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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 2945

03/10/2016 Authored by Murphy, M.,

The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy

A bill for an act

relating to public pensions; providing for the appointing boards to establish salaries for executive directors of statewide pension plans; amending Minnesota Statutes 2014, sections 352.03, subdivision 5; 353.03, subdivision 3a; 354.06, subdivision 2.

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

Section 1. Minnesota Statutes 2014, section 352.03, subdivision 5, is amended to read:

Subd. 5. **Executive director; assistant director.** (a) The executive director, in this chapter called the director, of the system must be appointed by the board on the basis of fitness, experience in the retirement field, and leadership ability. The director must have had at least five years' experience on the administrative staff of a major retirement system.

(b) The executive director and assistant director must be in the unclassified service but appointees may be selected from civil service lists if desired. Notwithstanding any law to the contrary, the board must set the salary of the executive director. The salary of the executive director must ~~be as provided by~~ not exceed the limit for a position listed in section 15A.0815, subdivision 2. The salary of the assistant director must be set in accordance with section 43A.18, subdivision 3.

Sec. 2. Minnesota Statutes 2014, section 353.03, subdivision 3a, is amended to read:

Subd. 3a. **Executive director.** (a) **Appointment.** The board shall appoint an executive director on the basis of education, experience in the retirement field, and leadership ability. The executive director must have had at least five years' experience in an executive level management position, which has included responsibility for pensions, deferred compensation, or employee benefits. The executive director serves at the pleasure of the board. Notwithstanding any law to the contrary, the board must set the salary of the

2.1 executive director. The salary of the executive director is as provided by must not exceed
2.2 the limit for a position listed in section 15A.0815, subdivision 2.

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

2.7 (1) attend all meetings of the board;

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

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

2.12 (4) designate, with the approval of the board, up to two persons who may serve in
2.13 the unclassified service and whose salaries are set in accordance with section 43A.18,
2.14 subdivision 3, appoint a confidential secretary in the unclassified service, and appoint
2.15 employees to carry out this chapter, who are subject to chapters 43A and 179A in the same
2.16 manner as are executive branch employees;

2.17 (5) organize the work of the association as the director deems necessary to fulfill
2.18 the functions of the association, and define the duties of its employees and delegate to
2.19 them any powers or duties, subject to the control of, and under such conditions as, the
2.20 executive director may prescribe;

2.21 (6) with the approval of the board, contract for the services of an approved actuary,
2.22 professional management services, and any other consulting services as necessary to fulfill
2.23 the purposes of this chapter. All contracts are subject to chapter 16C. The commissioner
2.24 of administration shall not approve, and the association shall not enter into, any contract
2.25 to provide lobbying services or legislative advocacy of any kind. Any approved actuary
2.26 retained by the executive director shall function as the actuarial advisor of the board
2.27 and the executive director. In addition to filing requirements under section 356.214,
2.28 any supplemental actuarial valuations or experience studies shall be filed with the
2.29 executive director of the Legislative Commission on Pensions and Retirement. Copies
2.30 of professional management survey reports shall be transmitted to the secretary of the
2.31 senate, the chief clerk of the house of representatives, and the Legislative Reference
2.32 Library as provided by section 3.195, and to the executive director of the commission at
2.33 the same time as reports are furnished to the board. Only management firms experienced
2.34 in conducting management surveys of federal, state, or local public retirement systems
2.35 shall be qualified to contract with the director hereunder;

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

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

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

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

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

(12) prepare and submit biennial and annual budgets to the board for its approval and submit the approved budgets to the Department of Management and Budget for approval by the commissioner;

(13) reduce all or part of the accrued interest payable under section 353.27, subdivisions 12, 12a, and 12b, or 353.28, subdivision 5, upon receipt of proof by the association of an unreasonable processing delay or other extenuating circumstances of the employing unit; and notwithstanding section 353.27, subdivision 7, may waive the payment of accrued interest to the member if a credit has been taken by the employer to correct an employee deduction taken in error and if the accrued interest is \$10 or less. The executive director shall prescribe and submit for approval by the board the conditions under which such interest may be reduced; and

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

Sec. 3. Minnesota Statutes 2014, section 354.06, subdivision 2, is amended to read:

Subd. 2. **President; executive director.** The board shall annually elect one of its members as president. It shall elect an executive director, ~~whose salary shall be as provided by.~~ Notwithstanding any law to the contrary, the board must set the salary of the executive director. The salary of the executive director must not exceed the limit for a position listed in section 15A.0815, subdivision 2. The salary of the assistant executive director who shall be in the unclassified service, shall be set in accordance with section 43A.18, subdivision 3. The executive director shall serve during the pleasure of the board and be the executive

4.1 officer of the board, with such duties as the board shall prescribe. The board shall employ
4.2 all other clerks and employees necessary to properly administer the association. The cost
4.3 and expense of administering the provisions of this chapter shall be paid by the association.
4.4 The executive director shall be appointed by the board on the basis of fitness, experience
4.5 in the retirement field and leadership ability. The executive director shall have had at least
4.6 five years of experience on the administrative staff of a major retirement system.

4.7 Sec. 4. **REVISOR'S INSTRUCTION.**

4.8 In the next and subsequent editions of Minnesota Statutes, the revisor of statutes
4.9 shall remove from Minnesota Statutes, section 15A.0815, subdivision 2, the references to
4.10 the executive directors of the Public Employees Retirement Association, the Minnesota
4.11 State Retirement System, and the Teachers Retirement Association.

4.12 Sec. 5. **EFFECTIVE DATE.**

4.13 Sections 1 to 4 are effective July 1, 2016.