

HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2199

02/13/2012 Authored by Lanning

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

03/26/2012 Adoption of Report: Pass as Amended and re-referred to the Committee on Ways and Means

04/16/2012 Adoption of Report: Pass as Amended and Read Second Time

A bill for an act

1.1 relating to retirement; statewide and local retirement plans; revising certain
 1.2 statutory actuarial assumptions; requiring comprehensive annual retirement
 1.3 plan fund reporting by Minnesota Management and Budget, modifying
 1.4 various Department of Human Services employment classifications eligible
 1.5 for correctional retirement coverage; modifying certain health care savings
 1.6 plan provisions; clarifying transfer eligibility for the unclassified state
 1.7 employees retirement program; making various modifications in retirement
 1.8 plans administered by the Public Employees Retirement Association, making
 1.9 various revisions in the public employees privatization law; making various
 1.10 administrative changes in the Teachers Retirement Association law, including
 1.11 revising state and local aid programs inherited from the former Minneapolis
 1.12 Teachers Retirement Fund Association; making various modifications to conform
 1.13 with the federal Internal Revenue Code retirement plan requirements; updating
 1.14 the public pension fund investment laws, merging the Fairmont Police Relief
 1.15 Association and the Virginia fire consolidation account with the public employees
 1.16 police and fire retirement plan; making various volunteer fire retirement
 1.17 law changes; and making various small group or single person retirement
 1.18 authorizations; amending Minnesota Statutes 2010, sections 11A.07, subdivision
 1.19 4; 11A.14, subdivision 14; 11A.24; 16A.06, subdivision 9; 69.011, subdivision
 1.20 1; 69.051, subdivisions 1, 1a, 3; 69.77, subdivision 9; 69.772, subdivision 4;
 1.21 69.773, subdivision 5; 69.775; 69.80; 126C.41, subdivision 3; 352.90; 352.91,
 1.22 subdivisions 3c, 3d, 3e, 3f; 352.98, subdivisions 3, 4, 5, 8; 352D.02, subdivision
 1.23 3; 353.01, subdivision 47; 353.50, subdivision 7; 353.656, subdivision 2;
 1.24 353F.02, subdivision 4; 353F.04, subdivision 1; 353F.07; 353G.08, by adding a
 1.25 subdivision; 354.51, subdivision 5; 354A.08; 354A.12, subdivision 3c; 356.215,
 1.26 subdivisions 1, 11; 356.219, subdivisions 1, 8; 356.415, subdivision 1d; 356.611,
 1.27 subdivisions 2, 3, 3a, 4, by adding a subdivision; 356.635, subdivisions 6, 9;
 1.28 356A.01, subdivision 19; 356A.06, subdivisions 6, 7; 423A.02, subdivision 3;
 1.29 424A.001, subdivision 4; 424A.01, subdivision 6; 424A.016, subdivisions 5, 6;
 1.30 424A.02, subdivisions 1, 7, 9; 424A.04, subdivision 3; 424A.06, subdivision
 1.31 2; Minnesota Statutes 2011 Supplement, sections 69.77, subdivisions 1a, 4;
 1.32 353.01, subdivisions 2a, 6, 16; 353.668, subdivision 4; 356.215, subdivision 8;
 1.33 Laws 2002, chapter 392, article 1, section 8; proposing coding for new law in
 1.34 Minnesota Statutes, chapters 16A; 353; 354; repealing Minnesota Statutes 2010,
 1.35 sections 128D.18; 354A.12, subdivision 3b; 356.219, subdivision 4; 423A.06;
 1.36 Laws 1947, chapter 624, sections 1; 2; 3; 4; 5; 6; 8; 9; 10; 11; 12; 13; 14; 15; 16;
 1.37 17; 18; 19; 21; 22; Laws 1953, chapter 399, as amended; Laws 1961, chapter 420,
 1.38 sections 2, as amended; 3; 4; 5, as amended; 6; Laws 1963, chapter 407, section
 1.39

2.1 1, as amended; Laws 1963, chapter 423; Laws 1965, chapter 546, sections 1; 2,
2.2 as amended; 3; Laws 1969, chapter 578, sections 1; 2; 3; Laws 1974, chapter
2.3 183, as amended; Laws 1982, chapter 574, section 1; Laws 1982, chapter 578,
2.4 article 1, section 14; Laws 1983, chapter 69, section 1; Laws 1984, chapter 547,
2.5 section 27; Laws 1987, chapter 372, article 2, section 14; Laws 1988, chapter
2.6 709, sections 1, as amended; 2; Laws 1991, chapter 62, sections 1; 2; Laws 1992,
2.7 chapter 465, section 1; Laws 1999, chapter 222, article 3, sections 3; 4; 5.

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

2.9 **ARTICLE 1**

2.10 **STATUTORY ACTUARIAL ASSUMPTION AND CONFORMING CHANGES**

2.11 Section 1. Minnesota Statutes 2010, section 356.215, subdivision 1, is amended to read:

2.12 Subdivision 1. **Definitions.** (a) For the purposes of sections 3.85 and 356.20 to
2.13 356.23, each of the terms in the following paragraphs has the meaning given.

2.14 (b) "Actuarial valuation" means a set of calculations prepared by an actuary retained
2.15 under section 356.214 if so required under section 3.85, or otherwise, by an approved
2.16 actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit
2.17 plan, according to the entry age actuarial cost method and based upon stated assumptions
2.18 including, but not limited to rates of interest, mortality, salary increase, disability,
2.19 withdrawal, and retirement and to determine the payment necessary to amortize over a
2.20 stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial
2.21 valuation of the benefit plan.

2.22 (c) "Approved actuary" means a person who is regularly engaged in the business of
2.23 providing actuarial services and who is a fellow in the Society of Actuaries.

2.24 (d) "Entry age actuarial cost method" means an actuarial cost method under which
2.25 the actuarial present value of the projected benefits of each individual currently covered
2.26 by the benefit plan and included in the actuarial valuation is allocated on a level basis over
2.27 the service of the individual, if the benefit plan is governed by section 69.773, or over the
2.28 earnings of the individual, if the benefit plan is governed by any other law, between the
2.29 entry age and the assumed exit age, with the portion of the actuarial present value which is
2.30 allocated to the valuation year to be the normal cost and the portion of the actuarial present
2.31 value not provided for at the valuation date by the actuarial present value of future normal
2.32 costs to be the actuarial accrued liability, with aggregation in the calculation process to be
2.33 the sum of the calculated result for each covered individual and with recognition given to
2.34 any different benefit formulas which may apply to various periods of service.

2.35 (e) "Experience study" means a report providing experience data and an actuarial
2.36 analysis of the adequacy of the actuarial assumptions on which actuarial valuations are
2.37 based.

3.1 (f) "Actuarial value of assets" means:

3.2 ~~(1) For the July 1, 2009, actuarial valuation, the market value of all assets as of~~
3.3 ~~June 30, 2009, reduced by:~~

3.4 ~~(i) 20 percent of the difference between the actual net change in the market value of~~
3.5 ~~assets other than the Minnesota postretirement investment fund between June 30, 2006,~~
3.6 ~~and June 30, 2005, and the computed increase in the market value of assets other than the~~
3.7 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~
3.8 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~
3.9 ~~assumption used in the actuarial valuation for July 1, 2005;~~

3.10 ~~(ii) 40 percent of the difference between the actual net change in the market value of~~
3.11 ~~assets other than the Minnesota postretirement investment fund between June 30, 2007,~~
3.12 ~~and June 30, 2006, and the computed increase in the market value of assets other than the~~
3.13 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~
3.14 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~
3.15 ~~assumption used in the actuarial valuation for July 1, 2006;~~

3.16 ~~(iii) 60 percent of the difference between the actual net change in the market value~~
3.17 ~~of assets other than the Minnesota postretirement investment fund between June 30, 2008,~~
3.18 ~~and June 30, 2007, and the computed increase in the market value of assets other than the~~
3.19 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~
3.20 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~
3.21 ~~assumption used in the actuarial valuation for July 1, 2007;~~

3.22 ~~(iv) 80 percent of the difference between the actual net change in the market value of~~
3.23 ~~assets other than the Minnesota postretirement investment fund between June 30, 2009,~~
3.24 ~~and June 30, 2008, and the computed increase in the market value of assets other than the~~
3.25 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~
3.26 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~
3.27 ~~assumption used in the actuarial valuation for July 1, 2008; and~~

3.28 ~~(v) if applicable, 80 percent of the difference between the actual net change in the~~
3.29 ~~market value of the Minnesota postretirement investment fund between June 30, 2009,~~
3.30 ~~and June 30, 2008, and the computed increase in the market value of assets over that fiscal~~
3.31 ~~year period if the assets had increased at 8.5 percent annually.~~

3.32 ~~(2) For the July 1, 2010, actuarial valuation, the market value of all assets as of~~
3.33 ~~June 30, 2010, reduced by:~~

3.34 ~~(i) 20 percent of the difference between the actual net change in the market value of~~
3.35 ~~assets other than the Minnesota postretirement investment fund between June 30, 2007,~~
3.36 ~~and June 30, 2006, and the computed increase in the market value of assets other than the~~

4.1 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~
4.2 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~
4.3 ~~assumption used in the actuarial valuation for July 1, 2006;~~

4.4 ~~(ii) 40 percent of the difference between the actual net change in the market value of~~
4.5 ~~assets other than the Minnesota postretirement investment fund between June 30, 2008,~~
4.6 ~~and June 30, 2007, and the computed increase in the market value of assets other than the~~
4.7 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~
4.8 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~
4.9 ~~assumption used in the actuarial valuation for July 1, 2007;~~

4.10 ~~(iii) 60 percent of the difference between the actual net change in the market value~~
4.11 ~~of assets other than the Minnesota postretirement investment fund between June 30, 2009,~~
4.12 ~~and June 30, 2008, and the computed increase in the market value of assets other than the~~
4.13 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~
4.14 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~
4.15 ~~assumption used in the actuarial valuation for July 1, 2008;~~

4.16 ~~(iv) 80 percent of the difference between the actual net change in the market value of~~
4.17 ~~total assets between June 30, 2010, and June 30, 2009, and the computed increase in the~~
4.18 ~~market value of total assets over that fiscal year period if the assets had earned a rate of~~
4.19 ~~return on assets equal to the annual percentage preretirement interest rate assumption used~~
4.20 ~~in the actuarial valuation for July 1, 2009; and~~

4.21 ~~(v) if applicable, 60 percent of the difference between the actual net change in the~~
4.22 ~~market value of the Minnesota postretirement investment fund between June 30, 2009,~~
4.23 ~~and June 30, 2008, and the computed increase in the market value of assets over that fiscal~~
4.24 ~~year period if the assets had increased at 8.5 percent annually.~~

4.25 ~~(3) For the July 1, 2011, actuarial valuation, the market value of all assets as of~~
4.26 ~~June 30, 2011, reduced by:~~

4.27 ~~(i) 20 percent of the difference between the actual net change in the market value of~~
4.28 ~~assets other than the Minnesota postretirement investment fund between June 30, 2008,~~
4.29 ~~and June 30, 2007, and the computed increase in the market value of assets other than the~~
4.30 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~
4.31 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~
4.32 ~~assumption used in the actuarial valuation for July 1, 2007;~~

4.33 ~~(ii) 40 percent of the difference between the actual net change in the market value of~~
4.34 ~~assets other than the Minnesota postretirement investment fund between June 30, 2009,~~
4.35 ~~and June 30, 2008, and the computed increase in the market value of assets other than the~~
4.36 ~~Minnesota postretirement investment fund over that fiscal year period if the assets had~~

5.1 ~~earned a rate of return on assets equal to the annual percentage preretirement interest rate~~
5.2 ~~assumption used in the actuarial valuation for July 1, 2008;~~

5.3 ~~(iii) 60 percent of the difference between the actual net change in the market value~~
5.4 ~~of the total assets between June 30, 2010, and June 30, 2009, and the computed increase in~~
5.5 ~~the market value of the total assets over that fiscal year period if the assets had earned~~
5.6 ~~a rate of return on assets equal to the annual percentage preretirement interest rate~~
5.7 ~~assumption used in the actuarial valuation for July 1, 2009;~~

5.8 ~~(iv) 80 percent of the difference between the actual net change in the market value of~~
5.9 ~~total assets between June 30, 2011, and June 30, 2010, and the computed increase in the~~
5.10 ~~market value of total assets over that fiscal year period if the assets had earned a rate of~~
5.11 ~~return on assets equal to the annual percentage preretirement interest rate assumption used~~
5.12 ~~in the actuarial valuation for July 1, 2010; and~~

5.13 ~~(v) if applicable, 40 percent of the difference between the actual net change in the~~
5.14 ~~market value of the Minnesota postretirement investment fund between June 30, 2009,~~
5.15 ~~and June 30, 2008, and the computed increase in the market value of assets over that fiscal~~
5.16 ~~year period if the assets had increased at 8.5 percent annually.~~

5.17 ~~(4)~~ (1) For the July 1, 2012, actuarial valuation, the market value of all assets as of
5.18 June 30, 2012, reduced by:

5.19 (i) 20 percent of the difference between the actual net change in the market value of
5.20 assets other than the Minnesota postretirement investment fund between June 30, 2009,
5.21 and June 30, 2008, and the computed increase in the market value of assets other than the
5.22 Minnesota postretirement investment fund over that fiscal year period if the assets had
5.23 earned a rate of return on assets equal to the annual percentage preretirement interest rate
5.24 assumption used in the actuarial valuation for July 1, 2008;

5.25 (ii) 40 percent of the difference between the actual net change in the market value of
5.26 total assets between June 30, 2010, and June 30, 2009, and the computed increase in the
5.27 market value of total assets over that fiscal year period if the assets had earned a rate of
5.28 return on assets equal to the annual percentage preretirement interest rate assumption used
5.29 in the actuarial valuation for July 1, 2009;

5.30 (iii) 60 percent of the difference between the actual net change in the market value
5.31 of total assets between June 30, 2011, and June 30, 2010, and the computed increase in the
5.32 market value of total assets over that fiscal year period if the assets had earned a rate of
5.33 return on assets equal to the annual percentage preretirement interest rate assumption used
5.34 in the actuarial valuation for July 1, 2010;

5.35 (iv) 80 percent of the difference between the actual net change in the market value of
5.36 total assets between June 30, 2012, and June 30, 2011, and the computed increase in the

6.1 market value of total assets over that fiscal year period if the assets had earned a rate of
6.2 return on assets equal to the annual percentage preretirement interest rate assumption used
6.3 in the actuarial valuation for July 1, 2011; and

6.4 (v) if applicable, 20 percent of the difference between the actual net change in the
6.5 market value of the Minnesota postretirement investment fund between June 30, 2009,
6.6 and June 30, 2008, and the computed increase in the market value of assets over that fiscal
6.7 year period if the assets had increased at 8.5 percent annually.

6.8 ~~(5)~~ (2) For the July 1, 2013, and following actuarial valuations, the market value of
6.9 all assets as of the preceding June 30, reduced by:

6.10 (i) 20 percent of the difference between the actual net change in the market value
6.11 of total assets between the June 30 that occurred three years earlier and the June 30 that
6.12 occurred four years earlier and the computed increase in the market value of total assets
6.13 over that fiscal year period if the assets had earned a rate of return on assets equal to the
6.14 annual percentage preretirement interest rate assumption used in the actuarial valuation
6.15 for the July 1 that occurred four years earlier;

6.16 (ii) 40 percent of the difference between the actual net change in the market value
6.17 of total assets between the June 30 that occurred two years earlier and the June 30 that
6.18 occurred three years earlier and the computed increase in the market value of total assets
6.19 over that fiscal year period if the assets had earned a rate of return on assets equal to the
6.20 annual percentage preretirement interest rate assumption used in the actuarial valuation
6.21 for the July 1 that occurred three years earlier;

6.22 (iii) 60 percent of the difference between the actual net change in the market value
6.23 of total assets between the June 30 that occurred one year earlier and the June 30 that
6.24 occurred two years earlier and the computed increase in the market value of total assets
6.25 over that fiscal year period if the assets had earned a rate of return on assets equal to the
6.26 annual percentage preretirement interest rate assumption used in the actuarial valuation
6.27 for the July 1 that occurred two years earlier; and

6.28 (iv) 80 percent of the difference between the actual net change in the market value
6.29 of total assets between the most recent June 30 and the June 30 that occurred one year
6.30 earlier and the computed increase in the market value of total assets over that fiscal year
6.31 period if the assets had earned a rate of return on assets equal to the annual percentage
6.32 preretirement interest rate assumption used in the actuarial valuation for the July 1 that
6.33 occurred one year earlier.

6.34 (g) "Unfunded actuarial accrued liability" means the total current and expected
6.35 future benefit obligations, reduced by the sum of the actuarial value of assets and the
6.36 present value of future normal costs.

7.1 (h) "Pension benefit obligation" means the actuarial present value of credited
 7.2 projected benefits, determined as the actuarial present value of benefits estimated to be
 7.3 payable in the future as a result of employee service attributing an equal benefit amount,
 7.4 including the effect of projected salary increases and any step rate benefit accrual rate
 7.5 differences, to each year of credited and expected future employee service.

7.6 **EFFECTIVE DATE.** This section is effective July 1, 2012.

7.7 Sec. 2. Minnesota Statutes 2011 Supplement, section 356.215, subdivision 8, is
 7.8 amended to read:

7.9 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use
 7.10 the applicable following preretirement interest assumption and the applicable following
 7.11 postretirement interest assumption:

7.12 (1) select and ultimate interest rate assumption

	<u>ultimate</u> preretirement interest rate assumption	<u>ultimate</u> postretirement interest rate assumption
7.13 plan		
7.14 general state employees retirement plan	8.5%	6.0%
7.15 correctional state employees retirement plan	8.5	6.0
7.16 State Patrol retirement plan	8.5	6.0
7.17 legislators retirement plan	8.5 0.0	6.0 -2.0 until June 30, 2040, and -2.5 after June 30, 2040
7.18 elective state officers retirement plan	8.5 0.0	6.0 -2.0 until June 30, 2040, and -2.5 after June 30, 2040
7.19 judges retirement plan	8.5	6.0
7.20 general public employees retirement plan	8.5	6.0
7.21 public employees police and fire retirement plan	8.5	6.0
7.22 local government correctional service 7.23 retirement plan	8.5	6.0
7.24 teachers retirement plan	8.5	6.0
7.25 Duluth teachers retirement plan	8.5	8.5
7.26 St. Paul teachers retirement plan	8.5	8.5

7.34 Except for the legislators retirement plan and the elective state officers retirement
 7.35 plan, the select preretirement interest rate assumption for the period after June 30, 2012,
 7.36 through June 30, 2017, is 8.0 percent. Except for the legislators retirement plan and the
 7.37 elective state officers retirement plan, the select postretirement interest rate assumption for
 7.38 the period after June 30, 2012, through June 30, 2017, is 5.5 percent, except for the Duluth
 7.39 teachers retirement plan and the St. Paul teachers retirement plan, each with a select

8.1 postretirement interest rate assumption for the period after June 30, 2012, through June
 8.2 30, 2017, of 8.0 percent.

8.3 (2) single rate preretirement and postretirement interest rate assumption

8.4	<u>plan</u>	<u>interest rate</u>	
8.5		<u>assumption</u>	
8.6	Fairmont Police Relief Association	5.0	5.0
8.7	Virginia Fire Department Relief Association	5.0	5.0
8.8	Bloomington Fire Department Relief Association	6.0	6.0
8.9	local monthly benefit volunteer firefighters relief	5.0	5.0
8.10	associations		

8.11 (b) ~~Before July 1, 2010,~~ The actuarial valuation must use the applicable following
 8.12 single rate future salary increase assumption, the applicable following modified single
 8.13 rate future salary increase assumption, or the applicable following graded rate future
 8.14 salary increase assumption:

8.15 (1) single rate future salary increase assumption

8.16	plan	future salary increase assumption
8.17	legislators retirement plan	5.0%
8.18	judges retirement plan	4.0 <u>3.0</u>
8.19	Fairmont Police Relief Association	3.5
8.20	Virginia Fire Department Relief Association	3.5
8.21	Bloomington Fire Department Relief	4.0
8.22	Association	

8.23 (2) age-related future salary increase age-related select and ultimate future salary
 8.24 increase assumption or graded rate future salary increase assumption

8.25	plan	future salary increase assumption
8.26	correctional state employees retirement plan	assumption D
8.27	State Patrol retirement plan	assumption E
8.28	local government correctional service retirement plan	assumption C
8.29	Duluth teachers retirement plan	assumption A
8.30	St. Paul teachers retirement plan	assumption B

8.31 The select calculation is: during the
 8.32 designated select period, a designated
 8.33 percentage rate is multiplied by the result of
 8.34 the designated integer minus T, where T is
 8.35 the number of completed years of service,
 8.36 and is added to the applicable future salary
 8.37 increase assumption. ~~The designated select~~
 8.38 ~~period is five years and the designated~~
 8.39 ~~integer is five for the general state employees~~

9.1 ~~retirement plan.~~ The designated select period
 9.2 is ten years and the designated integer is ten
 9.3 for all other retirement plans covered by
 9.4 this clause. The designated percentage rate
 9.5 is: (1) ~~0.2 percent for the correctional state~~
 9.6 ~~employees retirement plan, the State Patrol~~
 9.7 ~~retirement plan, and the local government~~
 9.8 ~~correctional service retirement plan;~~ (2)
 9.9 0.6 percent for the general state employees
 9.10 retirement plan; and ~~(3)~~ (2) 0.3 percent for
 9.11 the teachers retirement plan, the Duluth
 9.12 Teachers Retirement Fund Association,
 9.13 and the St. Paul Teachers Retirement
 9.14 Fund Association. The select calculation
 9.15 for the Duluth Teachers Retirement Fund
 9.16 Association is 8.00 percent per year for
 9.17 service years one through seven, 7.25 percent
 9.18 per year for service years seven and eight,
 9.19 and 6.50 percent per year for service years
 9.20 eight and nine.

9.21 The ultimate future salary increase assumption is:

9.22 age	A	B	C	D
9.23 16	8.00%	6.90%	7.7500% <u>9.00%</u>	7.2500%
9.24 17	8.00	6.90	7.7500 <u>9.00</u>	7.2500
9.25 18	8.00	6.90	7.7500 <u>9.00</u>	7.2500
9.26 19	8.00	6.90	7.7500 <u>9.00</u>	7.2500
9.27 20	6.90	6.90	7.7500 <u>9.00</u>	7.2500
9.28 21	6.90	6.90	7.1454 <u>8.75</u>	6.6454
9.29 22	6.90	6.90	7.0725 <u>8.50</u>	6.5725
9.30 23	6.85	6.85	7.0544 <u>8.25</u>	6.5544
9.31 24	6.80	6.80	7.0363 <u>8.00</u>	6.5363
9.32 25	6.75	6.75	7.0000 <u>7.75</u>	6.5000
9.33 26	6.70	6.70	7.0000 <u>7.50</u>	6.5000
9.34 27	6.65	6.65	7.0000 <u>7.25</u>	6.5000
9.35 28	6.60	6.60	7.0000 <u>7.00</u>	6.5000
9.36 29	6.55	6.55	7.0000 <u>6.75</u>	6.5000
9.37 30	6.50	6.50	7.0000 <u>6.75</u>	6.5000
9.38 31	6.45	6.45	7.0000 <u>6.50</u>	6.5000
9.39 32	6.40	6.40	7.0000 <u>6.50</u>	6.5000

10.1	33	6.35	6.35	7.0000 <u>6.50</u>	6.5000
10.2	34	6.30	6.30	7.0000 <u>6.25</u>	6.5000
10.3	35	6.25	6.25	7.0000 <u>6.25</u>	6.5000
10.4	36	6.20	6.20	6.9019 <u>6.00</u>	6.4019
10.5	37	6.15	6.15	6.8074 <u>6.00</u>	6.3074
10.6	38	6.10	6.10	6.7125 <u>6.00</u>	6.2125
10.7	39	6.05	6.05	6.6054 <u>5.75</u>	6.1054
10.8	40	6.00	6.00	6.5000 <u>5.75</u>	6.0000
10.9	41	5.90	5.95	6.3540 <u>5.75</u>	5.8540
10.10	42	5.80	5.90	6.2087 <u>5.50</u>	5.7087
10.11	43	5.70	5.85	6.0622 <u>5.25</u>	5.5622
10.12	44	5.60	5.80	5.9048 <u>5.25</u>	5.4078
10.13	45	5.50	5.75	5.7500 <u>5.00</u>	5.2500
10.14	46	5.40	5.70	5.6940 <u>5.00</u>	5.1940
10.15	47	5.30	5.65	5.6375 <u>5.00</u>	5.1375
10.16	48	5.20	5.60	5.5822 <u>5.00</u>	5.0822
10.17	49	5.10	5.55	5.5404 <u>5.00</u>	5.0404
10.18	50	5.00	5.50	5.5000 <u>5.00</u>	5.0000
10.19	51	4.90	5.45	5.4384 <u>5.00</u>	4.9384
10.20	52	4.80	5.40	5.3776 <u>5.00</u>	4.8776
10.21	53	4.70	5.35	5.3167 <u>5.00</u>	4.8167
10.22	54	4.60	5.30	5.2826 <u>5.00</u>	4.7826
10.23	55	4.50	5.25	5.2500 <u>4.75</u>	4.7500
10.24	56	4.40	5.20	5.2500 <u>4.75</u>	4.7500
10.25	57	4.30	5.15	5.2500 <u>4.50</u>	4.7500
10.26	58	4.20	5.10	5.2500 <u>4.25</u>	4.7500
10.27	59	4.10	5.05	5.2500 <u>4.25</u>	4.7500
10.28	60	4.00	5.00	5.2500 <u>4.25</u>	4.7500
10.29	61	3.90	5.00	5.2500 <u>4.25</u>	4.7500
10.30	62	3.80	5.00	5.2500 <u>4.25</u>	4.7500
10.31	63	3.70	5.00	5.2500 <u>4.25</u>	4.7500
10.32	64	3.60	5.00	5.2500 <u>4.25</u>	4.7500
10.33	65	3.50	5.00	5.2500 <u>4.00</u>	4.7500
10.34	66	3.50	5.00	5.2500 <u>4.00</u>	4.7500
10.35	67	3.50	5.00	5.2500 <u>4.00</u>	4.7500
10.36	68	3.50	5.00	5.2500 <u>4.00</u>	4.7500
10.37	69	3.50	5.00	5.2500 <u>4.00</u>	4.7500
10.38	70	3.50	5.00	5.2500 <u>4.00</u>	4.7500

- 10.39 (3) service-related ultimate future salary increase assumption
- 10.40 general state employees retirement plan of the assumption A
- 10.41 Minnesota State Retirement System
- 10.42 general employees retirement plan of the Public assumption B
- 10.43 Employees Retirement Association

- 11.1 Teachers Retirement Association assumption C
- 11.2 public employees police and fire retirement plan assumption D
- 11.3 State Patrol retirement plan assumption E
- 11.4 correctional state employees retirement plan of the assumption F
- 11.5 Minnesota State Retirement System

11.6	service							
11.7	length	A	B	C	D	E	F	
11.8	1	10.75 <u>10.50%</u>	12.25 <u>12.03%</u>	12.00%	13.00%	<u>8.00%</u>	<u>6.00%</u>	
11.9	2	8.35 <u>8.10</u>	9.15 <u>8.90</u>	9.00	11.00	<u>7.50</u>	<u>5.85</u>	
11.10	3	7.15 <u>6.90</u>	7.75 <u>7.46</u>	8.00	9.00	<u>7.00</u>	<u>5.70</u>	
11.11	4	6.45 <u>6.20</u>	6.85 <u>6.58</u>	7.50	8.00	<u>6.75</u>	<u>5.55</u>	
11.12	5	5.95 <u>5.70</u>	6.25 <u>5.97</u>	7.25	6.50	<u>6.50</u>	<u>5.40</u>	
11.13	6	5.55 <u>5.30</u>	5.75 <u>5.52</u>	7.00	6.10	<u>6.25</u>	<u>5.25</u>	
11.14	7	5.25 <u>5.00</u>	5.45 <u>5.16</u>	6.85	5.80	<u>6.00</u>	<u>5.10</u>	
11.15	8	4.95 <u>4.70</u>	5.15 <u>4.87</u>	6.70	5.60	<u>5.85</u>	<u>4.95</u>	
11.16	9	4.75 <u>4.50</u>	4.85 <u>4.63</u>	6.55	5.40	<u>5.70</u>	<u>4.80</u>	
11.17	10	4.65 <u>4.40</u>	4.65 <u>4.42</u>	6.40	5.30	<u>5.55</u>	<u>4.65</u>	
11.18	11	4.45 <u>4.20</u>	4.45 <u>4.24</u>	6.25	5.20	<u>5.40</u>	<u>4.55</u>	
11.19	12	4.35 <u>4.10</u>	4.35 <u>4.08</u>	6.00	5.10	<u>5.25</u>	<u>4.45</u>	
11.20	13	4.25 <u>4.00</u>	4.15 <u>3.94</u>	5.75	5.00	<u>5.10</u>	<u>4.35</u>	
11.21	14	4.05 <u>3.80</u>	4.05 <u>3.82</u>	5.50	4.90	<u>4.95</u>	<u>4.25</u>	
11.22	15	3.95 <u>3.70</u>	3.95 <u>3.70</u>	5.25	4.80	<u>4.80</u>	<u>4.15</u>	
11.23	16	3.85 <u>3.60</u>	3.85 <u>3.60</u>	5.00	4.80	<u>4.65</u>	<u>4.05</u>	
11.24	17	3.75 <u>3.50</u>	3.75 <u>3.51</u>	4.75	4.80	<u>4.50</u>	<u>3.95</u>	
11.25	18	3.75 <u>3.50</u>	3.75 <u>3.50</u>	4.50	4.80	<u>4.35</u>	<u>3.85</u>	
11.26	19	3.75 <u>3.50</u>	3.75 <u>3.50</u>	4.25	4.80	<u>4.20</u>	<u>3.75</u>	
11.27	20	3.75 <u>3.50</u>	3.75 <u>3.50</u>	4.00	4.80	<u>4.05</u>	<u>3.75</u>	
11.28	21	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.90	4.70	<u>4.00</u>	<u>3.75</u>	
11.29	22	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.80	4.60	<u>4.00</u>	<u>3.75</u>	
11.30	23	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.70	4.50	<u>4.00</u>	<u>3.75</u>	
11.31	24	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.60	4.50	<u>4.00</u>	<u>3.75</u>	
11.32	25	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>	
11.33	26	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>	
11.34	27	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>	
11.35	28	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>	
11.36	29	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>	
11.37	30 or	3.75 <u>3.50</u>	3.75 <u>3.50</u>	3.50	4.50	<u>4.00</u>	<u>3.75</u>	
11.38	more							

11.39 (c) ~~Before July 2, 2010,~~ The actuarial valuation must use the applicable following
 11.40 payroll growth assumption for calculating the amortization requirement for the unfunded
 11.41 actuarial accrued liability where the amortization retirement is calculated as a level
 11.42 percentage of an increasing payroll:

12.1	plan	payroll growth assumption
12.2	general state employees retirement plan of the	3.75%
12.3	Minnesota State Retirement System	
12.4	correctional state employees retirement plan	4.50 <u>3.75</u>
12.5	State Patrol retirement plan	4.50 <u>3.75</u>
12.6	legislators retirement plan	4.50
12.7	judges retirement plan	4.00 <u>3.00</u>
12.8	general employees retirement plan of the Public	3.75 <u>3.75</u>
12.9	Employees Retirement Association	
12.10	public employees police and fire retirement plan	3.75 <u>3.75</u>
12.11	local government correctional service retirement plan	4.50 <u>3.75</u>
12.12	teachers retirement plan	3.75 <u>3.75</u>
12.13	Duluth teachers retirement plan	4.50 <u>4.50</u>
12.14	St. Paul teachers retirement plan	5.00 <u>5.00</u>

12.15 (d) ~~After July 1, 2010,~~ The assumptions set forth in paragraphs (b) and (c) continue
 12.16 to apply, unless a different salary assumption or a different payroll increase assumption:

12.17 (1) has been proposed by the governing board of the applicable retirement plan;

12.18 (2) is accompanied by the concurring recommendation of the actuary retained under
 12.19 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
 12.20 most recent actuarial valuation report if section 356.214 does not apply; and

12.21 (3) has been approved or deemed approved under subdivision 18.

