

not to exceed \$900 per annum. This amount may be in addition to the reimbursement for transportation of such child from the place where the pupil is boarded to the school building.

Approved June 3, 1969.

CHAPTER 914—H. F. No. 2465

[Coded in Part]

An act relating to retirement; appropriating money; amending Minnesota Statutes 1967, Sections 422.01, by adding a subdivision; 422.011; 422.05; 422.09; 422.11; 422.13; and 422.15; and amending Laws 1969, Chapter 485, Section 32, by adding a subdivision.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1967, Section 422.01, is amended by adding a subdivision to read:

*Subd. 33. **Municipal employees retirement; adjustable fixed-benefit annuity.** Adjustable fixed-benefit annuity means all retirement and disability payments made by the fund under the terms of Minnesota Statutes, Chapter 422, except retirement allowance increases provided under Minnesota Statutes 1967, section 422.54, and any subsequently granted increases that are not accompanied by provisions for funding such increases by a single sum. For the purposes of the adjustable fixed-benefit fund, the term annuity means adjustable fixed-benefit annuity.*

Sec. 2. Minnesota Statutes 1967, Section 422.011, is amended to read:

422.011 ~~For the purposes of this chapter, there shall be created an expense fund and a retirement fund. The "expense fund" shall consist of such amounts as shall be paid by the city on the basis of statements submitted by the retirement board to defray the expense of the administration of this chapter, exclusive of the payment of retirement allowances and of other benefits provided for in this chapter. The "retirement fund" shall consist of such amounts as are deposited in the fund by or to the account of city employees and such amounts as shall be contributed by the city for the purpose of the paying of retirement allowances.~~

~~The following funds shall be subdivisions of the retirement~~

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funds: (1) a deposit accumulation fund; (2) an annuity reserve fund; and (3) a contingent fund. The deposit accumulation fund shall consist of amounts contributed by or for employees and contributions made by the city for the benefit of such fund. The annuity reserve fund shall consist of the amount held as reserves for the payment of retirement allowances at July 1, 1955, the amounts transferred from the deposit accumulation fund, and amounts contributed by the city for such fund. The contingent fund shall consist of amounts contributed by the city for the payment of retirement allowances and other benefits not paid from the annuity reserve fund or the deposit accumulation fund.

Refunds of contributions and death benefits payable on account of death before retirement shall be paid from the deposit accumulation fund.

There shall be transferred from the deposit accumulation fund to the annuity reserve fund in each year for employees retiring in such year an amount equal to the accumulation of employee deposits increased by an amount equal to the accumulation of six percent of the salary of such retiring employee from July 1, 1955, to the date of retirement. Such amount shall be applied at the annuity rates currently established by the retirement board to purchase a retirement allowance for the retiring employee. Such retirement allowance shall be paid from the annuity reserve fund. Reserves shall be maintained in the annuity reserve fund equal to the present value of all retirement allowances payable from the annuity reserve fund as determined by a valuation to be made as of June 30 in each year.

Any retirement allowances not funded and paid from the annuity reserve fund shall be paid from the contingent fund. Retirement fund. *Subdivision 1. For the purposes of this chapter there shall be a municipal employees retirement fund, hereafter referred to as the retirement fund. The retirement fund, effective July 1, 1969, shall be subdivided into (1) a deposit accumulation fund, (2) a participating share in the Minnesota adjustable fixed benefit fund, and (3) a survivor benefit fund. Expense of administration of the retirement fund shall be paid from the deposit accumulation fund, less such amount as the municipal employees retirement board may charge against income from investments as the cost of handling the investments of the retirement fund.*

Subd. 2. Actuarial valuations required. As of July 1, 1969 and at the end of each class year thereafter an actuarial valuation of the retirement fund shall be prepared and filed in conformance with the provisions and requirements of Minnesota Statutes 1967, sections

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356.21 to 356.23 as amended. Actuarial valuations shall be included in actuarial surveys at such times as an actuarial survey is required by statute or is ordered by the board.

Subd. 3. Deposit accumulation fund. (a) *The deposit accumulation fund shall consist of the assets held in such fund on July 1, 1969, 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 operating in and for two or more contiguous cities of the first class, and by income from investments. There shall be paid from such fund the amounts required to be transferred to the Minnesota adjustable fixed-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, and expenses of administration.*

(b) *Each actuarial valuation shall determine the accrued liabilities due to service of members of the retirement fund who have not retired. The funding ratio of the deposit accumulation fund shall be the ratio of assets in such fund to the accrued liabilities. The tax levy each year shall, in addition to other requirements, include an amount calculated to be sufficient when added to the other receipts to cause the funding ratio to be increased by three percentage points by the end of the fiscal year until such ratio becomes one hundred percent.*

Subd. 4. Participation in the Minnesota adjustable fixed-benefit fund. *The municipal employees retirement association (Minneapolis) shall participate in the Minnesota adjustable fixed-benefit fund. In that fund there shall be deposited the amounts provided in subdivision 5 of this section.*

Subd. 5. Valuation of assets; adjustments of benefits. (a) *As of July 1, 1969, the present value of all annuities in force on that date, excluding any amounts payable from the survivors' benefit fund and retirement allowance granted pursuant to Minnesota Statutes 1967, section 422.54, and subsequently granted unfunded increases be determined in accordance with the 1937 standard annuity table set back two years and calculated separately as to sex with an interest assumption of three and one-half percent, and assets representing the required reserves for these annuities shall be transferred to the Minnesota adjustable fixed-benefit fund, during a period of one year in accordance with procedures specified in the teachers retirement improvement act of 1969, section 32. The Minne-*

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sota state board of investment shall make all determinations as to which assets are to be transferred to the Minnesota adjustable fixed-benefit fund and shall determine all calculations as to valuations and yield which shall apply to the assets transferred. These determinations shall be based on the quality, maturity, and marketability of various assets transferred. The state board of investment is hereby authorized to retain in the Minnesota adjustable fixed-benefit fund any assets so transferred even though such securities may not qualify for purchase by the fund.

