

correctional service shall be credited to the person only after receipt of full payment by the executive director. Authority to make a lump sum payment shall expire on July 1, 1982. When a person makes the additional member contribution required by this section, the department of corrections shall make an additional contribution to the Minnesota state retirement system of an amount equal to the difference between the contributions made on behalf of the person during service by the person in the classification of security guard prior to January 1, 1981, and the amount of the employer contributions that would have otherwise been made if Minnesota Statutes, Section 352.92, Subdivision 2, had been applicable to that service, plus interest at the rate of six percent per annum compounded annually. Payment by the department shall be made in one lump sum.

Sec. 5. EFFECTIVE DATE.

This act is effective the day following final enactment.

Approved May 29, 1981

CHAPTER 298 — H.F.No. 295

An act relating to retirement; providing post retirement annuity or benefit increases for certain retired or disabled public employees; removing the director from the state board investment advisory council; changing the investment authority of the fund; the Minneapolis employees retirement fund; establishing a new retirement benefit fund therein; transferring assets from the Minnesota post-retirement investment fund; appropriating funds; amending Minnesota Statutes 1980, Sections 11A.08, Subdivision 1; 422A.05, Subdivision 2c; and 422A.06, Subdivisions 1, 3, 4, 5, and by adding a subdivision; repealing Minnesota Statutes 1980, Section 422A.05, Subdivision 3.

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

Section 1. POST RETIREMENT ADJUSTMENT; LUMP SUM PAYMENTS.

Subdivision 1. ENTITLEMENT. Any person who is receiving a retirement annuity, a disability benefit or a surviving spouse's annuity or benefit from a retirement fund specified in subdivision 3, clauses (1) to (5), which was computed under the laws in effect prior to June 1, 1973, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 3, clause (4), or prior to July 1, 1973, if the person is receiving an annuity or benefit from a retirement fund specified in subdivision 3, clause (1), (2), (3) or (5), and any person who is receiving a "\$2 bill and annuity" annuity from the retirement fund specified in subdivision 3, clause (6), and any person who is receiving a retirement annuity, a disability benefit or a surviving spouse's

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annuity or benefit from the retirement fund specified in subdivision 3, clause (5), which was computed under the metropolitan transit commission-transit operating division employees retirement fund plan document in effect on or prior to December 31, 1977, shall be entitled to receive a post retirement adjustment from the applicable retirement fund in the amount specified in subdivision 2.

Subd. 2. AMOUNT OF POST RETIREMENT ADJUSTMENT; PAYMENT. For any person receiving an annuity or benefit on November 30, 1981, or on November 30, 1982, and entitled to receive a post retirement adjustment pursuant to subdivision 1, the post retirement adjustment shall be a lump sum payment in an amount equal to \$16 during 1981 and \$17 during 1982 for each full year of allowable service credited to the person by the respective retirement fund. The post retirement adjustment provided for in this section shall be payable for those persons receiving an annuity or benefit on November 30, 1981, on December 1, 1981, and for those persons receiving an annuity or benefit on November 30, 1982, on December 1, 1982. Nothing in this section shall authorize the payment of a post retirement adjustment to an estate. Notwithstanding Minnesota Statutes, Section 356.18, the post retirement adjustment provided for in this section shall be paid automatically unless the intended recipient files a written notice with the retirement fund requesting that the post retirement adjustment not be paid.

Subd. 3. COVERED RETIREMENT FUNDS. The post retirement adjustment provided for in this section shall apply to the following retirement funds:

- (1) Public employees retirement fund;
- (2) Public employees police and fire fund;
- (3) Teachers retirement fund;
- (4) Highway patrol retirement fund;
- (5) State employees retirement fund of the Minnesota state retirement system; and
- (6) Minneapolis employees retirement fund.

Subd. 4. TERMINAL AUDIT. Each covered retirement fund as specified in subdivision 3 shall, as soon as is practical following the payment of the December 1, 1981, and December 1, 1982, post retirement adjustments, calculate the amount of any appropriation apportioned to it which is in excess of the amounts required to pay the post retirement adjustments provided for in this act. The calculations required by this paragraph shall be reported to and verified by the commissioner of finance and amounts equal to these reported excess appropriation amounts shall be returned to the general fund.

Sec. 2. APPROPRIATION.