12.22 **EFFECTIVE DATE.** This section is effective June 30, 2012.

12.23 Sec. 3. Minnesota Statutes 2010, section 356.215, subdivision 11, is amended to read:

12.24 Subd. 11. **Amortization contributions.** (a) In addition to the exhibit indicating
 12.25 the level normal cost, the actuarial valuation of the retirement plan must contain an
 12.26 exhibit for financial reporting purposes indicating the additional annual contribution
 12.27 sufficient to amortize the unfunded actuarial accrued liability and must contain an exhibit
 12.28 for contribution determination purposes indicating the additional contribution sufficient
 12.29 to amortize the unfunded actuarial accrued liability. For the retirement plans listed in
 12.30 subdivision 8, paragraph (c), but excluding the MERF division of the Public Employees
 12.31 Retirement Association and the legislators retirement plan, the additional contribution
 12.32 must be calculated on a level percentage of covered payroll basis by the established
 12.33 date for full funding in effect when the valuation is prepared, assuming annual payroll
 12.34 growth at the applicable percentage rate set forth in subdivision 8, paragraph (c). For all
 12.35 other retirement plans and for the MERF division of the Public Employees Retirement
 12.36 Association and the legislators retirement plan, the additional annual contribution must be
 12.37 calculated on a level annual dollar amount basis.

13.1 (b) For any retirement plan other than the general state employees retirement plan
13.2 of the Minnesota State Retirement System or a retirement plan governed by paragraph
13.3 (d), (e), (f), (g), (h), (i), or (j), if there has not been a change in the actuarial assumptions
13.4 used for calculating the actuarial accrued liability of the fund, a change in the benefit
13.5 plan governing annuities and benefits payable from the fund, a change in the actuarial
13.6 cost method used in calculating the actuarial accrued liability of all or a portion of the
13.7 fund, or a combination of the three, which change or changes by itself or by themselves
13.8 without inclusion of any other items of increase or decrease produce a net increase in the
13.9 unfunded actuarial accrued liability of the fund, the established date for full funding is the
13.10 first actuarial valuation date occurring after June 1, 2020.

13.11 (c) For any retirement plan other than the general employees retirement plan of the
13.12 Public Employees Retirement Association, if there has been a change in any or all of the
13.13 actuarial assumptions used for calculating the actuarial accrued liability of the fund, a
13.14 change in the benefit plan governing annuities and benefits payable from the fund, a
13.15 change in the actuarial cost method used in calculating the actuarial accrued liability of all
13.16 or a portion of the fund, or a combination of the three, and the change or changes, by itself
13.17 or by themselves and without inclusion of any other items of increase or decrease, produce
13.18 a net increase in the unfunded actuarial accrued liability in the fund, the established date
13.19 for full funding must be determined using the following procedure:

13.20 (i) the unfunded actuarial accrued liability of the fund must be determined in
13.21 accordance with the plan provisions governing annuities and retirement benefits and the
13.22 actuarial assumptions in effect before an applicable change;

13.23 (ii) the level annual dollar contribution or level percentage, whichever is applicable,
13.24 needed to amortize the unfunded actuarial accrued liability amount determined under item
13.25 (i) by the established date for full funding in effect before the change must be calculated
13.26 using the interest assumption specified in subdivision 8 in effect before the change;

13.27 (iii) the unfunded actuarial accrued liability of the fund must be determined in
13.28 accordance with any new plan provisions governing annuities and benefits payable from
13.29 the fund and any new actuarial assumptions and the remaining plan provisions governing
13.30 annuities and benefits payable from the fund and actuarial assumptions in effect before
13.31 the change;

13.32 (iv) the level annual dollar contribution or level percentage, whichever is applicable,
13.33 needed to amortize the difference between the unfunded actuarial accrued liability amount
13.34 calculated under item (i) and the unfunded actuarial accrued liability amount calculated
13.35 under item (iii) over a period of 30 years from the end of the plan year in which the

14.1 applicable change is effective must be calculated using the applicable interest assumption
14.2 specified in subdivision 8 in effect after any applicable change;

14.3 (v) the level annual dollar or level percentage amortization contribution under item
14.4 (iv) must be added to the level annual dollar amortization contribution or level percentage
14.5 calculated under item (ii);

14.6 (vi) the period in which the unfunded actuarial accrued liability amount determined
14.7 in item (iii) is amortized by the total level annual dollar or level percentage amortization
14.8 contribution computed under item (v) must be calculated using the interest assumption
14.9 specified in subdivision 8 in effect after any applicable change, rounded to the nearest
14.10 integral number of years, but not to exceed 30 years from the end of the plan year in
14.11 which the determination of the established date for full funding using the procedure set
14.12 forth in this clause is made and not to be less than the period of years beginning in the
14.13 plan year in which the determination of the established date for full funding using the
14.14 procedure set forth in this clause is made and ending by the date for full funding in effect
14.15 before the change; and

14.16 (vii) the period determined under item (vi) must be added to the date as of which
14.17 the actuarial valuation was prepared and the date obtained is the new established date
14.18 for full funding.

14.19 (d) For the MERF division of the Public Employees Retirement Association, the
14.20 established date for full funding is June 30, 2031.

14.21 (e) For the general employees retirement plan of the Public Employees Retirement
14.22 Association, the established date for full funding is June 30, 2031.

14.23 (f) For the Teachers Retirement Association, the established date for full funding is
14.24 June 30, 2037.

14.25 (g) For the correctional state employees retirement plan of the Minnesota State
14.26 Retirement System, the established date for full funding is June 30, 2038.

14.27 (h) For the judges retirement plan, the established date for full funding is June
14.28 30, 2038.

14.29 (i) For the public employees police and fire retirement plan, the established date
14.30 for full funding is June 30, 2038.

14.31 (j) For the St. Paul Teachers Retirement Fund Association, the established date for
14.32 full funding is June 30 of the 25th year from the valuation date. In addition to other
14.33 requirements of this chapter, the annual actuarial valuation must contain an exhibit
14.34 indicating the funded ratio and the deficiency or sufficiency in annual contributions when
14.35 comparing liabilities to the market value of the assets of the fund as of the close of the
14.36 most recent fiscal year.

15.1 (k) For the general state employees retirement plan of the Minnesota State
15.2 Retirement System, the established date for full funding is June 30, 2040.

15.3 (l) For the retirement plans for which the annual actuarial valuation indicates an
15.4 excess of valuation assets over the actuarial accrued liability, the valuation assets in
15.5 excess of the actuarial accrued liability must be recognized as a reduction in the current
15.6 contribution requirements by an amount equal to the amortization of the excess expressed
15.7 as a level percentage of pay over a 30-year period beginning anew with each annual
15.8 actuarial valuation of the plan.

15.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

15.10 Sec. 4. **DELAYED REPORTING DATE FOR CERTAIN QUADRENNIAL**
15.11 **EXPERIENCE STUDIES.**

15.12 Notwithstanding any provision of Minnesota Statutes, section 356.215, subdivisions
15.13 2 and 3, paragraph (c), to the contrary, the next experience studies of the general state
15.14 employees retirement plan of the Minnesota State Retirement System, the general
15.15 employees retirement plan of the Public Employees Retirement Association, and the
15.16 Teachers Retirement Association must cover the period of July 1, 2008, through June 30,
15.17 2014, and must be filed with the applicable entities on June 30, 2015.

15.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

15.19 **ARTICLE 2**

15.20 **CONTRIBUTION ADEQUACY REPORTING**

15.21 Section 1. **[16A.106] ADEQUACY OF BUDGETED AND FORECASTED**
15.22 **DEFINED BENEFIT PLAN RETIREMENT CONTRIBUTIONS.**

15.23 (a) On or before May 30 or the date occurring 30 days after the conclusion of
15.24 the regular legislative session, whichever is later, in each odd-numbered year, the
15.25 commissioner shall prepare a report to the legislature on the adequacy of the budgeted
15.26 appropriations, including retirement-related state aids, and forecasted member and
15.27 employer retirement contributions to meet the total calculated actuarial funding
15.28 requirements of the statewide and major local defined benefit retirement plans.

15.29 (b) The total calculated actuarial funding requirements are the sum of:

15.30 (1) the normal cost;

15.31 (2) the administrative expenses as defined in section 356.20, subdivision 4,
15.32 paragraph (c); and

16.1 (3) the supplemental amortization contribution requirement using the amortization
16.2 target date specified in section 356.215, subdivision 11.

16.3 The total calculated actuarial funding requirements must be as determined in the
16.4 most recent actuarial valuation of the retirement plan prepared by an approved actuary
16.5 under section 356.215 and the most recent standards for actuarial work adopted by the
16.6 Legislative Commission on Pensions and Retirement.

16.7 (c) The statewide and major local retirement plans are the defined benefit retirement
16.8 plans listed in section 356.20, subdivision 2, clauses (1) to (6), (9), (12), (13), and (14).

16.9 (d) The report must also include as an exhibit as of the start of the most recent fiscal
16.10 year, the following information for each statewide and major local retirement plan in a
16.11 single comparative table:

16.12 (1) the year the retirement plan was enacted or established;

16.13 (2) the number of active members of the retirement plan;

16.14 (3) the number of retirement annuitants and retirement benefit recipients;

16.15 (4) whether or not the retirement plan supplements the federal Old Age, Survivors
16.16 and Disability Insurance program;

16.17 (5) the complete schedule of accrued benefit obligations and projected benefit
16.18 obligations from the latest actuarial valuation reports;

16.19 (6) whether or not the retirement plan permits the purchase of service credit for
16.20 out-of-state service or time;

16.21 (7) the percentage of covered salary employer contributions;

16.22 (8) the percentage of covered salary member contributions;

16.23 (9) the amount of unfunded actuarial accrued liability calculated using the actuarial
16.24 value of assets and the market value of assets;

16.25 (10) the percentage that assets, at actuarial value and at market value, represent
16.26 of the actuarial accrued liability;

16.27 (11) the normal retirement age or ages;

16.28 (12) the salary base definition and the percentage of salary base benefit accrual rate
16.29 per year of service credit formula for a normal retirement annuity;

16.30 (13) the amount of automatic postretirement adjustment;

16.31 (14) whether or not service credit is available for military service and any limitation
16.32 on its acquisition;

16.33 (15) the vesting period for a disability benefit and the definition of a disability
16.34 qualifying for a disability benefit;

16.35 (16) investment performance and interest rate actuarial assumptions;

16.36 (17) the amortization target date;

- 17.1 (18) four fiscal years running statistics of active retirement plan members;
 17.2 (19) four fiscal years running statistics of retirement annuitants and retirement
 17.3 benefit recipients;
 17.4 (20) four fiscal years running statistics of deferred annuitants;
 17.5 (21) four fiscal years running statistics of unfunded actuarial accrued liability
 17.6 determined on an actuarial value of assets basis and on a market value of assets basis;
 17.7 (22) four fiscal years running statistics of the percentage that assets, at actuarial
 17.8 value and at market value, represent of the actuarial accrued liability;
 17.9 (23) four fiscal years running statistics of actuarial value of assets; and
 17.10 (24) four fiscal years running statistics of market value of assets.
 17.11 (e) The report under this section also must be included on the Web site of the
 17.12 department.

17.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

17.14 **ARTICLE 3**

17.15 **MSRS-CORRECTIONAL PLAN MEMBERSHIP CHANGES**

17.16 Section 1. Minnesota Statutes 2010, section 352.90, is amended to read:

17.17 **352.90 POLICY.**

17.18 It is the policy of the legislature to provide special retirement benefits for and
 17.19 special contributions by certain correctional employees who may be required to retire at
 17.20 an early age because they lose the mental or physical capacity required to maintain the
 17.21 safety, security, discipline, and custody of inmates at state correctional facilities or of
 17.22 patients at the Minnesota Security Hospital, of patients in the Minnesota sex offender
 17.23 program, or of patients in the Minnesota ~~extended treatment options program~~ specialty
 17.24 health system-Cambridge.

17.25 Sec. 2. Minnesota Statutes 2010, section 352.91, subdivision 3c, is amended to read:

17.26 Subd. 3c. **Nursing personnel.** (a) "Covered correctional service" means service by
 17.27 a state employee in one of the employment positions at a correctional facility or at the
 17.28 Minnesota Security Hospital, or in the Minnesota sex offender program that are specified
 17.29 in paragraph (b) if at least 75 percent of the employee's working time is spent in direct
 17.30 contact with inmates or patients and the fact of this direct contact is certified to the
 17.31 executive director by the appropriate commissioner.

17.32 (b) The employment positions are as follows:

17.33 (1) registered nurse - senior;

- 18.1 (2) registered nurse;
 18.2 (3) registered nurse - principal;
 18.3 (4) licensed practical nurse 2; ~~and~~
 18.4 (5) registered nurse advance practice; and
 18.5 (6) psychiatric advance practice registered nurse.

18.6 **EFFECTIVE DATE.** (a) This section is effective retroactively from August 22,
 18.7 2011.

18.8 (b) Service credit under the correctional state employees retirement plan rather
 18.9 than under the general state employees retirement plan for the period between August
 18.10 22, 2011, and the day following enactment is contingent on the state employee and the
 18.11 Department of Human Services paying the difference between the applicable employee
 18.12 and employer contributions in the two retirement plans under Minnesota Statutes, section
 18.13 352.017, subdivision 2.

18.14 Sec. 3. Minnesota Statutes 2010, section 352.91, subdivision 3d, is amended to read:

18.15 Subd. 3d. **Other correctional personnel.** (a) "Covered correctional service" means
 18.16 service by a state employee in one of the employment positions at a correctional facility or
 18.17 at the Minnesota Security Hospital specified in paragraph (b) if at least 75 percent of the
 18.18 employee's working time is spent in direct contact with inmates or patients and the fact of
 18.19 this direct contact is certified to the executive director by the appropriate commissioner.

18.20 (b) The employment positions are:

- 18.21 (1) automotive mechanic;
 18.22 (2) baker;
 18.23 (3) central services administrative specialist, intermediate;
 18.24 (4) central services administrative specialist, principal;
 18.25 (5) chaplain;
 18.26 (6) chief cook;
 18.27 (7) clinical program therapist 1;
 18.28 (8) clinical program therapist 2;
 18.29 (9) clinical program therapist 3;
 18.30 (10) clinical program therapist 4;
 18.31 (11) cook;
 18.32 ~~(8) (12) cook coordinator;~~
 18.33 ~~(9) corrections program therapist 1;~~
 18.34 ~~(10) corrections program therapist 2;~~
 18.35 ~~(11) corrections program therapist 3;~~

- 19.1 ~~(12) corrections program therapist 4;~~
 19.2 (13) corrections inmate program coordinator;
 19.3 (14) corrections transitions program coordinator;
 19.4 (15) corrections security caseworker;
 19.5 (16) corrections security caseworker career;
 19.6 (17) corrections teaching assistant;
 19.7 (18) delivery van driver;
 19.8 (19) dentist;
 19.9 (20) electrician supervisor;
 19.10 (21) general maintenance worker lead;
 19.11 (22) general repair worker;
 19.12 (23) library/information research services specialist;
 19.13 (24) library/information research services specialist senior;
 19.14 (25) library technician;
 19.15 (26) painter lead;
 19.16 (27) plant maintenance engineer lead;
 19.17 (28) plumber supervisor;
 19.18 (29) psychologist 1;
 19.19 (30) psychologist 3;
 19.20 (31) recreation therapist;
 19.21 (32) recreation therapist coordinator;
 19.22 (33) recreation program assistant;
 19.23 (34) recreation therapist senior;
 19.24 (35) sports medicine specialist;
 19.25 (36) work therapy assistant;
 19.26 (37) work therapy program coordinator; and
 19.27 (38) work therapy technician.

19.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

19.29 Sec. 4. Minnesota Statutes 2010, section 352.91, subdivision 3e, is amended to read:

19.30 Subd. 3e. **Minnesota extended treatment options program specialty health**
 19.31 **system-Cambridge.** (a) "Covered correctional service" means service by a state employee
 19.32 in one of the employment positions with the Minnesota ~~extended treatment options~~
 19.33 ~~program~~ **specialty health system-Cambridge** specified in paragraph (b) if at least 75
 19.34 percent of the employee's working time is spent in direct contact with patients who are in
 19.35 the Minnesota ~~extended treatment options program~~ **specialty health system-Cambridge**

20.1 and if service in such a position is certified to the executive director by the commissioner
20.2 of human services.

20.3 (b) The employment positions are:

20.4 (1) behavior analyst 1;

20.5 (2) behavior analyst 2;

20.6 (3) behavior analyst 3;

20.7 (4) group supervisor;

20.8 (5) group supervisor assistant;

20.9 (6) human services support specialist;

20.10 (7) residential program lead;

20.11 (8) psychologist 2;

20.12 (9) recreation program assistant;

20.13 (10) recreation therapist senior;

20.14 (11) registered nurse senior;

20.15 (12) skills development specialist;

20.16 (13) social worker senior;

20.17 (14) social worker specialist; and

20.18 (15) speech pathology specialist.

20.19 Sec. 5. Minnesota Statutes 2010, section 352.91, subdivision 3f, is amended to read:

20.20 Subd. 3f. **Additional Department of Human Services personnel.** (a) "Covered
20.21 correctional service" means service by a state employee in one of the employment
20.22 positions specified in paragraph (b) at the Minnesota Security Hospital or in the Minnesota
20.23 sex offender program if at least 75 percent of the employee's working time is spent in
20.24 direct contact with patients and the determination of this direct contact is certified to the
20.25 executive director by the commissioner of human services.

20.26 (b) The employment positions are:

20.27 (1) behavior analyst 2;

20.28 (2) behavior analyst 3;

20.29 (3) certified occupational therapy assistant 1;

20.30 (4) certified occupational therapy assistant 2;

20.31 (5) chemical dependency counselor senior;

20.32 (6) client advocate;

20.33 (7) clinical program therapist 3;

20.34 (8) clinical program therapist 4;

20.35 (9) customer services specialist principal;

- 21.1 ~~(8)~~ (10) dental assistant registered;
- 21.2 ~~(9)~~ (11) group supervisor;
- 21.3 ~~(10)~~ (12) group supervisor assistant;
- 21.4 ~~(11)~~ (13) human services support specialist;
- 21.5 ~~(12)~~ (14) licensed alcohol and drug counselor;
- 21.6 ~~(13)~~ (15) licensed practical nurse 1;
- 21.7 ~~(14)~~ (16) management analyst 3;
- 21.8 ~~(15)~~ (17) occupational therapist;
- 21.9 ~~(16)~~ (18) occupational therapist, senior;
- 21.10 ~~(17)~~ (19) psychologist 1;
- 21.11 ~~(18)~~ (20) psychologist 2;
- 21.12 ~~(19)~~ (21) psychologist 3;
- 21.13 ~~(20)~~ (22) recreation program assistant;
- 21.14 ~~(21)~~ (23) recreation therapist lead;
- 21.15 ~~(22)~~ (24) recreation therapist senior;
- 21.16 ~~(23)~~ (25) rehabilitation counselor senior;
- 21.17 ~~(24)~~ (26) security supervisor;
- 21.18 ~~(25)~~ (27) skills development specialist;
- 21.19 ~~(26)~~ (28) social worker senior;
- 21.20 ~~(27)~~ (29) social worker specialist;
- 21.21 ~~(28)~~ (30) social worker specialist, senior;
- 21.22 ~~(29)~~ (31) special education program assistant;
- 21.23 ~~(30)~~ (32) speech pathology clinician;
- 21.24 ~~(31)~~ (33) work therapy assistant; and
- 21.25 ~~(32)~~ (34) work therapy program coordinator.

21.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

21.27 **ARTICLE 4**

21.28 **HEALTH CARE SAVINGS PLAN MODIFICATIONS**

21.29 Section 1. Minnesota Statutes 2010, section 352.98, subdivision 3, is amended to read:

21.30 Subd. 3. **Contributions.** (a) Contributions to the plan must be defined in a
 21.31 personnel policy or in a collective bargaining agreement of a public employer or political
 21.32 subdivision. The executive director may offer different types of trusts permitted under the
 21.33 Internal Revenue Code to best meet the needs of different employer units.

22.1 (b) Contributions to the plan by or on behalf of the participant must be held in trust
 22.2 for reimbursement of eligible health-related expenses for participants and their dependents
 22.3 following termination from public employment or ~~during active employment~~ in other
 22.4 circumstances set forth in the plan document. The executive director shall maintain
 22.5 a separate account of the contributions made by or on behalf of each participant and
 22.6 the earnings thereon. The executive director shall make available a limited range of
 22.7 investment options, and each participant may direct the investment of the accumulations
 22.8 in the participant's account among the investment options made available by the executive
 22.9 director.

22.10 (c) This section does not obligate a public employer to meet and negotiate in good
 22.11 faith with the exclusive bargaining representative of any public employee group regarding
 22.12 an employer contribution to a postretirement or active employee health care savings plan
 22.13 authorized by this section and section 356.24, subdivision 1, clause (7). It is not the intent
 22.14 of the legislature to authorize the state to incur new funding obligations for the costs of
 22.15 retiree health care or the costs of administering retiree health care plans or accounts.

22.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

22.17 Sec. 2. Minnesota Statutes 2010, section 352.98, subdivision 4, is amended to read:

22.18 Subd. 4. **Reimbursement for health-related expenses.** The executive director
 22.19 shall reimburse participants at least quarterly for eligible health-related expenses, as
 22.20 allowable by federal and state law, until the participant exhausts the accumulation in the
 22.21 participant's account. If a participant dies prior to exhausting the participant's account
 22.22 balance, the participant's spouse or dependents are eligible to be reimbursed for health care
 22.23 expenses from the account until the account balance is exhausted. If an account balance
 22.24 remains after the death of a participant and all of the participant's legal dependents, the
 22.25 remainder of the account must be paid to the participant's beneficiaries or, if none, to
 22.26 ~~the participant's estate~~ a living person or persons named by the personal representative
 22.27 of the estate. The person or persons named must use the account for reimbursement of
 22.28 allowable health care expenses.

22.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

22.30 Sec. 3. Minnesota Statutes 2010, section 352.98, subdivision 5, is amended to read:

22.31 Subd. 5. **Fees.** The executive director is authorized to charge ~~uniform~~ fees to
 22.32 participants to cover the ongoing cost of operating the plan. ~~Any fees not needed must~~
 22.33 ~~revert to participant accounts or be used to reduce plan fees the following year.~~ The fees

23.1 must be deposited in an administrative fee account. On January 1, following the end of the
 23.2 prior fiscal year, the executive director shall estimate the amount needed to cover plan
 23.3 expenses, record keeping costs, and custodial fees for the new fiscal year. If the balance
 23.4 of the administrative fee account is in excess of this amount, the excess must revert to
 23.5 participant accounts, or plan fees must be reduced to eliminate the excess, or the executive
 23.6 director may use a combination of both approaches to eliminate the excess.

23.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

23.8 Sec. 4. Minnesota Statutes 2010, section 352.98, subdivision 8, is amended to read:

23.9 Subd. 8. **Exemption from process.** Assets in a ~~health-care~~ health care savings
 23.10 plan account described in this section must be used for the reimbursement of ~~healthcare~~
 23.11 health care expenses and are not assignable or subject to execution, levy, attachment,
 23.12 garnishment, or other legal process, except as provided in section 518.58, 518.581, or
 23.13 518A.53.

23.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

23.15 ARTICLE 5

23.16 MSRS-UNCLASSIFIED RETIREMENT PROGRAM MODIFICATIONS

23.17 Section 1. Minnesota Statutes 2010, section 352D.02, subdivision 3, is amended to
 23.18 read:

23.19 Subd. 3. **Transfer to general employees retirement plan.** (a) If permitted under
 23.20 paragraph (b), an employee referred to in subdivision 1, paragraph (c), clauses (2) to (4),
 23.21 (6) to (14), and (16) to (18), who is credited with shares in the unclassified program; and
 23.22 ~~who has credit for allowable service, not later than one month following the termination~~
 23.23 ~~of covered employment,~~ may elect to terminate participation in the unclassified program
 23.24 and be covered by the general employees retirement plan ~~by filing a written election~~
 23.25 ~~with the executive director.~~

23.26 (b) An employee specified in paragraph (a) is permitted to terminate participation
 23.27 in the unclassified program and be covered by the general employees retirement plan if
 23.28 the employee:

23.29 (1) was employed before July 1, 2010, and has at least ten years of allowable service
 23.30 ~~as of the date of the election;~~ or if the employee

23.31 (2) was first employed after June 30, 2010, and has no more than seven years of
 23.32 ~~allowable service as of the date of the election.~~

24.1 The election must be in writing on a form provided by the executive director, and
 24.2 can be made no later than one month following the termination of covered employment.

24.3 ~~(b)~~ (c) If the transfer election is made, the executive director shall ~~then~~ redeem the
 24.4 employee's total shares and shall credit to the employee's account in the general employees
 24.5 retirement plan the amount of contributions that would have been so credited had the
 24.6 employee been covered by the general employees retirement plan during the employee's
 24.7 entire covered employment ~~or elective state service~~. The balance of money so redeemed
 24.8 and not credited to the employee's account must be transferred to the general employees
 24.9 retirement plan, except that the executive director must determine:

24.10 (1) the employee ~~contribution~~ contributions paid to the unclassified program ~~must~~
 24.11 ~~be compared to;~~ and

24.12 (2) the employee contributions that would have been paid to the general employees
 24.13 retirement plan for the comparable period, if the individual had been covered by that plan.

24.14 If clause (1) is greater than clause (2), the difference must be refunded to the
 24.15 employee as provided in section 352.22. If clause (2) is greater than clause (1), the
 24.16 difference must be paid by the employee within six months of electing general employees
 24.17 retirement plan coverage or before the effective date of the annuity, whichever is sooner.

24.18 ~~(e)~~ (d) An election under paragraph ~~(a)~~ (b) to transfer coverage to the general
 24.19 employees retirement plan is irrevocable during any period of covered employment.

24.20 ~~(d)~~ (e) A person referenced in subdivision 1, paragraph (c), clause (1), (5), or
 24.21 (15), who is credited with employee shares in the unclassified program is not permitted
 24.22 to terminate participation in the unclassified program and be covered by the general
 24.23 employees retirement plan.

