

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-NINTH SESSION**

S.F. No. 2626

(SENATE AUTHORS: METZEN, Saxhaug and Eaton)

<b>DATE</b>	<b>D-PG</b>	<b>OFFICIAL STATUS</b>
03/14/2016	5022	Introduction and first reading Referred to State and Local Government
03/29/2016	5307a	Comm report: To pass as amended and re-refer to Finance
04/28/2016	6536	Comm report: To pass
	6538	Second reading
05/02/2016	6572	Special Order Laid on table
	6573	Taken from table
	6574	Third reading Passed
05/22/2016	7370	Returned from House Presentment date 05/24/16
	8185	Governor's action Approval 05/31/16
	8187	Secretary of State Chapter 173 05/31/16 Effective date Various Dates

## A bill for an act

relating to state government; changing certain provisions of the board of directors for the Minnesota State Retirement System; ratifying labor agreements and compensation plans; ratifying the salary increase of certain agency directors; amending Minnesota Statutes 2014, sections 352.03, subdivision 5; 353.03, subdivision 3a; 354.06, subdivision 2.

1.7 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.

**EFFECTIVE DATE.** This section is effective July 1, 2016.

1.20 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,

2.1 deferred compensation, or employee benefits. The executive director serves at the pleasure  
2.2 of the board. Notwithstanding any law to the contrary, the board must set the salary of the  
2.3 executive director. The salary of the executive director is as provided by must not exceed  
2.4 the limit for a position listed in section 15A.0815, subdivision 2.

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

2.9 (1) attend all meetings of the board;

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

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

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

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

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

3.1       in conducting management surveys of federal, state, or local public retirement systems  
3.2       shall be qualified to contract with the director hereunder;

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

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

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

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

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

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

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

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

3.30       **EFFECTIVE DATE.** This section is effective July 1, 2016.

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

3.32               Subd. 2. **President; executive director.** The board shall annually elect one of its  
3.33       members as president. It shall elect an executive director, ~~whose salary shall be as provided~~  
3.34       by. Notwithstanding any law to the contrary, the board must set the salary of the executive  
3.35       director. The salary of the executive director must not exceed the limit for a position listed

4.1       in section 15A.0815, subdivision 2. The salary of the assistant executive director who shall  
4.2       be in the unclassified service, shall be set in accordance with section 43A.18, subdivision  
4.3       3. The executive director shall serve during the pleasure of the board and be the executive  
4.4       officer of the board, with such duties as the board shall prescribe. The board shall employ  
4.5       all other clerks and employees necessary to properly administer the association. The cost  
4.6       and expense of administering the provisions of this chapter shall be paid by the association.  
4.7       The executive director shall be appointed by the board on the basis of fitness, experience  
4.8       in the retirement field and leadership ability. The executive director shall have had at least  
4.9       five years of experience on the administrative staff of a major retirement system.

4.10      **EFFECTIVE DATE.** This section is effective July 1, 2016.

4.11      Sec. 4. **LABOR AGREEMENTS AND COMPENSATION PLANS.**

4.12      Subdivision 1. **Minnesota State University Administrative and Service**

4.13      **Faculty.** The labor agreement between the state of Minnesota and the Minnesota State  
4.14       University Administrative and Service Faculty, approved by the Legislative Coordinating  
4.15       Commission Subcommittee on Employee Relations on October 29, 2015, is ratified.

4.16      **Subd. 2. Inter Faculty Organization.** The labor agreement between the state of  
4.17       Minnesota and the Inter Faculty Organization, approved by the Legislative Coordinating  
4.18       Commission Subcommittee on Employee Relations on October 29, 2015, is ratified.

4.19      **Subd. 3. MnSCU Personnel Plan for Administrators.** The MnSCU Personnel  
4.20       Plan for Administrators, approved by the Legislative Coordinating Commission  
4.21       Subcommittee on Employee Relations on October 29, 2015, is ratified.

4.22      **Subd. 4. Commissioner's and Managerial Plan amendments.** The amendments to  
4.23       the insurance articles of the FY 14-15 Commissioner's Plan and the FY 14-15 Managerial  
4.24       Plan, approved by the Legislative Coordinating Commission Subcommittee on Employee  
4.25       Relations on October 29, 2015, are ratified.

4.26      **Subd. 5. Minnesota Nurses Association.** The labor agreement between the  
4.27       state of Minnesota and the Minnesota Nurses Association, approved by the Legislative  
4.28       Coordinating Commission Subcommittee on Employee Relations on January 15, 2016,  
4.29       is ratified.

4.30      **Subd. 6. Minnesota Law Enforcement Association.** The labor agreement between  
4.31       the state of Minnesota and the Minnesota Law Enforcement Association, approved by the  
4.32       Legislative Coordinating Commission Subcommittee on Employee Relations on January  
4.33       15, 2016, is ratified.

4.34      **Subd. 7. American Federation of State, County, and Municipal Employees, Unit**  
4.35      **8.** The labor agreement between the state of Minnesota and the American Federation of

5.1       State, County, and Municipal Employees, Unit 8, Corrections Officers, approved by the  
5.2       Legislative Coordinating Commission Subcommittee on Employee Relations on January  
5.3       15, 2016, is ratified.

