully implementing the merger and updating the applicable
 27.10 provisions of chapters 353 and 356 and transmit the proposed legislation to the executive
 27.11 director of the Legislative Commission on Pensions and Retirement by the following
 27.12 February 15.

27.13 Subd. 9. **Merger of former MERF membership groups into PERA-general.**

27.14 If provided for in an agreement between the board of trustees of the Public Employees
 27.15 Retirement Association and the governing board of an employing unit formerly with
 27.16 retirement coverage provided for its employees by the former Minneapolis Employees
 27.17 Retirement Fund, an employing unit may transfer sufficient assets to the general
 27.18 employees retirement fund to cover the anticipated actuarial accrued liability for its
 27.19 current or former employees that is in excess of MERF division account assets attributable
 27.20 to those employees, have those employees be considered full members of the general
 27.21 employees retirement plan, and be relieved of any further contribution obligation to the
 27.22 general employees retirement plan for those employees under this section. Any agreement
 27.23 under this subdivision and any actuarial valuation report related to a merger under this
 27.24 subdivision must be submitted to the executive director of the Legislative Commission on
 27.25 Pensions and Retirement for comment prior to the final execution.

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

27.27 Subd. 7. **Pension coverage for ~~certain~~ public safety employees of the**
 27.28 **Metropolitan Airports Commission.** Any person first employed as either a full-time
 27.29 firefighter or a full-time police officer by the Metropolitan Airports Commission ~~after June~~
 27.30 ~~30, 1978~~, who is not eligible for coverage under the agreement signed between the state
 27.31 and the secretary of the federal Department of Health and Human Services making the
 27.32 provisions of the federal Old Age, Survivors, and Disability Insurance Act applicable to
 27.33 municipal employees because that position is excluded from application ~~pursuant to~~ under
 27.34 Title 42, United States Code, Sections 418 (d) (5) (A) and 418 (d) (8) (D) and section
 27.35 355.07, ~~shall not be a member of the Minneapolis Employees Retirement Fund but shall~~

28.1 ~~he~~ is a member of the public employees police and fire fund and ~~shall be~~ is deemed to be a
 28.2 firefighter or a police officer within the meaning of this section. The Metropolitan Airports
 28.3 Commission shall make the employer contribution required ~~pursuant to~~ under section
 28.4 353.65, subdivision 3, with respect to each of its firefighters or police officers covered
 28.5 by the public employees police and fire fund and shall meet the employers recording and
 28.6 reporting requirements set forth in section 353.65, subdivision 4.

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

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

28.11		preretirement	postretirement
28.12		interest rate	interest rate
28.13	plan	assumption	assumption
28.14	general state employees retirement plan	8.5%	6.0%
28.15	correctional state employees retirement plan	8.5	6.0
28.16	State Patrol retirement plan	8.5	6.0
28.17	legislators retirement plan	8.5	6.0
28.18	elective state officers retirement plan	8.5	6.0
28.19	judges retirement plan	8.5	6.0
28.20	general public employees retirement plan	8.5	6.0
28.21	public employees police and fire retirement plan	8.5	6.0
28.22	local government correctional service retirement		
28.23	plan	8.5	6.0
28.24	teachers retirement plan	8.5	6.0
28.25	Minneapolis employees retirement plan	6.0	5.0
28.26	Duluth teachers retirement plan	8.5	8.5
28.27	St. Paul teachers retirement plan	8.5	8.5
28.28	Minneapolis Police Relief Association	6.0	6.0
28.29	Fairmont Police Relief Association	5.0	5.0
28.30	Minneapolis Fire Department Relief Association	6.0	6.0
28.31	Virginia Fire Department Relief Association	5.0	5.0
28.32	Bloomington Fire Department Relief Association	6.0	6.0
28.33	local monthly benefit volunteer firefighters relief		
28.34	associations	5.0	5.0

28.35 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
 28.36 single rate future salary increase assumption, the applicable following modified single
 28.37 rate future salary increase assumption, or the applicable following graded rate future
 28.38 salary increase assumption:

28.39 (1) single rate future salary increase assumption

29.1		future salary
29.2	plan	increase assumption
29.3	legislators retirement plan	5.0%
29.4	judges retirement plan	4.0
29.5	Minneapolis Police Relief Association	4.0
29.6	Fairmont Police Relief Association	3.5
29.7	Minneapolis Fire Department Relief	
29.8	Association	4.0
29.9	Virginia Fire Department Relief Association	3.5
29.10	Bloomington Fire Department Relief	
29.11	Association	4.0
29.12	(2) modified single rate future salary increase assumption	
29.13		future salary
29.14	plan	increase assumption
29.15	Minneapolis employees	the prior calendar year amount increased
29.16	retirement plan	first by 1.0198 percent to prior fiscal year
29.17		date and then increased by 4.0 percent
29.18		annually for each future year
29.19	(3) (2) select and ultimate future salary increase assumption or graded rate future	
29.20	salary increase assumption	
29.21		future salary
29.22	plan	increase assumption
29.23	general state employees retirement plan	select calculation and
29.24		assumption A
29.25	correctional state employees retirement plan	assumption H
29.26	State Patrol retirement plan	assumption G
29.27	general public employees retirement plan	select calculation and
29.28		assumption B
29.29	public employees police and fire fund retirement plan	assumption C
29.30	local government correctional service retirement plan	assumption G
29.31	teachers retirement plan	assumption D
29.32	Duluth teachers retirement plan	assumption E
29.33	St. Paul teachers retirement plan	assumption F
29.34	The select calculation is: during the	
29.35	designated select period, a designated	
29.36	percentage rate is multiplied by the result of	
29.37	the designated integer minus T, where T is the	
29.38	number of completed years of service, and is	
29.39	added to the applicable future salary increase	
29.40	assumption. The designated select period is	
29.41	five years and the designated integer is five	
29.42	for the general state employees retirement	

30.1 plan and the general public employees
 30.2 retirement plan. The designated select period
 30.3 is ten years and the designated integer is ten
 30.4 for all other retirement plans covered by
 30.5 this clause. The designated percentage rate
 30.6 is: (1) 0.2 percent for the correctional state
 30.7 employees retirement plan, the State Patrol
 30.8 retirement plan, the public employees police
 30.9 and fire plan, and the local government
 30.10 correctional service plan; (2) 0.6 percent
 30.11 for the general state employees retirement
 30.12 plan and the general public employees
 30.13 retirement plan; and (3) 0.3 percent for the
 30.14 teachers retirement plan, the Duluth Teachers
 30.15 Retirement Fund Association, and the St.
 30.16 Paul Teachers Retirement Fund Association.
 30.17 The select calculation for the Duluth Teachers
 30.18 Retirement Fund Association is 8.00 percent
 30.19 per year for service years one through seven,
 30.20 7.25 percent per year for service years seven
 30.21 and eight, and 6.50 percent per year for
 30.22 service years eight and nine.

30.23 The ultimate future salary increase assumption is:

30.24	age	A	B	C	D	E	F	G	H
30.25	16	5.95%	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%
30.26	17	5.90	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500
30.27	18	5.85	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500
30.28	19	5.80	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500
30.29	20	5.75	5.40	11.00	5.50	6.90	6.90	7.7500	7.2500
30.30	21	5.75	5.40	11.00	5.50	6.90	6.90	7.1454	6.6454
30.31	22	5.75	5.40	10.50	5.50	6.90	6.90	7.0725	6.5725
30.32	23	5.75	5.40	10.00	5.50	6.85	6.85	7.0544	6.5544
30.33	24	5.75	5.40	9.50	5.50	6.80	6.80	7.0363	6.5363
30.34	25	5.75	5.40	9.00	5.50	6.75	6.75	7.0000	6.5000
30.35	26	5.75	5.36	8.70	5.50	6.70	6.70	7.0000	6.5000
30.36	27	5.75	5.32	8.40	5.50	6.65	6.65	7.0000	6.5000
30.37	28	5.75	5.28	8.10	5.50	6.60	6.60	7.0000	6.5000
30.38	29	5.75	5.24	7.80	5.50	6.55	6.55	7.0000	6.5000
30.39	30	5.75	5.20	7.50	5.50	6.50	6.50	7.0000	6.5000