24.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

24.25 **ARTICLE 6**

24.26 **PERA-ADMINISTERED RETIREMENT PLAN MODIFICATIONS**

24.27 Section 1. Minnesota Statutes 2011 Supplement, section 353.01, subdivision 16,
 24.28 is amended to read:

24.29 Subd. 16. **Allowable service; limits and computation.** (a) "Allowable service"
 24.30 means:

24.31 (1) service during years of actual membership in the course of which employee
 24.32 deductions were withheld from salary and contributions were made at the applicable rates
 24.33 under section 353.27, 353.65, or 353E.03;

25.1 (2) periods of service covered by payments in lieu of salary deductions under
25.2 sections 353.27, subdivision 12, and 353.35;

25.3 (3) service in years during which the public employee was not a member but for
25.4 which the member later elected, while a member, to obtain credit by making payments to
25.5 the fund as permitted by any law then in effect;

25.6 (4) a period of authorized leave of absence with pay from which deductions for
25.7 employee contributions are made, deposited, and credited to the fund;

25.8 (5) a period of authorized personal, parental, or medical leave of absence without
25.9 pay, including a leave of absence covered under the federal Family Medical Leave Act,
25.10 that does not exceed one year, and for which a member obtained service credit for each
25.11 month in the leave period by payment under section 353.0161 to the fund made in place of
25.12 salary deductions. An employee must return to public service and render a minimum of
25.13 three months of allowable service in order to be eligible to make payment under section
25.14 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
25.15 employee must be granted allowable service credit for the purchased period;

25.16 (6) a periodic, repetitive leave that is offered to all employees of a governmental
25.17 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
25.18 as certified to the association by the employer. A participating member obtains service
25.19 credit by making employee contributions in an amount or amounts based on the member's
25.20 average salary, excluding overtime pay, that would have been paid if the leave had not been
25.21 taken. The employer shall pay the employer and additional employer contributions on
25.22 behalf of the participating member. The employee and the employer are responsible to pay
25.23 interest on their respective shares at the rate of 8.5 percent a year, compounded annually,
25.24 from the end of the normal cycle until full payment is made. An employer shall also make
25.25 the employer and additional employer contributions, plus 8.5 percent interest, compounded
25.26 annually, on behalf of an employee who makes employee contributions but terminates
25.27 public service. The employee contributions must be made within one year after the end of
25.28 the annual normal working cycle or within 30 days after termination of public service,
25.29 whichever is sooner. The executive director shall prescribe the manner and forms to be
25.30 used by a governmental subdivision in administering a periodic, repetitive leave. Upon
25.31 payment, the member must be granted allowable service credit for the purchased period;

25.32 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
25.33 months allowable service per authorized temporary or seasonal layoff in one calendar year.
25.34 An employee who has received the maximum service credit allowed for an authorized
25.35 temporary or seasonal layoff must return to public service and must obtain a minimum of

26.1 three months of allowable service subsequent to the layoff in order to receive allowable
26.2 service for a subsequent authorized temporary or seasonal layoff;

26.3 (8) a period during which a member is absent from employment by a governmental
26.4 subdivision by reason of service in the uniformed services, as defined in United States
26.5 Code, title 38, section 4303(13), if the member returns to public service with the same
26.6 governmental subdivision upon discharge from service in the uniformed service within the
26.7 time frames required under United States Code, title 38, section 4312(e), provided that
26.8 the member did not separate from uniformed service with a dishonorable or bad conduct
26.9 discharge or under other than honorable conditions. The service must be credited if the
26.10 member pays into the fund equivalent employee contributions based upon the contribution
26.11 rate or rates in effect at the time that the uniformed service was performed multiplied by
26.12 the full and fractional years being purchased and applied to the annual salary rate. The
26.13 annual salary rate is the average annual salary, excluding overtime pay, during the purchase
26.14 period that the member would have received if the member had continued to be employed
26.15 in covered employment rather than to provide uniformed service, or, if the determination
26.16 of that rate is not reasonably certain, the annual salary rate is the member's average salary
26.17 rate, excluding overtime pay, during the 12-month period of covered employment rendered
26.18 immediately preceding the period of the uniformed service. Payment of the member
26.19 equivalent contributions must be made during a period that begins with the date on which
26.20 the individual returns to public employment and that is three times the length of the
26.21 military leave period, or within five years of the date of discharge from the military service,
26.22 whichever is less. If the determined payment period is less than one year, the contributions
26.23 required under this clause to receive service credit may be made within one year of the
26.24 discharge date. Payment may not be accepted following 30 days after termination of
26.25 public service under subdivision 11a. If the member equivalent contributions provided for
26.26 in this clause are not paid in full, the member's allowable service credit must be prorated
26.27 by multiplying the full and fractional number of years of uniformed service eligible for
26.28 purchase by the ratio obtained by dividing the total member contributions received by the
26.29 total member contributions otherwise required under this clause. The equivalent employer
26.30 contribution, and, if applicable, the equivalent additional employer contribution must be
26.31 paid by the governmental subdivision employing the member if the member makes the
26.32 equivalent employee contributions. The employer payments must be made from funds
26.33 available to the employing unit, using the employer and additional employer contribution
26.34 rate or rates in effect at the time that the uniformed service was performed, applied to the
26.35 same annual salary rate or rates used to compute the equivalent member contribution. The
26.36 governmental subdivision involved may appropriate money for those payments. The

27.1 amount of service credit obtainable under this section may not exceed five years unless a
27.2 longer purchase period is required under United States Code, title 38, section 4312. The
27.3 employing unit shall pay interest on all equivalent member and employer contribution
27.4 amounts payable under this clause. Interest must be computed at a rate of 8.5 percent
27.5 compounded annually from the end of each fiscal year of the leave or the break in service
27.6 to the end of the month in which the payment is received. Upon payment, the employee
27.7 must be granted allowable service credit for the purchased period; or

27.8 (9) a period specified under ~~subdivision 40~~ section 353.0162.

27.9 (b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for
27.10 state officers and employees displaced by the Community Corrections Act, chapter 401,
27.11 and transferred into county service under section 401.04, "allowable service" means the
27.12 combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and
27.13 section 352.01, subdivision 11.

27.14 (c) For a public employee who has prior service covered by a local police or
27.15 firefighters relief association that has consolidated with the Public Employees Retirement
27.16 Association under chapter 353A or to which section 353.665 applies, and who has
27.17 elected the type of benefit coverage provided by the public employees police and fire
27.18 fund either under section 353A.08 following the consolidation or under section 353.665,
27.19 subdivision 4, "allowable service" is a period of service credited by the local police or
27.20 firefighters relief association as of the effective date of the consolidation based on law
27.21 and on bylaw provisions governing the relief association on the date of the initiation
27.22 of the consolidation procedure.

27.23 (d) No member may receive more than 12 months of allowable service credit in a
27.24 year either for vesting purposes or for benefit calculation purposes. For an active member
27.25 who was an active member of the former Minneapolis Firefighters Relief Association on
27.26 the day prior to the effective date of consolidation under Laws 2011, First Special Session
27.27 chapter 8, article 6, section 19, "allowable service" is the period of service credited by
27.28 the Minneapolis Firefighters Relief Association as reflected in the transferred records of
27.29 the association up to the effective date of consolidation under Laws 2011, First Special
27.30 Session chapter 8, article 6, section 19, and the period of service credited under paragraph
27.31 (a), clause (1), after the effective date of consolidation under Laws 2011, First Special
27.32 Session chapter 8, article 6, section 19. For an active member who was an active member
27.33 of the former Minneapolis Police Relief Association on the day prior to the effective date
27.34 of consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19,
27.35 "allowable service" is the period of service credited by the Minneapolis Police Relief
27.36 Association as reflected in the transferred records of the association up to the effective date

28.1 of consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19,
 28.2 and the period of service credited under paragraph (a), clause (1), after the effective date
 28.3 of consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19.

28.4 (e) MS 2002 [Expired]

28.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

28.6 Sec. 2. Minnesota Statutes 2010, section 353.01, subdivision 47, is amended to read:

28.7 Subd. 47. **Vesting.** (a) "Vesting" means obtaining a nonforfeitable entitlement
 28.8 to an annuity or benefit from a retirement plan administered by the Public Employees
 28.9 Retirement Association by having credit for sufficient allowable service under paragraph
 28.10 (b) or (c), whichever applies.

28.11 (b) For purposes of qualifying for an annuity or benefit as a basic or coordinated plan
 28.12 member of the general employees retirement plan of the Public Employees Retirement
 28.13 Association:

28.14 (1) a ~~member~~ public employee who first became a ~~public employee member~~
 28.15 July 1, 2010, is vested when the person has accrued credit for not less than three years
 28.16 of allowable service as defined under subdivision 16; and

28.17 (2) a ~~member~~ public employee who first becomes a ~~public employee member~~ after
 28.18 June 30, 2010, is vested when the person has accrued credit for not less than five years of
 28.19 allowable service as defined under subdivision 16.

28.20 (c) For purposes of qualifying for an annuity or benefit as a member of the police
 28.21 and fire plan or a member of the local government correctional employees retirement plan:

28.22 (1) a ~~member~~ public employee who first became a ~~public employee member~~
 28.23 July 1, 2010, is vested when the person has accrued credit for not less than three years
 28.24 of allowable service as defined under subdivision 16; and

28.25 (2) a ~~member~~ public employee who first becomes a ~~public employee member~~ after
 28.26 June 30, 2010, is vested at the following percentages when the person has accrued credited
 28.27 allowable service as defined under subdivision 16, as follows:

28.28 (i) 50 percent after five years;

28.29 (ii) 60 percent after six years;

28.30 (iii) 70 percent after seven years;

28.31 (iv) 80 percent after eight years;

28.32 (v) 90 percent after nine years; and

28.33 (vi) 100 percent after ten years.

28.34 **EFFECTIVE DATE.** This section is effective the day following final enactment.

29.1 Sec. 3. Minnesota Statutes 2010, section 353.50, subdivision 7, is amended to read:

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

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

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

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

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

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

29.30 (2) the amount of \$27,000,000, but the total supplemental contribution amount
29.31 plus the contributions under paragraphs (c) and (d) may not exceed \$34,000,000. Each
29.32 employing unit's share of the total employer supplemental contribution amount is equal to
29.33 the applicable portion specified in paragraph ~~(g)~~ (h). The initial total actuarial required
29.34 contribution after June 30, 2012, must be calculated using the mortality assumption
29.35 change recommended on September 30, 2009, for the Minneapolis Employees Retirement

30.1 Fund by the approved consulting actuary retained by the Minneapolis Employees
30.2 Retirement Fund board.

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

30.11 ~~(f)~~ (g) Notwithstanding any provision of paragraph (c), (d), or (e) to the contrary, as
30.12 of August 1 annually, if the amount of the retirement annuities and benefits paid from the
30.13 MERF division account during the preceding fiscal year, multiplied by the factor of 1.035,
30.14 exceeds the market value of the assets of the MERF division account on the preceding
30.15 June 30, plus state aid of \$9,000,000, \$22,750,000, or \$24,000,000, whichever applies,
30.16 plus the amounts payable under paragraphs (b), (c), (d), and (e) during the preceding
30.17 fiscal year, multiplied by the factor of 1.035, the balance calculated is a special additional
30.18 employer contribution. The special additional employer contribution under this paragraph
30.19 is payable in addition to any employer contribution required under paragraphs (c), (d), and
30.20 (e), and is payable on or before the following June 30. The special additional employer
30.21 contribution under this paragraph must be allocated as specified in paragraph ~~(g)~~ (h).

30.22 ~~(g)~~ (h) The employer supplemental contribution under paragraph (e) or the special
30.23 additional employer contribution under paragraph ~~(f)~~ (g) must be allocated between the
30.24 city of Minneapolis, Special School District No. 1, Minneapolis, any Minneapolis-owned
30.25 public utility, improvement, or municipal activity, the Minnesota State Colleges and
30.26 Universities system, Hennepin County, the Metropolitan Council, and the Metropolitan
30.27 Airports Commission in proportion to their share of the actuarial accrued liability of the
30.28 former Minneapolis Employees Retirement Fund as of July 1, 2009, as calculated by the
30.29 approved actuary retained under section 356.214 as part of the actuarial valuation prepared
30.30 as of July 1, 2009, under section 356.215 and the Standards for Actuarial Work adopted by
30.31 the Legislative Commission on Pensions and Retirement.

30.32 ~~(h)~~ (i) The employer contributions under paragraphs (c), (d), ~~and (e)~~, and (g) must be
30.33 paid as provided in section 353.28.

30.34 ~~(i)~~ (j) Contributions under this subdivision are subject to the provisions of section
30.35 353.27, subdivisions 4, 7, 7a, 7b, 11, 12, 12a, 12b, 13, and 14.

30.36 **EFFECTIVE DATE.** This section is effective the day following final enactment.

31.1 Sec. 4. Minnesota Statutes 2010, section 353.656, subdivision 2, is amended to read:

31.2 Subd. 2. **Benefits paid under workers' compensation law.** (a) If a member, ~~as~~
 31.3 ~~described in subdivision 1, is injured under circumstances which entitle the member to~~
 31.4 ~~receive benefits under the~~ becomes disabled and receives a disability benefit as specified
 31.5 in this section and is also entitled to receive lump sum or periodic benefits under workers'
 31.6 compensation law, the member shall receive the same benefits as provided in subdivision
 31.7 1, with disability benefits paid reimbursed and future benefits reduced by all periodic or
 31.8 lump-sum amounts, other than those amounts excluded under paragraph (b), paid to the
 31.9 member under the workers' compensation law, after deduction of amount of attorney fees,
 31.10 authorized under applicable workers' compensation laws, paid by a disabilitant if the total
 31.11 of laws, the single life annuity actuarial equivalent disability benefit amount and the
 31.12 workers' compensation benefit exceeds: amount must be added. The computation must
 31.13 exclude any attorney fees paid by the disabilitant as authorized under applicable workers'
 31.14 compensation laws. The computation must also exclude permanent partial disability
 31.15 payments provided under section 176.101, subdivision 2a, and retraining payments under
 31.16 section 176.102, subdivision 11, if the permanent partial disability or retraining payments
 31.17 are reported to the executive director in a manner specified by the executive director.

31.18 (b) The equivalent salary is the amount determined under clause (1) or (2),
 31.19 whichever is greater:

31.20 (1) the salary the disabled member received as of the date of the disability; or

31.21 (2) the salary currently payable for the same employment position or ~~an employment~~
 31.22 ~~position~~ substantially similar to the one the person held as of the date of the disability,
 31.23 ~~whichever is greater. The disability benefit must be reduced to that amount which, when~~
 31.24 ~~added to the workers' compensation benefits, does not exceed the greater of the salaries~~
 31.25 ~~described in clauses (1) and (2) positions in the applicable government subdivision.~~

31.26 ~~(b) Permanent partial disability payments provided for in section 176.101,~~
 31.27 ~~subdivision 2a, and retraining payments provided for in section 176.102, subdivision 11,~~
 31.28 ~~must not be offset from disability payments due under paragraph (a) if the amounts of~~
 31.29 ~~the permanent partial or retraining payments are reported to the executive director in a~~
 31.30 ~~manner specified by the executive director.~~

31.31 (c) If the amount determined under paragraph (a) exceeds the equivalent salary
 31.32 determined under paragraph (b), the disability benefit amount must be reduced to that
 31.33 amount which, when added to the workers' compensation benefits, equals the equivalent
 31.34 salary.

31.35 **EFFECTIVE DATE.** This section is effective the day following final enactment.

32.1 Sec. 5. **PERA-ADMINISTERED RETIREMENT PLANS; STUDY OF**
32.2 **UPDATED MEMBERSHIP WAGE THRESHOLD FIGURE.**

32.3 (a) The Public Employees Retirement Association shall: (1) identify the options
32.4 for revising the membership threshold salary under Minnesota Statutes, section 353.01,
32.5 subdivisions 2a and 2b, for membership in a retirement plan administered by the
32.6 association; (2) determine the actuarial impact on the retirement plans administered by the
32.7 association, the financial impact on participating employers, and the financial impact on
32.8 prospective public employees of each option; and (3) formulate the recommendations for
32.9 structuring each identified option.

32.10 (b) The Public Employees Retirement Association shall report its findings and
32.11 recommendations of its study to the chair, the vice chair, and the executive director of the
32.12 Legislative Commission on Pensions and Retirement. The report must be filed with the
32.13 commission on or before February 15, 2013.

32.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

32.15 **ARTICLE 7**

32.16 **REVISIONS IN THE PERA PRIVATIZATION LAW**

32.17 Section 1. Minnesota Statutes 2010, section 353F.02, subdivision 4, is amended to read:

32.18 Subd. 4. **Medical facility.** "Medical facility" means:

32.19 (1) Bridges Medical Services;

32.20 (2) Cedarview Care Center in Steele County;

32.21 ~~(2)~~ (3) the City of Cannon Falls Hospital;

32.22 ~~(3)~~ (4) the Chris Jenson Health and Rehabilitation Center in St. Louis County;

32.23 ~~(4)~~ (5) Clearwater County Memorial Hospital doing business as Clearwater Health
32.24 Services in Bagley;

32.25 ~~(5)~~ (6) the Dassel Lakeside Community Home;

32.26 ~~(6)~~ (7) the Douglas County Hospital, with respect to the Mental Health Unit;

32.27 ~~(7)~~ (8) the Fair Oaks Lodge, Wadena;

32.28 ~~(8)~~ (9) the Glencoe Area Health Center;

32.29 ~~(9)~~ (10) Hutchinson Area Health Care;

32.30 ~~(10)~~ (11) the Lakefield Nursing Home;

32.31 ~~(11)~~ (12) the Lakeview Nursing Home in Gaylord;

32.32 ~~(12)~~ (13) the Luverne Public Hospital;

32.33 ~~(13)~~ (14) the Oakland Park Nursing Home;

32.34 ~~(14)~~ (15) the RenVilla Nursing Home;

33.1 ~~(15)~~ (16) the Rice Memorial Hospital in Willmar, with respect to the Department
 33.2 of Radiology and the Department of Radiation/Oncology;
 33.3 ~~(16)~~ (17) the St. Peter Community Health Care Center;
 33.4 (18) the Traverse Care Center in Traverse County;
 33.5 ~~(17)~~ (19) the Waconia-Ridgeview Medical Center;
 33.6 ~~(18)~~ (20) the Weiner Memorial Medical Center, Inc.;
 33.7 ~~(19)~~ (21) the Wheaton Community Hospital; and
 33.8 ~~(20)~~ (22) the Worthington Regional Hospital.

33.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

33.10 Sec. 2. Minnesota Statutes 2010, section 353F.04, subdivision 1, is amended to read:

33.11 Subdivision 1. **Enhanced augmentation rates.** (a) The deferred annuity of
 33.12 a terminated medical facility or other public employing unit employee is subject
 33.13 to augmentation under section 353.71, subdivision 2, of the edition of Minnesota
 33.14 Statutes published in the year in which the privatization occurred, except that the rate
 33.15 of augmentation is as specified in ~~paragraph (b) or (c), whichever is applicable~~ this
 33.16 subdivision.

33.17 (b) This paragraph applies if the legislation adding the medical facility or other
 33.18 employing unit to section 353F.02, subdivision 4 or 5, as applicable, was enacted before
 33.19 July 26, 2005, and became effective before January 1, 2008, for the Hutchinson Area
 33.20 Health Care or before January 1, 2007, for all other medical facilities and all other
 33.21 employing units. For a terminated medical facility or other public employing unit
 33.22 employee, the augmentation rate is 5.5 percent compounded annually until January 1
 33.23 following the year in which the person attains age 55. From that date to the effective date
 33.24 of retirement, the augmentation rate is 7.5 percent compounded annually.

33.25 (c) If paragraph (b) is not applicable, and if the effective date of the privatization is
 33.26 before January 1, 2011, the augmentation rate is four percent compounded annually until
 33.27 January 1, following the year in which the person attains age 55. From that date to the
 33.28 effective date of retirement, the augmentation rate is six percent compounded annually.

33.29 (d) If the effective date of the privatization is after December 31, 2010, the
 33.30 applicable augmentation rate depends on the result of computations specified in section
 33.31 353F.025, subdivision 1. If those computations indicate no loss or a net gain to the fund of
 33.32 the general employees retirement plan of the Public Employees Retirement Association,
 33.33 the augmentation rate is 2.0 percent compounded annually until the effective date of
 33.34 retirement. If the computations under that subdivision indicate a net loss to the fund if
 33.35 a 2.0 percent augmentation rate is used, but a net gain or no loss if a 1.0 percent rate is

34.1 used, then the augmentation rate is 1.0 percent compounded annually until the effective
 34.2 date of retirement.

34.3 (e) The term "effective date of the privatization" as used in this subdivision means
 34.4 the "effective date" as defined in section 353F.02, subdivision 3.

34.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

34.6 Sec. 3. Minnesota Statutes 2010, section 353F.07, is amended to read:

34.7 **353F.07 EFFECT ON REFUND.**

34.8 Notwithstanding any provision of chapter 353 to the contrary, terminated medical
 34.9 facility or other public employing unit employees may receive a refund of employee
 34.10 accumulated contributions plus interest ~~at the rate of six percent per year compounded~~
 34.11 ~~annually as provided in accordance with~~ section 353.34, subdivision 2, ~~of the edition~~
 34.12 ~~of Minnesota Statutes published in the year in which the privatization occurred,~~ at any
 34.13 time after the transfer of employment to the successor employer ~~to~~ of the terminated
 34.14 medical facility or other public employing unit. If a terminated medical facility or other
 34.15 public employing unit employee has received a refund from a pension plan ~~enumerated~~
 34.16 listed in section 356.30, subdivision 3, the person may not repay that refund unless the
 34.17 person again becomes a member of one of those ~~enumerated~~ listed plans and complies
 34.18 with section 356.30, subdivision 2.

34.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

34.20 **ARTICLE 8**

34.21 **TRA ADMINISTRATIVE CHANGES AND RELATED MODIFICATIONS**

34.22 Section 1. Minnesota Statutes 2010, section 16A.06, subdivision 9, is amended to read:

34.23 Subd. 9. **First class city teacher retirement funds aids reporting.** Each year,
 34.24 on or before April 15, the commissioner of management and budget shall report to the
 34.25 chairs of the senate Finance Committee and the house of representatives Ways and Means
 34.26 Committee on expenditures for state aids to the ~~Minneapolis and Saint St. Paul Teacher~~
 34.27 ~~Retirement Fund associations~~ Association, and to the Teachers Retirement Association on
 34.28 behalf of the merged Minneapolis Teachers Retirement Fund Association, under sections
 34.29 354.435, 354A.12, and 423A.02, subdivision 3. This report shall include the amounts
 34.30 expended in the most recent fiscal year and estimates of expected expenditures for the
 34.31 current and next fiscal year.

34.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

35.1 Sec. 2. Minnesota Statutes 2010, section 126C.41, subdivision 3, is amended to read:

35.2 Subd. 3. **Retirement levies.** (a) In 1991 and each year thereafter, a district to which
 35.3 this subdivision applies may levy an additional amount required for contributions to
 35.4 the general employees retirement plan of the Public Employees Retirement Association
 35.5 as the successor of the Minneapolis Employees Retirement Fund as a result of the
 35.6 maximum dollar amount limitation on state contributions to that plan imposed under
 35.7 section 353.505. The additional levy must not exceed the most recent amount certified by
 35.8 the executive director of the Public Employees Retirement Association as the district's
 35.9 share of the contribution requirement in excess of the maximum state contribution under
 35.10 section 353.505.

35.11 (b) For taxes payable in 1994 and thereafter, Special School District No. 1,
 35.12 Minneapolis, and Independent School District No. 625, St. Paul, may levy for the increase
 35.13 in the employer retirement fund contributions, under Laws 1992, chapter 598, article 5,
 35.14 section 1.

35.15 (c) If the employer retirement fund contributions under section 354A.12, subdivision
 35.16 2a, are increased for fiscal year 1994 or later fiscal years, Special School District No. 1,
 35.17 Minneapolis, and Independent School District No. 625, St. Paul, may levy in payable
 35.18 1994 or later an amount equal to the amount derived by applying the net increase in
 35.19 the employer retirement fund contribution rate of the respective teacher retirement fund
 35.20 association between fiscal year 1993 and the fiscal year beginning in the year after the
 35.21 levy is certified to the total covered payroll of the applicable teacher retirement fund
 35.22 association. If an applicable school district levies under this paragraph, they may not
 35.23 levy under paragraph (b).

35.24 (d) In addition to the levy authorized under paragraph (c), Special School District
 35.25 No. 1, Minneapolis, may also levy payable in 1997 or later an amount equal to the
 35.26 contributions under section ~~423A.02~~ 354.435, subdivision ~~3~~ 2, and may also levy in
 35.27 payable 1994 or later an amount equal to the state aid contribution under section ~~354A.12~~
 35.28 354.435, subdivision ~~3~~ 1. Independent School District No. 625, St. Paul, may levy
 35.29 payable in 1997 or later an amount equal to the supplemental contributions under section
 35.30 423A.02, subdivision 3.

35.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.

35.32 Sec. 3. **[354.435] ADDITIONAL CONTRIBUTIONS BY SPECIAL SCHOOL**
 35.33 **DISTRICT NO. 1 AND CITY OF MINNEAPOLIS.**

35.34 **Subdivision 1. Special direct state matching aid.** (a) Special School District No. 1,
 35.35 Minneapolis, and the city of Minneapolis must make additional employer contributions

36.1 to the Teachers Retirement Association in the amounts specified in paragraph (b). These
36.2 contributions can be made from any available source. If made in whole or in part by a
36.3 levy, the levy may be classified as that of a special taxing district for purposes of sections
36.4 275.065 and 276.04, and for all other property tax purposes.

36.5 (b) Each fiscal year \$1,250,000 must be contributed by Special School District
36.6 No. 1, Minneapolis, and \$1,250,000 must be contributed by the city of Minneapolis to
36.7 the Teachers Retirement Association and the state shall match this total by paying to
36.8 the Teachers Retirement Association \$2,500,000. The superintendent of Special School
36.9 District No. 1, Minneapolis, the mayor of the city of Minneapolis, and the executive
36.10 director of the Teachers Retirement Association shall jointly certify to the commissioner
36.11 of management and budget the total amount that has been contributed by Special School
36.12 District No. 1, Minneapolis, and by the city of Minneapolis to the Teachers Retirement
36.13 Association. Any certification to the commissioner of management and budget must
36.14 be made quarterly. If the certifications for a fiscal year exceed the maximum annual
36.15 direct state matching aid amount in any quarter, the amount of direct state matching aid
36.16 payable to the Teachers Retirement Association must be limited to the balance of the
36.17 maximum annual direct state matching aid amount available. The amount required under
36.18 this paragraph, subject to the maximum direct state matching aid amount, is appropriated
36.19 annually to the commissioner of management and budget.

36.20 (c) The commissioner of management and budget may prescribe the form of the
36.21 certifications required under paragraph (b).

36.22 Subd. 2. **Additional contributions.** In addition to any other required contributions,
36.23 on or before June 30 each fiscal year, Special School District No. 1, Minneapolis, and the
36.24 city of Minneapolis must each make an additional contribution to the Teachers Retirement
36.25 Association of \$1,000,000.

36.26 Subd. 3. **Procedure for recovery of deficient or delinquent amounts.** If Special
36.27 School District No. 1, Minneapolis, or the city of Minneapolis fails to pay the full amount
36.28 required under subdivision 1, paragraph (b), or 2, in a timely manner, the executive
36.29 director is authorized to use section 354.512, or any other process in law to ensure full
36.30 payment is obtained.

36.31 Subd. 4. **Expiration.** This section expires effective the first day of the fiscal year
36.32 next following the fiscal year in which the Teachers Retirement Association has no
36.33 unfunded actuarial accrued liability as determined by the actuarial valuation prepared
36.34 under section 356.215 by the approved actuary retained under section 356.214.

36.35 **EFFECTIVE DATE.** This section is effective the day following final enactment.

37.1 Sec. 4. Minnesota Statutes 2010, section 354.51, subdivision 5, is amended to read:

37.2 Subd. 5. **Payment of shortages.** (a) Except as provided in paragraph (b), in the
37.3 event that full required member contributions are not deducted from the salary of a
37.4 teacher, payment must be made as follows:

37.5 (1) Payment of shortages in member deductions on salary earned after June 30,
37.6 1957, and before July 1, 1981, may be made any time before retirement. Payment must
37.7 include interest at an annual rate of 8.5 percent compounded annually from the end of the
37.8 fiscal year in which the shortage occurred to the end of the month in which payment is
37.9 made and the interest must be credited to the fund. If payment of a shortage in deductions
37.10 is not made, the formula service credit of the member must be prorated under section
37.11 354.05, subdivision 25, clause (3).

37.12 (2) Payment of shortages in member deductions on salary earned after June 30,
37.13 1981, are the sole obligation of the employing unit and are payable by the employing
37.14 unit upon notification by the executive director of the shortage with interest at an annual
37.15 rate of 8.5 percent compounded annually from the end of the fiscal year in which the
37.16 shortage occurred to the end of the month in which payment is made and the interest
37.17 must be credited to the fund. Effective July 1, 1986, the employing unit shall also pay
37.18 the employer contributions as specified in section 354.42, subdivisions 3 and 5 for the
37.19 shortages. If the shortage payment is not paid by the employing unit within 60 days of
37.20 notification, and if the executive director does not use the recovery procedure in section
37.21 354.512, the executive director shall certify the amount of the shortage ~~payment~~ to the
37.22 applicable county auditor, who shall spread a levy in the amount of the shortage payment
37.23 over the taxable property of the taxing district of the employing unit if the employing unit
37.24 is supported by property taxes, ~~or to the commissioner of management and budget, who~~
37.25 ~~shall deduct the amount from any state aid or appropriation amount applicable to the~~
37.26 ~~employing unit if the employing unit is not supported by property taxes.~~

37.27 (3) Payment may not be made for shortages in member deductions on salary earned
37.28 before July 1, 1957, for shortages in member deductions on salary paid or payable under
37.29 paragraph (b), or for shortages in member deductions for persons employed by the
37.30 Minnesota State Colleges and Universities system in a faculty position or in an eligible
37.31 unclassified administrative position and whose employment was less than 25 percent
37.32 of a full academic year, exclusive of the summer session, for the applicable institution
37.33 that exceeds the most recent 36 months.

37.34 (b) For a person who is employed by the Minnesota State Colleges and Universities
37.35 system in a faculty position or in an eligible unclassified administrative position and
37.36 whose employment was less than 25 percent of a full academic year, exclusive of the

38.1 summer session, for the applicable institution, upon the person's election under section
 38.2 354B.21 of retirement coverage under this chapter, the shortage in member deductions
 38.3 on the salary for employment by the Minnesota State Colleges and Universities system
 38.4 institution of less than 25 percent of a full academic year, exclusive of the summer session,
 38.5 for the applicable institution for the most recent 36 months and the associated employer
 38.6 contributions must be paid by the Minnesota State Colleges and Universities system
 38.7 institution, plus annual compound interest at the rate of 8.5 percent from the end of the
 38.8 fiscal year in which the shortage occurred to the end of the month in which the Teachers
 38.9 Retirement Association coverage election is made. ~~If the shortage payment is not made by~~
 38.10 ~~the institution within 60 days of notification, the executive director shall certify the amount~~
 38.11 ~~of the shortage payment to the commissioner of management and budget, who shall deduct~~
 38.12 ~~the amount from any state appropriation to the system.~~ An individual electing coverage
 38.13 under this paragraph shall repay the amount of the shortage in member deductions, plus
 38.14 interest, through deduction from salary or compensation payments within the first year of
 38.15 employment after the election under section 354B.21, subject to the limitations in section
 38.16 16D.16. The Minnesota State Colleges and Universities system may use any means
 38.17 available to recover amounts which were not recovered through deductions from salary or
 38.18 compensation payments. No payment of the shortage in member deductions under this
 38.19 paragraph may be made for a period longer than the most recent 36 months.