(b) Effective July 1, 1969, for those members retiring pursuant to this chapter, assets equal to the required reserves shall be transferred to the Minnesota adjustable fixed-benefit fund except for any amounts payable from the survivor benefit fund, as of the date of retirement.

(c) Annually as of July 1 of each year commencing in 1971, the annuity payments to be made from the Minnesota adjustable fixed-benefit fund in the year beginning after the following December 31, shall be determined in accordance with the following procedures. A determination shall be made of the present value of all retirement allowances payable from the Minnesota adjustable fixed-benefit fund calculated in accordance with the mortality and interest assumptions then in effect. The ratio of the admitted value determined as set forth in this section to such present value of annuities shall be determined and stated as a percentage of the total present value to the last full .5 of one percent. If such ratio is greater than 98 percent and less than 102 percent, no adjustment of annuities will be made. If the ratio is equal to or greater than 102 percent or is equal to or less than 98 percent, the annuity payments currently payable shall be increased or decreased in the ratio so determined for the 12-month period beginning with the first payment due after December 31 next succeeding the valuation date, provided that the annuity payment to any annuitant shall never be an amount less than the amount originally determined on the date of retirement or on July 1, 1969 whichever is later but not including retirement allowances granted pursuant to Minnesota Statutes 1967, section 422.54 and subsequently granted unfunded increases. For the purpose of calculating the adjustments provided herein, all persons subject to Minnesota Statutes, Chapter 422, retiring during any class year shall be deemed to have retired in the same class as of July 1 preceding their date of retirement and all annuitants in such class are equally entitled to any adjustment of annuity payments. All annuitants retired prior to July 1, 1969 shall be in the same class as those retiring between July 1, 1969 and June 30, 1970. If the value in the Minnesota adjustable fixed-benefit fund goes below the value of the reserves required to support the amount of an-

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nunity originally determined on the date of retirement or on July 1, 1969, whichever is later but not including retirement allowances granted pursuant to Minnesota Statutes, section 422.54, and subsequently granted unfunded increases for any annuitant or class of annuitants, the excess of the amount paid over the amount which the reserves would support must be recovered by withholding the amount of any future increases in annuity payments to which the annuitant or class of annuitants would be otherwise entitled until the sum of the amounts withheld equals such accumulated excess. After any deficiency is recovered in full the annuity will be increased on the basis of the cumulative ratio of assets to reserves currently applicable to such annuitant or class of annuitants. Exact procedures to be followed in making determination as to the amounts to be received by persons commencing to receive benefits during the various class years shall be determined by the board in accordance with accepted actuarial and accounting practices.

(d) Notwithstanding Minnesota Statutes, section 356.18, increases in annuity payments pursuant to this section will be made automatically unless written notice is filed by the annuitant with the municipal employees retirement association (Minneapolis).

(e) 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 municipal employees retirement board requesting that the increase shall not be made.

Subd. 6. Survivor's benefit fund. *The survivor's benefit fund shall consist of the amount held on July 1, 1969, for survivor benefits, increased by contributions for survivor benefits made by and for employees, including contributions made by the employer, by any municipal activity supported in whole or in part by revenue other than taxes or by any public corporation operating in and for two or more contiguous cities of the first class, and by income on investments of such fund. There shall be paid from such fund the survivor benefits specified in section 422.09 except that the refund of net accumulated deductions from the salary of a contributing member shall upon his death in service be paid from the deposit accumulation fund.*

Sec. 3. Minnesota Statutes 1967, Section 422.05, is amended to read:

422.05 Classification of employees. Subdivision 1. Employees of the city shall be divided into a contributing class, a non-contributing class, and an exempt class.

Subd. 2. The contributing class shall consist of all employees

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not included in either of the other two classes, and shall be subdivided into present incumbents, employees in the service of the city at the date this chapter becomes effective therein, who elect to become contributors to and prospective beneficiaries of the fund created by this chapter, and future entrants, employees who enter the service of the city subsequent to the date this chapter becomes effective therein.

Any employee in the service of any public corporation now or hereafter created in and for any two or more contiguous cities, the funds of which public corporation are in whole or in part raised by taxation on the property in such cities, may become a member of the contributing class by giving a written notice to the retirement board of his acceptance of and his desire to avail himself of the provisions of this chapter, within six months from the date of the passage of Laws 1945, Chapter 181, or of his employment, whichever is the later date.

A member of the contributing class who is granted a leave of absence without pay by his employer to serve as an employee or agent of a labor union primarily representing members of the contributing class may continue as a member of the contributing class during the period of such leave of absence by depositing each month with the fund the amount of the contribution of both the employee and employer for such month as required by this chapter which amount shall be the normal cost of retirement allowances. An individual who on the effective date of this act is a member of the contributing class or is on leave of absence to serve as an employee or agent of a labor union primarily representing members of the contributing class may receive credit as a member of the contributing class for such previous periods as an employee or agent of such labor union by giving a written notice to the retirement board prior to August 1, 1969, of his election to receive such credit and by paying into the fund not later than July 1, 1971 the amounts, including accrued interest, required to pay for both the employee and employer contributions for such previous periods as such labor union employee or agent, which amount shall be the current normal cost of retirement allowances. The contributions referred to in this paragraph shall be based on the salary for the position or its equivalent held by the member immediately prior to such leave of absence subject to any adjustment thereof during the period of such leave.