31.1	31	5.75	5.16	7.30	5.50	6.45	6.45	7.0000	6.5000
31.2	32	5.75	5.12	7.10	5.50	6.40	6.40	7.0000	6.5000
31.3	33	5.75	5.08	6.90	5.50	6.35	6.35	7.0000	6.5000
31.4	34	5.75	5.04	6.70	5.50	6.30	6.30	7.0000	6.5000
31.5	35	5.75	5.00	6.50	5.50	6.25	6.25	7.0000	6.5000
31.6	36	5.75	4.96	6.30	5.50	6.20	6.20	6.9019	6.4019
31.7	37	5.75	4.92	6.10	5.50	6.15	6.15	6.8074	6.3074
31.8	38	5.75	4.88	5.90	5.40	6.10	6.10	6.7125	6.2125
31.9	39	5.75	4.84	5.70	5.30	6.05	6.05	6.6054	6.1054
31.10	40	5.75	4.80	5.50	5.20	6.00	6.00	6.5000	6.0000
31.11	41	5.75	4.76	5.40	5.10	5.90	5.95	6.3540	5.8540
31.12	42	5.75	4.72	5.30	5.00	5.80	5.90	6.2087	5.7087
31.13	43	5.65	4.68	5.20	4.90	5.70	5.85	6.0622	5.5622
31.14	44	5.55	4.64	5.10	4.80	5.60	5.80	5.9048	5.4078
31.15	45	5.45	4.60	5.00	4.70	5.50	5.75	5.7500	5.2500
31.16	46	5.35	4.56	4.95	4.60	5.40	5.70	5.6940	5.1940
31.17	47	5.25	4.52	4.90	4.50	5.30	5.65	5.6375	5.1375
31.18	48	5.15	4.48	4.85	4.50	5.20	5.60	5.5822	5.0822
31.19	49	5.05	4.44	4.80	4.50	5.10	5.55	5.5404	5.0404
31.20	50	4.95	4.40	4.75	4.50	5.00	5.50	5.5000	5.0000
31.21	51	4.85	4.36	4.75	4.50	4.90	5.45	5.4384	4.9384
31.22	52	4.75	4.32	4.75	4.50	4.80	5.40	5.3776	4.8776
31.23	53	4.65	4.28	4.75	4.50	4.70	5.35	5.3167	4.8167
31.24	54	4.55	4.24	4.75	4.50	4.60	5.30	5.2826	4.7826
31.25	55	4.45	4.20	4.75	4.50	4.50	5.25	5.2500	4.7500
31.26	56	4.35	4.16	4.75	4.50	4.40	5.20	5.2500	4.7500
31.27	57	4.25	4.12	4.75	4.50	4.30	5.15	5.2500	4.7500
31.28	58	4.25	4.08	4.75	4.60	4.20	5.10	5.2500	4.7500
31.29	59	4.25	4.04	4.75	4.70	4.10	5.05	5.2500	4.7500
31.30	60	4.25	4.00	4.75	4.80	4.00	5.00	5.2500	4.7500
31.31	61	4.25	4.00	4.75	4.90	3.90	5.00	5.2500	4.7500
31.32	62	4.25	4.00	4.75	5.00	3.80	5.00	5.2500	4.7500
31.33	63	4.25	4.00	4.75	5.10	3.70	5.00	5.2500	4.7500
31.34	64	4.25	4.00	4.75	5.20	3.60	5.00	5.2500	4.7500
31.35	65	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
31.36	66	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
31.37	67	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
31.38	68	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
31.39	69	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
31.40	70	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
31.41	71	4.25	4.00		5.20				

31.42 (c) Before July 2, 2010, the actuarial valuation must use the applicable following
31.43 payroll growth assumption for calculating the amortization requirement for the unfunded

32.1 actuarial accrued liability where the amortization retirement is calculated as a level
32.2 percentage of an increasing payroll:

32.3		payroll growth
32.4	plan	assumption
32.5	general state employees retirement plan	4.50%
32.6	correctional state employees retirement plan	4.50
32.7	State Patrol retirement plan	4.50
32.8	legislators retirement plan	4.50
32.9	judges retirement plan	4.00
32.10	general public employees retirement plan	4.50
32.11	public employees police and fire retirement plan	4.50
32.12	local government correctional service retirement	
32.13	plan	4.50
32.14	teachers retirement plan	4.50
32.15	Duluth teachers retirement plan	4.50
32.16	St. Paul teachers retirement plan	5.00

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

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

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

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

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

32.26 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating
32.27 the level normal cost, the actuarial valuation of the retirement plan must contain an
32.28 exhibit for financial reporting purposes indicating the additional annual contribution
32.29 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit
32.30 for contribution determination purposes indicating the additional contribution sufficient
32.31 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in
32.32 subdivision 8, paragraph (c), but excluding the MERF division of the Public Employees
32.33 Retirement Association, the additional contribution must be calculated on a level
32.34 percentage of covered payroll basis by the established date for full funding in effect when
32.35 the valuation is prepared, assuming annual payroll growth at the applicable percentage
32.36 rate set forth in subdivision 8, paragraph (c). For all other retirement plans and for the
32.37 MERF division of the Public Employees Retirement Association, the additional annual
32.38 contribution must be calculated on a level annual dollar amount basis.

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

33.12 (c) For any retirement plan other than the ~~Minneapolis Employees Retirement~~
33.13 ~~Fund and the~~ general employees retirement plan of the Public Employees Retirement
33.14 Association, if there has been a change in any or all of the actuarial assumptions used
33.15 for calculating the actuarial accrued liability of the fund, a change in the benefit plan
33.16 governing annuities and benefits payable from the fund, a change in the actuarial cost
33.17 method used in calculating the actuarial accrued liability of all or a portion of the fund,
33.18 or a combination of the three, and the change or changes, by itself or by themselves and
33.19 without inclusion of any other items of increase or decrease, produce a net increase in the
33.20 unfunded actuarial accrued liability in the fund, the established date for full funding must
33.21 be determined using the following procedure:

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

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

33.29 (iii) the unfunded actuarial accrued liability of the fund must be determined in
33.30 accordance with any new plan provisions governing annuities and benefits payable from
33.31 the fund and any new actuarial assumptions and the remaining plan provisions governing
33.32 annuities and benefits payable from the fund and actuarial assumptions in effect before
33.33 the change;

33.34 (iv) the level annual dollar contribution or level percentage, whichever is applicable,
33.35 needed to amortize the difference between the unfunded actuarial accrued liability amount
33.36 calculated under item (i) and the unfunded actuarial accrued liability amount calculated

34.1 under item (iii) over a period of 30 years from the end of the plan year in which the
34.2 applicable change is effective must be calculated using the applicable interest assumption
34.3 specified in subdivision 8 in effect after any applicable change;

34.4 (v) the level annual dollar or level percentage amortization contribution under item
34.5 (iv) must be added to the level annual dollar amortization contribution or level percentage
34.6 calculated under item (ii);

34.7 (vi) the period in which the unfunded actuarial accrued liability amount determined
34.8 in item (iii) is amortized by the total level annual dollar or level percentage amortization
34.9 contribution computed under item (v) must be calculated using the interest assumption
34.10 specified in subdivision 8 in effect after any applicable change, rounded to the nearest
34.11 integral number of years, but not to exceed 30 years from the end of the plan year in
34.12 which the determination of the established date for full funding using the procedure set
34.13 forth in this clause is made and not to be less than the period of years beginning in the
34.14 plan year in which the determination of the established date for full funding using the
34.15 procedure set forth in this clause is made and ending by the date for full funding in effect
34.16 before the change; and

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

34.20 (d) For the ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public
34.21 Employees Retirement Association, the established date for full funding is June 30, ~~2020~~
34.22 2031.

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

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

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

34.29 (h) For the judges retirement plan, the established date for full funding is June
34.30 30, 2038.

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

34.33 (j) For the St. Paul Teachers Retirement Fund Association, the established date for
34.34 full funding is June 30 of the 25th year from the valuation date. In addition to other
34.35 requirements of this chapter, the annual actuarial valuation shall contain an exhibit
34.36 indicating the funded ratio and the deficiency or sufficiency in annual contributions when

35.1 comparing liabilities to the market value of the assets of the fund as of the close of the
35.2 most recent fiscal year.

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

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

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

35.14 (b) The payment amount is an amount equal to the financial requirements of the
35.15 ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public Employees
35.16 Retirement Association reported in the actuarial valuation of the ~~fund~~ general employees
35.17 retirement plan of the Public Employees Retirement Association prepared by the actuary
35.18 retained under section 356.214 consistent with section 356.215 for the most recent year
35.19 but based on a target date for full amortization of the unfunded actuarial accrued liabilities
35.20 by June 30, ~~2020~~ 2031, less the amount of employee contributions required under section
35.21 ~~422A.10~~ 353.50, subdivision 7, paragraph (b), and the amount of employer contributions
35.22 required under ~~subdivisions 1a, 2, and 2a~~ section 353.50, subdivision 7, paragraphs (c)
35.23 and (d). Payments ~~shall~~ must be made September 15 annually.

35.24 (c) The annual state contribution under this subdivision may not exceed \$9,000,000,
35.25 plus the cost of the annual supplemental benefit determined under Minnesota Statutes
35.26 2008, section 356.43, through June 30, 2012, and may not exceed \$9,000,000, plus the
35.27 cost of the annual supplemental benefit determined under Minnesota Statutes 2008, section
35.28 356.43, plus \$27,500,000 annually after June 30, 2012, and until June 30, 2031.

35.29 (d) Annually and after June 30, 2012, if the amount determined under paragraph
35.30 (b) exceeds ~~\$9,000,000~~ the applicable maximum amount specified in paragraph (c),
35.31 the excess must be allocated to and paid to the fund by the employers identified in
35.32 Minnesota Statutes 2008, section 422A.101, subdivisions 1a and 2, and 2a ~~other than~~
35.33 ~~units of metropolitan government~~. Each employer's share of the excess is proportionate
35.34 to the employer's share of the fund's unfunded actuarial accrued liability as disclosed in
35.35 the annual actuarial valuation prepared by the actuary retained under section 356.214

36.1 compared to the total unfunded actuarial accrued liability as of July 1, 2009, attributed
 36.2 to all employers identified in Minnesota Statutes 2008, section 422A.101, subdivisions
 36.3 1a and 2, other than units of metropolitan government. Payments must be made ~~in equal~~
 36.4 ~~installments~~ as set forth in paragraph (b).

36.5 (e) State contributions under this section end on September 15, 2031, or on
 36.6 September 1 following the first date on which the current assets of the MERF division
 36.7 of the Public Employees Retirement Association equal or exceed the actuarial accrued
 36.8 liability of the MERF division of the Public Employees Retirement Association,
 36.9 whichever occurs earlier.