38.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

38.21 Sec. 5. **[354.512] RECOVERY OF DEFICIENCIES.**

38.22 In addition to any other remedies permitted under law, if an employing unit or
 38.23 other entity required by law to make any form of payment to the Teachers Retirement
 38.24 Association fails to make full payment within 60 days of notification, the executive
 38.25 director is authorized to certify the amount of deficiency to the commissioner of
 38.26 management and budget, who shall deduct the amount from any state aid or appropriation
 38.27 applicable to the employing unit or entity, and transmit the withheld aid or appropriation
 38.28 to the executive director for deposit in the fund.

38.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

38.30 Sec. 6. Minnesota Statutes 2010, section 354A.12, subdivision 3c, is amended to read:

38.31 Subd. 3c. **Termination of supplemental contributions and direct matching and**
 38.32 **state aid.** ~~The supplemental contributions payable to the Minneapolis Teachers Retirement~~
 38.33 ~~Fund Association by Special School District No. 1 and the city of Minneapolis under~~

39.1 ~~section 423A.02, subdivision 3, must be paid to the Teachers Retirement Association and~~
 39.2 ~~must continue until the current assets of the fund equal or exceed the actuarial accrued~~
 39.3 ~~liability of the fund as determined in the most recent actuarial report for the fund by~~
 39.4 ~~the actuary retained under section 356.214, or 2037, whichever occurs earlier. The~~
 39.5 supplemental contributions payable to the St. Paul Teachers Retirement Fund Association
 39.6 by Independent School District No. 625 under section 423A.02, subdivision 3, or the
 39.7 direct state aid under subdivision 3a to the St. Paul Teachers Retirement Fund Association
 39.8 must continue until the current assets of the fund equal or exceed the actuarial accrued
 39.9 liability of the fund as determined in the most recent actuarial report for the fund by the
 39.10 actuary retained under section 356.214 or until 2037, whichever occurs earlier.

39.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

39.12 Sec. 7. Minnesota Statutes 2011 Supplement, section 356.215, subdivision 8, is
 39.13 amended to read:

39.14 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use
 39.15 the applicable following preretirement interest assumption and the applicable following
 39.16 postretirement interest assumption:

39.17	39.18	39.19	preretirement	postretirement
39.20	plan	rate assumption	interest	interest
39.21	rate assumption	rate assumption	rate assumption	rate assumption
39.20	general state employees retirement plan	8.5%	6.0%	6.0%
39.21	correctional state employees retirement plan	8.5	6.0	6.0
39.22	State Patrol retirement plan	8.5	6.0	6.0
39.23	legislators retirement plan	8.5	6.0	6.0
39.24	elective state officers retirement plan	8.5	6.0	6.0
39.25	judges retirement plan	8.5	6.0	6.0
39.26	general public employees retirement plan	8.5	6.0	6.0
39.27	public employees police and fire retirement plan	8.5	6.0	6.0
39.28	local government correctional service	8.5	6.0	6.0
39.29	retirement plan			
39.30	teachers retirement plan	8.5	6.0	6.0
39.31	Duluth teachers retirement plan	8.5	8.5	8.5
39.32	St. Paul teachers retirement plan	8.5	8.5	8.5
39.33	Fairmont Police Relief Association	5.0	5.0	5.0
39.34	Virginia Fire Department Relief Association	5.0	5.0	5.0
39.35	Bloomington Fire Department Relief	6.0	6.0	6.0
39.36	Association			
39.37	local monthly benefit volunteer firefighters	5.0	5.0	5.0
39.38	relief associations			

40.1 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
 40.2 single rate future salary increase assumption, the applicable following modified single
 40.3 rate future salary increase assumption, or the applicable following graded rate future
 40.4 salary increase assumption:

40.5 (1) single rate future salary increase assumption

40.6 plan	future salary increase assumption
40.7 legislators retirement plan	5.0%
40.8 judges retirement plan	4.0
40.9 Fairmont Police Relief Association	3.5
40.10 Virginia Fire Department Relief Association	3.5
40.11 Bloomington Fire Department Relief Association	4.0

40.13 (2) age-related select and ultimate future salary increase assumption or graded rate
 40.14 future salary increase assumption

40.15 plan	future salary increase assumption
40.16 correctional state employees retirement plan	assumption D
40.17 State Patrol retirement plan	assumption C
40.18 local government correctional service retirement plan	assumption C
40.19 Duluth teachers retirement plan	assumption A
40.20 St. Paul teachers retirement plan	assumption B

40.21 For plans other than the Duluth teachers
 40.22 retirement plan, the select calculation
 40.23 is: during the designated select period, a
 40.24 designated percentage rate is multiplied by
 40.25 the result of the designated integer minus T,
 40.26 where T is the number of completed years of
 40.27 service, and is added to the applicable future
 40.28 salary increase assumption. ~~The designated~~
 40.29 ~~select period is five years and the designated~~
 40.30 ~~integer is five for the general state employees~~
 40.31 ~~retirement plan.~~ The designated select period
 40.32 is ten years and the designated integer is ten
 40.33 for all ~~other~~ retirement plans covered by
 40.34 this clause. The designated percentage rate
 40.35 is: (1) 0.2 percent for the correctional state
 40.36 employees retirement plan, the State Patrol
 40.37 retirement plan, and the local government

41.1 correctional service retirement plan; and (2)
 41.2 ~~0.6 percent for the general state employees~~
 41.3 ~~retirement plan; and (3) 0.3 percent for the~~
 41.4 ~~teachers retirement plan, the Duluth Teachers~~
 41.5 ~~Retirement Fund Association, and the St.~~
 41.6 Paul Teachers Retirement Fund Association.
 41.7 The select calculation for the Duluth Teachers
 41.8 Retirement Fund Association is 8.00 percent
 41.9 per year for service years one through seven,
 41.10 7.25 percent per year for service years seven
 41.11 and eight, and 6.50 percent per year for
 41.12 service years eight and nine.

41.13 The ultimate future salary increase assumption is:

41.14 age	A	B	C	D
41.15 16	8.00%	6.90%	7.7500%	7.2500%
41.16 17	8.00	6.90	7.7500	7.2500
41.17 18	8.00	6.90	7.7500	7.2500
41.18 19	8.00	6.90	7.7500	7.2500
41.19 20	6.90	6.90	7.7500	7.2500
41.20 21	6.90	6.90	7.1454	6.6454
41.21 22	6.90	6.90	7.0725	6.5725
41.22 23	6.85	6.85	7.0544	6.5544
41.23 24	6.80	6.80	7.0363	6.5363
41.24 25	6.75	6.75	7.0000	6.5000
41.25 26	6.70	6.70	7.0000	6.5000
41.26 27	6.65	6.65	7.0000	6.5000
41.27 28	6.60	6.60	7.0000	6.5000
41.28 29	6.55	6.55	7.0000	6.5000
41.29 30	6.50	6.50	7.0000	6.5000
41.30 31	6.45	6.45	7.0000	6.5000
41.31 32	6.40	6.40	7.0000	6.5000
41.32 33	6.35	6.35	7.0000	6.5000
41.33 34	6.30	6.30	7.0000	6.5000
41.34 35	6.25	6.25	7.0000	6.5000
41.35 36	6.20	6.20	6.9019	6.4019
41.36 37	6.15	6.15	6.8074	6.3074
41.37 38	6.10	6.10	6.7125	6.2125
41.38 39	6.05	6.05	6.6054	6.1054
41.39 40	6.00	6.00	6.5000	6.0000
41.40 41	5.90	5.95	6.3540	5.8540
41.41 42	5.80	5.90	6.2087	5.7087

42.1	43	5.70	5.85	6.0622	5.5622
42.2	44	5.60	5.80	5.9048	5.4078
42.3	45	5.50	5.75	5.7500	5.2500
42.4	46	5.40	5.70	5.6940	5.1940
42.5	47	5.30	5.65	5.6375	5.1375
42.6	48	5.20	5.60	5.5822	5.0822
42.7	49	5.10	5.55	5.5404	5.0404
42.8	50	5.00	5.50	5.5000	5.0000
42.9	51	4.90	5.45	5.4384	4.9384
42.10	52	4.80	5.40	5.3776	4.8776
42.11	53	4.70	5.35	5.3167	4.8167
42.12	54	4.60	5.30	5.2826	4.7826
42.13	55	4.50	5.25	5.2500	4.7500
42.14	56	4.40	5.20	5.2500	4.7500
42.15	57	4.30	5.15	5.2500	4.7500
42.16	58	4.20	5.10	5.2500	4.7500
42.17	59	4.10	5.05	5.2500	4.7500
42.18	60	4.00	5.00	5.2500	4.7500
42.19	61	3.90	5.00	5.2500	4.7500
42.20	62	3.80	5.00	5.2500	4.7500
42.21	63	3.70	5.00	5.2500	4.7500
42.22	64	3.60	5.00	5.2500	4.7500
42.23	65	3.50	5.00	5.2500	4.7500
42.24	66	3.50	5.00	5.2500	4.7500
42.25	67	3.50	5.00	5.2500	4.7500
42.26	68	3.50	5.00	5.2500	4.7500
42.27	69	3.50	5.00	5.2500	4.7500
42.28	70	3.50	5.00	5.2500	4.7500

42.29 (3) service-related ultimate future salary increase assumption

42.30	general state employees retirement plan of the				assumption A
42.31	Minnesota State Retirement System				
42.32	general employees retirement plan of the Public				assumption B
42.33	Employees Retirement Association				
42.34	Teachers Retirement Association				assumption C
42.35	public employees police and fire retirement plan				assumption D

42.36	service				
42.37	length	A	B	C	D
42.38	1	10.75%	12.25%	12.00%	13.00%
42.39	2	8.35	9.15	9.00	11.00
42.40	3	7.15	7.75	8.00	9.00
42.41	4	6.45	6.85	7.50	8.00
42.42	5	5.95	6.25	7.25	6.50
42.43	6	5.55	5.75	7.00	6.10

43.1	7	5.25	5.45	6.85	5.80
43.2	8	4.95	5.15	6.70	5.60
43.3	9	4.75	4.85	6.55	5.40
43.4	10	4.65	4.65	6.40	5.30
43.5	11	4.45	4.45	6.25	5.20
43.6	12	4.35	4.35	6.00	5.10
43.7	13	4.25	4.15	5.75	5.00
43.8	14	4.05	4.05	5.50	4.90
43.9	15	3.95	3.95	5.25	4.80
43.10	16	3.85	3.85	5.00	4.80
43.11	17	3.75	3.75	4.75	4.80
43.12	18	3.75	3.75	4.50	4.80
43.13	19	3.75	3.75	4.25	4.80
43.14	20	3.75	3.75	4.00	4.80
43.15	21	3.75	3.75	3.90	4.70
43.16	22	3.75	3.75	3.80	4.60
43.17	23	3.75	3.75	3.70	4.50
43.18	24	3.75	3.75	3.60	4.50
43.19	25	3.75	3.75	3.50	4.50
43.20	26	3.75	3.75	3.50	4.50
43.21	27	3.75	3.75	3.50	4.50
43.22	28	3.75	3.75	3.50	4.50
43.23	29	3.75	3.75	3.50	4.50
43.24	30 or more	3.75	3.75	3.50	4.50

43.25 (c) Before July 2, 2010, the actuarial valuation must use the applicable following
 43.26 payroll growth assumption for calculating the amortization requirement for the unfunded
 43.27 actuarial accrued liability where the amortization retirement is calculated as a level
 43.28 percentage of an increasing payroll:

43.29	plan	payroll growth assumption
43.30	general state employees retirement plan of the	3.75%
43.31	Minnesota State Retirement System	
43.32	correctional state employees retirement plan	4.50
43.33	State Patrol retirement plan	4.50
43.34	legislators retirement plan	4.50
43.35	judges retirement plan	4.00
43.36	general employees retirement plan of the Public	3.75
43.37	Employees Retirement Association	
43.38	public employees police and fire retirement plan	3.75
43.39	local government correctional service retirement plan	4.50
43.40	teachers retirement plan	3.75
43.41	Duluth teachers retirement plan	4.50
43.42	St. Paul teachers retirement plan	5.00

44.1 (d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to
 44.2 apply, unless a different salary assumption or a different payroll increase assumption:

44.3 (1) has been proposed by the governing board of the applicable retirement plan;

44.4 (2) is accompanied by the concurring recommendation of the actuary retained under
 44.5 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
 44.6 most recent actuarial valuation report if section 356.214 does not apply; and

44.7 (3) has been approved or deemed approved under subdivision 18.

44.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

44.9 Sec. 8. Minnesota Statutes 2010, section 356.415, subdivision 1d, is amended to read:

44.10 Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.**

44.11 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers
 44.12 Retirement Association are entitled to a postretirement adjustment annually on January
 44.13 1, as follows:

44.14 (1) for January 1, 2011, and January 1, 2012, no postretirement increase is payable;

44.15 (2) for January 1, 2013, and each successive January 1 until funding stability is
 44.16 restored, a postretirement increase of two percent must be applied each year, effective
 44.17 on January 1, to the monthly annuity or benefit amount of each annuitant or benefit
 44.18 recipient who has been receiving an annuity or a benefit for at least 18 full months prior
 44.19 to the January 1 increase;

44.20 (3) for January 1, 2013, and each successive January 1 until funding stability is
 44.21 restored, for each annuitant or benefit recipient who has been receiving an annuity or a
 44.22 benefit for at least six full months before the January 1 increase, an annual postretirement
 44.23 increase of 1/12 of two percent for each month the person has been receiving an annuity or
 44.24 benefit must be applied, effective January 1, ~~following the year in~~ for which the person has
 44.25 been retired for at least six months but less than 12 18 months;

44.26 (4) for each January 1 following the restoration of funding stability, a postretirement
 44.27 increase of 2.5 percent must be applied each year, effective January 1, to the monthly
 44.28 annuity or benefit amount of each annuitant or benefit recipient who has been receiving an
 44.29 annuity or a benefit for at least 18 full months prior to the January 1 increase; and

44.30 (5) for each January 1 following the restoration of funding stability, for each
 44.31 annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six
 44.32 full months before the January 1 increase, an annual postretirement increase of 1/12 of
 44.33 2.5 percent for each month the person has been receiving an annuity or benefit must be
 44.34 applied, effective January 1, ~~following the year in~~ for which the person has been retired
 44.35 for at least six months but less than 12 18 months.

45.1 (b) Funding stability is restored when the market value of assets of the Teachers
45.2 Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities of
45.3 the Teachers Retirement Association in the most recent prior actuarial valuation prepared
45.4 under section 356.215 and the standards for actuarial work by the approved actuary
45.5 retained by the Teachers Retirement Association under section 356.214.

45.6 (c) An increase in annuity or benefit payments under this section must be made
45.7 automatically unless written notice is filed by the annuitant or benefit recipient with the
45.8 executive director of the Teachers Retirement Association requesting that the increase
45.9 not be made.

45.10 (d) The retirement annuity payable to a person who retires before becoming eligible
45.11 for Social Security benefits and who has elected the optional payment as provided in
45.12 section 354.35 must be treated as the sum of a period-certain retirement annuity and a life
45.13 retirement annuity for the purposes of any postretirement adjustment. The period-certain
45.14 retirement annuity plus the life retirement annuity must be the annuity amount payable
45.15 until age 62, 65, or normal retirement age, as selected by the member at retirement, for an
45.16 annuity amount payable under section 354.35. A postretirement adjustment granted on
45.17 the period-certain retirement annuity must terminate when the period-certain retirement
45.18 annuity terminates.

45.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

45.20 Sec. 9. Minnesota Statutes 2010, section 423A.02, subdivision 3, is amended to read:

45.21 Subd. 3. **Reallocation of amortization or supplementary amortization state**
45.22 **aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year
45.23 amortization aid and supplemental amortization aid distributed under subdivisions 1
45.24 and 1a that is not distributed for any reason to a municipality for use by a local police
45.25 or salaried fire relief association must be distributed by the commissioner of revenue
45.26 according to this paragraph. The commissioner shall distribute 50 percent of the amounts
45.27 derived under this paragraph to the Teachers Retirement Association, ten percent to the
45.28 Duluth Teachers Retirement Fund Association, and 40 percent to the St. Paul Teachers
45.29 Retirement Fund Association to fund the unfunded actuarial accrued liabilities of the
45.30 respective funds. These payments shall be made on or before June 30 each fiscal year. If
45.31 the St. Paul Teachers Retirement Fund Association becomes fully funded, its eligibility
45.32 for this aid ceases. Amounts remaining in the undistributed balance account at the end of
45.33 the biennium if aid eligibility ceases cancel to the general fund.

45.34 (b) In order to receive amortization and supplementary amortization aid under
45.35 paragraph (a), prior to June 30 Independent School District No. 625, St. Paul, must make

46.1 ~~contributions~~ an additional contribution of \$800,000 each year to the St. Paul Teachers
46.2 Retirement Fund Association in accordance with the following schedule:

46.3	Fiscal Year	Amount
46.4	1996	\$ 0
46.5	1997	\$ 0
46.6	1998	\$ 200,000
46.7	1999	\$ 400,000
46.8	2000	\$ 600,000
46.9	2001 and thereafter	\$ 800,000

46.10 ~~(c) Special School District No. 1, Minneapolis, and the city of Minneapolis must~~
46.11 ~~each make contributions to the Teachers Retirement Association in accordance with the~~
46.12 ~~following schedule:~~

46.13	Fiscal Year	City amount	School district amount
46.14			
46.15	1996	\$ 0	\$ 0
46.16	1997	\$ 0	\$ 0
46.17	1998	\$ 250,000	\$ 250,000
46.18	1999	\$ 400,000	\$ 400,000
46.19	2000	\$ 550,000	\$ 550,000
46.20	2001	\$ 700,000	\$ 700,000
46.21	2002	\$ 850,000	\$ 850,000
46.22	2003 and thereafter	\$ 1,000,000	\$ 1,000,000

46.23 ~~(d)~~ (c) Thirty percent of the difference between \$5,720,000 and the current year
46.24 amortization aid and supplemental amortization aid under subdivisions 1 and 1a that is not
46.25 distributed for any reason to a municipality for use by a local police or salaried firefighter
46.26 relief association must be distributed under section 69.021, subdivision 7, paragraph (d),
46.27 as additional funding to support a minimum fire state aid amount for volunteer firefighter
46.28 relief associations.

46.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

46.30 Sec. 10. **REPEALER.**

46.31 Minnesota Statutes 2010, sections 128D.18; and 354A.12, subdivision 3b, are
46.32 repealed.

46.33 **EFFECTIVE DATE.** This section is effective the day following final enactment.

ARTICLE 9

FEDERAL INTERNAL REVENUE CODE CONFORMITY PROVISIONS

Section 1. Minnesota Statutes 2010, section 356.611, subdivision 2, is amended to read:

Subd. 2. **Federal compensation limits.** (a) For members of a covered pension plan enumerated in section 356.30, subdivision 3, and of the plan established under chapter 353D, compensation in excess of the limitation specified in section 401(a)(17) of the Internal Revenue Code, as amended, for changes in the cost of living under section 401(a)(17)(B) of the Internal Revenue Code, may not be included for contribution and benefit computation purposes.

(b) Notwithstanding paragraph (a), for members specified in paragraph (a) who first contributed to a plan specified in that paragraph before July 1, 1995, the annual compensation limit specified in Internal Revenue Code section 401(a)(17) of the Internal Revenue Code on June 30, 1993, applies if that provides a greater allowable annual compensation.

(c) To the extent required by sections 3401(h) and 414(u)(12) of the federal Internal Revenue Code, an individual receiving a differential wage payment as defined in section 3401(h)(2) of the federal Internal Revenue Code from an employer shall be treated as employed by that employer, and the differential wage payment will be treated as compensation for purposes of applying the limits on annual additions under section 415(c) of the federal Internal Revenue Code.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2009.

Sec. 2. Minnesota Statutes 2010, section 356.611, subdivision 3, is amended to read:

Subd. 3. **Maximum benefit limitations.** ~~A member's~~ An annuitant's annual benefit, if necessary, must be reduced to the extent required by section 415(b) of the federal Internal Revenue Code, as adjusted by the United States secretary of the treasury under section 415(d) of the federal Internal Revenue Code for any applicable increases in the cost of living, including applicable increases in the cost of living after the member's termination of employment. ~~For purposes of section 415 of the federal Internal Revenue Code, the limitation year of a pension plan covered by this section must be the fiscal year or calendar year of that plan, whichever is applicable.~~ If an annuitant participated in more than one pension plan in which the employer participates, the benefits under each plan must be reduced proportionately, if necessary, to satisfy the applicable limitation.

EFFECTIVE DATE. This section is effective the day following final enactment.

48.1 Sec. 3. Minnesota Statutes 2010, section 356.611, subdivision 3a, is amended to read:

48.2 Subd. 3a. **Maximum annual addition limitation, defined contribution plans.** The
48.3 annual additions on behalf of a member to ~~the~~ a defined contribution plan established
48.4 ~~under chapter 352D or 353D~~ for any limitation year ~~beginning after December 31, 2001,~~
48.5 shall not exceed the ~~lesser of 100 percent of the member's compensation, as defined for~~
48.6 ~~purposes of~~ applicable limitation on annual additions under section 415(c) of the federal
48.7 Internal Revenue Code; or \$40,000, as adjusted by the United States secretary of the
48.8 treasury under section 415(d) of the federal Internal Revenue Code.

48.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

48.10 Sec. 4. Minnesota Statutes 2010, section 356.611, subdivision 4, is amended to read:

48.11 Subd. 4. **Compensation.** ~~(a)~~ For purposes of this section, compensation means a
48.12 member's compensation actually paid or made available for any limitation year including
48.13 all items of remuneration described in federal treasury regulation section 1.415 (c)-2(b)
48.14 and excluding all items of remuneration described in federal treasury regulation section
48.15 1.415 (c)-2(c). Compensation for pension plan purposes for any limitation year shall not
48.16 exceed the applicable federal compensation limit described in subdivision 2.

48.17 ~~(b) Compensation for any period includes:~~

48.18 ~~(1) any elective deferral as defined in section 402(g)(3) of the federal Internal~~
48.19 ~~Revenue Code;~~

48.20 ~~(2) any elective amounts that are not includable in a member's gross income by~~
48.21 ~~reason of sections 125 or 457 of the federal Internal Revenue Code; and~~

48.22 ~~(3) any elective amounts that are not includable in a member's gross income by~~
48.23 ~~reason of section 132(f)(4) of the federal Internal Revenue Code.~~

48.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

48.25 Sec. 5. Minnesota Statutes 2010, section 356.611, is amended by adding a subdivision
48.26 to read:

48.27 Subd. 5. **Limitation year.** Unless otherwise specifically provided, for purposes of
48.28 section 415 of the federal Internal Revenue Code, the limitation year of a pension plan
48.29 covered by this section is the calendar year or fiscal year, whichever is applicable.

48.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

48.31 Sec. 6. Minnesota Statutes 2010, section 356.635, subdivision 6, is amended to read:

48.32 Subd. 6. **Eligible retirement plan.** (a) An "eligible retirement plan" is:

49.1 (1) an individual retirement account under section 408(a) or 408A of the federal
49.2 Internal Revenue Code;

49.3 (2) an individual retirement annuity plan under section 408(b) of the federal Internal
49.4 Revenue Code;

49.5 (3) an annuity plan under section 403(a) of the federal Internal Revenue Code;

49.6 (4) a qualified trust plan under section 401(a) of the federal Internal Revenue Code
49.7 that accepts the distributee's eligible rollover distribution;

49.8 (5) an annuity contract under section 403(b) of the federal Internal Revenue Code;

49.9 (6) an eligible deferred compensation plan under section 457(b) of the federal
49.10 Internal Revenue Code, which is maintained by a state or local government and which
49.11 agrees to separately account for the amounts transferred into the plan; or

49.12 (7) in the case of an eligible rollover distribution to a nonspousal beneficiary, an
49.13 individual account or annuity treated as an inherited individual retirement account under
49.14 section 402(c)(11) of the federal Internal Revenue Code.

49.15 (b) For distributions of after-tax contributions which are not includable in gross
49.16 income, the after-tax portion may be transferred only to an individual retirement
49.17 account or annuity described in section 408(a) or (b) of the federal Internal Revenue
49.18 Code, to a Roth individual retirement account described in section 408A of the federal
49.19 Internal Revenue Code, or to a qualified ~~defined contribution~~ plan described in either
49.20 section 401(a) or 403(a) of the federal Internal Revenue Code, that agrees to separately
49.21 account for the amounts transferred, including separately accounting for the portion of
49.22 the distribution which is includable in gross income and the portion of the distribution
49.23 which is not includable.

49.24 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2008.

49.25 Sec. 7. Minnesota Statutes 2010, section 356.635, subdivision 9, is amended to read:

49.26 Subd. 9. **Military service.** Contributions, benefits, including death and disability
49.27 benefits under section 401(a)(37) of the federal Internal Revenue Code, and service credit
49.28 with respect to qualified military service must be provided according to section 414(u) of
49.29 the federal Internal Revenue Code.

49.30 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2007.

49.31 **ARTICLE 10**

49.32 **AUTHORIZED PUBLIC PENSION FUND INVESTMENT REVISIONS**

49.33 Section 1. Minnesota Statutes 2010, section 11A.07, subdivision 4, is amended to read:

- 50.1 Subd. 4. **Duties and powers.** The director, at the direction of the state board, shall:
- 50.2 (1) plan, direct, coordinate, and execute administrative and investment functions
- 50.3 in conformity with the policies and directives of the state board and the requirements of
- 50.4 this chapter and of chapter 356A;
- 50.5 (2) prepare and submit biennial and annual budgets to the board and with the
- 50.6 approval of the board submit the budgets to the Department of Management and Budget;
- 50.7 (3) employ professional and clerical staff as necessary. Employees whose primary
- 50.8 responsibility is to invest or manage money or employees who hold positions designated
- 50.9 as unclassified under section 43A.08, subdivision 1a, are in the unclassified service of the
- 50.10 state. Other employees are in the classified service. Unclassified employees who are
- 50.11 not covered by a collective bargaining agreement are employed under the terms and
- 50.12 conditions of the compensation plan approved under section 43A.18, subdivision 3b;
- 50.13 (4) report to the state board on all operations under the director's control and
- 50.14 supervision;
- 50.15 (5) maintain accurate and complete records of securities transactions and official
- 50.16 activities;
- 50.17 (6) establish a policy relating to the purchase and sale of securities on the basis of
- 50.18 competitive offerings or bids. The policy is subject to board approval;
- 50.19 (7) cause securities acquired to be kept in the custody of the commissioner of
- 50.20 management and budget or other depositories consistent with chapter 356A, as the state
- 50.21 board deems appropriate;
- 50.22 (8) prepare and file with the director of the Legislative Reference Library, by
- 50.23 December 31 of each year, a report summarizing the activities of the state board, the
- 50.24 council, and the director during the preceding fiscal year. The report must be prepared
- 50.25 so as to provide the legislature and the people of the state with a clear, comprehensive
- 50.26 summary of the portfolio composition, the transactions, the total annual rate of return,
- 50.27 and the yield to the state treasury and to each of the funds whose assets are invested by
- 50.28 the state board, and the recipients of business placed or commissions allocated among
- 50.29 the various commercial banks, investment bankers, money managers, and brokerage
- 50.30 organizations and the amount of these commissions or other fees. ~~The report must contain~~
- 50.31 ~~financial statements for funds managed by the board prepared in accordance with generally~~
- 50.32 ~~accepted accounting principles.~~ The report must include an executive summary;
- 50.33 (9) include on the state board's Web site its annual report and an executive summary
- 50.34 of its quarterly reports;

51.1 (10) require state officials from any department or agency to produce and provide
 51.2 access to any financial documents the state board deems necessary in the conduct of
 51.3 its investment activities;

51.4 (11) receive and expend legislative appropriations; and

51.5 (12) undertake any other activities necessary to implement the duties and powers
 51.6 set forth in this subdivision consistent with chapter 356A.

51.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

51.8 Sec. 2. Minnesota Statutes 2010, section 11A.14, subdivision 14, is amended to read:

51.9 Subd. 14. **Reports required.** As of each valuation date, or as often as the state
 51.10 board determines, each participant shall be informed of the number of units owned and the
 51.11 current value of the units. ~~Annually, the state board shall provide each participant financial~~
 51.12 ~~statements prepared in accordance with generally accepted accounting principles.~~

51.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

51.14 Sec. 3. Minnesota Statutes 2010, section 11A.24, is amended to read:

51.15 **11A.24 AUTHORIZED INVESTMENTS.**

51.16 Subdivision 1. **Securities generally.** ~~(a) The state board shall have the authority~~
 51.17 is authorized to purchase, sell, lend or, and exchange the following securities specified
 51.18 in this section, for funds or accounts specifically made subject to this section, including
 51.19 puts and call options and future contracts traded on a contract market regulated by a
 51.20 governmental agency or by a financial institution regulated by a governmental agency.
 51.21 These securities may be owned directly or through shares in exchange-traded or mutual
 51.22 funds, or as units in commingled trusts that own the securities described in subdivisions 2
 51.23 to 6, subject to any limitations as specified in this section.

51.24 (b) Any agreement to lend securities must be concurrently collateralized with cash
 51.25 or securities with a market value of not less than 100 percent of the market value of the
 51.26 loaned securities at the time of the agreement. Any agreement for put and call options
 51.27 and futures contracts may only be entered into with a fully offsetting amount of cash or
 51.28 securities. Only securities authorized by this section, excluding those under subdivision 6,
 51.29 paragraph (a), clauses (1) to ~~(4)~~ (3), may be accepted as collateral or offsetting securities.