Subd. 3. The non-contributing class shall consist of all employees, including common laborers, whose individual pay or compensations do not exceed \$750 per annum; provided, that when the compensation of an employee who is paid on a monthly basis equals or exceeds \$62.50 per month on a 12-month basis, such employee shall be classified as a contributor and shall from and after such time

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contribute to the fund and assume all the obligations imposed upon and be entitled to all the benefits conferred upon members of the contributing class, specifically set forth in this chapter.

From and after the end of the calendar year in which the average annual compensation of an employee who is paid on a day basis equals or exceeds \$750 per calendar year during his period of service with the city, such employee from and after such date shall be classified as a contributor and shall assume all the obligations imposed upon and be entitled to all the benefits conferred upon members of the contributing class, as specifically set forth in this chapter.

Any employee in the non-contributing class may, upon written application filed with the retirement board prior to attaining the age of 50 years, elect to become a member of the contributing class, and shall then assume all the obligations imposed upon and be entitled to all the benefits conferred upon members of the contributing class, as specifically set forth in this chapter.

Subd. 4. The exempt class shall consist of:

(1) Employees who are members of an organization or association of such city on behalf of which a tax is levied by the city for the purpose of paying retirement allowances to disabled or superannuated employees.

(2) Persons filling elective position. Provided that any elective officer holding an elective position, as those terms are defined herein, including judges of a municipal court, shall, upon written application to the retirement board, be entitled to become a member of the contributing class of the fund, and after becoming a contributor to the fund be entitled to all benefits conferred upon employees of the contributing class except retirement on a service allowance, which shall be granted only upon completion of ~~15~~ 10 or more years of service. All retirement allowances shall be computed and determined as provided herein, except that in determining the number of years of service, credit shall be given for time served as an elective officer or employee, as in this act defined, or member of an executive board or commission or any combination thereof. Persons who have served in elective positions which qualified them for membership in the fund prior to July 1, 1967, and who immediately thereafter hold elective office, first being appointed to that elective office in a county containing the city of the first class or other employing jurisdiction in which they served as an elected official, may retain or resume membership in the fund as an elective officer of the county. The county shall collect and pay to the retirement fund the employee contribution. The employer cost of allowances and benefits credited to an elected officer as

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set forth above shall be paid from the county revenue fund of such county by the proper county officials upon certification of such costs by the retirement board in the same manner as prescribed in section 422.13 for the payment of costs by public corporations. A tax shall be levied by such county to defray the cost of such retirement allowances which may be in addition to all other taxes levied by such county. Before receiving a retirement allowance, or any other benefit, any person who claims credit for service under this section shall contribute to the fund herein provided for an amount which shall be equal to the amount of contributions to the fund which such person would have made had he been a contributor to the fund since January 1, 1922, or date of first becoming eligible for membership in the fund, whichever is later, in accordance with the method of contribution herein provided for, plus four percent compound interest.

Any person receiving retirement benefits from the fund as a result of service as an elected official pursuant to the provisions of this paragraph shall waive such retirement benefits while subsequently receiving a salary or compensation from the city for service in an appointive or elective position.

Any pension due and payable to an elective officer who claims credit for service as a member of an executive board or commission shall not exceed \$200 per month computed under the single life plan but subject to the option selections provided for in section 422.08;

(3) Persons serving without pay;

(4) Persons serving on executive boards. Provided that any person serving on an executive board or commission shall, upon written application to the retirement board, be entitled to become a member of the contributing class of the fund, and after becoming a contributor to the fund be entitled to all benefits conferred upon employees of the contributing class except retirement on a service allowance which shall be granted only upon completion of 20 or more years of service.

All retirement allowances shall be computed, determined and paid for in the same manner as for employees, as provided herein, except that in determining the number of years of service, credit shall be given for time served as a member of an executive board of commission, employee, or elective officer, or any combination thereof.

Before receiving this retirement allowance, or any other benefit, the person who claims credit for service under this section shall contribute to the fund an amount which shall be equal to the amount of contributions to the fund which would have been made had he been a

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contributor to the fund since January 1, 1922, or date of becoming a member of an executive board or commission or elective officer or employee whichever is later, in accordance with the method of contribution in this chapter provided, plus four percent compound interest.

Said service shall include periods of service at different times and service for one or more executive boards or commissions, but periods of separation from the service shall not be included.

Any pension due and payable to any person who claims credit for service as a member of an executive board or commission shall not exceed \$100 per month computed under the single life plan but subject to the option selections provided for in section 422.08.

(5) Nurses, pupil nurses, internes and staff physicians employed at the city hospitals; provided that any nurse employed by the city at a city hospital who is not otherwise prohibited from membership may make application to become a contributing member of the fund, such application to be final and irrevocable, and thereafter the provisions of this chapter shall fully apply to said nurse upon the contribution to the fund by said nurse of six percent of all salaries, wages or other compensation paid to him or her by the city from the date of his or her original employment by the city as a nurse to the date said application is made plus the further payment to the fund by said nurse of interest compounded annually at four percent on such delayed contribution. Provided that the provisions of this subsection shall not apply to nurses who are presently contributing members of the fund.

(6) Employees in the service of the city at the time this chapter is adopted, who, after such adoption, have not given written notice of a desire to accept the provisions of this chapter;

(7) Persons not citizens of the United States;

(8a) Persons employed after July 1, 1959, who have attained the age of 56, unless such person was previously employed by the city or any of its boards, departments or commissions or by a public corporation whose employees are members of or eligible to be members of a fund operating under the provisions of Chapter 422, Minnesota Statutes, and was a contributing member of the fund at the time of separation from the service, and unless the service rendered by such employee after July 1, 1959 when added to the service rendered by the employee prior to July 1, 1959 will equal or exceed 10 years, as determined by the retirement board, regardless of the provisions of the veterans preference act or any law, rule or bylaw to the contrary.