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

36.11 **422A.26 COVERAGE BY THE PUBLIC EMPLOYEES RETIREMENT**
 36.12 **ASSOCIATION.**

36.13 Notwithstanding ~~section 422A.09, or any other~~ law to the contrary, any person
 36.14 whose employment by, or assumption of a position as an appointed or elected officer
 36.15 of, the city of Minneapolis, any of the boards, departments, or commissions operated
 36.16 as a department of the city of Minneapolis or independently if financed in whole or in
 36.17 part by funds of the city of Minneapolis, the Metropolitan Airports Commission, the
 36.18 former Minneapolis Employees Retirement Fund, or Special School District Number 1 if
 36.19 the person is not a member of the ~~Minneapolis Teachers Retirement Fund~~ Association
 36.20 by virtue of that employment or position, initially commences on or after July 1, 1979
 36.21 ~~shall be~~ is a member of the general employees retirement plan of the Public Employees
 36.22 Retirement Association unless excluded from membership pursuant to under section
 36.23 353.01, subdivision 2b. In no event shall there be any new members of the contributing
 36.24 class of the Minneapolis employees fund on or after July 1, 1979.

36.25 Sec. 23. **JULY 1, 2010, MERF DIVISION ACTUARIAL VALUATION**
 36.26 **ASSUMPTIONS.**

36.27 The approved actuary retained by the Minneapolis Employees Retirement Fund shall
 36.28 compare the actuarial assumptions to be used for the July 1, 2010, actuarial valuation of
 36.29 the general employees retirement plan of the Public Employees Retirement Association
 36.30 with the actuarial assumptions used to prepare the July 1, 2009, actuarial valuation of the
 36.31 Minneapolis Employees Retirement Fund and, on or before July 1, 2010, shall recommend
 36.32 to the approved actuary retained by the Public Employees Retirement Association and to
 36.33 the Legislative Commission on Pensions and Retirement the actuarial assumptions that
 36.34 the actuary believes would be appropriate for the MERF division portion of the actuarial

37.1 valuation of the general employees retirement plan of the Public Employees Retirement
37.2 Association. Any actuarial assumption changes related to the MERF division must be
37.3 approved under Minnesota Statutes, section 356.215, subdivision 18.

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

37.5 (a) The administrative consolidation of the former Minneapolis Employees
37.6 Retirement Fund into the general employees retirement plan of the Public Employees
37.7 Retirement Association and the merger of the MERF division of the Public Employees
37.8 Retirement Association into the general employees retirement plan of the Public
37.9 Employees Retirement Association does not affect the function of the Minneapolis
37.10 Municipal Retirement Association, a nonprofit corporation, to monitor the administration
37.11 of the retirement coverage for former members of the former Minneapolis Employees
37.12 Retirement Fund.

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

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

37.17 (a) Unless the employee elects the severance pay option under paragraph (c),
37.18 full-time employees of the Minneapolis Employees Retirement Fund first employed
37.19 before June 30, 2008, and employed full time by the Minneapolis Employees Retirement
37.20 Fund on June 29, 2010, with the employment title of benefits coordinator, are transferred
37.21 to employment by the city of Minneapolis on July 1, 2010. The chief human relations
37.22 official of the city of Minneapolis shall place the transferred employee in an appropriate
37.23 employment position based on the employee's education and employment experience. The
37.24 transferred employee must have their accumulated, but unused, vacation and sick leave
37.25 balances as of June 30, 2010, posted to the individual accounts with the new employer.
37.26 The transferred employees must receive length of service credit for time served with the
37.27 Minneapolis Employees Retirement Fund. The transferred employee must be given the
37.28 opportunity as of the date of transfer to be covered for all health and other insurance
37.29 benefits offered by the new employer. Upon the transfer of the employee, the Minneapolis
37.30 Employees Retirement Fund shall transfer assets to the city of Minneapolis equal to the
37.31 present value of any accumulated unused vacation or sick leave balances as of the date
37.32 of transfer.

37.33 (b) Unless the employee elects the severance pay option under paragraph (c),
37.34 full-time employees of the Minneapolis Employees Retirement Fund first employed before

38.1 June 30, 2008, and employed full time by the Minneapolis Employees Retirement Fund
 38.2 on June 29, 2010, with the employment title of accounting manager or accountant II are
 38.3 transferred to employment by the Public Employees Retirement Association on July 1,
 38.4 2010. The chief human relations official of the Public Employees Retirement Association
 38.5 shall place the transferred employee in an appropriate employment position based on the
 38.6 employee's education and employment experience. The transferred employee must have
 38.7 their accumulated, but unused, vacation and sick leave balances as of June 30, 2010,
 38.8 posted to the individual accounts with the new employer. The transferred employees
 38.9 must receive length of service credit for time served with the Minneapolis Employees
 38.10 Retirement Fund. The transferred employee must be given the opportunity as of the
 38.11 date of transfer to be covered for all health and other insurance benefits offered by the
 38.12 new employer. Upon the transfer of the employee, the executive director of the Public
 38.13 Employees Retirement Association shall deduct from any assets transferred under section
 38.14 353.50 an amount equal to the present value of any accumulated unused vacation or sick
 38.15 leave balances as of the date of transfer.

38.16 (c) An employee covered by paragraph (a) or (b) who elects not to transfer to the
 38.17 new employer unit is granted severance pay in an amount equivalent to one year of salary
 38.18 based on the last annual salary rate received by the employee. The election must be
 38.19 made prior to June 30, 2010, and is irrevocable. The severance pay is payable from the
 38.20 Minneapolis Employees Retirement Fund on June 30, 2010.

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

38.22 In the next and future editions of Minnesota Statutes, the revisor of statutes shall
 38.23 renumber Minnesota Statutes, section 422A.101, subdivision 3, as Minnesota Statutes,
 38.24 section 353.505, and shall renumber Minnesota Statutes, section 422A.26, as Minnesota
 38.25 Statutes, section 353.855. The revisor of statutes shall make conforming changes in
 38.26 Minnesota Statutes and Minnesota Rules consistent with the renumbering.

38.27 **Sec. 27. REPEALER.**

38.28 Minnesota Statutes 2008, sections 13.63, subdivision 1; 69.011, subdivision 2a;
 38.29 356.43; 422A.01, subdivisions 1, 2, 3, 4, 4a, 5, 6, 7, 8, 9, 10, 11, 12, 13a, 17, and 18;
 38.30 422A.02; 422A.03; 422A.04; 422A.05, subdivisions 1, 2a, 2b, 2c, 2d, 2e, 2f, 5, 6,
 38.31 and 8; 422A.06, subdivisions 1, 2, 3, 5, 6, and 7; 422A.08, subdivision 1; 422A.09;
 38.32 422A.10; 422A.101, subdivisions 1, 1a, 2, and 2a; 422A.11; 422A.12; 422A.13; 422A.14,
 38.33 subdivision 1; 422A.15; 422A.151; 422A.155; 422A.156; 422A.16, subdivisions 1, 2, 3,
 38.34 4, 5, 6, 7, 8, 9, and 10; 422A.17; 422A.18, subdivisions 1, 2, 3, 4, 5, and 7; 422A.19;

39.1 422A.20; 422A.21; 422A.22, subdivisions 1, 3, 4, and 6; 422A.23, subdivisions 1, 2, 5, 6,
 39.2 7, 8, 9, 10, 11, and 12; 422A.231; 422A.24; and 422A.25, are repealed.

39.3 Minnesota Statutes 2009 Supplement, sections 422A.06, subdivision 8; and
 39.4 422A.08, subdivision 5, are repealed.

39.5 Sec. 28. **EFFECTIVE DATE.**

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

39.7 ARTICLE 2

39.8 CONFORMING CHANGES

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

39.10 **6.67 PUBLIC ACCOUNTANTS; REPORT OF POSSIBLE MISCONDUCT.**

39.11 Whenever a public accountant in the course of auditing the books and affairs of a
 39.12 political subdivision or a local public pension plan governed by section 69.77, sections
 39.13 69.771 to 69.775, or chapter 354A, ~~422A~~, 423B, 423C, or 424A, discovers evidence
 39.14 pointing to nonfeasance, misfeasance, or malfeasance, on the part of an officer or
 39.15 employee in the conduct of duties and affairs, the public accountant shall promptly make
 39.16 a report of such discovery to the state auditor and the county attorney of the county in
 39.17 which the governmental unit is situated and the public accountant shall also furnish a
 39.18 copy of the report of audit upon completion to said officers. The county attorney shall
 39.19 act on such report in the same manner as required by law for reports made to the county
 39.20 attorney by the state auditor.

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

39.22 Subd. 4. **Covered retirement funds and plans.** The provisions of this section shall
 39.23 apply to the following retirement funds and plans:

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

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

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

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

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

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

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

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

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

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

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

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

40.6 (a) of a state

40.7 (1) agency,

40.8 (2) board,

40.9 (3) commission, or

40.10 (4) department,

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

40.12 (b) of the governing body of a

40.13 (1) school district however organized,

40.14 (2) unorganized territory,

40.15 (3) county,

40.16 (4) statutory or home rule charter city,

40.17 (5) town, or

40.18 (6) other public body;

40.19 (c) of any

40.20 (1) committee,

40.21 (2) subcommittee,

40.22 (3) board,

40.23 (4) department, or

40.24 (5) commission,

40.25 of a public body; and

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

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

40.28 (2) a local public pension plan governed by section 69.77, sections 69.771 to 69.775,

40.29 or chapter 354A, ~~422A~~, or 423B.

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

40.31 Subd. 9. **Political subdivision compensation limit.** (a) The salary and the value of
40.32 all other forms of compensation of a person employed by a political subdivision of this
40.33 state, excluding a school district, ~~or employed under section 422A.03~~ may not exceed 110
40.34 percent of the salary of the governor as set under section 15A.082, except as provided

41.1 in this subdivision. For purposes of this subdivision, "political subdivision of this state"
41.2 includes a statutory or home rule charter city, county, town, metropolitan or regional
41.3 agency, or other political subdivision, but does not include a hospital, clinic, or health
41.4 maintenance organization owned by such a governmental unit.