51.30 Subd. 2. **Government obligations.** The state board ~~may~~ is authorized to invest
 51.31 funds in governmental bonds, notes, bills, mortgages, and other evidences of indebtedness
 51.32 provided if the issue is backed by the full faith and credit of the issuer or if the issue
 51.33 is rated among the top four quality rating categories by a nationally recognized rating

52.1 agency. The obligations in which the board may invest under this subdivision ~~include~~ are
 52.2 guaranteed or insured issues of ~~(a)~~:

52.3 (1) the United States, its agencies, its instrumentalities, or organizations created
 52.4 and regulated by an act of Congress; ~~(b)~~

52.5 (2) the Dominion of Canada and or any of its provinces, provided the principal and
 52.6 interest is are payable in United States dollars; ~~(c)~~

52.7 (3) any of the states and or any of their municipalities, political subdivisions,
 52.8 agencies or instrumentalities; ~~(d) the International Bank for Reconstruction and~~
 52.9 ~~Development, the Inter-American Development Bank, the Asian Development Bank, the~~
 52.10 ~~African Development Bank, or and~~

52.11 (4) any other United States government sponsored organization of which the United
 52.12 States is a member, provided if the principal and interest is are payable in United States
 52.13 dollars.

52.14 Subd. 3. **Corporate obligations.** (a) The state board ~~may~~ is authorized to invest
 52.15 funds in bonds, notes, debentures, transportation equipment obligations, ~~or~~ and any other
 52.16 longer term evidences of indebtedness issued or guaranteed by a corporation organized
 52.17 under the laws of the United States or any state ~~thereof~~ of the United States, or the
 52.18 Dominion of Canada or any Canadian province ~~thereof~~ provided that if:

52.19 (1) the principal and interest of obligations of corporations incorporated or organized
 52.20 under the laws of the Dominion of Canada or any Canadian province ~~thereof~~ shall be
 52.21 are payable in United States dollars; and

52.22 (2) the obligations shall be are rated among the top four quality categories by a
 52.23 nationally recognized rating agency.

52.24 (b) The state board may invest in unrated corporate obligations or in corporate
 52.25 obligations that are not rated among the top four quality categories as provided in
 52.26 paragraph (a), clause (2), ~~provided that if:~~

52.27 (1) the aggregate value of these obligations ~~may~~ does not exceed five percent of the
 52.28 market ~~or book~~ value, ~~whichever is less,~~ of the fund for which the state board is investing;

52.29 (2) the state board's participation is limited to 50 percent of a single offering subject
 52.30 to this paragraph; and

52.31 (3) the state board's participation is limited to 25 percent of an issuer's obligations
 52.32 subject to this paragraph.

52.33 Subd. 4. **Other obligations.** (a) The state board ~~may~~ is authorized to invest funds
 52.34 ~~in bankers acceptances, certificates of deposit, deposit notes, commercial paper, mortgage~~
 52.35 ~~securities and asset backed securities, repurchase agreements and reverse repurchase~~
 52.36 ~~agreements, guaranteed investment contracts, savings accounts, and guaranty fund~~

53.1 ~~certificates, surplus notes, or debentures of domestic mutual insurance companies if they~~
53.2 ~~conform to the following provisions:~~

53.3 (1) ~~bankers acceptances and deposit notes of United States banks are limited to those~~
53.4 ~~if issued by banks~~ a United States bank that is rated in the highest four quality categories
53.5 by a nationally recognized rating agency;

53.6 (2) ~~certificates of deposit are limited to those if issued by (i) a United States banks~~
53.7 ~~and savings institutions that are~~ bank or savings institution that is rated in the top four
53.8 quality categories by a nationally recognized rating agency or whose certificates of deposit
53.9 are fully insured by federal agencies; ~~or (ii) certificates of deposits issued by a credit~~
53.10 ~~unions union in amounts up to an amount within the limit of the insurance coverage~~
53.11 provided by the National Credit Union Administration;

53.12 (3) ~~commercial paper is limited to those if issued by a United States corporations~~
53.13 ~~corporation or their its Canadian subsidiaries subsidiary and if rated in the highest two~~
53.14 quality categories by a nationally recognized rating agency;

53.15 (4) ~~mortgage securities shall be~~ and asset-backed securities if rated in the top four
53.16 quality categories by a nationally recognized rating agency;

53.17 (5) ~~collateral for repurchase agreements and reverse repurchase agreements is~~
53.18 ~~limited to if collateralized with~~ letters of credit and or securities authorized in this section;

53.19 (6) ~~guaranteed investment contracts are limited to those if issued by an insurance~~
53.20 ~~companies company or banks a bank that is rated in the top four quality categories by a~~
53.21 nationally recognized rating agency or to alternative guaranteed investment contracts
53.22 where if the underlying assets comply with the requirements of this section;

53.23 (7) ~~savings accounts are limited to those if fully insured by a federal agencies~~
53.24 agency; and

53.25 (8) ~~asset backed securities shall be rated in the top four quality categories by a~~
53.26 ~~nationally recognized rating agency guaranty fund certificates, surplus notes, or debentures~~
53.27 if issued by a domestic mutual insurance company.

53.28 (b) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates
53.29 of deposit and collateralization agreements executed by the state board under paragraph
53.30 (a), clause (2).

53.31 (c) In addition to investments authorized by paragraph (a), clause (4), the state board
53.32 may is authorized to purchase from the Minnesota Housing Finance Agency all or any
53.33 part of a pool of residential mortgages, not in default, that has previously been financed
53.34 by the issuance of bonds or notes of the agency. The state board may also enter into a
53.35 commitment with the agency, at the time of any issue of bonds or notes, to purchase at
53.36 a specified future date, not exceeding 12 years from the date of the issue, the amount of

54.1 mortgage loans then outstanding and not in default that have been made or purchased from
 54.2 the proceeds of the bonds or notes. The state board may charge reasonable fees for any
 54.3 such commitment and may agree to purchase the mortgage loans at a price sufficient to
 54.4 produce a yield to the state board comparable, in its judgment, to the yield available on
 54.5 similar mortgage loans at the date of the bonds or notes. The state board may also enter
 54.6 into agreements with the agency for the investment of any portion of the funds of the
 54.7 agency. The agreement must cover the period of the investment, withdrawal privileges,
 54.8 and any guaranteed rate of return.

54.9 Subd. 5. **Corporate stocks.** The state board ~~may~~ is authorized to invest funds in
 54.10 stocks or convertible issues of any corporation organized under the laws of the United
 54.11 States or ~~the any of its states thereof~~, the Dominion of Canada or any of its provinces, or
 54.12 any corporation listed on an exchange that is regulated by an agency of the United States
 54.13 or of the Canadian national government, ~~if they conform to the following provisions:~~

54.14 ~~(a) The aggregate value of corporate stock investments, as adjusted for realized~~
 54.15 ~~profits and losses, shall not exceed 85 percent of the market or book value, whichever is~~
 54.16 ~~less, of a fund, less the aggregate value of investments according to subdivision 6;~~

54.17 ~~(b) Investments shall~~ An investment in any corporation must not exceed five percent
 54.18 of the total outstanding shares of any one that corporation, except that the state board may
 54.19 hold up to 20 percent of the shares of a real estate investment trust and up to 20 percent
 54.20 of the shares of a closed-end mutual fund.

54.21 Subd. 5a. **Asset mix limitations.** The aggregate value of investments under
 54.22 subdivision 5, plus the aggregate value of all investments under subdivision 6, must not
 54.23 exceed 85 percent of the market value of a fund.

54.24 Subd. 6. **Other investments.** (a) In addition to the investments authorized in
 54.25 subdivisions 1 to 5, and subject to the provisions in paragraph (b), the state board ~~may~~
 54.26 is authorized to invest funds in:

54.27 (1) ~~venture capital~~ equity and debt investment businesses through participation in
 54.28 limited partnerships, trusts, private placements, limited liability corporations, limited
 54.29 liability companies, limited liability partnerships, and corporations;

54.30 (2) real estate ownership interests or loans secured by mortgages or deeds of trust or
 54.31 shares of real estate investment trusts through investment in limited partnerships, ~~bank~~
 54.32 ~~sponsored~~ bank-sponsored collective funds, trusts, mortgage participation agreements,
 54.33 and insurance company commingled accounts, including separate accounts;

54.34 ~~(3) regional and mutual funds through bank sponsored collective funds and open-end~~
 54.35 ~~investment companies registered under the Federal Investment Company Act of 1940, and~~
 54.36 ~~closed-end mutual funds listed on an exchange regulated by a governmental agency;~~

55.1 ~~(4)~~ (3) resource investments through limited partnerships, trusts, private placements,
55.2 limited liability corporations, limited liability companies, limited liability partnerships,
55.3 and corporations; and

55.4 ~~(5)~~ (4) international securities.

55.5 (b) The investments authorized in paragraph (a) must conform to the following
55.6 provisions:

55.7 (1) the aggregate value of all investments made ~~according to~~ under paragraph (a),
55.8 clauses (1) to ~~(4)~~ (3), may not exceed 35 percent of the market value of the fund for
55.9 which the state board is investing;

55.10 (2) there must be at least four unrelated owners of the investment other than the state
55.11 board for investments made under paragraph (a), clause (1), (2), or (3), ~~or (4)~~;

55.12 (3) state board participation in an investment vehicle is limited to 20 percent thereof
55.13 for investments made under paragraph (a), clause (1), (2), or (3), ~~or (4)~~; and

55.14 (4) state board participation in a limited partnership does not include a general
55.15 partnership interest or other interest involving general liability. The state board may not
55.16 engage in any activity as a limited partner which creates general liability.

55.17 (c) All financial, business, or proprietary data collected, created, received, or
55.18 maintained by the state board in connection with investments authorized by paragraph (a),
55.19 clause (1), (2), or ~~(4)~~ (3), are nonpublic data under section 13.02, subdivision 9. As used
55.20 in this paragraph, "financial, business, or proprietary data" means data, as determined by
55.21 the responsible authority for the state board, that is of a financial, business, or proprietary
55.22 nature, the release of which could cause competitive harm to the state board, the legal
55.23 entity in which the state board has invested or has considered an investment, the managing
55.24 entity of an investment, or a portfolio company in which the legal entity holds an interest.
55.25 As used in this section, "business data" is data described in section 13.591, subdivision 1.
55.26 Regardless of whether they could be considered financial, business, or proprietary data, the
55.27 following data received, prepared, used, or retained by the state board in connection with
55.28 investments authorized by paragraph (a), clause (1), (2), or ~~(4)~~ (3), are public at all times:

55.29 (1) the name and industry group classification of the legal entity in which the state
55.30 board has invested or in which the state board has considered an investment;

55.31 (2) the state board commitment amount, if any;

55.32 (3) the funded amount of the state board's commitment to date, if any;

55.33 (4) the market value of the investment by the state board;

55.34 (5) the state board's internal rate of return for the investment, including expenditures
55.35 and receipts used in the calculation of the investment's internal rate of return; and

55.36 (6) the age of the investment in years.

56.1 Subd. 7. **Appropriation.** There is annually appropriated to the state board, from
 56.2 the assets of the funds for which the state board invests ~~pursuant~~ relating to authorized
 56.3 investments under subdivision 6, clause paragraph (a), sums sufficient to pay the costs for
 56.4 the management of these ~~funds~~ assets by private management firms.

56.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

56.6 Sec. 4. Minnesota Statutes 2010, section 69.77, subdivision 9, is amended to read:

56.7 Subd. 9. **Local police and paid fire relief association investment authority.**

56.8 (a) The ~~funds~~ special fund of the association must be invested in securities that are
 56.9 authorized investments under section 356A.06, subdivision 6 or 7, whichever applies.
 56.10 ~~Notwithstanding any provision of section 356A.06, subdivision 6 or 7 to the contrary, the~~
 56.11 ~~special fund of the relief association may be additionally invested in:~~

56.12 ~~(1) open-end investment companies registered under the federal Investment~~
 56.13 ~~Company Act of 1940, if the portfolio investments of the investment companies comply~~
 56.14 ~~with the type of securities authorized for investment under section 356A.06, subdivision 7,~~
 56.15 ~~up to 75 percent of the market value of the assets of the fund; and~~

56.16 ~~(2) domestic government and corporate debt obligations that are not rated in the top~~
 56.17 ~~four quality categories by a nationally recognized rating agency, and comparable unrated~~
 56.18 ~~securities if the percentage of these assets does not exceed five percent of the total assets~~
 56.19 ~~of the special fund or 15 percent of the special fund's nonequity assets, whichever is less;~~
 56.20 ~~the special fund's participation is limited to 50 percent of a single offering of the debt~~
 56.21 ~~obligations, and the special fund's participation is limited to 25 percent of an issuer's debt~~
 56.22 ~~obligations that are not rated in the top four quality categories. Securities held by the~~
 56.23 ~~association before June 2, 1989, that do not meet the requirements of this subdivision may~~
 56.24 ~~be retained after that date if they were proper investments for the association on that date.~~

56.25 ~~(b) The governing board of the association may select and appoint investment~~
 56.26 ~~agencies to act for and in its behalf or may certify special fund assets for investment by the~~
 56.27 ~~State Board of Investment under section 11A.17. The governing board of the association~~
 56.28 ~~may certify general fund assets of the relief association for investment by the State Board~~
 56.29 ~~of Investment in fixed income pools or in a separately managed account at the discretion~~
 56.30 ~~of the State Board of Investment as provided in section 11A.14. The governing board of~~
 56.31 ~~the association may select and appoint a qualified private firm to measure management~~
 56.32 ~~performance and return on investment, and the firm ~~shall~~ must use the formula or formulas~~
 56.33 ~~developed by the state board under section 11A.04, clause (11).~~

56.34 (c) The governing board of the association may certify general fund assets of the
 56.35 relief association for investment by the State Board of Investment in fixed income pools

57.1 or in a separately managed account at the discretion of the State Board of Investment
 57.2 as provided in section 11A.14.

57.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

57.4 Sec. 5. Minnesota Statutes 2010, section 69.775, is amended to read:

57.5 **69.775 INVESTMENTS.**

57.6 (a) The special fund assets of a relief association governed by sections 69.771 to
 57.7 69.776 must be invested in securities that are authorized investments under section
 57.8 356A.06, subdivision 6 or 7, whichever applies.

57.9 ~~(b) Notwithstanding the foregoing, up to 75 percent of the market value of the assets~~
 57.10 ~~of the special fund, not including any money market mutual funds, may be invested in~~
 57.11 ~~open-end investment companies registered under the federal Investment Company Act of~~
 57.12 ~~1940, if the portfolio investments of the investment companies comply with the type of~~
 57.13 ~~securities authorized for investment under section 356A.06, subdivision 7.~~

57.14 ~~(c) Securities held by the associations before June 2, 1989, that do not meet the~~
 57.15 ~~requirements of this section may be retained after that date if they were proper investments~~
 57.16 ~~for the association on that date.~~

57.17 ~~(d) The governing board of the association may select and appoint investment~~
 57.18 ~~agencies to act for and in its behalf or may certify special fund assets for investment by the~~
 57.19 ~~State Board of Investment under section 11A.17.~~

57.20 ~~(e) The governing board of the association may certify general fund assets of the~~
 57.21 ~~relief association for investment by the State Board of Investment in fixed income pools~~
 57.22 ~~or in a separately managed account at the discretion of the State Board of Investment~~
 57.23 ~~as provided in section 11A.14.~~

57.24 ~~(f)~~ (b) The governing board of the association may select and appoint a qualified
 57.25 private firm to measure management performance and return on investment, and the
 57.26 firm ~~shall~~ must use the formula or formulas developed by the state board under section
 57.27 11A.04, clause (11).

57.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

57.29 Sec. 6. Minnesota Statutes 2010, section 354A.08, is amended to read:

57.30 **354A.08 AUTHORIZED INVESTMENTS.**

57.31 ~~(a)~~ In addition to investments authorized under section 356A.06, subdivision 7, a
 57.32 teachers retirement fund association may receive, hold, and dispose of:

58.1 ~~(1) real estate or personal property acquired by it, whether the acquisition was by~~
 58.2 ~~purchase, or any other lawful means, as provided in this chapter or in the association's~~
 58.3 ~~articles of incorporation, and.~~

58.4 ~~(2) domestic government and corporate debt obligations that are not rated in the top~~
 58.5 ~~four quality categories by a nationally recognized rating agency, and comparable unrated~~
 58.6 ~~securities if the percentage of these assets does not exceed five percent of the total assets~~
 58.7 ~~of the pension plan or 15 percent of the pension plan's nonequity assets, whichever is less,~~
 58.8 ~~if the pension plan's participation is limited to 50 percent of a single offering of the debt~~
 58.9 ~~obligations, and if the pension plan's participation is limited to 25 percent of an issuer's~~
 58.10 ~~debt obligations that are not rated in the top four quality categories.~~

58.11 ~~(b) In addition to other authorized real estate investments, an association may also~~
 58.12 ~~invest funds in Minnesota situs nonfarm real estate ownership interests or loans secured~~
 58.13 ~~by mortgages or deeds of trust. The board may also certify assets for investment by the~~
 58.14 ~~State Board of Investment as provided under section 11A.17.~~

58.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

58.16 Sec. 7. Minnesota Statutes 2010, section 356.219, subdivision 1, is amended to read:

58.17 Subdivision 1. **Report required.** (a) ~~Except as indicated in subdivision 4,~~ The State
 58.18 Board of Investment, on behalf of the public pension funds and programs for which it is
 58.19 the investment authority, and any Minnesota public pension plan that is not fully invested
 58.20 through the State Board of Investment, including a local police or firefighters relief
 58.21 association governed by sections 69.77 or 69.771 to 69.775, shall report the information
 58.22 specified in subdivision 3 to the state auditor. The state auditor may prescribe a form or
 58.23 forms for the purposes of the reporting requirements contained in this section.

58.24 (b) A local police or firefighters relief association governed by section 69.77 or
 58.25 sections 69.771 to 69.775 is fully invested during a given calendar year for purposes of
 58.26 this section if all assets of the applicable pension plan beyond sufficient cash equivalent
 58.27 investments to cover six months expected expenses are invested under section 11A.17.
 58.28 The board of any fully invested public pension plan remains responsible for submitting
 58.29 investment policy statements and subsequent revisions as required by subdivision 3,
 58.30 paragraph (a).

58.31 (c) For purposes of this section, the State Board of Investment is considered to be
 58.32 the investment authority for any Minnesota public pension fund required to be invested by
 58.33 the State Board of Investment under section 11A.23, or for any Minnesota public pension
 58.34 fund authorized to invest in the supplemental investment fund under section 11A.17 and
 58.35 which is fully invested by the State Board of Investment.

- 59.1 (d) This section does not apply to the following plans:
 59.2 (1) the Minnesota unclassified employees retirement program under chapter 352D;
 59.3 (2) the public employees defined contribution plan under chapter 353D;
 59.4 (3) the individual retirement account plans under chapters 354B and 354D;
 59.5 (4) the higher education supplemental retirement plan under chapter 354C;
 59.6 (5) any alternative retirement benefit plan established under section 383B.914; and
 59.7 (6) the University of Minnesota faculty retirement plan.

59.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

59.9 Sec. 8. Minnesota Statutes 2010, section 356.219, subdivision 8, is amended to read:

59.10 Subd. 8. **Timing of reports.** (a) For salaried firefighter relief associations, police
 59.11 relief associations, and volunteer firefighter relief associations, the information required
 59.12 under this section must be submitted by the due date for reports required under section
 59.13 69.051, subdivision 1 or 1a, as applicable. If a relief association satisfies the definition of
 59.14 a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered
 59.15 by the report required under section 69.051, subdivision 1 or 1a, as applicable, the chief
 59.16 administrative officer of the covered pension plan shall certify that compliance on a form
 59.17 prescribed by the state auditor. The state auditor shall transmit annually to the State Board
 59.18 of Investment a list or lists of covered pension plans which submitted certifications in
 59.19 order to facilitate reporting by the State Board of Investment under paragraph (c).

59.20 (b) For ~~the Minneapolis Teachers Retirement Fund Association, the St. Paul~~
 59.21 ~~Teachers Retirement Fund Association, the Duluth Teachers Retirement Fund Association,~~
 59.22 ~~the Minneapolis Employees Retirement Fund, and the University of Minnesota faculty~~
 59.23 ~~supplemental retirement plan, and the applicable administrators for the University of~~
 59.24 ~~Minnesota faculty retirement plan and the individual retirement account plans under~~
 59.25 ~~chapters 354B and 354D,~~ the information required under this section must be submitted to
 59.26 the state auditor by June 1 of each year.

59.27 (c) The State Board of Investment, on behalf of pension funds specified in
 59.28 subdivision 1, paragraph (c), must report information required under this section by
 59.29 September 1 of each year.

59.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

59.31 Sec. 9. Minnesota Statutes 2010, section 356A.01, subdivision 19, is amended to read:

59.32 Subd. 19. **Pension fund.** "Pension fund" means the assets amassed and held in a
 59.33 pension plan, other than the general fund, as reserves for present and future payment of

60.1 benefits and administrative expenses. For a retirement plan governed by section 69.77 or
60.2 by chapter 424A, the term means the relief association special fund.

60.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

60.4 Sec. 10. Minnesota Statutes 2010, section 356A.06, subdivision 6, is amended to read:

60.5 Subd. 6. **Limited list of authorized investment securities.** (a) ~~Except to the~~
60.6 ~~extent otherwise authorized by law,~~ **Authority.** This subdivision specifies the investment
60.7 authority for a limited list plan. A limited list plan is a covered pension plan ~~may invest its~~
60.8 ~~assets only in investment securities authorized by this subdivision if the plan that does not:~~

60.9 (1) have pension fund assets with a ~~book~~ market value in excess of \$1,000,000;

60.10 (2) use the services of an investment advisor registered with the Securities and
60.11 Exchange Commission in accordance with the Investment Advisers Act of 1940, or
60.12 registered as an investment advisor in accordance with sections 80A.58, and 80A.60,
60.13 for the investment of at least 60 percent of its pension fund assets, calculated on ~~book~~
60.14 market value;

60.15 (3) use the services of the State Board of Investment for the investment of at least 60
60.16 percent of its pension fund assets, calculated on ~~book~~ market value; or

60.17 (4) use a combination of the services of an investment advisor meeting the
60.18 requirements of clause (2) and the services of the State Board of Investment for the
60.19 investment of at least 75 percent of its pension fund assets, calculated on ~~book~~ market
60.20 value.

60.21 (b) **Investment agency appointment authority.** ~~securities authorized for The~~
60.22 governing board of a covered pension plan covered by this subdivision are: may select
60.23 and appoint investment agencies to act for or on its behalf.

60.24 (c) **Savings accounts; similar vehicles.** A limited list plan is authorized to invest in:

60.25 (1) certificates of deposit issued, to the extent of available insurance or
60.26 collateralization, by a financial institution that is a member of the Federal Deposit
60.27 Insurance Corporation or the Federal Savings and Loan Insurance Corporation, that is
60.28 insured by the National Credit Union Administration, or that is authorized to do business
60.29 in this state and has deposited with the chief administrative officer of the plan a sufficient
60.30 amount of marketable securities as collateral in accordance with section 118A.03;

60.31 (2) guaranteed investment contracts, limited to those issued by insurance companies
60.32 or banks rated in the top four quality categories by a nationally recognized rating agency
60.33 or to alternative guaranteed investment contracts where the underlying assets comply
60.34 with the requirements of this paragraph; and

61.1 ~~(3) savings accounts, to the extent of available insurance, with a financial institution~~
61.2 ~~that is a member of the Federal Deposit Insurance Corporation or the Federal Savings and~~
61.3 ~~Loan Insurance Corporation; limited to those fully insured by federal agencies.~~

61.4 ~~(3) (d) **Government-backed obligations.** A limited list plan is authorized to invest~~
61.5 ~~in governmental obligations as further specified in this paragraph, including bonds, notes,~~
61.6 ~~bills, or other fixed obligations, issued by the United States, an agency or instrumentality~~
61.7 ~~of the United States, an organization established and regulated by an act of Congress or by~~
61.8 ~~a state, state agency or instrumentality, municipality, or other governmental or political~~
61.9 ~~subdivision that mortgages, and other evidences of indebtedness, if the issue is backed~~
61.10 ~~by the full faith and credit of the issuer or if the issue is rated among the top four quality~~
61.11 ~~rating categories by a nationally recognized rating agency. The obligations in which plans~~
61.12 ~~are authorized to invest under this paragraph are guaranteed or insured issues of:~~

61.13 ~~(i) for the obligation in question, issues an obligation that equals or exceeds the~~
61.14 ~~stated investment yield of debt securities not exempt from federal income taxation and of~~
61.15 ~~comparable quality;~~

61.16 ~~(ii) for an obligation that is a revenue bond, has been completely self-supporting~~
61.17 ~~for the last five years; and~~

61.18 ~~(iii) for an obligation other than a revenue bond, has issued an obligation backed by~~
61.19 ~~the full faith and credit of the applicable taxing jurisdiction and has not been in default on~~
61.20 ~~the payment of principal or interest on the obligation in question or any other nonrevenue~~
61.21 ~~bond obligation during the preceding ten years;~~

61.22 ~~(1) the United States, one of its agencies, one of its instrumentalities, or an~~
61.23 ~~organization created and regulated by an act of Congress;~~

61.24 ~~(2) the Dominion of Canada or one of its provinces if the principal and interest are~~
61.25 ~~payable in United States dollars;~~

61.26 ~~(3) a state or one of its municipalities, political subdivisions, agencies, or~~
61.27 ~~instrumentalities; or~~

61.28 ~~(4) any United States government-sponsored organization of which the United States~~
61.29 ~~is a member if the principal and interest are payable in United States dollars.~~

61.30 ~~(4) (e) **Corporate obligations.** A limited list plan is authorized to invest in corporate~~
61.31 ~~obligations, including bonds, notes, debentures, or other regularly issued and readily~~
61.32 ~~marketable evidences of indebtedness issued by a corporation organized under the laws~~
61.33 ~~of any state that during the preceding five years has had on average annual net pretax~~
61.34 ~~earnings at least 50 percent greater than the annual interest charges and principal payments~~
61.35 ~~on the total issued debt of the corporation during that period and that, for the obligation~~

62.1 ~~in question, has issued an obligation rated in one of the top three quality categories by~~
 62.2 ~~Moody's Investors Service, Incorporated, or Standard and Poor's Corporation; and~~
 62.3 ~~(5) shares in an open-end investment company registered under the federal~~
 62.4 ~~Investment Company Act of 1940, if the portfolio investments of the company are limited~~
 62.5 ~~to investments that meet the requirements of clauses (1) to (4): transportation equipment~~
 62.6 ~~obligations, or any other longer-term evidences of indebtedness issued or guaranteed by~~
 62.7 ~~a corporation organized under the laws of the United States or any of its states, or the~~
 62.8 ~~Dominion of Canada or any of its provinces if:~~

62.9 (1) the principal and interest are payable in United States dollars; and

62.10 (2) the obligations are rated among the top four quality categories by a nationally
 62.11 recognized rating agency.

62.12 (f) **Mutual fund authority, limited list authorized assets.** Securities authorized
 62.13 under paragraphs (c) to (e) may be owned directly or through shares in exchange-traded
 62.14 funds, or through open-end mutual funds, or as units of commingled trusts.

62.15 (g) **Extended mutual fund authority.** Notwithstanding restrictions in other
 62.16 paragraphs of this subdivision, a limited list plan is authorized to invest the assets of
 62.17 the special fund in exchange-traded funds and open-end mutual funds, if their portfolio
 62.18 investments comply with the type of securities authorized for investment under section
 62.19 356A.06, subdivision 7, paragraphs (c) to (g). Investments under this paragraph must not
 62.20 exceed 75 percent of the assets of the special fund, not including any money market
 62.21 investments through mutual or exchange-traded funds.

62.22 (h) **Supplemental fund authority.** The governing body of a limited list plan may
 62.23 certify special fund assets to the State Board of Investment for investment under section
 62.24 11A.17.

62.25 (i) **Assets mix restrictions.** A limited list plan must conform to the asset mix
 62.26 limitations specified in section 356A.06, subdivision 7.

62.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

62.28 Sec. 11. Minnesota Statutes 2010, section 356A.06, subdivision 7, is amended to read:

62.29 Subd. 7. **Expanded list of authorized investment securities.** (a) **Authority.**

62.30 ~~Except to the extent otherwise authorized by law, A covered pension plan not described by~~
 62.31 ~~subdivision 6, paragraph (a), is an expanded list plan and shall invest its assets only in~~
 62.32 ~~accordance with as specified in this subdivision. The governing board of an expanded list~~
 62.33 ~~plan may select and appoint investment agencies to act for or on its behalf.~~

62.34 (b) **Securities generally; investment forms.** ~~The covered pension~~ An expanded list
 62.35 ~~plan has the authority~~ is authorized to purchase, sell, lend, ~~or~~ and exchange the investment

63.1 securities ~~specified in paragraphs (e) to (i)~~ authorized under this subdivision, including
 63.2 puts and call options and future contracts traded on a contract market regulated by a
 63.3 governmental agency or by a financial institution regulated by a governmental agency.
 63.4 These securities may be owned directly or through shares in exchange-traded or mutual
 63.5 funds, or as units in commingled trusts that own the securities described in paragraphs (e)
 63.6 to (i), including real estate investment trusts and insurance company commingled accounts,
 63.7 including separate accounts, subject to any limitations specified in this subdivision.

63.8 (c) **Government obligations.** ~~The covered pension~~ An expanded list plan may
 63.9 is authorized to invest funds in governmental bonds, notes, bills, mortgages, and other
 63.10 evidences of indebtedness if the issue is backed by the full faith and credit of the issuer or
 63.11 the issue is rated among the top four quality rating categories by a nationally recognized
 63.12 rating agency. The obligations in which funds may be invested under this paragraph
 63.13 ~~include~~ are guaranteed or insured issues of:

63.14 (1) the United States, one of its agencies, one of its instrumentalities, or organizations
 63.15 an organization created and regulated by an act of Congress;

63.16 (2) the Dominion of Canada and or one of its provinces, ~~provided if~~ the principal
 63.17 and interest ~~is~~ are payable in United States dollars;

63.18 (3) ~~the states and their~~ a state or one of its municipalities, political subdivisions,
 63.19 agencies, or instrumentalities; and

63.20 (4) ~~the International Bank for Reconstruction and Development, the Inter-American~~
 63.21 ~~Development Bank, the Asian Development Bank, the African Development Bank, or~~
 63.22 ~~any other~~ a United States government sponsored government-sponsored organization of
 63.23 which the United States is a member, ~~provided if~~ the principal and interest ~~is~~ are payable
 63.24 in United States dollars.