5.4       Subd. 8. State Residential Schools Education Association. The labor agreement  
5.5       between the state of Minnesota and the State Residential Schools Education Association,  
5.6       approved by the Legislative Coordinating Commission Subcommittee on Employee  
5.7       Relations on January 15, 2016, is ratified.

5.8       Subd. 9. Minnesota State College Faculty. The labor agreement between the  
5.9       state of Minnesota and the Minnesota State College Faculty, approved by the Legislative  
5.10      Coordinating Commission Subcommittee on Employee Relations on March 8, 2016,  
5.11      is ratified.

5.12      Sec. 5. **OTHER AGREEMENTS AND COMPENSATION PLANS.**

5.13      Subdivision 1. American Federation of State, County, and Municipal Employees.  
5.14       The labor agreement between the state of Minnesota and the American Federation of State,  
5.15       County, and Municipal Employees, Council 5, submitted to the Legislative Coordinating  
5.16       Commission Subcommittee on Employee Relations on October 29, 2015, and implemented  
5.17       after 30 days as provided in Minnesota Statutes, section 3.855, subdivision 2, is ratified.

5.18      Subd. 2. American Federation of State, County, and Municipal Employees, Unit  
5.19      225. The labor agreement between the state of Minnesota and the American Federation of  
5.20       State, County, and Municipal Employees, Unit 225, Radio Communications Operators,  
5.21       submitted to the Legislative Coordinating Commission Subcommittee on Employee  
5.22       Relations on October 29, 2015, and implemented after 30 days as provided in Minnesota  
5.23       Statutes, section 3.855, subdivision 2, is ratified.

5.24      Subd. 3. Minnesota Association of Professional Employees. The labor agreement  
5.25       between the state of Minnesota and the Minnesota Association of Professional Employees,  
5.26       submitted to the Legislative Coordinating Commission Subcommittee on Employee  
5.27       Relations on October 29, 2015, and implemented after 30 days as provided in Minnesota  
5.28       Statutes, section 3.855, subdivision 2, is ratified.

5.29      Subd. 4. Middle Management Association. The labor agreement between the state  
5.30       of Minnesota and the Middle Management Association, submitted to the Legislative  
5.31       Coordinating Commission Subcommittee on Employee Relations on October 29, 2015,  
5.32       and implemented after 30 days as provided in Minnesota Statutes, section 3.855,  
5.33       subdivision 2, is ratified.

5.34      Subd. 5. Commissioner's plan. The commissioner's plan for unrepresented  
5.35       employees, as submitted to the Legislative Coordinating Commission Subcommittee

6.1       on Employee Relations on October 29, 2015, as amended by the technical correction  
6.2       resolution "SER-5" presented to the subcommittee on March 8, 2016, is ratified.

6.3       Subd. 6. Managerial plan. The managerial plan, as submitted to the Legislative  
6.4       Coordinating Commission Subcommittee on Employee Relations on October 29, 2015, as  
6.5       amended by the technical correction resolution "SER-5" presented to the subcommittee on  
6.6       March 8, 2016, is ratified.

6.7       Subd. 7. Office of Higher Education Unclassified Personnel Compensation Plan.  
6.8       The Office of Higher Education Unclassified Personnel Compensation Plan, as submitted  
6.9       to the Legislative Coordinating Commission Subcommittee on Employee Relations on  
6.10      December 29, 2015, is ratified.

6.11      **Sec. 6. SALARIES OF AGENCY HEADS.**

6.12      Subdivision 1. Minnesota State Retirement System. The proposal to increase the  
6.13      salary of the executive director of the Minnesota State Retirement System, as submitted  
6.14      to the Legislative Coordinating Commission Subcommittee on Employee Relations on  
6.15      August 19, 2015, is ratified. The new salary is effective retroactively from July 1, 2015.

6.16      Subd. 2. Public Employees Retirement Association. The proposal to increase  
6.17      the salary of the executive director of the Public Employees Retirement Association,  
6.18      as submitted to the Legislative Coordinating Commission Subcommittee on Employee  
6.19      Relations on September 3, 2015, is ratified. The new salary of \$144,991 is effective  
6.20      retroactively from July 1, 2015.

6.21      Subd. 3. Teachers Retirement Association. The proposal to increase the salary  
6.22      of the executive director of the Teachers Retirement Association, as submitted to the  
6.23      Legislative Coordinating Commission Subcommittee on Employee Relations on August  
6.24      11, 2015, is ratified. The new salary is effective retroactively from July 1, 2015.

6.25      **Sec. 7. REVISOR'S INSTRUCTION.**

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

6.30      **EFFECTIVE DATE.** This section is effective July 1, 2016.

6.31      **Sec. 8. EFFECTIVE DATE.**

6.32      Sections 4 to 6 are effective the day following final enactment. The salary ratified in  
6.33      section 6, subdivision 1, is effective until modified after July 1, 2016, by the Board of the

7.1       Minnesota State Retirement System under Minnesota Statutes, section 352.03, subdivision  
7.2       5. The salary ratified in section 6, subdivision 2, is effective until modified after July 1,  
7.3       2016, by the Board of the Public Employee Retirement Association under Minnesota  
7.4       Statutes, section 353.03, subdivision 3a. The salary ratified in section 6, subdivision 3,  
7.5       is effective until modified after July 1, 2016, by the Board of the Teachers Retirement  
7.6       Association under Minnesota Statutes, section 354.06, subdivision 2.