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

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

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

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

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

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

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

41.30 (e) The commissioner may increase the limitation in this subdivision for a position
41.31 that the commissioner has determined requires special expertise necessitating a higher
41.32 salary to attract or retain a qualified person. The commissioner shall review each
41.33 proposed increase giving due consideration to salary rates paid to other persons with
41.34 similar responsibilities in the state and nation. The commissioner may not increase the
41.35 limitation until the commissioner has presented the proposed increase to the Legislative
41.36 Coordinating Commission and received the commission's recommendation on it. The

42.1 recommendation is advisory only. If the commission does not give its recommendation
42.2 on a proposed increase within 30 days from its receipt of the proposal, the commission
42.3 is deemed to have made no recommendation. If the commissioner grants or granted an
42.4 increase under this paragraph, the new limitation shall be adjusted beginning in August
42.5 2005 and in each subsequent calendar year in January by the percentage increase equal to
42.6 the percentage increase, if any, in the Consumer Price Index for all-urban consumers from
42.7 October of the second prior year to October of the immediately prior year.

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

42.9 Subd. 8. **Continuation of coverage.** (a) A former employee of an employer
42.10 participating in the program who is receiving a public pension disability benefit or an
42.11 annuity or has met the age and service requirements necessary to receive an annuity under
42.12 chapter 353, 353C, 354, 354A, 356, ~~422A~~, 423, 423A, ~~or~~ 424, or Minnesota Statutes
42.13 2008, chapter 422A, and the former employee's dependents, are eligible to participate in
42.14 the program. This participation is at the person's expense unless a collective bargaining
42.15 agreement or personnel policy provides otherwise. Premiums for these participants must
42.16 be established by the commissioner.

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

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

42.32 (c) The program benefits must continue in the event of strike permitted by section
42.33 179A.18, if the exclusive representative chooses to have coverage continue and the
42.34 employee pays the total monthly premiums when due.

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

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

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

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

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

43.9 (b) "Municipality" means:

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

43.11 (2) an organized town;

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

43.13 (4) the University of Minnesota;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

44.28 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means the person
44.29 who was elected or appointed to the specified position or, in the absence of the person,
44.30 another person who is designated by the applicable governing body. In a park district,
44.31 the clerk is the secretary of the board of park district commissioners. In the case of the
44.32 University of Minnesota, the clerk is that official designated by the Board of Regents.
44.33 For the Metropolitan Airports Commission, the clerk is the person designated by the
44.34 commission. For the Department of Natural Resources or the Department of Public Safety,
44.35 the clerk is the respective commissioner. For a tribal police department which exercises

45.1 state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the clerk is the person
45.2 designated by the applicable American Indian tribal government.

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

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

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

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

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

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

45.24 (3) for municipalities in which police retirement coverage is provided by the public
45.25 employees police and fire plan governed by sections 353.63 to 353.657, in which police
45.26 retirement coverage was provided by a police consolidation account under chapter
45.27 353A before July 1, 1999, and for which the municipality has an additional municipal
45.28 contribution under section 353.665, subdivision 8, paragraph (b), the amount in excess of
45.29 the employer's total prior calendar year obligation as defined in paragraph (c), plus the
45.30 amount of any additional municipal contribution under section 353.665, subdivision 8,
45.31 paragraph (b), until the year 2010, as certified by the executive director of the Public
45.32 Employees Retirement Association;

45.33 (4) for municipalities in which police retirement coverage is provided in part by the
45.34 public employees police and fire fund governed by sections 353.63 to 353.657 and in part
45.35 by a local police relief association governed by sections 69.77 and 423A.01, the amount

46.1 in excess of the employer's total prior calendar year obligation as defined in paragraph
 46.2 (c), as certified by the executive director of the public employees retirement association,
 46.3 plus the amount of the financial requirements of the relief association certified to the
 46.4 applicable municipality during the prior calendar year under section 69.77, subdivisions 4
 46.5 and 5, reduced by the amount of member contributions deducted from the covered salary
 46.6 of the relief association during the prior calendar year under section 69.77, subdivision 3,
 46.7 as certified by the chief administrative officer of the applicable municipality;

46.8 (5) for the Metropolitan Airports Commission, ~~if there are police officers hired~~
 46.9 ~~before July 1, 1978, with retirement coverage by the Minneapolis Employees Retirement~~
 46.10 ~~Fund remaining~~, the amount in excess of the commission's total prior calendar year
 46.11 obligation as defined in paragraph (c), as certified by the executive director of the Public
 46.12 Employees Retirement Association, ~~plus the amount determined by expressing the~~
 46.13 ~~commission's total prior calendar year contribution to the Minneapolis Employees~~
 46.14 ~~Retirement Fund under section 422A.101, subdivisions 2 and 2a, as a percentage of~~
 46.15 ~~the commission's total prior calendar year covered payroll for commission employees~~
 46.16 ~~covered by the Minneapolis Employees Retirement Fund and applying that percentage~~
 46.17 ~~to the commission's total prior calendar year covered payroll for commission police~~
 46.18 ~~officers covered by the Minneapolis Employees Retirement Fund, as certified by the chief~~
 46.19 ~~administrative officer of the Metropolitan Airports Commission; and~~

46.20 (6) for the Department of Natural Resources and for the Department of Public
 46.21 Safety, the amount in excess of the employer's total prior calendar year obligation under
 46.22 section 352B.02, subdivision 1c, for plan members who are peace officers under section
 46.23 69.011, subdivision 1, clause (g), as certified by the executive director of the Minnesota
 46.24 State Retirement System.

46.25 (c) The employer's total prior calendar year obligation with respect to the public
 46.26 employees police and fire plan is the total prior calendar year obligation under section
 46.27 353.65, subdivision 3, for police officers as defined in section 353.64, subdivision 2,
 46.28 and the actual total prior calendar year obligation under section 353.65, subdivision 3,
 46.29 for firefighters, as defined in section 353.64, subdivision 3, but not to exceed for those
 46.30 firefighters the applicable following amounts:

46.31	Municipality	Maximum Amount
46.32	Albert Lea	\$54,157.01
46.33	Anoka	10,399.31
46.34	Apple Valley	5,442.44
46.35	Austin	49,864.73
46.36	Bemidji	27,671.38
46.37	Brooklyn Center	6,605.92

47.1	Brooklyn Park	24,002.26
47.2	Burnsville	15,956.00
47.3	Cloquet	4,260.49
47.4	Coon Rapids	39,920.00
47.5	Cottage Grove	8,588.48
47.6	Crystal	5,855.00
47.7	East Grand Forks	51,009.88
47.8	Edina	32,251.00
47.9	Elk River	5,216.55
47.10	Ely	13,584.16
47.11	Eveleth	16,288.27
47.12	Fergus Falls	6,742.00
47.13	Fridley	33,420.64
47.14	Golden Valley	11,744.61
47.15	Hastings	16,561.00
47.16	Hopkins	4,324.23
47.17	International Falls	14,400.69
47.18	Lakeville	782.35
47.19	Lino Lakes	5,324.00
47.20	Little Falls	7,889.41
47.21	Maple Grove	6,707.54
47.22	Maplewood	8,476.69
47.23	Minnnetonka	10,403.00
47.24	Montevideo	1,307.66
47.25	Moorhead	68,069.26
47.26	New Hope	6,739.72
47.27	North St. Paul	4,241.14
47.28	Northfield	770.63
47.29	Owatonna	37,292.67
47.30	Plymouth	6,754.71
47.31	Red Wing	3,504.01
47.32	Richfield	53,757.96
47.33	Rosemont <u>Rosemount</u>	1,712.55
47.34	Roseville	9,854.51
47.35	St. Anthony	33,055.00
47.36	St. Louis Park	53,643.11
47.37	Thief River Falls	28,365.04
47.38	Virginia	31,164.46
47.39	Waseca	11,135.17
47.40	West St. Paul	15,707.20
47.41	White Bear Lake	6,521.04
47.42	Woodbury	3,613.00
47.43	any other municipality	0.00

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

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

48.6 Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit
48.7 firefighting corporation is covered by the voluntary statewide lump-sum volunteer
48.8 firefighter retirement plan under chapter 353G, the executive director shall credit the fire
48.9 state aid against future municipal contribution requirements under section 353G.08 and
48.10 shall notify the municipality or independent nonprofit firefighting corporation of the fire
48.11 state aid so credited at least annually. If the municipality or the independent nonprofit
48.12 firefighting corporation is not covered by the voluntary statewide lump-sum volunteer
48.13 firefighter retirement plan, the municipal treasurer shall, within 30 days after receipt,
48.14 transmit the fire state aid to the treasurer of the duly incorporated firefighters' relief
48.15 association if there is one organized and the association has filed a financial report with the
48.16 municipality. If the relief association has not filed a financial report with the municipality,
48.17 the municipal treasurer shall delay transmission of the fire state aid to the relief association
48.18 until the complete financial report is filed. If the municipality or independent nonprofit
48.19 firefighting corporation is not covered by the voluntary statewide lump-sum volunteer
48.20 firefighter retirement plan, if there is no relief association organized, or if the association
48.21 has dissolved or has been removed as trustees of state aid, then the treasurer of the
48.22 municipality shall deposit the money in the municipal treasury and the money may be
48.23 disbursed only for the purposes and in the manner set forth in section 424A.08 or for the
48.24 payment of the employer contribution requirement with respect to firefighters covered by
48.25 the public employees police and fire retirement plan under section 353.65, subdivision 3.