There is hereby appropriated during the 1982-83 biennium, the amount of \$11,300,000 for the purpose of funding the post retirement adjustments

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provided for in this section. The appropriation shall be apportioned to the retirement funds paying the post retirement adjustment as follows:

	FY 1982	FY 1983
<u>public employees retirement fund</u>	<u>\$2,109,753</u>	<u>\$2,002,430</u>
<u>public employees police and fire fund</u>	<u>73,926</u>	<u>70,837</u>
<u>teachers retirement fund</u>	<u>1,680,154</u>	<u>1,606,863</u>
<u>highway patrol retirement fund</u>	<u>63,900</u>	<u>63,784</u>
<u>state employees retirement fund</u>	<u>1,530,092</u>	<u>1,458,534</u>
<u>Minneapolis employees retirement fund</u>	<u>327,536</u>	<u>312,191</u>

Sec. 3. Minnesota Statutes 1980, Section 11A.08, Subdivision 1, is amended to read:

Subdivision 1. **MEMBERSHIP.** There is created an investment advisory council consisting of ten members who are experienced in general investment matters and who shall be appointed by the state board, the commissioner of finance and the executive directors of each of the following: the Minnesota state retirement system, the public employees retirement association, the teachers retirement association and the Minneapolis municipal employees retirement fund, and a retiree currently receiving benefits from the post retirement investment fund who shall be appointed by the governor for a four year term.

Sec. 4. Minnesota Statutes 1980, Section 422A.05, Subdivision 2c, is amended to read:

Subd. 2c. The board may invest funds in investments authorized by section 11A.24, corporate stocks or corporate obligations of any corporation organized under the laws of the United States or of any state of the United States or the Dominion of Canada or any province thereof and other corporations traded on the New York or American Stock Exchanges if they conform to the following provisions:

(a) ~~On corporate stocks:~~

(1) ~~The market value of these investments shall not exceed 50 percent of the market value of the funds.~~

(2) ~~Investments in any one corporation shall not exceed five percent of the market value of the funds or five percent of the total shares outstanding of any one corporation.~~

(3) ~~Cash dividends on these investments shall have been earned and paid for the preceding five years.~~

(4) ~~Investments which do not conform to the dividend standard contained in clause (3) may be held, but the total amount of these securities shall not exceed five percent of the total market value of the funds.~~

(b) ~~On corporate obligations:~~

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(1) The consolidated net pretax earnings of corporations other than finance corporations shall have been an average for the preceding five years at least 1.5 times the annual interest charge on total funded debt applicable to that period.

(2) The consolidated net pretax earnings of banks and finance corporations shall have been an average for the preceding five years at least 1.2 times the annual interest charges on total funded debt applicable to that period.

(3) Obligations shall be rated among the top three quality categories by a nationally recognized rating agency; or if unrated, the corporation shall have other comparably secured issues similarly rated; or the consolidated net pretax earnings of the corporation shall have been an average for the preceding five years at least twice the ratios required in clauses (a) and (b).

Sec. 5. Minnesota Statutes 1980, Section 422A.06, Subdivision 1, is amended to read:

Subdivision 1. **CREATION; DIVISIONS OF FUND.** For the purposes of sections 422A.01 to 422A.25 there shall be a Minneapolis employees retirement fund, hereafter referred to as the retirement fund. The retirement fund shall be subdivided into (1) a deposit accumulation fund, (2) a participating share in the Minnesota adjustable fixed-benefit post-retirement investment fund, (3) a survivor benefit fund, and (4) a disability benefit fund, and (5) a retirement benefit fund. Expense of administration of the retirement fund shall be paid from the deposit accumulation fund, less the amount as the retirement board may charge against income from investments as the cost of handling the investments of the retirement fund.

Sec. 6. Minnesota Statutes 1980, Section 422A.06, Subdivision 3, is amended to read:

Subd. 3. **DEPOSIT ACCUMULATION FUND.** The deposit accumulation fund shall consist of the assets held in such fund, increased by amounts contributed by or for employees, amounts contributed by the city, amounts contributed by municipal activities supported in whole or in part by revenues other than taxes and amounts contributed by any public corporation, and by income from investments. There shall be paid from the fund the amounts required to be transferred to the Minnesota adjustable fixed-benefit post-retirement investment fund, retirement benefit fund, or the disability benefit fund, refunds of contributions, death benefits payable on death before retirement not payable from the survivors' benefit fund, retirement allowances granted pursuant to Laws 1965, Chapter 688, Laws 1969, Chapter 859, and expenses of administration.