(8b) Persons employed after July 1, 1959 on a temporary

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basis, including persons employed on permits issued by a civil service commission; doorkeepers, ticket takers, and attendants at a municipal auditorium, park recreation facilities, or like activities, employed less than 1000 hours, or its equivalent if employed on any other basis than an hourly basis, in any calendar year from January 1 to December 31, inclusive, provided that employees who are contributing members of the fund on July 1, 1959 shall not be affected by the exclusions contained in this section.

(8c) Any person who is employed by the city or any of its boards, departments, commissions or a public corporation, as herein outlined, and is excluded from participation in the fund by section 422.05-8a, 8b shall be separated from the service upon reaching the age of 65 regardless of the provision of the veterans preference act.

(9) Employees of a public corporation now or hereafter created in and for two or more contiguous cities of the first class, who do not within six months from the date of the passage of Laws 1945, Chapter 181, or the date when they enter the service of said corporation, whichever is later, give written notice to the retirement board of the acceptance of and desire to avail themselves of the provisions of this chapter. Any such employee who failed to give notice to the retirement board within the six months here required may by written application to the retirement board made within 60 days after the passage of Laws 1953, Chapter 681, become a contributing member of the retirement fund.

Any employee who makes an application as herein provided shall receive credit for service in such public corporation only upon contribution to the retirement fund of the amount which would have been contributed to such fund at the required percentage rate, plus four percent compound interest, had such application been made within the time prescribed by Laws 1945, Chapter 181, and only upon approval of the governing board or commission of such public corporation.

Sec. 4. Minnesota Statutes 1967, Section 422.09, is amended to read:

422.09 **Refunds.** If an employee to whom this chapter applies becomes absolutely separated from the service prior to attaining the minimum retirement age established in section 422.04, the net accumulated amount of deduction from his or her salary, pay, or compensation, made for the purpose of accumulating a fund from which to pay retirement allowances, shall be returned to such employee, with interest.

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Any contributing employee who is absolutely separated from the service of the city after attaining the minimum retirement age established in section 422.04, who has five years or less of creditable service, as determined by the retirement board, shall have the option of accepting a refund of the net accumulated amount of deductions from his or her salary, pay, or compensation, to his or her credit, and if said employee accepts said refund all present and future rights to a retirement allowance shall be forfeited.

Any contributing employee who separates from a department, board or commission of a city whose employees are covered by a fund organized under this chapter, and becomes an employee of a department or board of the same city, whose employees are covered by a retirement fund or relief association by whatever name known, organized under any other law and supported in whole or in part by taxes on the same city, shall have the option of:

1. Retaining their membership in the fund organized under this chapter, regardless of the provisions of any law, rule, bylaw or other action requiring membership in any other retirement fund or relief association however organized.

2. Transferring to the fund or association covering the employees of the department or board to which they are transferring, providing they are eligible for membership therein.

Any contributing employee who elects to transfer to another fund or association as herein provided, shall make such election within one year from the date of separation from the city service covered by this fund or the passage of this section, whichever applies.

If the contributing employee elects to transfer to another fund as herein provided, a refund of the net accumulated contributions made by such employee to the fund organized under this chapter, shall be returned to the employee with interest.

Any person who has had 15 years or more of service as a member of the contributing class prior to July 1, 1967, and who separates from his then employment and becomes an employee or an elected or appointed official of a county containing a city which has adopted a pension or retirement system pursuant to the provisions of this chapter, shall have the option of *resuming or* retaining his membership in this fund regardless of the provisions of any law which would otherwise require membership in some other retirement fund, or of taking any retirement allowance or refund to which he would otherwise be entitled upon such separation. The election of such contributing member to so *resume or* retain his membership in this fund shall be made

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within ~~100 days~~ *three years* from the date of such separation by giving a written notice of such election to the retirement board and a copy thereof to the employing county, *and provided further that such person who has separated from his employment with the city must have commenced his employment with such county within 30 days after such separation from employment with the city.* The employer cost of the retirement allowances and all other benefits inuring to such member subsequent to his entering the service of said county shall be an obligation of and paid by the said county to the retirement fund upon certification of such costs by the retirement board in the same manner as provided in section 422.13 for the payment of such costs by public corporations referred to therein. Any person who so elects to remain in this fund shall be entitled to all the benefits and subject to all the restrictions of this chapter 422.

Any employee in any city to which this act applies shall waive the pension benefits under this act while holding non-elective employment in any other governmental subdivision for which they receive compensation, provided that this provision shall not apply to any person so employed at the time this act takes effect.

No employee in any city to which this act applies shall be eligible to be a member of or receive benefits from more than one fund or association of such city by whatever name known, supported in whole or in part by taxes levied by such city, provided that this prohibition shall not apply so as to prevent employees who are contributing members under this chapter from receiving survivors benefits, as widows, from any such other fund or association of such city.

Upon the death of a contributing member while still in the service of the city, and before reaching the compulsory age of retirement there shall be paid to such person or persons as he or she shall have nominated by written designation filed with the retirement board, in such form as the retirement board shall require, the net accumulated amount of deductions from his or her salary, pay or compensation, to his or her credit on date of death.

If the employee fails to make a designation, or if the person or persons designated by such employee pre-deceases such employee, the net accumulated amount of deductions from his or her salary, pay, or compensation, to the credit of such employee on date of death shall be paid to such employee's estate.