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

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

48.33 (2) For a municipality in which police retirement coverage is provided by the public
48.34 employees police and fire fund and all peace officers are members of the fund, including
48.35 municipalities covered by section 353.665, the total state aid must be applied toward the

49.1 municipality's employer contribution to the public employees police and fire fund under
49.2 sections 353.65, subdivision 3, and 353.665, subdivision 8, paragraph (b), if applicable; or

49.3 (3) For a municipality other than a city of the first class with a population of more
49.4 than 300,000 in which both a police relief association exists and police retirement
49.5 coverage is provided in part by the public employees police and fire fund, the municipality
49.6 may elect at its option to transmit the total state aid to the treasurer of the relief association
49.7 as provided in clause (1), to use the total state aid to apply toward the municipality's
49.8 employer contribution to the public employees police and fire fund subject to all the
49.9 provisions set forth in clause (2), or to allot the total state aid proportionately to be
49.10 transmitted to the police relief association as provided in this subdivision and to apply
49.11 toward the municipality's employer contribution to the public employees police and fire
49.12 fund subject to the provisions of clause (2) on the basis of the respective number of active
49.13 full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).

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

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

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

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

50.1 (e) The police state aid apportioned to the Departments of Public Safety and Natural
50.2 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner
50.3 of management and budget for transfer to the funds and accounts from which the
50.4 salaries of peace officers certified under section 69.011, subdivision ~~2a~~ 2b, are paid.
50.5 The commissioner of revenue shall certify to the commissioners of public safety,
50.6 natural resources, and management and budget the amounts to be transferred from the
50.7 appropriation for police state aid. The commissioners of public safety and natural
50.8 resources shall certify to the commissioner of management and budget the amounts to be
50.9 credited to each of the funds and accounts from which the peace officers employed by their
50.10 respective departments are paid. Each commissioner shall allocate the police state aid first
50.11 for employer contributions for employees funded from the general fund and then for
50.12 employer contributions for employees funded from other funds. For peace officers whose
50.13 salaries are paid from the general fund, the amounts transferred from the appropriation
50.14 for police state aid must be canceled to the general fund.

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

50.16 Subd. 3. **Retirement levies.** (a) In 1991 and each year thereafter, a district to which
50.17 this subdivision applies may levy an additional amount required for contributions to the
50.18 general employees retirement plan of the Public Employees Retirement Association as the
50.19 successor of the Minneapolis Employees Retirement Fund as a result of the maximum
50.20 dollar amount limitation on state contributions to ~~the fund that plan~~ imposed under
50.21 section 422A.101, subdivision 3. The additional levy must not exceed the most recent
50.22 amount certified by the ~~board of the Minneapolis Employees Retirement Fund~~ executive
50.23 director of the Public Employees Retirement Association as the district's share of the
50.24 contribution requirement in excess of the maximum state contribution under section
50.25 422A.101, subdivision 3.

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

50.30 (c) If the employer retirement fund contributions under section 354A.12, subdivision
50.31 2a, are increased for fiscal year 1994 or later fiscal years, Special School District No. 1,
50.32 Minneapolis, and Independent School District No. 625, St. Paul, may levy in payable
50.33 1994 or later an amount equal to the amount derived by applying the net increase in
50.34 the employer retirement fund contribution rate of the respective teacher retirement fund
50.35 association between fiscal year 1993 and the fiscal year beginning in the year after the

51.1 levy is certified to the total covered payroll of the applicable teacher retirement fund
 51.2 association. If an applicable school district levies under this paragraph, they may not
 51.3 levy under paragraph (b).

51.4 (d) In addition to the levy authorized under paragraph (c), Special School District
 51.5 No. 1, Minneapolis, may also levy payable in 1997 or later an amount equal to the
 51.6 contributions under section 423A.02, subdivision 3, and may also levy in payable 1994
 51.7 or later an amount equal to the state aid contribution under section 354A.12, subdivision
 51.8 3b. Independent School District No. 625, St. Paul, may levy payable in 1997 or later an
 51.9 amount equal to the supplemental contributions under section 423A.02, subdivision 3.

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

51.11 **256D.21 CONTINUATION OF BENEFITS; FORMER MINNEAPOLIS**
 51.12 **EMPLOYEES.**

51.13 Subdivision 1. **Continuation of benefits.** Each employee of the city of Minneapolis
 51.14 who is transferred to and employed by the county under the provisions of section 256D.20
 51.15 and who is a contributing member of a retirement system organized under the provisions
 51.16 of Minnesota Statutes 2008, chapter 422A, ~~shall continue to be~~ is a member of ~~that system~~
 51.17 the MERF division of the Public Employees Retirement Association and is entitled to all
 51.18 of the applicable benefits conferred ~~thereby~~ by and subject to all the restrictions of ~~chapter~~
 51.19 ~~422A, unless the member applies to cancel membership within six months after January~~
 51.20 ~~1, 1974~~ section 353.50.

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

51.26 Subd. 3. **County obligation.** The cost to the public of the retirement allowances
 51.27 or other benefits accruing to employees so transferred to and employed by the county
 51.28 shall be the obligation of and paid by the county ~~at such time as the retirement board~~
 51.29 ~~shall fix and determine in accordance with chapter 422A~~ in section 353.50, subdivision
 51.30 7. The county shall pay to the ~~municipal~~ general employees retirement fund ~~an amount~~
 51.31 ~~certified to the county auditor of the county by the retirement board as the cost of the~~
 51.32 ~~retirement allowances and other benefits accruing and owing to such county employees of~~
 51.33 the Public Employees Retirement Association those amounts. The cost to the public of
 51.34 the retirement allowances ~~as herein provided shall~~ coverage under this section must be
 51.35 paid from the county revenue fund by the county auditor ~~upon receipt of certification from~~

52.1 ~~the retirement board as herein provided~~, and the county board is authorized to levy and
52.2 collect such taxes as may be necessary to pay such costs.

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

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

52.6 (1) students employed by the University of Minnesota, or the state colleges and
52.7 universities, unless approved for coverage by the Board of Regents of the University of
52.8 Minnesota or the Board of Trustees of the Minnesota State Colleges and Universities,
52.9 whichever is applicable;

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

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

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

52.19 (5) election officers;

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

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

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

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

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

52.33 (11) employees of the Sibley House Association;

52.34 (12) the members of any state board or commission who serve the state intermittently
52.35 and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of those

53.1 boards if their compensation is \$5,000 or less per year, or, if they are legally prohibited
53.2 from serving more than three years; and the board of managers of the State Agricultural
53.3 Society and its treasurer unless the treasurer is also its full-time secretary;

53.4 (13) state troopers and persons who are described in section 352B.011, subdivision
53.5 10, clauses (2) to (8);

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

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

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

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

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

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

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

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

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

- 54.1 (23) examination monitors who are employed by departments, agencies,
54.2 commissions, and boards to conduct examinations required by law;
- 54.3 (24) persons who are appointed to serve as members of fact-finding commissions or
54.4 adjustment panels, arbitrators, or labor referees under chapter 179;
- 54.5 (25) temporary employees who are employed for limited periods under any state or
54.6 federal program for training or rehabilitation, including persons who are employed for
54.7 limited periods from areas of economic distress, but not including skilled and supervisory
54.8 personnel and persons having civil service status covered by the system;
- 54.9 (26) full-time students who are employed by the Minnesota Historical Society
54.10 intermittently during part of the year and full-time during the summer months;
- 54.11 (27) temporary employees who are appointed for not more than six months, of
54.12 the Metropolitan Council and of any of its statutory boards, if the board members are
54.13 appointed by the Metropolitan Council;
- 54.14 (28) persons who are employed in positions designated by the Department of
54.15 Management and Budget as student workers;
- 54.16 (29) members of trades who are employed by the successor to the Metropolitan
54.17 Waste Control Commission, who have trade union pension plan coverage under a
54.18 collective bargaining agreement, and who are first employed after June 1, 1977;
- 54.19 (30) off-duty peace officers while employed by the Metropolitan Council;
- 54.20 (31) persons who are employed as full-time police officers by the Metropolitan
54.21 Council and as police officers are members of the public employees police and fire fund;
- 54.22 (32) persons who are employed as full-time firefighters by the Department of Military
54.23 Affairs and as firefighters are members of the public employees police and fire fund;
- 54.24 (33) foreign citizens with a work permit of less than three years, or an H-1b/JV visa
54.25 valid for less than three years of employment, unless notice of extension is supplied which
54.26 allows them to work for three or more years as of the date the extension is granted, in
54.27 which case they are eligible for coverage from the date extended; and
- 54.28 (34) persons who are employed by the Board of Trustees of the Minnesota State
54.29 Colleges and Universities and who elected to remain members of the Public Employees
54.30 Retirement Association or of the MERF division of the Public Employees Retirement
54.31 Association as the successor of the Minneapolis Employees Retirement Fund, whichever
54.32 applies, under Minnesota Statutes 1994, section 136C.75.

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

54.34 Subdivision 1. **Management; composition; election.** (a) The management of the
54.35 public general employees retirement fund is vested in an 11-member board of trustees

55.1 consisting of ten members and the state auditor. The state auditor may designate a deputy
55.2 auditor with expertise in pension matters as the auditor's representative on the board. The
55.3 governor shall appoint five trustees to four-year terms, one of whom shall be designated to
55.4 represent school boards, one to represent cities, one to represent counties, one who is a
55.5 retired annuitant, and one who is a public member knowledgeable in pension matters. The
55.6 membership of the association, including recipients of retirement annuities and disability
55.7 and survivor benefits, shall elect five trustees for terms of four years, one of whom must be
55.8 a member of the police and fire fund and one of whom must be a former member who met
55.9 the definition of public employee under section 353.01, subdivisions 2 and 2a, for at least
55.10 five years prior to terminating membership or a member who receives a disability benefit.
55.11 Terms expire on January 31 of the fourth year, and positions are vacant until newly elected
55.12 members are seated. Except as provided in this subdivision, trustees elected by the
55.13 membership of the association must be public employees and members of the association.