63.25 (d) **Investment-grade corporate obligations.** ~~The covered pension~~ An expanded
 63.26 list plan may is authorized to invest funds in bonds, notes, debentures, transportation
 63.27 equipment obligations, or any other longer term evidences of indebtedness issued or
 63.28 guaranteed by a corporation organized under the laws of the United States or any ~~state~~
 63.29 ~~thereof~~ of its states, or the Dominion of Canada or any ~~province thereof~~ of its provinces if
 63.30 they conform to the following provisions:

63.31 (1) the principal and interest ~~of obligations of corporations incorporated or organized~~
 63.32 ~~under the laws of the Dominion of Canada or any province thereof must be~~ are payable in
 63.33 United States dollars; and

63.34 (2) the obligations must be are rated among the top four quality categories by a
 63.35 nationally recognized rating agency.

64.1 (e) Below-investment-grade corporate obligations. An expanded list plan is
 64.2 authorized to invest in unrated corporate obligations or in corporate obligations that are
 64.3 not rated among the top four quality categories by a nationally recognized rating agency if:

64.4 (1) the aggregate value of these obligations does not exceed five percent of the
 64.5 covered pension plan's market value;

64.6 (2) the covered pension plan's participation is limited to 50 percent of a single
 64.7 offering subject to this paragraph; and

64.8 (3) the covered pension plan's participation is limited to 25 percent of an issuer's
 64.9 obligations subject to this paragraph.

64.10 ~~(e) (f) Other obligations.~~ (1) ~~The covered pension~~ An expanded list plan ~~may~~ is
 64.11 authorized to invest funds in ~~bankers acceptances, certificates of deposit, deposit notes,~~
 64.12 ~~commercial paper, mortgage participation certificates and pools, asset backed securities,~~
 64.13 ~~repurchase agreements and reverse repurchase agreements, guaranteed investment~~
 64.14 ~~contracts, savings accounts, and guaranty fund certificates, surplus notes, or debentures of~~
 64.15 ~~domestic mutual insurance companies if they conform to the following provisions:~~

64.16 (i) ~~bankers acceptances and deposit notes of United States banks are limited to those~~
 64.17 if issued by banks a United States bank that is rated in the highest four quality categories
 64.18 by a nationally recognized rating agency;

64.19 (ii) ~~certificates of deposit are limited to those if issued by (A) a United States~~
 64.20 ~~banks and bank or savings institutions that are~~ institution ~~rated in the highest four quality~~
 64.21 ~~categories by a nationally recognized rating agency or whose certificates of deposit are~~
 64.22 ~~fully insured by federal agencies;~~ or (B) if issued by a credit unions union in amounts
 64.23 up to an amount within the limit of the insurance coverage provided by the National
 64.24 Credit Union Administration;

64.25 (iii) ~~commercial paper is limited to those if issued by a United States corporations~~
 64.26 corporation or their its Canadian subsidiaries subsidiary and if rated in the highest two
 64.27 quality categories by a nationally recognized rating agency;

64.28 (iv) ~~mortgage participation or pass through certificates evidencing interests in pools~~
 64.29 ~~of first mortgages or trust deeds on improved real estate located in the United States where~~
 64.30 ~~the loan to value ratio for each loan as calculated in accordance with section 61A.28,~~
 64.31 ~~subdivision 3, does not exceed 80 percent for fully amortizable residential properties and~~
 64.32 ~~in all other respects meets the requirements of section 61A.28, subdivision 3~~ securities
 64.33 and asset-backed securities if rated in the top four quality categories by a nationally
 64.34 recognized rating agency;

64.35 (v) ~~collateral for repurchase agreements and reverse repurchase agreements is~~
 64.36 limited to if collateralized with letters of credit and or securities authorized in this section;

65.1 (vi) guaranteed investment contracts ~~are limited to those~~ if issued by an insurance
 65.2 ~~companies company or banks a bank that is rated in the top four quality categories by a~~
 65.3 nationally recognized rating agency or ~~to~~ alternative guaranteed investment contracts
 65.4 ~~where~~ if the underlying assets comply with the requirements of this subdivision;

65.5 (vii) savings accounts ~~are limited to those~~ if fully insured by a federal agencies
 65.6 agency; and

65.7 (viii) ~~asset backed securities must be rated in the top four quality categories by a~~
 65.8 ~~nationally recognized rating agency~~ guaranty fund certificates, surplus notes, or debentures
 65.9 if issued by a domestic mutual insurance company.

65.10 (2) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates
 65.11 of deposit and collateralization agreements executed by the covered pension plan under
 65.12 clause (1), item (ii).

65.13 (3) In addition to investments authorized by clause (1), item (iv), ~~the covered pension~~
 65.14 an expanded list plan may is authorized to purchase from the Minnesota Housing Finance
 65.15 Agency all or any part of a pool of residential mortgages, not in default, that has previously
 65.16 been financed by the issuance of bonds or notes of the agency. The covered pension plan
 65.17 may also enter into a commitment with the agency, at the time of any issue of bonds or
 65.18 notes, to purchase at a specified future date, not exceeding 12 years from the date of the
 65.19 issue, the amount of mortgage loans then outstanding and not in default that have been
 65.20 made or purchased from the proceeds of the bonds or notes. The covered pension plan may
 65.21 charge reasonable fees for any such commitment and may agree to purchase the mortgage
 65.22 loans at a price sufficient to produce a yield to the covered pension plan comparable, in
 65.23 its judgment, to the yield available on similar mortgage loans at the date of the bonds or
 65.24 notes. The covered pension plan may also enter into agreements with the agency for the
 65.25 investment of any portion of the funds of the agency. The agreement must cover the period
 65.26 of the investment, withdrawal privileges, and any guaranteed rate of return.

65.27 ~~(f)~~ (g) Corporate stocks. The covered pension An expanded list plan may is
 65.28 authorized to invest funds in stocks or convertible issues of any corporation organized
 65.29 under the laws of the United States or ~~the~~ any of its states ~~thereof~~, any corporation
 65.30 organized under the laws of the Dominion of Canada or any of its provinces, or any
 65.31 corporation listed on an exchange that is regulated by an agency of the United States or of
 65.32 the Canadian national government, if they conform to the following provisions:

65.33 ~~(1) the aggregate value of investments under this paragraph, plus paragraphs (g) and~~
 65.34 ~~(k), plus equity investments under paragraphs (h), (i), and (j), as adjusted for realized~~
 65.35 ~~gains and losses, must not exceed 85 percent of the market or book value, whichever is~~
 65.36 ~~less, of a fund; and~~

66.1 ~~(2) investments~~ An investment in any corporation must not exceed five percent of
 66.2 the total outstanding shares of any one that corporation, except that an expanded list plan
 66.3 may hold up to 20 percent of the shares of a real estate investment trust and up to 20
 66.4 percent of the shares of a closed mutual fund.

66.5 ~~(g) Developed market foreign stocks investments.~~ In addition to investments
 66.6 authorized under paragraph (f), the covered pension fund may invest in foreign stock sold
 66.7 on an exchange in any developed market country that is included in the Europe, Australia,
 66.8 and Far East Index.

66.9 ~~(h) Commingled or mutual investments.~~ The covered pension plan may invest
 66.10 in index funds or mutual funds, including index mutual funds, through bank-sponsored
 66.11 collective funds and shares of open-end investment companies registered under the
 66.12 Federal Investment Company Act of 1940, to the extent that these funds comply with
 66.13 paragraphs (c) to (j).

66.14 ~~(i) Real estate investment trust; related investments.~~ The covered pension plan
 66.15 may invest in real estate investment trusts secured by mortgages or deeds of trust and
 66.16 sold on an exchange, and insurance company commingled accounts, including separate
 66.17 accounts, of a debt or equity nature.

66.18 ~~(j) Exchange traded funds.~~ The covered pension plan may invest funds in exchange
 66.19 traded funds, subject to the maximums, the requirements, and the limitations set forth in
 66.20 paragraphs (c) to (i), as applicable.

66.21 ~~(k) (h) Other investments.~~ (1) In addition to the investments authorized in
 66.22 paragraphs (b) to (j) (g), and subject to the provisions in clause (2), the covered pension
 66.23 an expanded list plan may is authorized to invest funds in:

66.24 (i) ~~venture capital~~ equity and debt investment businesses through participation in
 66.25 limited partnerships, trusts, private placements, limited liability corporations, limited
 66.26 liability companies, limited liability partnerships, and corporations;

66.27 (ii) real estate ownership interests or loans secured by mortgages or deeds of trust or
 66.28 shares of real estate investment trusts, through investment in limited partnerships or bank
 66.29 sponsored, bank-sponsored collective funds, trusts, mortgage participation agreements,
 66.30 and insurance company commingled accounts, including separate accounts;

66.31 ~~(iii) regional and mutual funds through bank sponsored collective funds and~~
 66.32 ~~open-end investment companies registered under the Federal Investment Company Act of~~
 66.33 ~~1940 to the extent that a fund or a portion of a fund does not qualify under paragraph (h);~~

66.34 ~~(iv) (iii) resource investments through limited partnerships, trusts, private~~
 66.35 ~~placements, limited liability corporations, limited liability companies, limited liability~~
 66.36 ~~partnerships, and corporations; and~~

67.1 ~~(v) (iv) international debt securities and emerging market equity securities.~~

67.2 (2) The investments authorized in clause (1) must conform to the following
67.3 provisions:

67.4 (i) the aggregate value of all investments made ~~according to~~ under clause (1),
67.5 ~~including allocated amounts of index and mutual funds~~ items (i), (ii), and (iii), may not
67.6 exceed ~~20~~ 35 percent of the market value of the fund for which the ~~covered pension~~
67.7 expanded list plan is investing;

67.8 (ii) there must be at least four unrelated owners of the investment other than the
67.9 ~~covered pension~~ expanded list plan for investments made under clause (1), item (i), (ii),
67.10 or (iii), ~~or (iv)~~;

67.11 (iii) ~~covered pension plan~~ the expanded list plan's participation in an investment
67.12 vehicle is limited to 20 percent thereof for investments made under clause (1), item (i),
67.13 (ii), or (iii), ~~or (iv)~~; and

67.14 (iv) ~~covered pension plan~~ the expanded list plan's participation in a limited
67.15 partnership does not include a general partnership interest or other interest involving
67.16 general liability. The ~~covered pension~~ expanded list plan may not engage in any activity
67.17 as a limited partner which creates general liability; and

67.18 (v) for volunteer firefighter relief associations, emerging market equity and
67.19 international debt investments authorized under clause (1), item (iv), must not exceed 15
67.20 percent of the association's special fund market value.

67.21 (i) Supplemental plan investments. The governing body of an expanded list plan
67.22 may certify assets to the State Board of Investment for investment under section 11A.17.

67.23 (j) Asset mix limitations. The aggregate value of an expanded list plan's
67.24 investments under paragraphs (g) and (h) and equity investments under paragraph (i),
67.25 regardless of the form in which these investments are held, must not exceed 85 percent of
67.26 the covered plan's market value.

67.27 EFFECTIVE DATE. This section is effective the day following final enactment.

67.28 Sec. 12. INVESTMENT AUTHORITY TRANSITION PROVISION.

67.29 If any investment by the State Board of Investment or any covered pension plan fund
67.30 was an authorized investment under law in effect immediately before the effective date
67.31 of applicable sections of this act, but is not authorized by this act, the applicable assets
67.32 must be liquidated before June 30, 2013.

67.33 EFFECTIVE DATE. This section is effective the day following final enactment.

68.1 Sec. 13. **REPEALER.**

68.2 Minnesota Statutes 2010, section 356.219, subdivision 4, is repealed.

68.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

68.4 **ARTICLE 11**

68.5 **LOCAL RELIEF ASSOCIATION OR CONSOLIDATION ACCOUNT**
68.6 **MERGERS WITH PERA-P&F**

68.7 Section 1. Minnesota Statutes 2011 Supplement, section 69.77, subdivision 1a, is
68.8 amended to read:

68.9 Subd. 1a. **Covered retirement plans.** The provisions of this section apply to ~~the~~
68.10 ~~following local retirement plans:~~

68.11 ~~(1) the Bloomington Firefighters Relief Association;~~

68.12 ~~(2) the Fairmont Police Relief Association; and~~

68.13 ~~(3) the Virginia Fire Department Relief Association.~~

68.14 **EFFECTIVE DATE.** (a) For the Fairmont Police Relief Association, this section
68.15 is effective as of the date for consolidation set by the board of the Public Employees
68.16 Retirement Association in consultation with the State Board of Investment, but not later
68.17 than June 29, 2012.

68.18 (b) For the Virginia fire consolidation account, this section is effective on June 29,
68.19 2012, which is the effective date of merger.

68.20 Sec. 2. Minnesota Statutes 2011 Supplement, section 69.77, subdivision 4, is amended
68.21 to read:

68.22 Subd. 4. **Relief association financial requirements; minimum municipal**
68.23 **obligation.** (a) The officers of the relief association shall determine the financial
68.24 requirements of the relief association and minimum obligation of the municipality for
68.25 the following calendar year in accordance with the requirements of this subdivision.
68.26 The financial requirements of the relief association and the minimum obligation of the
68.27 municipality must be determined on or before the submission date established by the
68.28 municipality under subdivision 5.

68.29 (b) The financial requirements of the relief association for the following calendar
68.30 year must be based on the most recent actuarial valuation or survey of the special fund of
68.31 the association if more than one fund is maintained by the association, or of the association,
68.32 if only one fund is maintained, prepared in accordance with sections 356.215, subdivisions
68.33 4 to 15, and 356.216, as required under subdivision 10. If an actuarial estimate is prepared

69.1 by the actuary of the relief association as part of obtaining a modification of the benefit
69.2 plan of the relief association and the modification is implemented, the actuarial estimate
69.3 must be used in calculating the subsequent financial requirements of the relief association.

69.4 (c) If the relief association has an unfunded actuarial accrued liability as reported in
69.5 the most recent actuarial valuation or survey, the total of the amounts calculated under
69.6 clauses (1), (2), and (3), constitute the financial requirements of the relief association for
69.7 the following year. If the relief association does not have an unfunded actuarial accrued
69.8 liability as reported in the most recent actuarial valuation or survey, the amount calculated
69.9 under clauses (1) and (2) constitute the financial requirements of the relief association for
69.10 the following year. The financial requirement elements are:

69.11 (1) the normal level cost requirement for the following year, expressed as a dollar
69.12 amount, which must be determined by applying the normal level cost of the relief
69.13 association as reported in the actuarial valuation or survey and expressed as a percentage
69.14 of covered payroll to the estimated covered payroll of the active membership of the relief
69.15 association, including any projected change in the active membership, for the following
69.16 year;

69.17 (2) for the ~~Bloomington Fire Department Relief Association, the Fairmont Police~~
69.18 ~~Relief Association, and the Virginia Fire Department Relief Association~~, to the dollar
69.19 amount of normal cost determined under clause (1) must be added an amount equal to the
69.20 dollar amount of the administrative expenses of the special fund of the association if more
69.21 than one fund is maintained by the association, or of the association if only one fund is
69.22 maintained, for the most recent year, multiplied by the factor of 1.035. The administrative
69.23 expenses are those authorized under section 69.80; and

69.24 (3) to the dollar amount of normal cost and expenses determined under clauses
69.25 (1) and (2) must be added an amount equal to the level annual dollar amount which
69.26 is sufficient to amortize the unfunded actuarial accrued liability as determined from
69.27 the actuarial valuation or survey of the fund, using an interest assumption set at the
69.28 applicable rate specified in section 356.215, subdivision 8, by that fund's amortization
69.29 date as specified in paragraph (d).

69.30 (d) ~~The Virginia Fire Department Relief Association special fund amortization date~~
69.31 ~~is December 31, 2010. The Fairmont Police Relief Association special fund amortization~~
69.32 ~~date is December 31, 2020.~~ The Bloomington Fire Department Relief Association
69.33 special fund amortization date is determined under section 356.216, clause (2). The
69.34 amortization date specified in this paragraph supersedes any amortization date specified in
69.35 any applicable special law.

70.1 (e) The minimum obligation of the municipality is an amount equal to the financial
 70.2 requirements of the relief association reduced by the estimated amount of member
 70.3 contributions from covered salary anticipated for the following calendar year and the
 70.4 estimated amounts anticipated for the following calendar year from the applicable state aid
 70.5 program established under sections 69.011 to 69.051 receivable by the relief association
 70.6 after any allocation made under section 69.031, subdivision 5, paragraph (b), clause (2),
 70.7 or 423A.01, subdivision 2, paragraph (a), clause (6), from the local police and salaried
 70.8 firefighters' relief association amortization aid program established under section 423A.02,
 70.9 subdivision 1, from the supplementary amortization state-aid program established under
 70.10 section 423A.02, subdivision 1a, and from the additional amortization state aid under
 70.11 section 423A.02, subdivision 1b.

70.12 **EFFECTIVE DATE.** (a) For the Fairmont Police Relief Association, this section
 70.13 is effective as of the date for consolidation set by the board of the Public Employees
 70.14 Retirement Association in consultation with the State Board of Investment, but not later
 70.15 than June 29, 2012.

70.16 (b) For the Virginia fire consolidation account, this section is effective on June 29,
 70.17 2012, which is the effective date of merger.

70.18 Sec. 3. Minnesota Statutes 2011 Supplement, section 353.668, subdivision 4, is
 70.19 amended to read:

70.20 Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On the effective date of
 70.21 the consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19,
 70.22 the chief administrative officer of the Minneapolis Police Relief Association shall transfer
 70.23 the entire assets of the special fund of the Minneapolis Police Relief Association other
 70.24 than the health insurance account to the public employees police and fire retirement fund
 70.25 at market value. Unless ineligible or inappropriate, the transfer must be in the form of
 70.26 investment securities and must include any accounts receivable that are determined by the
 70.27 State Board of Investment as being capable of being collected. An amount, in cash, must
 70.28 be transferred by the city of Minneapolis equal to the market value recognized by the relief
 70.29 association of investment securities that are determined by the executive director of the
 70.30 State Board of Investment not to be in compliance with the requirements and limitations
 70.31 set forth in sections 11A.09, 11A.14, 11A.23, and 11A.24 or not to be appropriate for
 70.32 retention in light of the established investment objectives of the State Board of Investment
 70.33 or of accounts receivable determined by the executive director of the State Board of
 70.34 Investment as being incapable of being collected. Legal and beneficial title to assets that
 70.35 are determined noncompliant or inappropriate securities or that are uncollectible accounts

71.1 receivable are transferred to the city of Minneapolis on the effective date of consolidation
71.2 under Laws 2011, First Special Session chapter 8, article 7, section 19. Any accounts
71.3 payable on the effective date of consolidation under Laws 2011, First Special Session
71.4 chapter 8, article 7, section 19, are an obligation of the public employees police and fire
71.5 retirement fund and reduce the asset value for purposes of subdivision 6. The transferred
71.6 assets must be deposited in the public employees police and fire retirement fund. The
71.7 amount of the health insurance account as of the date of the consolidation must remain
71.8 deposited in the financial institution retained by the former Minneapolis Police Relief
71.9 Association on May 1, 2011, and that financial institution must act as the custodian of the
71.10 account. The health insurance account may be transferred from the financial institution
71.11 that holds the account to a successor financial institution on June 30, 2012, under the
71.12 requirements of this subdivision and the terms of an agreement between the Minneapolis
71.13 Police Relief Association and the successor financial institution dated December 30,
71.14 2011, that provides for the transfer. The financial institution shall perform all trustee and
71.15 fiduciary duties with respect to the account as a condition to the retention of the account.
71.16 The executive director of the Minneapolis Police Relief Association, prior to the effective
71.17 date of consolidation, shall estimate three calendar years of the administrative expenses
71.18 related to the operation of the account and shall prepay those expenses from the account to
71.19 the financial institution prior to the effective date of consolidation. After the three-year
71.20 prepayment period, the beneficiaries of the account are responsible for the payment of the
71.21 administrative expenses related to the operation of the account.

71.22 (b) Upon the transfer of assets to the State Board of Investment under paragraph
71.23 (a), legal title to those transferred assets vests with the State Board of Investment on
71.24 behalf of the public employees police and fire retirement plan, and beneficial title to the
71.25 transferred assets remains with the former membership of the former Minneapolis Police
71.26 Relief Association.

71.27 (c) The public employees police and fire retirement plan and fund is the successor in
71.28 interest to all claims for or against the Minneapolis Police Relief Association. The public
71.29 employees police and fire retirement plan and fund is not liable for any claim against the
71.30 Minneapolis Police Relief Association, its governing board, or its administrative staff
71.31 acting in a fiduciary capacity, under chapter 356A or common law, which is founded upon
71.32 a claim of a breach of fiduciary duty if the act or acts constituting the claimed breach were
71.33 not undertaken in good faith. The public employees police and fire retirement plan may
71.34 assert any applicable defense to any claim in any judicial or administrative proceeding
71.35 that the Minneapolis Police Relief Association, its board, or its administrative staff would

72.1 otherwise have been entitled to assert, and the public employees police and fire retirement
72.2 plan may assert any applicable defense that it has in its capacity as a statewide agency.

72.3 (d) The Public Employees Retirement Association shall indemnify any former
72.4 fiduciary of the Minneapolis Police Relief Association consistent with the provisions of
72.5 section 356A.11. The indemnification may be effected by the purchase by the Public
72.6 Employees Retirement Association of reasonable fiduciary liability tail insurance for the
72.7 officers and directors of the former Minneapolis Police Relief Association. Consistent
72.8 with section 69.80, the relief association may purchase reasonable fiduciary liability tail
72.9 insurance for its officers and directors prior to the effective date of consolidation under
72.10 Laws 2011, First Special Session chapter 8, article 7, section 19.

72.11 (e) Office equipment and other physical assets of the special fund of the Minneapolis
72.12 Police Relief Association that are not needed by the Public Employees Retirement
72.13 Association may be sold by the special fund of the Minneapolis Police Relief Association
72.14 to the general fund of the Minneapolis Police Relief Association or to any successor
72.15 fraternal organization of the Minneapolis Police Relief Association at fair market value,
72.16 with the proceeds of that sale deposited in the public employees police and fire retirement
72.17 fund and included in the transferred asset value under subdivision 6.

72.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

72.19 Sec. 4. **[353.669] CONSOLIDATION OF THE FAIRMONT POLICE RELIEF**
72.20 **ASSOCIATION.**

72.21 **Subdivision 1. Membership transfer.** On the effective date of consolidation, the
72.22 retired members, including surviving spouses, of the Fairmont Police Relief Association
72.23 are transferred to the public employees police and fire retirement plan, are no longer
72.24 members of the former Fairmont Police Relief Association, and are members of the public
72.25 employees police and fire retirement plan.

72.26 **Subd. 2. Benefit liability transfer.** The liability for the payment of retirement
72.27 annuities, service pensions, and survivor benefits of the retired members, service
72.28 pensioners, surviving spouses, and any other retirement benefit recipients of the former
72.29 Fairmont Police Relief Association, as contained in the transferred records of the former
72.30 relief association, is transferred to the public employees police and fire retirement plan on
72.31 the effective date of consolidation.

72.32 **Subd. 3. Transfer of records.** On the effective date of consolidation, the
72.33 chief administrative officer of the Fairmont Police Relief Association shall transfer all
72.34 records and documents relating to the special fund of the former Fairmont Police Relief

73.1 Association to the executive director of the Public Employees Retirement Association. To
73.2 the extent possible, original copies of all records and documents must be transferred.

73.3 Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On the effective date of
73.4 consolidation, the chief administrative officer of the Fairmont Police Relief Association
73.5 shall transfer the entire assets of the special fund of the Fairmont Police Relief Association
73.6 to the public employees police and fire retirement fund at market value. Unless ineligible
73.7 or inappropriate as determined by the State Board of Investment, the transfer must be
73.8 in the form of investment securities and must include any accounts receivable that are
73.9 determined by the State Board of Investment as being capable of being collected. The city
73.10 of Fairmont must transfer, in cash, an amount equal to the market value, as recognized by
73.11 the relief association of any investment securities that are determined by the executive
73.12 director of the State Board of Investment to be not in compliance with the requirements
73.13 and limitations set forth in sections 11A.09, 11A.14, 11A.23, and 11A.24, or to be
73.14 inappropriate for retention in light of the established investment objectives of the State
73.15 Board of Investment, or of any accounts receivable that are determined by the executive
73.16 director as being incapable of being collected. The legal and beneficial title to assets that
73.17 are determined to be noncompliant or inappropriate securities or that are determined to be
73.18 uncollectable accounts receivable are transferred from the relief association special fund
73.19 to the city of Fairmont as of the effective date of consolidation. Any accounts payable
73.20 of the special fund of the Fairmont Police Relief Association on the effective date of
73.21 consolidation, are an obligation of the public employees police and fire retirement fund
73.22 and reduce the value of the transferred relief association special fund assets for purposes
73.23 of subdivision 6. Assets transferred from the special fund of the Fairmont Police Relief
73.24 Association must be deposited in the public employees police and fire retirement fund
73.25 and must be managed by the State Board of Investment through the Minnesota combined
73.26 investment funds under section 11A.14.

73.27 (b) Upon the transfer of the assets to the management of the State Board of
73.28 Investment under paragraph (a), legal title to those transferred assets vests with the State
73.29 Board of Investment on behalf of the public employees police and fire retirement plan,
73.30 and beneficial title to the transferred assets remains with the former membership of the
73.31 former Fairmont Police Relief Association.

73.32 (c) The public employees police and fire retirement plan and fund is the successor in
73.33 interest to all claims for and against the Fairmont Police Relief Association. The public
73.34 employees police and fire retirement plan and fund is not liable for any claim against the
73.35 Fairmont Police Relief Association or its governing board acting in a fiduciary capacity
73.36 under chapter 356A or under common law which is founded upon a claim of a breach of

74.1 fiduciary duty if the act or acts constituting the claimed breach were not undertaken in
74.2 good faith. The public employees police and fire retirement plan may assert any applicable
74.3 defense to any claim in any judicial or administrative proceeding that the former Fairmont
74.4 Police Relief Association or its former governing board would otherwise have been
74.5 entitled to assert and the public employees police and fire retirement plan may assert any
74.6 applicable defense that it has in its capacity as a statewide agency.

74.7 (d) The Public Employees Retirement Association shall indemnify any former
74.8 fiduciary of the Fairmont Police Relief Association consistent with the provisions of
74.9 section 356A.11. The indemnification may be effected by the purchase by the Public
74.10 Employees Retirement Association of reasonable fiduciary liability tail insurance for the
74.11 officers and directors of the former Fairmont Police Relief Association.

74.12 Subd. 5. **Benefits.** (a) The annuities, service pensions, and other retirement benefits
74.13 of or attributable to retired members and surviving spouses of the Fairmont Police Relief
74.14 Association who had that status as of the effective date of consolidation, continue after
74.15 consolidation in the same amount and under the same terms as provided under Minnesota
74.16 Statutes 2000, sections 423.41 to 423.46, 423.48 to 423.59, 423.61, and 423.62; Laws
74.17 1963, chapter 423; Laws 1977, chapter 100; and Laws 1999, chapter 222, article 3, section
74.18 4, except as provided in paragraph (b).

74.19 (b) The annual base salary figure for pension and benefit determinations upon
74.20 consolidation and for the balance of calendar year 2012 is \$106,666.67. After December
74.21 31, 2012, annual postretirement adjustments of pensions and benefits in force must be
74.22 calculated solely under section 356.415, subdivision 1c.

74.23 Subd. 6. **Calculation of final funded status; employer contributions.** (a) As of
74.24 the effective date of consolidation, the approved actuary retained by the Public Employees
74.25 Retirement Association under section 356.214 shall determine the final funded status of
74.26 the Fairmont Police Relief Association special fund. The final funded status is the present
74.27 value of future benefits payable from the Fairmont Police Relief Association as of the
74.28 effective date of consolidation after subtracting the market value of the transferred assets
74.29 of the Fairmont Police Relief Association as of the effective date of consolidation. The
74.30 present value of future benefits figure must be calculated using the applicable actuarial
74.31 assumptions for the public employees police and fire retirement plan specified in or
74.32 established under section 356.215. If there is a remainder present value of future benefits
74.33 amount, the city of Fairmont shall pay to the public employees police and fire retirement
74.34 fund an amount sufficient, on a level annual dollar basis, to amortize the calculated
74.35 remainder present value of future benefits amount by December 31, 2020. Payments shall
74.36 be made annually on or before December 31, beginning in 2012.

75.1 (b) If there are assets of the former Fairmont Police Relief Association in excess of
 75.2 the present value of future benefits as of the effective date of consolidation, these assets
 75.3 must be credited to an interest bearing suspense account within the public employees
 75.4 police and fire retirement fund, must be used to offset any amount payable under paragraph
 75.5 (c) until June 30, 2015, and, after June 30, 2015, must be paid to the city of Fairmont. The
 75.6 suspense account must be credited with the same rate of investment return as the public
 75.7 employees police and fire retirement fund.

75.8 (c) If, after the effective date of consolidation, the postretirement or preretirement
 75.9 interest rate actuarial assumption applicable to the public employees police and fire
 75.10 retirement plan under section 356.215, subdivision 8, is modified from the rates specified
 75.11 in Minnesota Statutes 2010, section 356.215, subdivision 8, the remainder present value of
 75.12 future benefits amount calculation under paragraph (a), updated for the passage of time,
 75.13 must be revised and the amortization contribution by the city of Fairmont for the balance
 75.14 of the amortization period must be redetermined and certified to the city of Fairmont.

75.15 **EFFECTIVE DATE.** This section is effective as of the date for consolidation set
 75.16 by the board of the Public Employees Retirement Association in consultation with the
 75.17 State Board of Investment, but not later than June 29, 2012.

