

SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH LEGISLATURE

S.F. No. 1100

(SENATE AUTHORS: HAYDEN and Dibble)

DATE	D-PG	OFFICIAL STATUS
03/06/2013	620	Introduction and first reading Referred to State and Local Government
03/11/2013	781	Author added Dibble

1.1 A bill for an act
 1.2 relating to retirement; MERF division of PERA; clarifying the supplemental
 1.3 employer contribution obligation of the Metropolitan Council; amending
 1.4 Minnesota Statutes 2012, section 353.50, subdivision 7.

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

1.6 Section 1. Minnesota Statutes 2012, section 353.50, subdivision 7, is amended to read:

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

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

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

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

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

2.6 (1) the amount by which the total actuarial required contribution determined under
2.7 section 356.215 by the approved actuary retained by the Public Employees Retirement
2.8 Association in the most recent actuarial valuation of the MERF division and based on a
2.9 June 30, 2031, amortization date, after subtracting the contributions under paragraphs (b),
2.10 (c), and (d), exceeds \$22,750,000 or \$24,000,000, whichever applies; or

2.11 (2) the amount of \$27,000,000, but the total supplemental contribution amount
2.12 plus the contributions under paragraphs (c) and (d) may not exceed \$34,000,000. Each
2.13 employing unit's share of the total employer supplemental contribution amount is equal
2.14 to the applicable portion specified in paragraph (h). The initial total actuarial required
2.15 contribution after June 30, 2012, must be calculated using the mortality assumption
2.16 change recommended on September 30, 2009, for the Minneapolis Employees Retirement
2.17 Fund by the approved consulting actuary retained by the Minneapolis Employees
2.18 Retirement Fund board.

2.19 (f) Before January 31, each employing unit must be invoiced for its share of the
2.20 total employer supplemental contribution amount under paragraph (e). The amount is
2.21 payable by the employing unit in two parts. The first half of the amount due is payable
2.22 on or before the July 31 following the date of the invoice, and the second half of the
2.23 amount due is payable on or before December 15. Each invoice must be based on the
2.24 actuarial valuation report prepared under section 356.215 and the standards for actuarial
2.25 work promulgated by the Legislative Commission on Pensions and Retirement as of the
2.26 valuation date occurring 18 months earlier.

2.27 (g) Notwithstanding any provision of paragraph (c), (d), or (e) to the contrary, as of
2.28 August 1 annually, if the amount of the retirement annuities and benefits paid from the
2.29 MERF division account during the preceding fiscal year, multiplied by the factor of 1.035,
2.30 exceeds the market value of the assets of the MERF division account on the preceding
2.31 June 30, plus state aid of \$9,000,000, \$22,750,000, or \$24,000,000, whichever applies,
2.32 plus the amounts payable under paragraphs (b), (c), (d), and (e) during the preceding
2.33 fiscal year, multiplied by the factor of 1.035, the balance calculated is a special additional
2.34 employer contribution. The special additional employer contribution under this paragraph
2.35 is payable in addition to any employer contribution required under paragraphs (c), (d), and

3.1 (e), and is payable on or before the following June 30. The special additional employer
3.2 contribution under this paragraph must be allocated as specified in paragraph (h).

3.3 (h) The employer supplemental contribution under paragraph (e) or the special
3.4 additional employer contribution under paragraph (g) must be allocated between the city of
3.5 Minneapolis, Special School District No. 1, Minneapolis, any Minneapolis-owned public
3.6 utility, improvement, or municipal activity, the Minnesota State Colleges and Universities
3.7 system, Hennepin County, the Metropolitan Council, and the Metropolitan Airports
3.8 Commission in proportion to their share of the actuarial accrued liability of the former
3.9 Minneapolis Employees Retirement Fund as of July 1, 2009, as calculated by the approved
3.10 actuary retained under section 356.214 as part of the actuarial valuation prepared as of
3.11 July 1, 2009, under section 356.215 and the Standards for Actuarial Work adopted by the
3.12 Legislative Commission on Pensions and Retirement. Notwithstanding any provision to
3.13 the contrary of this paragraph or of any agreement or agreements between MERF-covered
3.14 employing units entered into before January 1, 2010, the proportional share of the MERF
3.15 division actuarial accrued liability attributable to the Metropolitan Council for determining
3.16 the employer supplemental contribution or a special additional employer contribution under
3.17 this paragraph is 1.74 percent and the proportional share of the MERF division actuarial
3.18 accrued liability attributable to the city of Minneapolis is reduced by that same amount.

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

3.21 (j) Contributions under this subdivision are subject to the provisions of section
3.22 353.27, subdivisions 4, 7, 7a, 7b, 11, 12, 12a, 12b, 13, and 14.

3.23 **EFFECTIVE DATE.** This section is effective July 1, 2013.