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

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

55.33 (d) A candidate who receives contributions or makes expenditures in excess of \$100,
55.34 or has given implicit or explicit consent for any other person to receive contributions or
55.35 make expenditures in excess of \$100 for the purpose of bringing about the candidate's
55.36 election, shall file a report with the campaign finance and public disclosure board

56.1 disclosing the source and amount of all contributions to the candidate's campaign. The
56.2 campaign finance and public disclosure board shall prescribe forms governing these
56.3 disclosures. Expenditures and contributions have the meaning defined in section 10A.01.
56.4 These terms do not include the mailing made by the association board on behalf of the
56.5 candidate. A candidate shall file a report within 30 days from the day that the results of
56.6 the election are announced. The Campaign Finance and Public Disclosure Board shall
56.7 maintain these reports and make them available for public inspection in the same manner
56.8 as the board maintains and makes available other reports filed with it.

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

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

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

56.15 Subd. 4. **Repayment of refund.** Any person who has received a refund from the
56.16 ~~public general~~ employees retirement fund and who is a member of any public retirement
56.17 system referred to in subdivision 1, may repay such refund to the ~~public general~~ employees
56.18 retirement fund as provided in section 353.35.

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

56.20 Subdivision 1. **Participation.** Volunteer ambulance service personnel, as defined
56.21 in section 353.01, subdivision 35, who are or become members of and participants in
56.22 the ~~public general~~ employees retirement fund or the public employees police and fire
56.23 fund before July 1, 2002, and make contributions to either of those funds based on
56.24 compensation for service other than volunteer ambulance service may elect to participate
56.25 in that same fund with respect to compensation received for volunteer ambulance service,
56.26 provided that the volunteer ambulance service is not credited to another public or private
56.27 pension plan including the public employees retirement plan established by chapter
56.28 353D and provided further that the volunteer ambulance service is rendered for the same
56.29 governmental unit for which the nonvolunteer ambulance service is rendered.

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

56.31 Subd. 2. **Election.** Volunteer ambulance service personnel to whom subdivision
56.32 1 applies may exercise the election authorized under subdivision 1 within the earlier of
56.33 the one-year period beginning on July 1, 1989, and extending through June 30, 1990, or

57.1 the one-year period commencing on the first day of the first month following the start of
57.2 employment in a position covered by the public general employees retirement fund or the
57.3 public employees police and fire fund. The election must be exercised by filing a written
57.4 notice on a form prescribed by the executive director of the association.

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

57.6 Subdivision 1. **Participation.** Except as provided in subdivision 2, a volunteer
57.7 firefighter, as defined in section 353.01, subdivision 36, who, on June 30, 1989, was
57.8 a member of, and a participant in, the public general employees retirement fund or the
57.9 public employees police and fire fund and was making contributions to either of those
57.10 funds based, at least in part, on compensation for services performed as a volunteer
57.11 firefighter shall continue as a member of, and a participant in, the public general
57.12 employees retirement fund or the public employees police and fire fund and compensation
57.13 for services performed as a volunteer firefighter shall be considered salary.

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

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

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

57.22 **353.88 PENALTY FOR MEMBERSHIP MISCERTIFICATIONS AND**
57.23 **CERTIFICATION FAILURES.**

57.24 (a) If the board of trustees of the Public Employees Retirement Association,
57.25 upon the recommendation of the executive director, determines that a governmental
57.26 subdivision has certified a public employee for membership in the public employees
57.27 police and fire retirement plan when the public employee was not eligible for that
57.28 retirement plan coverage, the public employee must be covered by the correct retirement
57.29 plan for subsequent service, the public employee retains the coverage for the period of
57.30 the misclassification, and the governmental subdivision shall pay in a lump sum the
57.31 difference in the actuarial present value of the retirement annuities to which the public
57.32 employee would have been entitled if the public employee was properly classified. The
57.33 governmental subdivision payment is payable within 30 days of the board's determination.

58.1 If unpaid, it must be collected under section 353.28. The lump-sum payment must be
58.2 deposited in the ~~public~~ general employees retirement fund.

58.3 (b) If the executive director of the Public Employees Retirement Association
58.4 determines that a governmental subdivision has failed to certify a person for retirement
58.5 plan membership and coverage under this chapter, in addition to the procedures under
58.6 section 353.27, subdivision 4, 9, 10, 11, 12, 12a, or 12b, the director shall charge a fine of
58.7 \$25 for each membership certification failure.

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

58.9 **354.71 MINNEAPOLIS EMPLOYEES RETIREMENT FUND STATE AID**
58.10 **REDEDICATED.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

59.20 (6) an employee who is a part-time teacher in a technical college in a city of the first
59.21 class and who has elected coverage by the applicable first class city teacher retirement
59.22 fund association under section 354B.21, subdivision 2, but (i) the teaching service is
59.23 incidental to the regular nonteaching occupation of the person; (ii) the applicable technical
59.24 college stipulates annually in advance that the part-time teaching service will not exceed
59.25 300 hours in a fiscal year; and (iii) the part-time teaching actually does not exceed 300
59.26 hours in the fiscal year to which the certification applies.

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

59.28 **354A.39 SERVICE IN OTHER PUBLIC RETIREMENT FUNDS; ANNUITY.**

59.29 Any person who has been a member of the Minnesota State Retirement System, the
59.30 Public Employees Retirement Association including the Public Employees Retirement
59.31 Association Police and Fire Fund, the Teachers Retirement Association, the Minnesota
59.32 State Patrol Retirement Association, the legislators retirement plan, the constitutional
59.33 officers retirement plan, ~~the Minneapolis Employees Retirement Fund~~, the Duluth
59.34 Teachers Retirement Fund Association new law coordinated program, the St. Paul
59.35 Teachers Retirement Fund Association coordinated program, or any other public employee

60.1 retirement system in the state of Minnesota having a like provision but excluding all other
60.2 funds providing retirement benefits for police officers or firefighters shall be entitled
60.3 when qualified to an annuity from each fund if the person's total allowable service in all
60.4 of the funds or in any two or more of the funds totals three or more years, provided that
60.5 no portion of the allowable service upon which the retirement annuity from one fund is
60.6 based is used again in the computation for a retirement annuity from another fund and
60.7 provided further that the person has not taken a refund from any of funds or associations
60.8 since the person's membership in the fund or association has terminated. The annuity
60.9 from each fund or association shall be determined by the appropriate provisions of the
60.10 law governing each fund or association, except that the requirement that a person must
60.11 have at least three years of allowable service in the respective fund or association shall not
60.12 apply for the purposes of this section, provided that the aggregate service in two or more
60.13 of these funds equals three or more years.

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

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

60.23 (b) The applicable employees are:

60.24 (1) employees who are members of one of the retirement plans in Minnesota Statutes
60.25 2008, section 356.30, subdivision 3, except clauses (4) and (8), based on continuous
60.26 employment since March 31, 1986; and

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

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

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

60.33 (1) the general state employees retirement plan of the Minnesota State Retirement
60.34 System;

- 61.1 (2) the general employees retirement plan of the Public Employees Retirement
 61.2 Association;
- 61.3 (3) the Teachers Retirement Association;
- 61.4 (4) the State Patrol retirement plan;
- 61.5 (5) the St. Paul Teachers Retirement Fund Association;
- 61.6 (6) the Duluth Teachers Retirement Fund Association;
- 61.7 ~~(7) the Minneapolis Employees Retirement Fund;~~
- 61.8 ~~(8)~~ (7) the University of Minnesota faculty retirement plan;
- 61.9 ~~(9)~~ (8) the University of Minnesota faculty supplemental retirement plan;
- 61.10 ~~(10)~~ (9) the judges retirement fund;
- 61.11 ~~(11)~~ (10) a police or firefighter's relief association specified or described in section
 61.12 69.77, subdivision 1a;
- 61.13 ~~(12)~~ (11) a volunteer firefighter relief association governed by section 69.771,
 61.14 subdivision 1;
- 61.15 ~~(13)~~ (12) the public employees police and fire plan of the Public Employees
 61.16 Retirement Association;
- 61.17 ~~(14)~~ (13) the correctional state employees retirement plan of the Minnesota State
 61.18 Retirement System;
- 61.19 ~~(15)~~ (14) the local government correctional service retirement plan of the Public
 61.20 Employees Retirement Association; and
- 61.21 ~~(16)~~ (15) the voluntary statewide lump-sum volunteer firefighter retirement plan.

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

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

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

- 61.31 (1) the teachers retirement plan, Teachers Retirement Association;
- 61.32 (2) the general state employees retirement plan, Minnesota State Retirement System;
- 61.33 (3) the correctional employees retirement plan, Minnesota State Retirement System;
- 61.34 (4) the State Patrol retirement plan, Minnesota State Retirement System;
- 61.35 (5) the judges retirement plan, Minnesota State Retirement System;

- 62.1 ~~(6)~~ the Minneapolis employees retirement plan, Minneapolis Employees Retirement
 62.2 Fund;
 62.3 ~~(7)~~ (6) the public general employees retirement plan, Public Employees Retirement
 62.4 Association, including the MERF division;
 62.5 ~~(8)~~ (7) the public employees police and fire plan, Public Employees Retirement
 62.6 Association;
 62.7 ~~(9)~~ (8) the Duluth teachers retirement plan, Duluth Teachers Retirement Fund
 62.8 Association;
 62.9 ~~(10)~~ (9) the St. Paul teachers retirement plan, St. Paul Teachers Retirement Fund
 62.10 Association;
 62.11 ~~(11)~~ (10) the legislators retirement plan, Minnesota State Retirement System;
 62.12 ~~(12)~~ (11) the elective state officers retirement plan, Minnesota State Retirement
 62.13 System; and
 62.14 ~~(13)~~ (12) local government correctional service retirement plan, Public Employees
 62.15 Retirement Association.