Sec. 7. Minnesota Statutes 1980, Section 422A.06, Subdivision 4, is amended to read:

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Subd. 4. **PARTICIPATION IN THE MINNESOTA ADJUSTABLE FIXED-BENEFIT POST-RETIREMENT INVESTMENT FUND.** ~~The municipal Minneapolis employees retirement fund shall not participate in the Minnesota adjustable fixed-benefit post-retirement adjustment fund. In that fund there shall be deposited the amounts provided in subdivision 5.~~

Sec. 8. Minnesota Statutes 1980, Section 422A.06, Subdivision 5, is amended to read:

Subd. 5. **VALUATION OF ASSETS; ADJUSTMENTS OF BENEFITS.** (a) For those members retiring pursuant to sections 422A.01 to 422A.25, assets equal to the required reserves as determined in accordance with a mortality table appropriate to the fund with an interest assumption of five percent, shall be transferred to the Minnesota ~~adjustable fixed-benefit post-retirement investment fund~~ or, the disability benefit funds as provided in subdivision 7, or the retirement benefit fund, except for any amounts payable from the survivor benefit fund, as of date of retirement.

(b) Annuity payments shall be adjusted in accordance with the provisions of sections 422A.09 and 422A.15, except that no minimum retirement payments therein described shall include any amounts payable from the survivors' benefit fund or disability benefit fund and supplemented benefits specifically financed by statute.

(c) Notwithstanding the provisions of section 356.18 increases in annuity payments pursuant to this section will be made automatically unless written notice on a form prescribed by the board is filed with the retirement board requesting that the increase shall not be made.

(d) All annuities payable from the Minnesota ~~adjustable fixed-benefit post-retirement investment fund~~ which are in effect on June 30, 1973 shall be increased in the same ratio that the actuarially computed reserve for such annuities determined by using an interest assumption of 3-1/2 percent bears to the actuarially computed reserve for such annuities determined by using an interest assumption of five percent. The reserves upon which such increases shall be based shall be the actuarially determined reserves for all Minnesota ~~adjustable fixed-benefit post-retirement investment fund~~ annuities which were in effect on December 31, 1972, in accordance with the mortality assumptions then in effect and at interest assumptions of 3-1/2 percent and five percent. The ratio of increase computed to the last full 1/100 of one percent shall be applied to all annuities payable from the Minnesota ~~adjustable fixed-benefit post-retirement investment fund~~ which are in effect on June 30, 1973. Any additional annuity shall begin to accrue on July 1, 1973 and shall be considered as part of the base amount to be used in determining any increase which may become effective on January 1, 1974 under the provisions of section 11.25, subdivisions 12 and 13.

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(e) All assets in the annuity stabilization reserve and suspense account shall be credited proportionately to the individual retirement funds' participation in the Minnesota ~~adjustable fixed-benefit~~ post-retirement investment fund. Effective January 1, 1974 each participating fund in the Minnesota ~~adjustable fixed-benefit~~ post-retirement investment fund, except the municipal employees retirement fund, shall increase the benefits in effect on June 30, 1973 by an amount that when added to the increase granted to such benefits effective July 1, 1973, equals 20 percent. The increase shall apply to accrual of benefits commencing January 1, 1974 and shall be in lieu of the adjustment provided by Minnesota Statutes, 1973 Supplement, Section 11.25, Subdivisions 12 and 13 scheduled to take effect January 1, 1974. The municipal employees retirement fund of Minneapolis shall determine the increase if any in accrual of benefits commencing January 1, 1974, determined on the basis of its entire participation in the manner provided in Minnesota Statutes, 1973 Supplement, Section 11.25, Subdivisions 12 and 13.

(f) The actuary for each participating fund shall calculate the reserve required to support the benefits in effect on June 30, 1973 as increase July 1, 1973 and herein. As of December 31, 1973, each participating fund shall transfer to or from the Minnesota ~~adjustable fixed-benefit~~ post-retirement investment fund assets so that its participation equals the total of such required reserves and the reserve for benefits authorized on or after July 1, 1973. The increased benefits accruing as of January 1, 1974 shall be considered the "originally determined benefits" for the purpose of future adjustments.

Sec. 9. Minnesota Statutes 1980, Section 422A.06, is amended by adding a subdivision to read:

Subd. 8. RETIREMENT BENEFIT FUND. The retirement benefit fund shall consist of amounts held for payment of retirement allowances for members retired pursuant to sections 422A.01 to 422A.25. For members retiring after the established date for the transfer of assets and liabilities specified in section 6, assets equal to the required reserves pursuant to law shall be transferred from the deposit accumulation fund to the retirement benefit fund. All income from investments of these assets shall be allocated to this fund. There shall be paid from this fund all the retirement annuities authorized by law. The retirement benefit fund shall be governed by the applicable laws governing the accounting and audit procedures, investment, actuarial requirements, calculation and payment of post-retirement benefit adjustments, discharge of any deficiency in the assets of the fund when compared to the actuarially determined required reserves, and other applicable operations and procedures regarding the Minnesota post-retirement investment fund established pursuant to section 11A.18, and any legal or administrative interpretations of those laws of the state board of investment, the legal advisor to the board of investment and the executive director of the state board of investment. The retirement board shall also establish a deferred yield adjustment account within this fund.