If a contributing member dies after having been in the service ten or more years, and before actual retirement, as determined by the retirement board, the present worth of the city's annual installments of \$60 then to the credit of the contributing member, and the supple-

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mentary allowance, as defined in this act, shall be paid to a beneficiary designated by such contributing member in such form as the retirement board shall require, who shall be the surviving spouse, or surviving child, or children of such member, if there be no surviving spouse, or surviving child or children then to a person actually dependent on and receiving principal support from such member or surviving mother or father, or surviving brother or sister, or surviving children of the deceased brother or sister of such member.

If the beneficiary designated by the member is not one of the class of persons named in the preceding sentence, such benefit from the accumulation of city deposits shall be paid in the following order: (1) to the surviving spouse, the whole thereof; (2) if there be no surviving spouse, to the surviving children, share and share alike; (3) if there be no surviving spouse or child or children, to the dependent or dependents as those terms are herein defined, of the member, share and share alike; (4) if there be no surviving spouse, child or children, or dependents, to the surviving mother and father, share and share alike; (5) if there be no surviving mother and father, to the surviving brothers and sisters of the member, in equal shares; (6) and if there be no surviving brothers and sisters, to the surviving children of the deceased brothers and sisters of the member, in equal shares; (7) and if there is no person named in the preceding sentence who survives the member, the accumulation of the city deposits shall be cancelled.

Upon the death of a contributing member after having been in the city service not less than 18 months but before the effective date of retirement, such board shall in lieu of the settlement hereinbefore provided pay to the surviving dependent spouse and/or dependent children under the age of 18 or under the age of 22 if a full time student at an accredited school, college or university, and is single, the following monthly benefit:

- (a) Surviving widow or widower \$100 per month.
- (b) Each dependent child \$65 per month.

Payments for the benefit of any dependent child under the age of 18 years shall be made to the surviving parent, or if there be none, to the legal guardian of such child. The maximum monthly benefit shall not exceed \$300 for any one family.

The widow of a deceased member, who has not remarried and was living with and dependent upon the member at the time of his death, shall be entitled to the monthly benefit herein provided unless such widow has an income in excess of \$2400 for a 12-month period commencing with the first day of the month following the month in

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which the employee died, in which case all income in excess of \$2400 for the previous 12-month period shall be prorated over the succeeding 12-month period and deducted from the surviving spouse benefit herein provided. This process shall be continued for each succeeding 12-month period. The widow's survivors benefits above referred to shall be suspended when there are no dependent children qualified to receive the \$65 monthly allowance, said suspension of benefits to said widow to continue until the widow reaches age 62 when payments shall again commence if the widow has not been remarried; provided, however, (1) that the suspension shall not apply to a widow who is totally and permanently disabled as certified by the Medical Board, (2) that this provision for suspension shall apply only to widows of employees who first become contributing members of this fund subsequent to July 1, 1967, and (3) that in any event the widow shall receive the monthly allowance for one year after the contributor's death.

The widower of a deceased member, if such widower has not remarried and was living with the deceased member at the time of her death, and was receiving at least one-half of his support from the deceased member at the time of her death and has attained the age of 65 or is totally and permanently disabled, shall be entitled to the monthly benefit herein provided.

Benefits herein provided shall commence with the first day of the month following the month in which the employee dies and shall end with the last day of the month preceding the month in which eligibility ceases.

Eligibility for the benefits herein provided shall be determined by the retirement board and its determination shall be final. Each beneficiary or parent or guardian of a dependent child or legal representative shall furnish such information as the board may deem necessary to determine eligibility for the benefits provided by this section, and failure to furnish such information shall be sufficient grounds for the discontinuance of such benefits.

If the widow or widower of the deceased member becomes entitled to a retirement allowance by reason of his or her membership in this fund, such widow or widower shall have the option of either receiving such retirement allowance or to continue receiving the widow's or widower's benefit.

The cost of all monthly survivor's benefits provided in this section shall be an obligation of the members and of the city and any of its boards, departments, commissions or public corporations as hereinafter provided.

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The retirement board shall increase the contribution rate to the fund of each member provided by one-fourth of one percent, such additional contribution to be credited to a reserve for survivor's benefit account, which shall remain a separate account from which shall be paid on an actuarial basis all such survivor benefits due and payable. Any deficiency in such account shall be an obligation of the city, and any of its boards, departments, commissions or public corporations and shall be paid for in the same manner as other benefits. Any surplus in the survivor's account shall inure to the credit of the retirement fund.

The retirement board shall cause an annual actuarial valuation of the survivor's benefit account to be made by the board's actuary.

The retirement board shall reduce or increase the contribution rate of one-fourth of one percent if and when it is actuarially determined that such rate is in excess of or less than the amount necessary to pay for 50 percent of the cost of the survivor benefits herein provided.

The additional member contribution provided for herein shall commence as of July 1, 1959.

If the contributing member dies after having been in the service of the city 20 or more years, and before the effective date of retirement, as determined by the retirement board, such board shall pay a monthly allowance under the option 4-five year certain life income plan of retirement, as adopted by the board, to the designated beneficiary of such employee, providing such employee prior to the date of his death filed a written request therefor with the board on forms provided by such board. The monthly allowance herein provided for shall be the actuarial equivalent of a single life retirement allowance which would have been payable to the employee on the date of his death had he been eligible to retire and retired.