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

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

- 62.25 (1) individual salary progression;
 62.26 (2) the rate of return on investments based on the current asset value;
 62.27 (3) payroll growth;
 62.28 (4) mortality;
 62.29 (5) retirement age;
 62.30 (6) withdrawal; and
 62.31 (7) disablement.

62.32 (d) The actuary shall annually prepare a report to the governing or managing board
 62.33 or administrative official and the legislature, summarizing the results of the actuarial
 62.34 valuation calculations. The actuary shall include with the report any recommendations
 62.35 concerning the appropriateness of the support rates to achieve proper funding of
 62.36 the retirement plans by the required funding dates. The actuary shall, as part of the

63.1 quadrennial experience study, include recommendations on the appropriateness of the
63.2 actuarial valuation assumptions required for evaluation in the study.

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

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

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

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

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

63.14 (3) the unclassified employees retirement program, established under chapter 352D;

63.15 (4) the State Patrol retirement plan, established under chapter 352B;

63.16 (5) the legislators retirement plan, established under chapter 3A;

63.17 (6) the elective state officers retirement plan, established under chapter 352C;

63.18 (7) the general employees retirement plan of the Public Employees Retirement
63.19 Association, established under chapter 353, including the MERF division of the Public
63.20 Employees Retirement Association;

63.21 (8) the public employees police and fire retirement plan of the Public Employees
63.22 Retirement Association, established under chapter 353;

63.23 (9) the local government correctional service retirement plan of the Public
63.24 Employees Retirement Association, established under chapter 353E;

63.25 (10) the Teachers Retirement Association, established under chapter 354;

63.26 ~~(11) the Minneapolis Employees Retirement Fund, established under chapter 422A;~~

63.27 ~~(12)~~ (11) the St. Paul Teachers Retirement Fund Association, established under
63.28 chapter 354A;

63.29 ~~(13)~~ (12) the Duluth Teachers Retirement Fund Association, established under
63.30 chapter 354A; and

63.31 ~~(14)~~ (13) the judges retirement fund, established by chapter 490.

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

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

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

64.5 (c) "Covered retirement plan" or "plan" means a retirement plan listed in subdivision
 64.6 7.

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

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

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

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

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

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

64.23 Subd. 7. **Covered retirement plans.** This section applies to the following
 64.24 retirement plans:

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

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

64.29 (3) the general employees retirement plan of the Public Employees Retirement
 64.30 Association, established by chapter 353, including the MERF division of the Public
 64.31 Employees Retirement Association;

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

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

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

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

- 65.1 ~~(8)~~ (7) the state correctional employees retirement plan of the Minnesota State
 65.2 Retirement System, established by chapter 352;
 65.3 ~~(9)~~ (8) the State Patrol retirement plan, established by chapter 352B;
 65.4 ~~(10)~~ (9) the public employees police and fire plan of the Public Employees
 65.5 Retirement Association, established by chapter 353;
 65.6 ~~(11)~~ (10) the local government correctional service retirement plan of the Public
 65.7 Employees Retirement Association, established by chapter 353E; and
 65.8 ~~(12)~~ (11) the judges retirement plan, established by chapter 490.

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

65.10 Subd. 4. **Covered retirement plans.** This section applies to the following
 65.11 retirement plans:

- 65.12 (1) the legislators retirement plan, established by chapter 3A;
 65.13 (2) the general state employees retirement plan of the Minnesota State Retirement
 65.14 System, established by chapter 352;
 65.15 (3) the correctional state employees retirement plan of the Minnesota State
 65.16 Retirement System, established by chapter 352;
 65.17 (4) the State Patrol retirement plan, established by chapter 352B;
 65.18 (5) the elective state officers retirement plan, established by chapter 352C;
 65.19 (6) the unclassified state employees retirement program, established by chapter
 65.20 352D;
 65.21 (7) the general employees retirement plan of the Public Employees Retirement
 65.22 Association, established by chapter 353, including the MERF division of the Public
 65.23 Employees Retirement Association;
 65.24 (8) the public employees police and fire plan of the Public Employees Retirement
 65.25 Association, established by chapter 353;
 65.26 (9) the local government correctional service retirement plan of the Public
 65.27 Employees Retirement Association, established by chapter 353E;
 65.28 (10) the Teachers Retirement Association, established by chapter 354;
 65.29 (11) the Duluth Teachers Retirement Fund Association, established by chapter 354A;
 65.30 (12) the St. Paul Teachers Retirement Fund Association, established by chapter
 65.31 354A; and
 65.32 ~~(13) the Minneapolis Employees Retirement Fund, established by chapter 422A; and~~
 65.33 ~~(14)~~ (13) the judges retirement fund, established by chapter 490.

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

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

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

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

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

66.10 (4) the general employees retirement plan of the Public Employees Retirement
66.11 Association, established under chapter 353, including the MERF division of the Public
66.12 Employees Retirement Association;

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

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

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

66.17 ~~(8) (7) the Duluth Teachers Retirement Fund Association, established under chapter~~
66.18 ~~354A; and~~

66.19 ~~(9) (8) the St. Paul Teachers Retirement Fund Association, established under chapter~~
66.20 ~~354A.~~

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

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

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

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

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

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

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

66.32 (6) the unclassified state employees retirement program, established by chapter
66.33 352D;

- 67.1 (7) the general employees retirement plan of the Public Employees Retirement
 67.2 Association, established by chapter 353, including the MERF division of the Public
 67.3 Employees Retirement Association;
- 67.4 (8) the public employees police and fire plan of the Public Employees Retirement
 67.5 Association, established by chapter 353;
- 67.6 (9) the public employees defined contribution plan, established by chapter 353D;
- 67.7 (10) the local government correctional service retirement plan of the Public
 67.8 Employees Retirement Association, established by chapter 353E;
- 67.9 (11) the voluntary statewide lump-sum volunteer firefighter retirement plan,
 67.10 established by chapter 353G;
- 67.11 (12) the Teachers Retirement Association, established by chapter 354;
- 67.12 (13) the Duluth Teachers Retirement Fund Association, established by chapter 354A;
- 67.13 (14) the St. Paul Teachers Retirement Fund Association, established by chapter
 67.14 354A;
- 67.15 (15) the individual retirement account plan, established by chapter 354B;
- 67.16 (16) the higher education supplemental retirement plan, established by chapter 354C;
- 67.17 ~~(17) the Minneapolis Employees Retirement Fund, established by chapter 422A;~~
- 67.18 ~~(18)~~ (17) the Minneapolis Police Relief Association, established by chapter 423B;
- 67.19 ~~(19)~~ (18) the Minneapolis Firefighters Relief Association, established by chapter
 67.20 423C; and
- 67.21 ~~(20)~~ (19) the judges retirement fund, established by chapter 490.

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

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

- 67.25 (1) the general employees retirement plan of the Public Employees Retirement
 67.26 Association established under chapter 353, including the MERF division of the Public
 67.27 Employees Retirement Association;
- 67.28 (2) the public employees police and fire plan of the Public Employees Retirement
 67.29 Association established under chapter 353;
- 67.30 (3) the State Patrol retirement plan established under chapter 352B;
- 67.31 (4) the legislators retirement plan established under chapter 3A;
- 67.32 (5) the elective state officers retirement plan established under chapter 352C; and
- 67.33 (6) the Teachers Retirement Association established under chapter 354; ~~and~~
- 67.34 ~~(7) the Minneapolis Employees Retirement Fund established under chapter 422A.~~

68.1 Sec. 32. Minnesota Statutes 2009 Supplement, section 356.415, subdivision 2, is
 68.2 amended to read:

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

68.5 (1) the legislators retirement plan established under chapter 3A;

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

68.8 (3) the general state employees retirement plan of the Minnesota State Retirement
 68.9 System established under chapter 352;

68.10 (4) the State Patrol retirement plan established under chapter 352B;

68.11 (5) the elective state officers retirement plan established under chapter 352C;

68.12 (6) the general employees retirement plan of the Public Employees Retirement
 68.13 Association established under chapter 353, including the MERF division of the Public
 68.14 Employees Retirement Association;

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

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

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

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

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

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

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

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

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

- 69.1 (2) the correctional state employees retirement plan of the Minnesota State
 69.2 Retirement System established under chapter 352;
- 69.3 (3) the State Patrol retirement plan established under chapter 352B;
- 69.4 (4) the legislators retirement plan established under chapter 3A;
- 69.5 (5) the judges retirement plan established under chapter 490;
- 69.6 (6) the general employees retirement plan of the Public Employees Retirement
 69.7 Association established under chapter 353, including the MERF division of the Public
 69.8 Employees Retirement Association;
- 69.9 (7) the public employees police and fire plan of the Public Employees Retirement
 69.10 Association established under chapter 353;
- 69.11 (8) the teachers retirement plan established under chapter 354;
- 69.12 (9) the Duluth Teachers Retirement Fund Association established under chapter
 69.13 354A;
- 69.14 (10) the St. Paul Teachers Retirement Fund Association established under chapter
 69.15 354A;
- 69.16 ~~(11) the Minneapolis Employees Retirement Fund established under chapter 422A;~~
- 69.17 ~~(12)~~ (11) the Minneapolis Firefighters Relief Association established under chapter
 69.18 423C;
- 69.19 ~~(13)~~ (12) the Minneapolis Police Relief Association established under chapter
 69.20 423B; and
- 69.21 ~~(14)~~ (13) the local government correctional service retirement plan of the Public
 69.22 Employees Retirement Association established under chapter 353E.