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Sec. 10. TEMPORARY PROVISION; TRANSFER OF CERTAIN ASSETS AND LIABILITIES.

The state board of investment shall transfer the assets and obligations in the Minnesota post-retirement investment fund attributable to the retired members of the Minneapolis employees retirement fund to the retirement benefit fund established pursuant to section 7.

Notwithstanding any law to the contrary, the transfer of assets and obligations shall be based on the proportional share of required reserves of the Minnesota post-retirement investment fund attributable by Minneapolis retirement fund retired members as determined by the actuary for the legislative commission on pensions and retirement as of the established date for the transfer of assets and liabilities. The proportional share of required reserves attributable to retired members of the Minneapolis employees retirement fund shall determine the proportional share of the assets of the Minnesota post-retirement investment fund to be transferred based on market value.

As of the established date for the transfer of assets and liabilities, the liability for the payment of all annuities to annuitants of the Minneapolis employees retirement fund previously payable from the Minnesota post-retirement investment fund shall be transferred to the retirement benefit fund of the Minneapolis employees retirement fund and shall no longer be the liability of the Minnesota post-retirement investment fund.

At the close of the business day as of the established date for the transfer of assets and liabilities there shall be transferred to the Minneapolis retirement fund board title to assets equal to not less than 90 percent of the total market value of the estimated Minneapolis employees retirement fund participation in the Minnesota post-retirement investment fund. All market valuations shall be determined by a nationally recognized firm known to perform such evaluations which is mutually agreed upon by the state board of investment and Minneapolis retirement fund board. The transfer shall be in securities which are mutually agreeable to both parties and in cash, and shall be representative of the portfolio composition on the established date for the transfer of assets and liabilities. The remainder of the transfer shall be in cash with interest at the average rate earned in the Minnesota post-retirement investment fund short term portfolio from the established date for the transfer of assets and liabilities to the actual date of transfer after the actuarial determination of the proportional share of reserves attributable to retired members of the Minneapolis retirement fund is calculated by the actuary for the legislative commission on pensions and retirement. The proportional share of the deferred yield adjustment account of the Minnesota post-retirement investment fund attributable to the Minneapolis employees retirement fund as of the established date for the transfer of assets and liabilities shall be credited to the deferred yield adjustment account in the retirement benefit fund.

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Upon the completion of the transfer authorized by this section, the legislative auditor shall conduct an examination of the transfer proceedings, prepare specific findings as to the propriety of fiscal correctness thereof and transmit these findings to the state board of investment, Minneapolis retirement fund board, the board of directors of the Minnesota state retirement system, the board of trustees of the public employees retirement association, the board of trustees of the teachers retirement association, the committee on public employees and pensions of the senate, the committee on governmental operations of the house of representatives, and the legislative commission on pensions and retirement. If the legislative auditor finds any error in the transfer proceedings, the parties to the transfer shall immediately cause the error to be corrected.

The Minneapolis retirement fund board shall pay any costs arising from the transfer authorized by this subdivision if the costs would not have been incurred in the absence of the transfer.

The established date for the transfer of assets and liabilities shall be June 30, 1981, unless the state board of investment and the Minneapolis employees retirement fund board jointly agree that the transfer authorized by this section should not be consummated on that date, whereupon the established date for the transfer of assets and liabilities shall be June 30, 1982.

Sec. 11. REVISOR OF STATUTES; INSTRUCTIONS.

In the next edition of Minnesota Statutes, the revisor of statutes shall remove the term "Minneapolis municipal employee retirement fund" wherever it appears and replace it with the term "Minneapolis employees retirement fund".

Sec. 12. REPEALER.

Minnesota Statutes 1980, Section 422A.05, Subdivision 3, is repealed.

Sec. 13. EFFECTIVE DATE.

Sections 1 and 2 are effective July 1, 1981. Sections 3 to 12 are effective upon compliance with Minnesota Statutes, Section 645.021.

Approved May 29, 1981

CHAPTER 299 — H.F.No. 305

An act relating to crimes; specifying the crime of theft of services; conforming the definition of trade secret in the law proscribing theft to the definition of trade secret in the uniform trade secrets act; amending Minnesota Statutes 1980, Section 609.52.

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