The beneficiary designated by the employee shall be the surviving spouse of such employee. If there is no surviving spouse, the designated beneficiary may be a dependent surviving child or dependent parent of such employee as dependency is defined in this chapter. If the beneficiary designated by the employee is not of the class of persons provided for in this paragraph, or if the designated beneficiary predeceases the employee, a refund shall be made as provided for in section 422.09, in lieu of a life income under the option 4-five year certain plan.

If the employee does not elect to designate a beneficiary to receive a life income under the option 4-five year certain plan, as herein

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provided, the designated beneficiary, if of the class of persons set forth in the preceding paragraph, may elect within 60 days after the date of death of the employee to receive a life income computed and determined as though the employee had retired on the date of his death under the option 2 plan of retirement, as provided for in this act, and had designated such person as his beneficiary.

If any employee who has contributed to the survivor's benefit account as herein provided dies before the effective date of retirement on a service or disability pension and is not survived by a beneficiary eligible to receive a monthly allowance as herein provided, there shall be paid from the survivor's benefit account to a beneficiary designated by the employee a death benefit of \$500 if death occurs prior to the end of the employee's tenth year of service or of \$1000 if the employee had prior to his death completed 10 or more calendar years of service.

Upon reinstatement of a former employee to the service, credit for such past service or for any part thereof shall be granted only upon repayment of the amount of the separation refund, with interest, from the time of separation; provided this provision shall not apply to service rendered prior to the date that sections 422.01 to 422.23 become effective.

Sec. 5. Minnesota Statutes 1967, Section 422.11, is amended to read:

422.11 Credits, individual record. The city comptroller or other person having supervision of the payment of salaries to employees shall cause the deductions to be withheld from all specific appropriations for the particular salaries or compensation from which the deductions are made and from all allotments out of lump sum appropriations for payments of such salaries or compensation for each fiscal year; and a record of these sums shall be entered to the credit of the various employees from whose salaries deductions have been made. The amount of the deductions shall be deposited with the city treasury and credited to the retirement fund.

At the close of each fiscal year there shall be distributed to each contributing employee in proportion to the accumulated amount then to the credit of said employee as accumulated salary deductions credited within the deposit accumulation fund to accounts representing contributions by the municipality and to accounts representing the accumulated amount of each contributing employee in proportion to the average balance in each such account during said fiscal year, and computed on the balance at the end of each quarter, the amount of income from investments earned on the accumulated funds in posses-

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sion of the board, after having deducted from the total of such income (1) the amounts otherwise required as interest for various allowances or purposes specified in this chapter and (2) an amount to be set aside to liquidate actual or to amortize prospective losses on investments. The net balance of the investment earnings to be so distributed shall be distributed at the greatest multiple of one-tenth of one percent of the total of all such accumulated amounts from salary deductions up to and including a maximum of four percent. Any excess then remaining from such investment earnings shall be credited to a reserve fund and be added to and distributed with the investment earnings of the next succeeding year. The amount that shall be set aside to liquidate past losses on investments or to create a reserve from which to liquidate future losses shall be such amount as the board may deem necessary for such purpose but not in excess of one mill on the dollar of the gross amount received as income on the cash and investments in the fund.

At the end of each calendar year and throughout the first 300 months of actual employment there shall be entered to the credit of each employee from whose salary or compensation deductions are made, a credit of \$60 per employee, the accumulated amount of which shall be charged to the municipality and payable by the municipality. It shall be the duty of the proper authorities to levy from time to time a sufficient sum in addition to all other sums to be levied by taxation to meet the liabilities against the municipality created thereby.

Sec. 6. Minnesota Statutes 1967, Section 422.13, is amended to read:

422.13 City's financial responsibility; statement of requirements; tax levy. Interest as provided in this chapter and the payment of all pensions, annuities, retirement allowances, refunds and death benefits granted by the retirement board under the provisions of this chapter are hereby made obligations of the city. All income, interest and dividends derived from deposits and investments authorized by this chapter shall be placed to the credit of the retirement fund.

Prior to August 31 of each successive year the retirement board shall prepare an itemized statement of its financial requirements from tax revenue for the succeeding fiscal year.

This statement shall include:

1. An estimate of the administrative expense of the retirement board less:

(a) Such amount as the board may charge against the inter-

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est income account of the fund as cost of handling the investment securities of the fund.

(b) The cost of handling the retirement benefits of any city owned public utility, improvement project, or other municipal activities supported in whole or in part by revenue other than taxes.

(c) The cost of handling the retirement benefits of any public corporation and its employees operating in and for two or more contiguous cities of the first class who have availed themselves of the provisions of this section.

2. An estimated amount not to exceed six percent of the salaries and wages of all employees covered by the retirement fund less any amounts contributed for *current cost of future retirement purposes benefits* by any city owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than taxes, or any public corporation operating in and for two or more contiguous cities of the first class.

3. ~~The estimated amount required for payment of retirement allowances and other benefits from the contingent fund; to meet the requirements of section 422.011, subdivision 3, less any amounts contributed for this purpose by any city-owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than taxes, or any public corporation operating in and for two or more contiguous cities of the first class.~~

4. ~~The total of items 1, 2 and 3 above shall be increased by such part of the actuarial deficit as may be determined by the retirement board or decreased by the surplus of the annuity reserve fund as determined by an actuarial valuation as of the preceding June 30. The cost of all monthly survivor's benefits provided in section 422.09 as an obligation of the city and any of its boards, departments, commission or public corporations as therein provided, less any amounts contributed for this purpose by any city-owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than taxes, or any public corporation operating in and for two or more contiguous cities of the first class.~~

5. *Such other levies and financing as are required by statute.*

6. *The total of items 1, 2, and 3 above shall be increased or decreased as the case may be by any deficiency or excess of the amount of tax revenue actually collected within the preceding fiscal year under or over the amount actually determined to meet the financial requirements of the fund of such year. In no event shall the amount requested for levy exceed the total of entry age normal cost,*

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less the amounts contributed by the employees, plus administrative expense, interest on the actuarial deficit at the rate of three and one-half percent per annum, and an amount necessary to reduce the principal amount of the actuarial deficit in equal installments by the year 1997. This limit does not apply to the requirements for survivor benefit provided in section 422.09 nor to any levy which is administered by the retirement board pursuant to special act.