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

69.24 **356.64 REAL ESTATE INVESTMENTS.**

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

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

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

70.1 Subd. 2. **Disposition of abandoned amounts.** Any unclaimed public pension
70.2 fund amounts existing in any public pension fund are presumed to be abandoned, but are
70.3 not subject to the provisions of sections 345.31 to 345.60. Unless the benefit plan of
70.4 the public pension fund specifically provides for a different disposition of unclaimed or
70.5 abandoned funds or amounts, any unclaimed public pension fund amounts cancel and
70.6 must be credited to the public pension fund. If the unclaimed public pension fund amount
70.7 exceeds \$25 and the inactive or former member again becomes a member of the applicable
70.8 public pension plan or applies for a retirement annuity under section 3A.12, 352.72,
70.9 352B.30, 353.71, 354.60, or 356.30, ~~or 422A.16, subdivision 8~~; whichever applies, the
70.10 canceled amount must be restored to the credit of the person.

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

70.12 **356.91 VOLUNTARY MEMBERSHIP DUES DEDUCTION.**

70.13 (a) Upon written authorization of a person receiving an annuity from a public
70.14 pension fund administered by the Minnesota State Retirement System; or the Public
70.15 Employees Retirement Association, ~~or the Minneapolis Employees Retirement Fund~~, the
70.16 executive director of the public pension fund may deduct from the retirement annuity an
70.17 amount requested by the annuitant to be paid as dues to any labor organization that is an
70.18 exclusive bargaining agent representing public employees or an organization representing
70.19 retired public employees of which the annuitant is a member and shall pay the amount to
70.20 the organization so designated by the annuitant.

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

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

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

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

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

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

71.3 (c) "Covered pension plan" means a plan enumerated in section 356.20, subdivision
71.4 2, clauses (1) to (4), ~~(10) (9)~~, and ~~(13) (12)~~ to ~~(16) (15)~~, but does not mean the
71.5 deferred compensation plan administered under sections 352.965 and 352.97 or to the
71.6 postretirement health care savings plan administered under section 352.98.

71.7 (d) "Governing board" means the Board of Trustees of the Public Employees
71.8 Retirement Association, the Board of Trustees of the Teachers Retirement Association, or
71.9 the Board of Directors of the Minnesota State Retirement System.

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

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

71.15 Subd. 3. **Existing sanitary districts, joint sewer boards.** Effective January 1,
71.16 1971, the corporate existence of the Minneapolis-St. Paul Sanitary District, the North
71.17 Suburban Sanitary Sewer District, and any joint board created by agreement among local
71.18 government units pursuant to section 471.59, to provide interceptors and treatment works
71.19 for such local government units, shall terminate. All persons regularly employed by
71.20 such sanitary districts and joint boards on that date or on any earlier date on which the
71.21 former waste control commission pursuant to subdivisions 1 and 2 assumed ownership
71.22 and control of any interceptors or treatment works owned or operated by such sanitary
71.23 districts and joint boards, and who are employees of the commission on July 1, 1994, shall
71.24 be employees of the council, ~~and may at their option become members of the Minnesota~~
71.25 ~~State Retirement System or may continue as members of a public retirement association~~
71.26 ~~under chapter 422A or any other law, to which they belonged before such date, and shall~~
71.27 ~~retain all pension rights which they may have under such latter laws, and all other rights~~
71.28 ~~to which they are entitled by contract or law.~~ Members of trades who are employed by
71.29 the former Metropolitan Waste Control Commission, who have trade union pension
71.30 coverage pursuant to a collective bargaining agreement, and who elected exclusion from
71.31 coverage pursuant to section 473.512, or who are first employed after July 1, 1977, shall
71.32 not be covered by the Minnesota State Retirement System. The council shall make the
71.33 employer's contributions to pension funds of its employees. Such employees shall perform
71.34 such duties as may be prescribed by the council. All funds of such sanitary districts and
71.35 joint boards then on hand, and all subsequent collections of taxes, special assessments or

72.1 service charges levied or imposed by or for such sanitary districts or joint boards shall
72.2 be transferred to the council. The local government units otherwise entitled to such
72.3 cash, taxes, assessments or service charges shall be credited with such amounts, and
72.4 such credits shall be offset against any amounts to be paid by them to the council as
72.5 provided in section 473.517. The former Metropolitan Waste Control Commission, and
72.6 on July 1, 1994, the council shall succeed to and become vested by action of law with
72.7 all right, title and interest in and to any property, real or personal, owned or operated
72.8 by such sanitary districts and joint boards. Prior to that date the proper officers of such
72.9 sanitary districts and joint boards, or the former Metropolitan Waste Control Commission,
72.10 shall execute and deliver to the council all deeds, conveyances, bills of sale, and other
72.11 documents or instruments required to vest in the council good and marketable title to all
72.12 such real or personal property; provided that vesting of the title shall occur by operation
72.13 of law and failure to execute and deliver the documents shall not affect the vesting of
72.14 title in the former Metropolitan Waste Control Commission or the council on the dates
72.15 indicated in this subdivision. The council shall become obligated to pay or assume all
72.16 bonded or other debt and contract obligations incurred by the former Metropolitan Waste
72.17 Control Commission, or by such sanitary districts and joint boards, or incurred by local
72.18 government units for the acquisition or betterment of any interceptors or treatment works
72.19 owned or operated by such sanitary districts or joint boards.

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

72.21 Subd. 5. **Employees, others, affirmative action; prevailing wage.** The corporation
72.22 shall have the power to appoint engineers and other consultants, attorneys, and such other
72.23 officers, agents, and employees as it may see fit, who shall perform such duties and receive
72.24 such compensation as the corporation may determine, and be removable at the pleasure of
72.25 the corporation. The corporation shall adopt an affirmative action plan, which shall be
72.26 submitted to the appropriate agency or office of the state for review and approval. The plan
72.27 shall include a yearly progress report to the agency or office. ~~Officers and employees of~~
72.28 ~~the corporation who cannot qualify and participate in the municipal employees retirement~~
72.29 ~~fund under chapter 422A, shall be separated from service at the retirement age applicable~~
72.30 ~~to officers or employees of the state of Minnesota in the classified service of the state civil~~
72.31 ~~service as provided in section 43A.34, or as the same may from time to time be amended;~~
72.32 ~~regardless of the provisions of the Veteran's Preference Act.~~ Whenever the corporation
72.33 performs any work within the limits of a city of the first class, or establishes a minimum
72.34 wage for skilled or unskilled labor in the specifications or any contract for work within

73.1 one of the cities, the rate of pay to such skilled and unskilled labor shall be the prevailing
73.2 rate of wage for such labor in that city.

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

73.4 Subd. 6. **Certain purposes.** Any municipality may issue bonds for paying
73.5 judgments against it; for refunding outstanding bonds; for funding floating indebtedness;
73.6 for funding actuarial liabilities to pay postemployment benefits to employees or officers
73.7 after their termination of service; or for funding all or part of the municipality's current
73.8 and future unfunded liability for a pension or retirement fund or plan referred to in
73.9 section 356.20, subdivision 2, as those liabilities are most recently computed pursuant
73.10 to sections 356.215 and 356.216. The board of trustees or directors of a ~~pension fund or~~
73.11 relief association referred to in section 69.77 ~~or chapter 422A~~ must consent and must
73.12 be a party to any contract made under this section with respect to the fund held by it
73.13 for the benefit of and in trust for its members. For purposes of this section, the term
73.14 "postemployment benefits" means benefits giving rise to a liability under Statement No.
73.15 45 of the Governmental Accounting Standards Board.

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

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

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

73.24 (2) remain a member of the general employees retirement plan of the Public
73.25 Employees Retirement Association or the ~~Minneapolis employees retirement fund~~ MERF
73.26 division of the Public Employees Retirement Association instead of joining the Minnesota
73.27 State Retirement System.

73.28 Employees who make an election under clause (1) remain on the county payroll,
73.29 but the state shall reimburse the county on a quarterly basis for the salary and cost of the
73.30 benefits provided by the county. The state shall make the employer contribution to the
73.31 general employees retirement plan of the Public Employees Retirement Association or the
73.32 employer contribution under section ~~422A.101~~ 353.50, subdivision ~~1a~~ 7, paragraphs (c)
73.33 and (d), to the ~~Minneapolis Employees Retirement Fund~~ MERF division of the Public

74.1 Employees Retirement Association on behalf of employees who make an election under
74.2 clause (2).

74.3 (b) An employee who makes an election under paragraph (a), clause (1), may revoke
74.4 the election, once, at any time, but if the employee revokes the election, the employee
74.5 cannot make another election. An employee who makes an election under paragraph (a),
74.6 clause (2), may revoke the election at any time within six months after the person becomes
74.7 a state employee. Once an employee revokes this election, the employee cannot make
74.8 another election.

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

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

74.18 Sec. 43. **EFFECTIVE DATE.**

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

APPENDIX
Article locations in H2922-1

ARTICLE 1 MERF CONSOLIDATION ACCOUNT IN PERA Page.Ln 2.1
ARTICLE 2 CONFORMING CHANGES Page.Ln 39.7