75.18 Sec. 5. **[353.6691] MERGER OF THE VIRGINIA FIRE DEPARTMENT**
 75.19 **RELIEF ASSOCIATION.**

75.20 Subdivision 1. **Merger authorized.** On the effective date of merger, the Virginia
 75.21 fire department consolidation account of the Public Employees Retirement Association
 75.22 under chapter 353A becomes a part of the public employees police and fire retirement plan
 75.23 and fund governed by sections 353.63 to 353.659.

75.24 Subd. 2. **Benefit liability transfer.** All current and future liabilities of the Virginia
 75.25 fire department consolidation account under chapter 353A are liabilities of the public
 75.26 employees police and fire retirement plan and fund as of the effective date of merger and
 75.27 the accrued benefits of the members of the consolidation account are the obligation of the
 75.28 public employees police and fire retirement plan and fund.

75.29 Subd. 3. **Transfer of assets; transfer to title assets.** On the effective date of merger,
 75.30 the assets of the Virginia fire department consolidation account must be transferred to the
 75.31 public employees police and fire retirement fund. Upon transfer, the market value of the
 75.32 assets of the consolidation account, less any amount of residual assets under subdivision 5,
 75.33 are assets of the public employees police and fire fund as of the effective date of merger,
 75.34 and the assets, excluding the distribution amount under subdivision 5, become an asset of
 75.35 the public employees police and fire retirement fund. The public employees police and

76.1 fire retirement fund also must be credited as an asset with the amount of any receivable
76.2 assets from employer contributions under subdivision 5.

76.3 Subd. 4. **Benefits.** A person who received a service pension, a disability benefit, or a
76.4 survivor benefit from the Virginia fire department consolidation account for the month
76.5 prior to the effective date of merger and who has not previously elected postretirement
76.6 adjustments under section 356.415, subdivision 1c, rather than the postretirement
76.7 adjustment mechanism of the Virginia Fire Department Relief Association under section
76.8 353A.08, subdivision 1, may elect future postretirement adjustments under section
76.9 356.415, subdivision 1c, or the retention of the former Virginia Fire Department Relief
76.10 Association postretirement adjustment mechanism. The election must be made in writing
76.11 on a form prescribed by the executive director on or before September 1, 2012. Unless
76.12 modified by an election under this subdivision, the benefit plan election by any person or
76.13 on behalf of any person under section 353A.08 remains binding.

76.14 Subd. 5. **Calculation of final funded status; employer contributions.** (a) As of
76.15 the effective date of merger, the approved actuary retained by the Public Employees
76.16 Retirement Association under section 356.214 shall determine the final funded status of the
76.17 former Virginia Fire Department Relief Association special fund. The final funded status is
76.18 the present value of future benefits payable from the Virginia fire department consolidation
76.19 account as of the effective date of merger after subtracting the market value of the
76.20 transferred assets of the Virginia fire department consolidation account as of the effective
76.21 date of merger. The present value of future benefits figure must be calculated using the
76.22 applicable actuarial assumptions for the public employees police and fire retirement plan
76.23 specified in or established under section 356.215. If there is a remainder present value
76.24 of future benefits amount, the city of Virginia shall pay to the public employees police
76.25 and fire retirement fund an amount sufficient, on a level annual dollar basis, to amortize
76.26 the calculated remainder present value of future benefits amount by December 31, 2020.
76.27 Payments shall be made annually on or before December 31, beginning in 2012.

76.28 (b) If there are assets of the former Virginia fire department consolidation account in
76.29 excess of the present value of future benefits as of the effective date of merger, these assets
76.30 shall be credited to an interest bearing suspense account within the public employees police
76.31 and fire retirement fund until January 1, 2013. The suspense account must be credited with
76.32 the same rate of investment return as the public employees police and fire retirement fund.

76.33 (c) If, after the effective date of merger, the postretirement or preretirement interest
76.34 rate actuarial assumption applicable to the public employees police and fire retirement plan
76.35 under section 356.215, subdivision 8, is modified from the rates specified in Minnesota
76.36 Statutes 2010, section 356.215, subdivision 8, the remainder present value of future

77.1 benefits amount calculation under paragraph (a), updated for the passage of time, must be
 77.2 revised and any amortization contribution by the city of Virginia for the balance of the
 77.3 amortization period must be redetermined and certified to the city of Virginia.

77.4 (d) On January 1, 2013, one-half of any suspense account under paragraph (b)
 77.5 must be paid as an additional ad hoc postretirement adjustment to the service pensioners,
 77.6 disabilitants, and surviving spouses of the former Virginia fire consolidation account. The
 77.7 additional ad hoc postretirement adjustment for each recipient is the total amount available
 77.8 for the adjustment divided by the total number of recipients as of January 1, 2013, of the
 77.9 former Virginia fire consolidation account. On January 1, 2014, if the suspense account
 77.10 has earned investment income equal to or greater than the preretirement interest rate
 77.11 assumption applicable to the public employees police and fire retirement plan under section
 77.12 356.215, subdivision 8, the balance remaining of the suspense account under paragraph (b)
 77.13 must be paid as an additional ad hoc postretirement adjustment to the service pensioners,
 77.14 disabilitants, and surviving spouses of the former Virginia fire consolidation account,
 77.15 divided by the total number of recipients as of January 1, 2014. Nothing in this paragraph
 77.16 may be deemed to authorize the payment of a postretirement adjustment to an estate.

77.17 **EFFECTIVE DATE.** This section is effective on June 29, 2012, which is the
 77.18 effective date of merger.

77.19 Sec. 6. Minnesota Statutes 2011 Supplement, section 356.215, subdivision 8, is
 77.20 amended to read:

77.21 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use
 77.22 the applicable following preretirement interest assumption and the applicable following
 77.23 postretirement interest assumption:

77.24	77.25 preretirement	77.26 postretirement
77.27 plan	77.28 interest	77.29 interest
77.30	77.31 rate assumption	77.32 rate assumption
77.33 general state employees retirement plan	77.34 8.5%	77.35 6.0%
77.36 correctional state employees retirement plan	77.37 8.5	77.38 6.0
77.39 State Patrol retirement plan	77.40 8.5	77.41 6.0
77.42 legislators retirement plan	77.43 8.5	77.44 6.0
77.45 elective state officers retirement plan	77.46 8.5	77.47 6.0
77.48 judges retirement plan	77.49 8.5	77.50 6.0
77.51 general public employees retirement plan	77.52 8.5	77.53 6.0
77.54 public employees police and fire retirement plan	77.55 8.5	77.56 6.0
77.57 local government correctional service 77.58 retirement plan	77.59 8.5	77.60 6.0
77.61 teachers retirement plan	77.62 8.5	77.63 6.0

78.1	Duluth teachers retirement plan	8.5	8.5
78.2	St. Paul teachers retirement plan	8.5	8.5
78.3	Fairmont Police Relief Association	5.0	5.0
78.4	Virginia Fire Department Relief Association	5.0	5.0
78.5	Bloomington Fire Department Relief	6.0	6.0
78.6	Association		
78.7	local monthly benefit volunteer firefighters	5.0	5.0
78.8	relief associations		

78.9 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
 78.10 single rate future salary increase assumption, the applicable following modified single
 78.11 rate future salary increase assumption, or the applicable following graded rate future
 78.12 salary increase assumption:

78.13 (1) single rate future salary increase assumption

78.14	plan	future salary increase assumption
78.15	legislators retirement plan	5.0%
78.16	judges retirement plan	4.0
78.17	Fairmont Police Relief Association	3.5
78.18	Virginia Fire Department Relief Association	3.5
78.19	Bloomington Fire Department Relief	4.0
78.20	Association	

78.21 (2) age-related select and ultimate future salary increase assumption or graded rate
 78.22 future salary increase assumption

78.23	plan	future salary increase assumption
78.24	correctional state employees retirement plan	assumption D
78.25	State Patrol retirement plan	assumption C
78.26	local government correctional service retirement plan	assumption C
78.27	Duluth teachers retirement plan	assumption A
78.28	St. Paul teachers retirement plan	assumption B

78.29 The select calculation is: during the
 78.30 designated select period, a designated
 78.31 percentage rate is multiplied by the result of
 78.32 the designated integer minus T, where T is
 78.33 the number of completed years of service,
 78.34 and is added to the applicable future salary
 78.35 increase assumption. The designated select
 78.36 period is five years and the designated
 78.37 integer is five for the general state employees
 78.38 retirement plan. The designated select period
 78.39 is ten years and the designated integer is ten

79.1 for all other retirement plans covered by
 79.2 this clause. The designated percentage rate
 79.3 is: (1) 0.2 percent for the correctional state
 79.4 employees retirement plan, the State Patrol
 79.5 retirement plan, and the local government
 79.6 correctional service retirement plan; (2)
 79.7 0.6 percent for the general state employees
 79.8 retirement plan; and (3) 0.3 percent for the
 79.9 teachers retirement plan, the Duluth Teachers
 79.10 Retirement Fund Association, and the St.
 79.11 Paul Teachers Retirement Fund Association.
 79.12 The select calculation for the Duluth Teachers
 79.13 Retirement Fund Association is 8.00 percent
 79.14 per year for service years one through seven,
 79.15 7.25 percent per year for service years seven
 79.16 and eight, and 6.50 percent per year for
 79.17 service years eight and nine.

79.18 The ultimate future salary increase assumption is:

79.19 age	A	B	C	D
79.20 16	8.00%	6.90%	7.7500%	7.2500%
79.21 17	8.00	6.90	7.7500	7.2500
79.22 18	8.00	6.90	7.7500	7.2500
79.23 19	8.00	6.90	7.7500	7.2500
79.24 20	6.90	6.90	7.7500	7.2500
79.25 21	6.90	6.90	7.1454	6.6454
79.26 22	6.90	6.90	7.0725	6.5725
79.27 23	6.85	6.85	7.0544	6.5544
79.28 24	6.80	6.80	7.0363	6.5363
79.29 25	6.75	6.75	7.0000	6.5000
79.30 26	6.70	6.70	7.0000	6.5000
79.31 27	6.65	6.65	7.0000	6.5000
79.32 28	6.60	6.60	7.0000	6.5000
79.33 29	6.55	6.55	7.0000	6.5000
79.34 30	6.50	6.50	7.0000	6.5000
79.35 31	6.45	6.45	7.0000	6.5000
79.36 32	6.40	6.40	7.0000	6.5000
79.37 33	6.35	6.35	7.0000	6.5000
79.38 34	6.30	6.30	7.0000	6.5000
79.39 35	6.25	6.25	7.0000	6.5000
79.40 36	6.20	6.20	6.9019	6.4019

80.1	37	6.15	6.15	6.8074	6.3074
80.2	38	6.10	6.10	6.7125	6.2125
80.3	39	6.05	6.05	6.6054	6.1054
80.4	40	6.00	6.00	6.5000	6.0000
80.5	41	5.90	5.95	6.3540	5.8540
80.6	42	5.80	5.90	6.2087	5.7087
80.7	43	5.70	5.85	6.0622	5.5622
80.8	44	5.60	5.80	5.9048	5.4078
80.9	45	5.50	5.75	5.7500	5.2500
80.10	46	5.40	5.70	5.6940	5.1940
80.11	47	5.30	5.65	5.6375	5.1375
80.12	48	5.20	5.60	5.5822	5.0822
80.13	49	5.10	5.55	5.5404	5.0404
80.14	50	5.00	5.50	5.5000	5.0000
80.15	51	4.90	5.45	5.4384	4.9384
80.16	52	4.80	5.40	5.3776	4.8776
80.17	53	4.70	5.35	5.3167	4.8167
80.18	54	4.60	5.30	5.2826	4.7826
80.19	55	4.50	5.25	5.2500	4.7500
80.20	56	4.40	5.20	5.2500	4.7500
80.21	57	4.30	5.15	5.2500	4.7500
80.22	58	4.20	5.10	5.2500	4.7500
80.23	59	4.10	5.05	5.2500	4.7500
80.24	60	4.00	5.00	5.2500	4.7500
80.25	61	3.90	5.00	5.2500	4.7500
80.26	62	3.80	5.00	5.2500	4.7500
80.27	63	3.70	5.00	5.2500	4.7500
80.28	64	3.60	5.00	5.2500	4.7500
80.29	65	3.50	5.00	5.2500	4.7500
80.30	66	3.50	5.00	5.2500	4.7500
80.31	67	3.50	5.00	5.2500	4.7500
80.32	68	3.50	5.00	5.2500	4.7500
80.33	69	3.50	5.00	5.2500	4.7500
80.34	70	3.50	5.00	5.2500	4.7500

80.35	(3) service-related ultimate future salary increase assumption			
80.36	general state employees retirement plan of the			assumption A
80.37	Minnesota State Retirement System			
80.38	general employees retirement plan of the Public			assumption B
80.39	Employees Retirement Association			
80.40	Teachers Retirement Association			assumption C
80.41	public employees police and fire retirement plan			assumption D

81.1	service				
81.2	length	A	B	C	D
81.3	1	10.75%	12.25%	12.00%	13.00%
81.4	2	8.35	9.15	9.00	11.00
81.5	3	7.15	7.75	8.00	9.00
81.6	4	6.45	6.85	7.50	8.00
81.7	5	5.95	6.25	7.25	6.50
81.8	6	5.55	5.75	7.00	6.10
81.9	7	5.25	5.45	6.85	5.80
81.10	8	4.95	5.15	6.70	5.60
81.11	9	4.75	4.85	6.55	5.40
81.12	10	4.65	4.65	6.40	5.30
81.13	11	4.45	4.45	6.25	5.20
81.14	12	4.35	4.35	6.00	5.10
81.15	13	4.25	4.15	5.75	5.00
81.16	14	4.05	4.05	5.50	4.90
81.17	15	3.95	3.95	5.25	4.80
81.18	16	3.85	3.85	5.00	4.80
81.19	17	3.75	3.75	4.75	4.80
81.20	18	3.75	3.75	4.50	4.80
81.21	19	3.75	3.75	4.25	4.80
81.22	20	3.75	3.75	4.00	4.80
81.23	21	3.75	3.75	3.90	4.70
81.24	22	3.75	3.75	3.80	4.60
81.25	23	3.75	3.75	3.70	4.50
81.26	24	3.75	3.75	3.60	4.50
81.27	25	3.75	3.75	3.50	4.50
81.28	26	3.75	3.75	3.50	4.50
81.29	27	3.75	3.75	3.50	4.50
81.30	28	3.75	3.75	3.50	4.50
81.31	29	3.75	3.75	3.50	4.50
81.32	30 or more	3.75	3.75	3.50	4.50

81.33 (c) Before July 2, 2010, the actuarial valuation must use the applicable following
 81.34 payroll growth assumption for calculating the amortization requirement for the unfunded
 81.35 actuarial accrued liability where the amortization retirement is calculated as a level
 81.36 percentage of an increasing payroll:

81.37	plan	payroll growth assumption
81.38	general state employees retirement plan of the	3.75%
81.39	Minnesota State Retirement System	
81.40	correctional state employees retirement plan	4.50
81.41	State Patrol retirement plan	4.50
81.42	legislators retirement plan	4.50

82.1	judges retirement plan	4.00
82.2	general employees retirement plan of the Public	3.75
82.3	Employees Retirement Association	
82.4	public employees police and fire retirement plan	3.75
82.5	local government correctional service retirement plan	4.50
82.6	teachers retirement plan	3.75
82.7	Duluth teachers retirement plan	4.50
82.8	St. Paul teachers retirement plan	5.00

82.9 (d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to
 82.10 apply, unless a different salary assumption or a different payroll increase assumption:

82.11 (1) has been proposed by the governing board of the applicable retirement plan;

82.12 (2) is accompanied by the concurring recommendation of the actuary retained under
 82.13 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
 82.14 most recent actuarial valuation report if section 356.214 does not apply; and

82.15 (3) has been approved or deemed approved under subdivision 18.

82.16 **EFFECTIVE DATE.** (a) For the Fairmont Police Relief Association, this section
 82.17 is effective as of the date for consolidation set by the board of the Public Employees
 82.18 Retirement Association in consultation with the State Board of Investment, but not later
 82.19 than June 29, 2012.

82.20 (b) For the Virginia fire consolidation account, this section is effective on June 29,
 82.21 2012, which is the effective date of merger.

82.22 Sec. 7. Laws 2002, chapter 392, article 1, section 8, is amended to read:

82.23 Sec. 8. **REVISOR INSTRUCTIONS.**

82.24 ~~(a) In the next and subsequent editions of Minnesota Statutes, the revisor of statutes~~
 82.25 ~~shall not print Minnesota Statutes, sections 423.41 to 423.62, but shall denote those~~
 82.26 ~~sections as "[LOCAL, CITY OF FAIRMONT, POLICE PENSIONS.]."~~

82.27 ~~(b)~~ In the next and subsequent editions of Minnesota Statutes, the revisor of statutes
 82.28 shall, in each section indicated in column A, replace the cross-reference specified in
 82.29 column B with the cross-reference set forth in column C:

82.30	Column A	Column B	Column C
82.31	69.021, subd. 10	69.77, subd. 2a	69.77, subd. 3
82.32	69.021, subd. 10	69.77, subd. 2b	69.77, subd. 4
82.33	69.021, subd. 10	69.77, subd. 2c	69.77, subd. 5
82.34	299A.465, subd. 5	424.03	Minnesota Statutes, 2000,
82.35			424.03
82.36	353A.07, subd. 6	69.77, subd. 2a	69.77, subd. 3
82.37	353A.09, subd. 4	69.77, subd. 2a	69.77, subd. 3

83.1	356.216	69.77, subd. 2b	69.77, subd. 4
83.2	356.219, subd. 2	69.77, subd. 2g	69.77, subd. 9
83.3	423.01, subd. 2	69.77, subd. 2b	69.77, subd. 4
83.4	423A.18	69.77, subd. 2i	69.77, subd. 11
83.5	423A.19, subd. 4	69.77, subd. 2i	69.77, subd. 11
83.6	423B.06, subd. 1	69.77, subd. 2a	69.77, subd. 3
83.7	423B.06, subd. 1	69.77, subd. 2b	69.77, subd. 4
83.8	423B.06, subd. 1	69.77, subd. 2c	69.77, subd. 5
83.9	423B.06, subd. 1	69.77, subd. 2d	69.77, subd. 6
83.10	423B.06, subd. 1	69.77, subd. 2e	69.77, subd. 7
83.11	423B.06, subd. 1	69.77, subd. 2f	69.77, subd. 8
83.12	423B.21, subd. 1	69.77, subd. 2b	69.77, subd. 4

83.13 **EFFECTIVE DATE.** This section is effective as of the date for consolidation set
83.14 by the board of the Public Employees Retirement Association in consultation with the
83.15 State Board of Investment, but not later than June 29, 2012.

83.16 Sec. 8. **TERMINATION OF THE FAIRMONT POLICE RELIEF**
83.17 **ASSOCIATION.**

83.18 On the effective date of consolidation, the Fairmont Police Relief Association
83.19 ceases to exist.

83.20 **EFFECTIVE DATE.** This section is effective as of the date for consolidation set
83.21 by the board of the Public Employees Retirement Association in consultation with the
83.22 State Board of Investment, but not later than June 29, 2012.

83.23 Sec. 9. **TERMINATION OF THE VIRGINIA FIRE DEPARTMENT RELIEF**
83.24 **ASSOCIATION.**

83.25 On the effective date of merger, the Virginia fire department consolidation account
83.26 ceases to exist.

83.27 **EFFECTIVE DATE.** This section is effective on June 29, 2012, which is the
83.28 effective date of merger.

83.29 Sec. 10. **REPEALER.**

83.30 Subdivision 1. **Fairmont Police Relief Association.** (a) Laws 1963, chapter 423;
83.31 and Laws 1999, chapter 222, article 3, sections 3; 4; and 5, are repealed.

83.32 (b) Minnesota Statutes 2010, section 423A.06, is repealed.

84.1 (c) The revisor shall show Minnesota Statutes, sections 423.41, 423.42, 423.43,
 84.2 423.44, 423.45, 423.46, 423.48, 423.49, 423.50, 423.51, 423.52, 423.53, 423.54, 423.55,
 84.3 423.56, 423.57, 423.58, 423.59, 423.61, and 423.62, as repealed.

84.4 (d) Laws 1947, chapter 624, sections 1; 2; 3; 4; 5; 6; 8; 9; 10; 11; 12; 13; 14; 15;
 84.5 16; 17; 18; 19; 21; and 22, are repealed.

84.6 Subd. 2. **Virginia fire department consolidation account.** Laws 1953, chapter
 84.7 399, as amended by Laws 1961, chapter 420, section 1, Laws 1961, chapter 420, section 2,
 84.8 Laws 1961, chapter 420, section 3, Laws 1961, chapter 420, section 4, Laws 1961, chapter
 84.9 420, section 5, Laws 1961, chapter 420, section 6, Laws 1963, chapter 407, section 1,
 84.10 Laws 1965, chapter 546, section 1, Laws 1965, chapter 546, section 2, Laws 1965, chapter
 84.11 546, section 3, Laws 1969, chapter 578, section 1, Laws 1969, chapter 578, section 2,
 84.12 Laws 1969, chapter 578, section 3; Laws 1961, chapter 420, sections 2, as amended by
 84.13 Laws 1965, chapter 546, section 2, Laws 1965, chapter 546, section 3, Laws 1969, chapter
 84.14 578, section 1; 3; 4; 5, as amended by Laws 1963, chapter 407, section 1, Laws 1969,
 84.15 chapter 578, section 2; and 6; Laws 1963, chapter 407, section 1, as amended by Laws
 84.16 1969, chapter 578, section 2; Laws 1965, chapter 546, sections 1; 2, as amended by Laws
 84.17 1969, chapter 578, section 1; and 3; Laws 1969, chapter 578, sections 1; 2; and 3; Laws
 84.18 1974, chapter 183, as amended by Laws 1991, chapter 62, section 1; Laws 1982, chapter
 84.19 574, section 1; Laws 1982, chapter 578, article 1, section 14; Laws 1983, chapter 69,
 84.20 section 1; Laws 1984, chapter 547, section 27; Laws 1987, chapter 372, article 2, section
 84.21 14; Laws 1988, chapter 709, sections 1, as amended by Laws 1989, chapter 319, article 4,
 84.22 section 2, Laws 1989, chapter 319, article 18, section 11; and 2; Laws 1991, chapter 62,
 84.23 sections 1; and 2; and Laws 1992, chapter 465, section 1, are repealed.

84.24 **EFFECTIVE DATE.** Subdivision 1 is effective as of the date for consolidation
 84.25 of the Fairmont Police Relief Association set by the board of the Public Employees
 84.26 Retirement Association in consultation with the State Board of Investment, but not later
 84.27 than June 29, 2012.

84.28 Subdivision 2 is effective for the Virginia fire consolidation account on June 29,
 84.29 2012, which is the effective date of merger.

84.30 **ARTICLE 12**

84.31 **VOLUNTEER FIRE RETIREMENT CHANGES**

84.32 Section 1. Minnesota Statutes 2010, section 69.011, subdivision 1, is amended to read:

85.1 Subdivision 1. **Definitions.** Unless the language or context clearly indicates that
85.2 a different meaning is intended, the following words and terms, for the purposes of this
85.3 chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

85.4 (a) "Commissioner" means the commissioner of revenue.

85.5 (b) "Municipality" means:

85.6 (1) a home rule charter or statutory city;

85.7 (2) an organized town;

85.8 (3) a park district subject to chapter 398;

85.9 (4) the University of Minnesota;

85.10 (5) for purposes of the fire state aid program only, an American Indian tribal
85.11 government entity located within a federally recognized American Indian reservation;

85.12 (6) for purposes of the police state aid program only, an American Indian tribal
85.13 government with a tribal police department which exercises state arrest powers under
85.14 section 626.90, 626.91, 626.92, or 626.93;

85.15 (7) for purposes of the police state aid program only, the Metropolitan Airports
85.16 Commission; and

85.17 (8) for purposes of the police state aid program only, the Department of Natural
85.18 Resources and the Department of Public Safety with respect to peace officers covered
85.19 under chapter 352B.

85.20 (c) "Minnesota Firetown Premium Report" means a form prescribed by the
85.21 commissioner containing space for reporting by insurers of fire, lightning, sprinkler
85.22 leakage and extended coverage premiums received upon risks located or to be performed
85.23 in this state less return premiums and dividends.

85.24 (d) "Firetown" means the area serviced by any municipality having a qualified fire
85.25 department or a qualified incorporated fire department having a subsidiary volunteer
85.26 firefighters' relief association.

85.27 (e) "Market value" means latest available market value of all property in a taxing
85.28 jurisdiction, whether the property is subject to taxation, or exempt from ad valorem
85.29 taxation obtained from information which appears on abstracts filed with the commissioner
85.30 of revenue or equalized by the State Board of Equalization.

85.31 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the
85.32 commissioner for reporting by each fire and casualty insurer of all premiums received
85.33 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,
85.34 during the preceding calendar year, with reference to insurance written for insuring against
85.35 the perils contained in auto insurance coverages as reported in the Minnesota business
85.36 schedule of the annual financial statement which each insurer is required to file with

86.1 the commissioner in accordance with the governing laws or rules less return premiums
86.2 and dividends.

86.3 (g) "Peace officer" means any person:

86.4 (1) whose primary source of income derived from wages is from direct employment
86.5 by a municipality or county as a law enforcement officer on a full-time basis of not less
86.6 than 30 hours per week;

86.7 (2) who has been employed for a minimum of six months prior to December 31
86.8 preceding the date of the current year's certification under subdivision 2, clause (b);

86.9 (3) who is sworn to enforce the general criminal laws of the state and local
86.10 ordinances;

86.11 (4) who is licensed by the Peace Officers Standards and Training Board and is
86.12 authorized to arrest with a warrant; and

86.13 (5) who is a member of the ~~Minneapolis Police Relief Association~~, the State Patrol
86.14 retirement plan, or the public employees police and fire fund.

86.15 (h) "Full-time equivalent number of peace officers providing contract service" means
86.16 the integral or fractional number of peace officers which would be necessary to provide
86.17 the contract service if all peace officers providing service were employed on a full-time
86.18 basis as defined by the employing unit and the municipality receiving the contract service.

86.19 (i) "Retirement benefits other than a service pension" means any disbursement
86.20 authorized under section 424A.05, subdivision 3, clauses (3) and (4).

86.21 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means:

86.22 (1) for the police state aid program and police relief association financial reports:

86.23 (i) the person who was elected or appointed to the specified position or, in the
86.24 absence of the person, another person who is designated by the applicable governing body;

86.25 (ii) in a park district, the ~~clerk is the~~ secretary of the board of park district
86.26 commissioners;

86.27 (iii) in the case of the University of Minnesota, the ~~clerk is that~~ official designated
86.28 by the Board of Regents;

86.29 (iv) for the Metropolitan Airports Commission, the ~~clerk is the~~ person designated
86.30 by the commission;

86.31 (v) for the Department of Natural Resources or the Department of Public Safety,
86.32 the ~~clerk is the~~ respective commissioner;

86.33 (vi) for a tribal police department which exercises state arrest powers under section
86.34 626.90, 626.91, 626.92, or 626.93, the ~~clerk is the~~ person designated by the applicable
86.35 American Indian tribal government; and

87.1 (2) for the fire state aid program and fire relief association financial reports, the
 87.2 person who was elected or appointed to the specified position, or, for governmental
 87.3 entities other than counties, if the governing body of the governmental entity designates
 87.4 the position to perform the function, the chief financial official of the governmental entity
 87.5 or the chief administrative official of the governmental entity.

87.6 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the
 87.7 retirement plan established by chapter 353G.

87.8 **EFFECTIVE DATE.** This section is effective July 1, 2012.

87.9 Sec. 2. Minnesota Statutes 2010, section 69.051, subdivision 1, is amended to read:

87.10 Subdivision 1. **Financial report and audit.** (a) The board of each salaried
 87.11 firefighters relief association, police relief association, and volunteer firefighters relief
 87.12 association as defined in section 424A.001, subdivision 4, with assets of at least \$200,000
 87.13 or liabilities of at least \$200,000 in the prior year or in any previous year, according to
 87.14 the applicable actuarial valuation or financial report if no valuation is required, shall: ~~(1)~~
 87.15 prepare a financial report covering the special and general funds of the relief association
 87.16 for the preceding fiscal year ~~on a form prescribed by the state auditor,~~ file the financial
 87.17 report, and submit financial statements.

87.18 (b) The financial report must contain financial statements and disclosures which
 87.19 present the true financial condition of the relief association and the results of relief
 87.20 association operations in conformity with generally accepted accounting principles and in
 87.21 compliance with the regulatory, financing and funding provisions of this chapter and any
 87.22 other applicable laws. The financial report must be countersigned by:

87.23 (1) the municipal clerk or clerk-treasurer of the municipality in which the relief
 87.24 association is located if the relief association is a firefighters relief association which is
 87.25 directly associated with a municipal fire department or is a police relief association; ~~or~~
 87.26 ~~countersigned by the secretary of the independent nonprofit firefighting corporation and~~

87.27 (2) by the municipal clerk or clerk-treasurer of the largest municipality in population
 87.28 which contracts with the independent nonprofit firefighting corporation if the volunteer
 87.29 firefighter relief association is a subsidiary of an independent nonprofit firefighting
 87.30 corporation and by the secretary of the independent nonprofit firefighting corporation; or

87.31 (3) by the chief financial official of the county in which the volunteer firefighter
 87.32 relief association is located or primarily located if the relief association is associated with
 87.33 a fire department that is not located in or associated with an organized municipality.

87.34 ~~(2) file~~ (c) The financial report must be retained in its office for public inspection
 87.35 and ~~present it to~~ must be filed with the ~~city council~~ governing body of the government

88.1 subdivision in which the associated fire department is located after the close of the fiscal
 88.2 year. One copy of the financial report must be furnished to the state auditor after the
 88.3 close of the fiscal year; ~~and.~~

88.4 ~~(3) submit to the state auditor~~ (d) Audited financial statements ~~which have been~~ must
 88.5 be attested to by a certified public accountant, public accountant, or the state auditor and
 88.6 must be filed with the state auditor within 180 days after the close of the fiscal year. The
 88.7 state auditor may accept this report in lieu of the report required in ~~clause (2)~~ paragraph (c).