A copy of such statement shall be submitted to the board of estimate and taxation and to the city council, or other chief governing body, prior to September 15 of each successive year for their inspection.

The city council or chief governing body or any board of commission may by proper action provide for the inclusion in the cost of operating any city owned public utility and may include in the cost of any improvement project and other municipal activities supported in whole or in part by revenues other than taxes, the cost of the retirement benefits accruing under this act for employees of such utility or employed on such improvement projects or other activities. Such costs shall be determined by the retirement board and the respective governing bodies having jurisdiction over financing such costs.

The amounts so transferred to the retirement fund shall be deducted from the tax request hereinbefore outlined insofar as such amount shall be applicable to current and accrued requirements. The council or chief governing body is hereby authorized to transfer to the retirement fund all or part of any sums now on hand which have been previously reserved for this purpose.

Except as herein and in the following paragraph set forth, no appropriation shall be made to pay the cost of retirement allowances or other benefits granted to employees of a public corporation now or hereafter created in and for two or more contiguous cities of the first class who have elected to avail themselves of the benefits of this section. The cost of retirement allowances and other benefits inuring to such employees shall be an obligation of and paid by such public corporation. At such time as the retirement board shall fix and determine, such public corporation shall pay to the retirement fund the amount certified to such corporation by the retirement board as the cost of the retirement allowances and other benefits accrued and owing for the employees of such corporation.

Any employee of a public corporation created in and for the two contiguous cities of the first class, the funds of which public corporation are in whole or in part raised by taxation on the property in such cities, who was an employee as herein defined of a city of the first

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class prior to his employment by such a public corporation, and who was a member of or had accrued benefits in an organized retirement fund of such city, shall be allowed credit in the retirement fund for such employment with a city in the same manner as though he had continued in the service of such city. The cost of that portion of the retirement allowance or other benefits accrued while such employee was in the service of the city shall be an obligation of the city, and a tax shall be levied and collected to discharge such obligation as herein provided.

Any contributor or retired employee who prior to entering the service of a city of the first class was an employee of a public corporation created in and for two or more contiguous cities of the first class shall be allowed credit in the retirement fund for employment by such public corporation in the same manner as though the service had been rendered to such city.

Before receiving credit for service rendered to a public corporation as herein set forth, the contributing or retired employee shall make application therefor in writing to the retirement board, and shall contribute to the retirement fund the amount which would have been contributed had the employee been a contributing member of the fund during the time such service was rendered to the public corporation, plus four percent compound interest to date of payment or date of retirement, such amount to be found and determined by the retirement board.

The retirement board in charge of operating the system is hereby authorized to recompute the retirement allowance of any retired employee who qualified under the provisions of this act and to pay to the employee the increased pension thereby determined, providing the public corporation which previously employed such employee consents and agrees to pay the cost of the additional benefits gained by such employee as the result of the service rendered to such corporation, such additional cost to be paid in the same manner as other benefits are paid for, as provided in Minnesota Statutes, Chapter 422, authority being hereby granted to such corporation to pay such cost.

It shall be the duty of the city council or other chief governing body of such city, in addition to all other taxes levied by such city, to annually levy a tax for the purposes set forth in this chapter, and such tax when levied shall be extended upon the county lists and collected and enforced in the same manner as other taxes levied by such city are extended, collected and enforced. The proceeds of such taxes shall be paid into the city treasury to the credit of the retirement fund, which shall constitute and remain a special fund and shall be used

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only for the payment of obligations created pursuant to the provisions of this chapter.

The rate of interest to be used as a basis for calculations, except as otherwise specified, shall be the average rate of interest received from the invested portion of the retirement fund, but not less than the average rate of interest paid by the banks of the city on savings deposits, calculated to the nearest one-fourth percent.

Sec. 7. Minnesota Statutes 1967, Section 422.15 is amended to read:

422.15 Retirement board; trustee of funds. *Subdivision 1.* Except as otherwise provided by law the members of the retirement board shall be the trustees of the several funds created by this chapter and shall have exclusive control and management of these funds, and shall have power to invest the same, subject to all the terms, conditions, limitations, and restrictions imposed by law upon savings banks in the making and disposing of their investments, *except convertible bonds which may be purchased as to rating but subject to the eligibility limits imposed below for common or preferred stock*; and subject to like terms, conditions, limitations, and restrictions, these trustees shall have full power to hold, purchase, sell, assign, transfer, or dispose of any of the securities and investments in which any of the funds created by this chapter shall have been invested as well as the proceeds of the investments, and of the money belonging to these funds, except that any reserve built up from the city's contributions shall be invested in bonds of that city in preference to other bonds paying an equal or less rate of interest.

Subd. 2. In addition to other investments authorized by law, the board may invest in any one or all of the following:

(1) The preferred stocks of any domestic corporation, provided the net earnings of such corporation available for its fixed charges for five fiscal years next preceding the date of investment shall have averaged per year not less than one and one-half times the sum of its annual fixed interest charges, if any, its annual maximum contingent interest, if any, and its annual preferred dividend requirements; and during either of the last two years of such period, such net earnings shall have been not less than one and one-half times the sum of its fixed interest charges, if any, contingent interest, if any, and preferred dividend requirements for such year.

(2) The common stocks of any domestic corporation, provided such stocks are registered on a national securities exchange, except that the stock of banks, bank holding companies, trust compa-

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nies and insurance companies need not be so registered, and such corporation shall have earned and paid cash dividends on its common stocks in each year for a period of five fiscal years next preceding the date of investment provided that the aggregate earnings of such corporation available for payment of dividends on the common stock during the last five years must have been at least equal to the aggregate of such cash dividends. No investment shall be made in the common or preferred stock of any corporation with assets of less than ten million dollars.

No investment shall be made by the board in the *common or preferred* stock of any corporation *for the deposit accumulation fund* if the total amount so invested by the board exceeds an amount equal to ~~30~~ 50 percent of the assets ~~of the fund~~, *valued at cost. Convertible bonds valued at cost shall be considered common or preferred stock for purposes of this limitation.*

No investment shall be made by the board in the common or preferred stock of any corporation for any of the funds if the total common and preferred stock investment in ~~any one~~ *that* corporation exceeds (1) in amount, ~~one and one-half of one~~ *one* percent of the assets of the fund, or (2) in number of shares, one percent of the total issued and outstanding shares of stock of such corporation.

Subd. 3. The board shall have authority:

(1) To make such loans and advances of credits and purchases of obligations, representing loans and advances of credit, as are insured by the federal housing administration, and to obtain such insurance;

(2) To make such loans secured by mortgages on real property, which the federal housing administrator has insured or made a commitment to insure, and to obtain such insurance;

(3) To enter into any and all agency agreements necessary to enable it to invest its funds in loans, advances of credit, and obligations insured by the federal housing administrator, or which he has made a commitment to insure and to enter into any agreement or arrangement with any other of the pension and retirement systems of the city for the joint handling of these securities;

(4) To provide for the prorating of part or all of the cost of making, handling or foreclosing of such mortgages against the earnings of such mortgages and to establish reserve accounts from such earnings to liquidate losses or future losses on such mortgages;

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(5) To employ and dismiss agents, attorneys, appraisers, and others necessary for the proper handling or servicing of such mortgages and to fix their compensation or fee on such basis as it may see fit for such services rendered in connection with such mortgages; and

(6) To do any and all things necessary to carry out the provisions of this chapter in the best interest of the funds.

Subd. 4. The board shall, upon request of any contributing employee who has borrowed from the retirement fund under the federal housing administration insured mortgage system, provide for the repayment of such loan by deducting from such employee's monthly compensation.

Subd. 5. All payments from the funds created by this chapter shall be made by the treasurer of the city only upon warrant signed by the executive secretary, or employee or other person appointed by the retirement board, and no warrant shall be drawn except by order of the retirement board duly entered in the record of its proceedings, except that the retirement board is hereby authorized and empowered to create a revolving fund in such amount as may be necessary to be used for the purpose of making expenditures for loans authorized under section 422.46; withdrawals from the fund of excess contributions; refunds to employees upon their separation from the service and for such other purposes as may be determined by the retirement board. The revolving fund herein provided for shall be periodically reimbursed by warrant drawn and signed as set forth herein. It shall be kept in the same bank or trust company as the city treasurer keeps other retirement funds. It shall be subject to withdrawal upon check signed by the executive secretary, or employee or other person appointed by the retirement board. The revolving fund shall be considered funds of the city insofar as it is necessary to bring them within any bond or security furnished by such bank or trust company to protect the city against loss.

Subd. 6. The retirement board is hereby authorized and empowered in carrying out the provisions of this chapter to establish special funds supplementing individual contributions by the employees and to receive, invest, and disburse for such purpose all moneys in the form of donations, gifts, legacies, bequests, or otherwise which may be contributed by private individuals or corporations or organizations for the benefit of the city employees generally, or any special employee or class of employees of the city.

Sec. 8. [422.151] Continuing appropriation. All money necessary to meet all transfers from account to account, from fund to fund, and from fund to beneficiaries and annuitants provided

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in Minnesota Statutes, Chapter 422, are hereby annually and from time to time appropriated.

Sec. 9. There shall be appropriated an amount up to \$5,000 from the municipal employees retirement fund for use by the legislative retirement study commission of the state of Minnesota during the interim 1969 through 1971 for the purposes of study, research, evaluation, drafting, and recodification of Minnesota Statutes, Chapter 422. The amounts required for this purpose shall be paid by the board on the written request of the executive secretary of the legislative retirement study commission within a reasonable time after such request. Any amounts not expended by the commission shall be returned to the retirement board not later than January 15, 1971. The legislative retirement study commission shall consult with the board through its executive secretary, and with officers of the employee association, during the consideration of Chapter 422 for purposes of evaluating any proposed changes.

Sec. 10. Laws 1969, Chapter 485, Section 32, is amended by adding a subdivision to read:

[11.25] *Subd. 11. Transfer and withdrawal of funds. All money necessary to meet the requirements of certification of withdrawal by funds authorized to participate in the Minnesota adjustable fixed-benefit fund are hereby annually, and from time to time, appropriated from the Minnesota adjustable fixed-benefit fund to the participating pension funds involved. Withdrawals for pensions are limited to those pensions for which reserves have been transferred to the Minnesota adjustable fixed-benefit fund.*

Sec. 11. Effective date. This act shall become effective July 1, 1969.

Approved June 3, 1969.

CHAPTER 915—S. F. No. 910

An act relating to sales and use tax; amending Minnesota Statutes 1967, Sections 297A.15, 297A.16 and 297A.21.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1967, Section 297A.15, is amended to read:

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