88.8 **EFFECTIVE DATE.** This section is effective July 1, 2012.

88.9 Sec. 3. Minnesota Statutes 2010, section 69.051, subdivision 1a, is amended to read:

88.10 Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighters relief
 88.11 association, as defined in section 424A.001, subdivision 4, that is not required to file
 88.12 a financial report and audit under subdivision 1 must prepare a detailed statement of
 88.13 the financial affairs for the preceding fiscal year of the relief association's special and
 88.14 general funds in the style and form prescribed by the state auditor. The detailed statement
 88.15 must show the sources and amounts of all money received; all disbursements, accounts
 88.16 payable and accounts receivable; the amount of money remaining in the treasury; total
 88.17 assets including a listing of all investments; the accrued liabilities; and all items necessary
 88.18 to show accurately the revenues and expenditures and financial position of the relief
 88.19 association.

88.20 (b) The detailed financial statement required under paragraph (a) must be certified
 88.21 by an independent public accountant or auditor or by the auditor or accountant who
 88.22 regularly examines or audits the financial transactions of the municipality. In addition to
 88.23 certifying the financial condition of the special and general funds of the relief association,
 88.24 the accountant or auditor conducting the examination shall give an opinion as to the
 88.25 condition of the special and general funds of the relief association, and shall comment
 88.26 upon any exceptions to the report. The independent accountant or auditor must have at
 88.27 least five years of public accounting, auditing, or similar experience, and must not be an
 88.28 active, inactive, or retired member of the relief association or the fire or police department.

88.29 (c) The detailed statement required under paragraph (a) must be countersigned by:
 88.30 (1) the municipal clerk or clerk-treasurer of the municipality; or;
 88.31 (2) where applicable, by the secretary of the independent nonprofit firefighting
 88.32 corporation and by the municipal clerk or clerk-treasurer of the largest municipality in
 88.33 population which contracts with the independent nonprofit firefighting corporation if the
 88.34 relief association is a subsidiary of an independent nonprofit firefighting corporation; and
 88.35 by the secretary of the independent nonprofit firefighting corporation; or

89.1 (3) by the chief financial official of the county in which the volunteer firefighter
89.2 relief association is located or primarily located if the relief association is associated with
89.3 a fire department that is not located in or associated with an organized municipality.

89.4 (d) The volunteer firefighters' relief association board must file the detailed statement
89.5 required under paragraph (a) in the relief association office for public inspection and
89.6 present it to the city council within 45 days after the close of the fiscal year, and must
89.7 submit a copy of the detailed statement to the state auditor within 90 days of the close of
89.8 the fiscal year.

89.9 **EFFECTIVE DATE.** This section is effective July 1, 2012.

89.10 Sec. 4. Minnesota Statutes 2010, section 69.051, subdivision 3, is amended to read:

89.11 Subd. 3. **Report by certain municipalities.** (a) Each municipality which has
89.12 an organized fire department but which does not have a firefighters' relief association
89.13 governed by section 69.77 or sections 69.771 to 69.775 and which is not exempted
89.14 under paragraph (b) shall annually prepare a detailed financial report of the receipts and
89.15 disbursements by the municipality for fire protection service during the preceding calendar
89.16 year, on a form prescribed by the state auditor. The financial report must contain any
89.17 information which the state auditor deems necessary to disclose the sources of receipts
89.18 and the purpose of disbursements for fire protection service. The financial report must be
89.19 signed by the municipal clerk or clerk-treasurer of the municipality. The financial report
89.20 must be filed by the municipal clerk or clerk-treasurer with the state auditor on or before
89.21 July 1 annually. ~~The state auditor shall forward one copy to the county auditor of the~~
89.22 ~~county wherein the municipality is located.~~ The municipality shall not qualify initially to
89.23 receive, or be entitled subsequently to retain, state aid under this chapter if the financial
89.24 reporting requirement or the applicable requirements of this chapter or any other statute or
89.25 special law have not been complied with or are not fulfilled.

89.26 (b) Each municipality that has an organized fire department and provides retirement
89.27 coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter
89.28 retirement plan under chapter 353G qualifies to have fire state aid transmitted to and
89.29 retained in the statewide lump-sum volunteer firefighter retirement fund without filing
89.30 a detailed financial report if the executive director of the Public Employees Retirement
89.31 Association certifies compliance by the municipality with the requirements of sections
89.32 353G.04 and 353G.08, paragraph (e), and by the applicable fire chief with the requirements
89.33 of section 353G.07.

89.34 **EFFECTIVE DATE.** This section is effective the day following final enactment.

90.1 Sec. 5. Minnesota Statutes 2010, section 69.772, subdivision 4, is amended to read:

90.2 Subd. 4. **Certification of financial requirements and minimum municipal**
 90.3 **obligation; levy.** (a) The officers of the relief association shall certify the financial
 90.4 requirements of the special fund of the relief association and the minimum obligation of
 90.5 the municipality with respect to the special fund of the relief association as determined
 90.6 under subdivision 3 ~~to the governing body of the municipality~~ on or before August 1 of
 90.7 each year. The certification must be made to the entity that is responsible for satisfying
 90.8 the minimum obligation with respect to the special fund of the relief association. If the
 90.9 responsible entity is a joint powers entity, the certification must be made in the manner
 90.10 specified in the joint powers agreement, or if the joint powers agreement is silent on this
 90.11 point, the certification must be made to the chair of the joint powers board.

90.12 (b) The financial requirements of the relief association and the minimum municipal
 90.13 obligation must be included in the financial report or financial statement under section
 90.14 69.051. The schedule forms related to the determination of the financial requirements
 90.15 must be filed with the state auditor by March 31, annually, if the relief association is
 90.16 required to file a financial statement under section 69.051, subdivision 1a, or by June 30,
 90.17 annually, if the relief association is required to file a financial report and audit under
 90.18 section 69.051, subdivision 1.

90.19 ~~(b)~~ (c) The municipality shall provide for at least the minimum obligation of the
 90.20 municipality with respect to the special fund of the relief association by tax levy or from
 90.21 any other source of public revenue.

90.22 ~~(c)~~ (d) The municipality may levy taxes for the payment of the minimum municipal
 90.23 obligation without any limitation as to rate or amount and irrespective of any limitations
 90.24 imposed by other provisions of law upon the rate or amount of taxation until the balance
 90.25 of the special fund or any fund of the relief association has attained a specified level. In
 90.26 addition, any taxes levied under this section must not cause the amount or rate of any other
 90.27 taxes levied in that year or to be levied in a subsequent year by the municipality which are
 90.28 subject to a limitation as to rate or amount to be reduced.

90.29 ~~(d)~~ (e) If the municipality does not include the full amount of the minimum
 90.30 municipal obligations in its levy for any year, the officers of the relief association shall
 90.31 certify that amount to the county auditor, who shall spread a levy in the amount of the
 90.32 certified minimum municipal obligation on the taxable property of the municipality.

90.33 ~~(e)~~ (f) If the state auditor determines that a municipal contribution actually made
 90.34 in a plan year was insufficient under section 69.771, subdivision 3, paragraph (c), clause
 90.35 (5), the state auditor may request a copy of the certifications under this subdivision
 90.36 from the relief association or from the city. The relief association or the city, whichever

91.1 applies, must provide the certifications within 14 days of the date of the request from
91.2 the state auditor.

91.3 **EFFECTIVE DATE.** This section is effective July 1, 2012.

91.4 Sec. 6. Minnesota Statutes 2010, section 69.773, subdivision 5, is amended to read:

91.5 Subd. 5. **Minimum municipal obligation.** (a) The officers of the relief association
91.6 shall determine the minimum obligation of the municipality with respect to the special
91.7 fund of the relief association for the following calendar year on or before August 1 of each
91.8 year in accordance with the requirements of this subdivision.

91.9 (b) The minimum obligation of the municipality with respect to the special fund is
91.10 an amount equal to the financial requirements of the special fund of the relief association
91.11 determined under subdivision 4, reduced by the estimated amount of any fire state
91.12 aid payable under sections 69.011 to 69.051 reasonably anticipated to be received by
91.13 the municipality for transmittal to the special fund of the relief association during the
91.14 following year and the amount of any anticipated contributions to the special fund
91.15 required by the relief association bylaws from the active members of the relief association
91.16 reasonably anticipated to be received during the following calendar year. A reasonable
91.17 amount of anticipated fire state aid is an amount that does not exceed the fire state aid
91.18 actually received in the prior year multiplied by the factor 1.035.

91.19 (c) The officers of the relief association shall certify the financial requirements of
91.20 the special fund of the relief association and the minimum obligation of the municipality
91.21 with respect to the special fund of the relief association as determined under subdivision 4
91.22 and this subdivision ~~to the governing body of the municipality~~ by August 1 of each year.
91.23 The certification must be made to the entity that is responsible for satisfying the minimum
91.24 obligation with respect to the special fund of the relief association. If the responsible
91.25 entity is a joint powers entity, the certification must be made in the manner specified in
91.26 the joint powers agreement, or if the joint powers agreement is silent on this point, the
91.27 certification must be made to the chair of the joint powers board.

91.28 (d) The financial requirements of the relief association and the minimum municipal
91.29 obligation must be included in the financial report or financial statement under section
91.30 69.051.

91.31 ~~(d)~~ (e) The municipality shall provide for at least the minimum obligation of the
91.32 municipality with respect to the special fund of the relief association by tax levy or from
91.33 any other source of public revenue. The municipality may levy taxes for the payment of the
91.34 minimum municipal obligation without any limitation as to rate or amount and irrespective
91.35 of any limitations imposed by other provisions of law or charter upon the rate or amount

92.1 of taxation until the balance of the special fund or any fund of the relief association has
 92.2 attained a specified level. In addition, any taxes levied under this section must not cause
 92.3 the amount or rate of any other taxes levied in that year or to be levied in a subsequent year
 92.4 by the municipality which are subject to a limitation as to rate or amount to be reduced.

92.5 ~~(e)~~ (f) If the municipality does not include the full amount of the minimum municipal
 92.6 obligation in its levy for any year, the officers of the relief association shall certify that
 92.7 amount to the county auditor, who shall spread a levy in the amount of the minimum
 92.8 municipal obligation on the taxable property of the municipality.

92.9 ~~(f)~~ (g) If the state auditor determines that a municipal contribution actually made
 92.10 in a plan year was insufficient under section 69.771, subdivision 3, paragraph (c), clause
 92.11 (5), the state auditor may request from the relief association or from the city a copy of
 92.12 the certifications under this subdivision. The relief association or the city, whichever
 92.13 applies, must provide the certifications within 14 days of the date of the request from
 92.14 the state auditor.

92.15 **EFFECTIVE DATE.** This section is effective July 1, 2012.

92.16 Sec. 7. Minnesota Statutes 2010, section 69.80, is amended to read:

92.17 **69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.**

92.18 (a) Notwithstanding any provision of law to the contrary, the payment of the
 92.19 following necessary, reasonable and direct expenses of maintaining, protecting and
 92.20 administering the special fund, when provided for in the bylaws of the association and
 92.21 approved by the board of trustees, constitutes authorized administrative expenses of a
 92.22 police, salaried firefighters', or volunteer firefighters' relief association organized under
 92.23 any law of this state:

92.24 (1) office expense, including, but not limited to, rent, utilities, equipment, supplies,
 92.25 postage, periodical subscriptions, furniture, fixtures, and salaries of administrative
 92.26 personnel;

92.27 (2) salaries of the ~~president, secretary, and treasurer~~ officers of the association, or
 92.28 their designees, and ~~any other official~~ salaries of the members of the board of trustees of
 92.29 the relief association to whom a salary is payable under bylaws or articles of incorporation
 92.30 in effect on January 1, 1986 if the salary amounts are approved by the governing body of
 92.31 the entity that is responsible for meeting any minimum obligation under section 69.77,
 92.32 69.772, or 69.773, and their the itemized expenses of relief association officers and board
 92.33 members that are incurred as a result of fulfilling their responsibilities as administrators
 92.34 of the special fund;

93.1 (3) tuition, registration fees, organizational dues, and other authorized expenses
 93.2 of the officers or members of the board of trustees incurred in attending educational
 93.3 conferences, seminars, or classes relating to the administration of the relief association;

93.4 (4) audit, actuarial, medical, legal, and investment and performance evaluation
 93.5 expenses;

93.6 (5) filing and application fees payable by the relief association to federal or other
 93.7 governmental entities;

93.8 (6) reimbursement to the officers and members of the board of trustees, or their
 93.9 designees, for reasonable and necessary expenses actually paid and incurred in the
 93.10 performance of their duties as officers or members of the board; and

93.11 ~~(6)~~ (7) premiums on fiduciary liability insurance and official bonds for the officers,
 93.12 members of the board of trustees, and employees of the relief association.

93.13 (b) Any other expenses of the relief association must be paid from the general fund
 93.14 of the association, if one exists. If a relief association has only one fund, that fund is the
 93.15 special fund for purposes of this section. If a relief association has a special fund and
 93.16 a general fund, and any expense of the relief association that is directly related to the
 93.17 purposes for which both funds were established, the payment of that expense must be
 93.18 apportioned between the two funds on the basis of the benefits derived by each fund.

93.19 **EFFECTIVE DATE.** This section is effective July 1, 2012, with respect to the
 93.20 amendment to paragraph (a), clause (2), and is effective retroactively from January 1,
 93.21 2010, with respect to the amendment to paragraph (a), clauses (5), (6), and (7).

93.22 Sec. 8. Minnesota Statutes 2010, section 353G.08, is amended by adding a subdivision
 93.23 to read:

93.24 **Subd. 2a. Additional municipal contributions authorized.** (a) At the discretion of
 93.25 the municipality or the independent nonprofit firefighting corporation associated with a fire
 93.26 department covered by a voluntary statewide lump-sum volunteer firefighter retirement
 93.27 plan account, the municipality or the corporation may make additional contributions
 93.28 to the applicable account.

93.29 (b) The executive director of the Public Employees Retirement Association
 93.30 may specify requirements as to the form, timing, and accompanying information for
 93.31 contributions made under this subdivision.

93.32 (c) Any contributions made under this subdivision must be included as total present
 93.33 assets of the account for the calculation of any subsequent annual funding requirements
 93.34 for the account under subdivision 1 or for the calculation of any cash flow funding
 93.35 requirement under subdivision 2.

94.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

94.2 Sec. 9. Minnesota Statutes 2010, section 424A.001, subdivision 4, is amended to read:

94.3 Subd. 4. **Relief association.** (a) "Relief association" or "volunteer firefighters'
94.4 relief association" means ~~(1)~~ a volunteer firefighters' relief association or a volunteer
94.5 firefighters' division or account of a partially salaried and partially volunteer firefighters'
94.6 relief association that is:

94.7 (1) organized and incorporated as a nonprofit corporation to provide retirement
94.8 benefits to volunteer firefighters under chapter 317A and any laws of the state;

94.9 (2) is governed by this chapter and ~~chapter 69~~, sections 69.771 to 69.775; and

94.10 (3) is directly associated with:

94.11 (i) a fire department established by municipal ordinance; or

94.12 ~~(2) any separately incorporated volunteer firefighters' relief association that is~~
94.13 ~~subsidiary to and that provides service pension and retirement benefit coverage for~~

94.14 ~~members of~~ (ii) an independent nonprofit firefighting corporation that is organized under
94.15 the provisions of chapter 317A, is governed by this chapter, and that operates exclusively
94.16 primarily for firefighting purposes; or

94.17 (iii) a fire department operated as or by a joint powers entity that operates primarily
94.18 for firefighting purposes.

94.19 (b) "Relief association" or "volunteer firefighters' relief association" does not mean:

94.20 (1) the Bloomington Fire Department Relief Association governed by section 69.77;
94.21 Minnesota Statutes 2000, chapter 424; and Laws 1965, chapter 446, as amended; or

94.22 (2) the voluntary statewide lump-sum volunteer firefighter retirement plan governed
94.23 by Minnesota Statutes, chapter 353G.

94.24 (c) A relief association or volunteer firefighters' relief association is a governmental
94.25 entity that receives and manages public money to provide retirement benefits for
94.26 individuals providing the governmental services of firefighting and emergency first
94.27 response.

94.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

94.29 Sec. 10. Minnesota Statutes 2010, section 424A.01, subdivision 6, is amended to read:

94.30 Subd. 6. **Return to active firefighting after break in service.** (a) The requirements
94.31 of this section apply to all breaks in service, except breaks in service mandated by federal
94.32 or state law.

94.33 (b)(1) If a firefighter who has ceased to perform or supervise fire suppression and
94.34 fire prevention duties for at least 60 days resumes performing active firefighting with the

95.1 fire department associated with the relief association, if the bylaws of the relief association
95.2 so permit, the firefighter may again become an active member of the relief association. A
95.3 firefighter who returns to active service and membership is subject to the service pension
95.4 calculation requirements under this section.

95.5 (2) A firefighter who has been granted an approved leave of absence not exceeding
95.6 one year by the fire department or by the relief association is exempt from the minimum
95.7 period of resumption service requirement of this section.

95.8 (3) A person who has a break in service not exceeding one year but has not been
95.9 granted an approved leave of absence and who has not received a service pension or
95.10 disability benefit may be made exempt from the minimum period of resumption service
95.11 requirement of this section by the relief association bylaws.

95.12 (4) If the bylaws so provide, a firefighter who returns to active relief association
95.13 membership under this paragraph may continue to collect a monthly service pension,
95.14 notwithstanding the service pension eligibility requirements under chapter 424A.

95.15 (c) If a former firefighter who has received a service pension or disability benefit
95.16 returns to active relief association membership under paragraph (b), the firefighter may
95.17 qualify for the receipt of a service pension from the relief association for the resumption
95.18 service period if the firefighter meets the service requirements of section 424A.016,
95.19 subdivision 3, or 424A.02, subdivision 2. No firefighter may be paid a service pension
95.20 more than once for the same period of service.

95.21 (d) If a former firefighter who has not received a service pension or disability benefit
95.22 returns to active relief association membership under paragraph (b), the firefighter may
95.23 qualify for the receipt of a service pension from the relief association for the original
95.24 and resumption service period periods if the firefighter meets the ~~minimum period of~~
95.25 ~~resumption service specified in the relief association bylaws and the~~ service requirements
95.26 of section 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the original and
95.27 resumption years of service credit.

95.28 (e) A firefighter who returns to active lump-sum relief association membership
95.29 under paragraph (b) and who qualifies for a service pension under paragraph (c) ~~or (d)~~
95.30 must have, upon a subsequent cessation of duties, any service pension for the resumption
95.31 service period calculated as a separate benefit. If a lump-sum service pension had
95.32 been paid to the firefighter upon the firefighter's previous cessation of duties, a second
95.33 lump-sum service pension for the resumption service period must be calculated ~~to apply~~
95.34 by applying the service pension amount in effect on the date of the firefighter's termination
95.35 of the resumption service for all years of the resumption service. ~~No firefighter may be~~
95.36 ~~paid a service pension twice for the same period of service. If a lump-sum service pension~~

96.1 ~~had not been paid to the firefighter upon the firefighter's previous cessation of duties and~~
96.2 ~~the firefighter meets the minimum service requirement of section 424A.016, subdivision~~
96.3 ~~3, or 424A.02, subdivision 2, a service pension must be calculated to apply the service~~
96.4 ~~pension amount in effect on the date of the firefighter's termination of the resumption~~
96.5 ~~service for all years of service credit.~~

96.6 (f) A firefighter who had not been paid a lump-sum service pension returns to
96.7 active relief association membership under paragraph (b), who ~~does~~ did not qualify for
96.8 ~~a service pension under paragraph (d)~~ meet the minimum period of resumption service
96.9 requirement specified in the relief association's bylaws, but who does meet the minimum
96.10 service requirement of section ~~424A.016, subdivision 3, or 424A.02, subdivision 2~~, based
96.11 on the firefighter's ~~previous~~ original and resumption years of active service, must have,
96.12 upon a subsequent cessation of duties, a service pension ~~calculated~~ for the ~~previous years~~
96.13 ~~of original and resumption service based on~~ periods calculated by applying the service
96.14 pension amount in effect on the date of the firefighter's termination of the resumption
96.15 service, or, if the bylaws so provide, based on the service pension amount in effect on the
96.16 date of the firefighter's previous cessation of duties. The service pension for a firefighter
96.17 who returns to active lump-sum relief association membership under this paragraph, but
96.18 who had met the minimum period of resumption service requirement specified in the relief
96.19 association's bylaws, must be calculated by applying the service pension amount in effect
96.20 on the date of the firefighter's termination of the resumption service.

96.21 (g) If a firefighter receiving a monthly benefit service pension returns to active
96.22 monthly benefit relief association membership under paragraph (b), and if the relief
96.23 association bylaws do not allow for the firefighter to continue collecting a monthly service
96.24 pension, any monthly benefit service pension payable to the firefighter is suspended as
96.25 of the first day of the month next following the date on which the firefighter returns to
96.26 active membership. If the firefighter was receiving a monthly benefit service pension, and
96.27 qualifies for a service pension under paragraph (c), the firefighter is entitled to an additional
96.28 monthly benefit service pension upon a subsequent cessation of duties calculated based
96.29 on the resumption service credit and the service pension accrual amount in effect on the
96.30 date of the termination of the resumption service. A suspended initial service pension
96.31 resumes as of the first of the month next following the termination of the resumption
96.32 service. If the firefighter was not receiving a monthly benefit service pension and meets
96.33 the minimum service requirement of section 424A.02, subdivision 2, a service pension
96.34 must be calculated ~~to apply~~ by applying the service pension amount in effect on the date
96.35 of the firefighter's termination of the resumption service for all years of service credit.

97.1 (h) A firefighter who was not receiving a monthly benefit service pension returns to
97.2 active relief association membership under paragraph (b), who ~~does~~ did not qualify for
97.3 a service pension under paragraph (d) meet the minimum period of resumption service
97.4 requirement specified in the relief association's bylaws, but who does meet the minimum
97.5 service requirement of section 424A.02, subdivision 2, based on the firefighter's ~~previous~~
97.6 original and resumption years of active service, must have, upon a subsequent cessation
97.7 of duties, a service pension ~~calculated~~ for the ~~previous years of~~ original and resumption
97.8 service based on periods calculated by applying the service pension amount in effect on
97.9 the date of the firefighter's termination of the resumption service, or, if the bylaws so
97.10 provide, based on the service pension amount in effect on the date of the firefighter's
97.11 previous cessation of duties. The service pension for a firefighter who returns to active
97.12 relief association membership under this paragraph, but who had met the minimum period
97.13 of resumption service requirement specified in the relief association's bylaws, must be
97.14 calculated by applying the service pension amount in effect on the date of the firefighter's
97.15 termination of the resumption service.

97.16 (i) For defined contribution plans, a firefighter who returns to active relief
97.17 association membership under paragraph (b) and who qualifies for a service pension
97.18 under paragraph (c) or (d) must have, upon a subsequent cessation of duties, any service
97.19 pension for the resumption service period calculated as a separate benefit. If a service
97.20 pension had been paid to the firefighter upon the firefighter's previous cessation of duties,
97.21 and if the firefighter meets the minimum service requirement of section 424A.016,
97.22 subdivision 3, based on the resumption years of service, a second service pension for
97.23 the resumption service period must be calculated to include allocations credited to the
97.24 firefighter's individual account during the resumption period of service and deductions
97.25 for administrative expenses, if applicable.

97.26 (j) For defined contribution plans, if a firefighter who had not been paid a service
97.27 pension returns to active relief association membership under paragraph (b), and who
97.28 meets the minimum service requirement of section 424A.016, subdivision 3, based on
97.29 the firefighter's original and resumption years of service, must have, upon a subsequent
97.30 cessation of duties, a service pension for the original and resumption service periods
97.31 calculated to include allocations credited to the firefighter's individual account during the
97.32 resumption period of service and deductions for administrative expenses, if applicable,
97.33 less any amounts previously forfeited under section 424A.016, subdivision 4.

97.34 **EFFECTIVE DATE.** This section is effective July 1, 2012.

97.35 Sec. 11. Minnesota Statutes 2010, section 424A.016, subdivision 5, is amended to read:

98.1 Subd. 5. **Service pension installment payments.** (a) A defined contribution relief
98.2 association, if the governing bylaws so provide, may pay, at the option of the ~~retiring~~
98.3 ~~member~~ intended recipient and in lieu of a single payment of a service pension or a
98.4 survivor benefit, the service pension or survivor benefit in installments.

98.5 (b) The election of installment payments is irrevocable and must be made by the
98.6 ~~retiring member~~ intended recipient in writing and filed with the secretary of the relief
98.7 association no later than 30 days before the commencement of payment of the service
98.8 pension or survivor benefit.

98.9 (c) The amount of the installment payments must be the fractional portion of the
98.10 remaining account balance equal to one divided by the number of remaining annual
98.11 installment payments.

98.12 **EFFECTIVE DATE.** This section is effective July 1, 2012.

98.13 Sec. 12. Minnesota Statutes 2010, section 424A.016, subdivision 6, is amended to read:

98.14 Subd. 6. **Deferred service pensions.** (a) A member of a relief association is entitled
98.15 to a deferred service pension if the member:

98.16 (1) has completed the lesser of the minimum period of active service with the fire
98.17 department specified in the bylaws or 20 years of active service with the fire department;

98.18 (2) has completed at least five years of active membership in the relief association;
98.19 and

98.20 (3) separates from active service and membership ~~before reaching age 50 or the~~
98.21 ~~minimum age for retirement and commencement of a service pension specified in the~~
98.22 ~~bylaws governing the relief association if that age is greater than age 50.~~ The requirement
98.23 that a member separate from active service and membership is waived for persons who
98.24 have discontinued their volunteer firefighter duties and who are employed on a full-time
98.25 basis under section 424A.015, subdivision 1.

98.26 (b) The deferred service pension is payable when the former member reaches
98.27 at least age 50, or at least the minimum age specified in the bylaws governing the relief
98.28 association if that age is greater than age 50, and when the former member makes a valid
98.29 written application.

98.30 (c) A defined contribution relief association may, if its governing bylaws so provide,
98.31 credit interest or additional investment performance on the deferred lump-sum service
98.32 pension during the period of deferral. If provided for in the bylaws, the interest must be
98.33 paid:

99.1 (1) at the investment performance rate actually earned on that portion of the assets
 99.2 if the deferred benefit amount is invested by the relief association in a separate account
 99.3 established and maintained by the relief association ~~or~~;

99.4 (2) at the investment performance rate actually earned on that portion of the assets
 99.5 if the deferred benefit amount is invested in a separate investment vehicle held by the
 99.6 relief association; or

99.7 ~~(2)~~ (3) at the investment return on the assets of the special fund of the defined
 99.8 contribution volunteer firefighter relief association in proportion to the share of the assets
 99.9 of the special fund to the credit of each individual deferred member account through
 99.10 the accounting date on which the investment return is recognized by and credited to the
 99.11 special fund.

99.12 (d) Unless the bylaws of a relief association that has elected to pay interest or
 99.13 additional investment performance on deferred lump-sum service pensions under
 99.14 paragraph (c) specifies a different interest or additional investment performance method,
 99.15 including the interest or additional investment performance period starting date and ending
 99.16 date, the interest or additional investment performance on a deferred service pension
 99.17 is creditable as follows:

99.18 (1) for a relief association that has elected to pay interest or additional investment
 99.19 performance under paragraph (c), clause (1) or (3), beginning on the date that the
 99.20 member separates from active service and membership and ending on the accounting
 99.21 date immediately before the deferred member commences receipt of the deferred service
 99.22 pension; or

99.23 (2) for a relief association that has elected to pay interest or additional investment
 99.24 performance under paragraph (c), clause (2), beginning on the date that the member
 99.25 separates from active service and membership and ending on the date that the separate
 99.26 investment vehicle is valued immediately before the date on which the deferred member
 99.27 commences receipt of the deferred service pension.

99.28 (e) The deferred service pension is governed by and must be calculated under
 99.29 the general statute, special law, relief association articles of incorporation, and relief
 99.30 association bylaw provisions applicable on the date on which the member separated from
 99.31 active service with the fire department and active membership in the relief association.

99.32 **EFFECTIVE DATE.** (a) This section is effective January 1, 2013.

99.33 (b) This section applies only to persons becoming deferred service pensioners after
 99.34 January 1, 2013.

99.35 Sec. 13. Minnesota Statutes 2010, section 424A.02, subdivision 1, is amended to read:

100.1 Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its
100.2 articles of incorporation or bylaws so provide, may pay out of the assets of its special
100.3 fund a defined benefit service pension to each of its members who: (1) separates from
100.4 active service with the fire department; (2) reaches age 50; (3) completes at least five
100.5 years of active service as an active member of the municipal fire department to which the
100.6 relief association is associated; (4) completes at least five years of active membership
100.7 with the relief association before separation from active service; and (5) complies with
100.8 any additional conditions as to age, service, and membership that are prescribed by the
100.9 bylaws of the relief association. A service pension computed under this section may be
100.10 prorated monthly for fractional years of service as the bylaws or articles of incorporation
100.11 of the relief association so provide. The bylaws or articles of incorporation may define
100.12 a "month," but the definition must require a calendar month to have at least 16 days of
100.13 active service. If the bylaws or articles of incorporation do not define a "month," a
100.14 "month" is a completed calendar month of active service measured from the member's
100.15 date of entry to the same date in the subsequent month. The service pension earned by a
100.16 volunteer firefighter under this chapter and the articles of incorporation and bylaws of the
100.17 volunteer firefighters' relief association may be paid whether or not the municipality or
100.18 nonprofit firefighting corporation to which the relief association is associated qualifies for
100.19 the receipt of fire state aid under chapter 69.

100.20 (b) In the case of a member who has completed at least five years of active service as
100.21 an active member of the fire department to which the relief association is associated on
100.22 the date that the relief association is established and incorporated, the requirement that
100.23 the member complete at least five years of active membership with the relief association
100.24 before separation from active service may be waived by the board of trustees of the relief
100.25 association if the member completes at least five years of inactive membership with the
100.26 relief association before the date of the payment of the service pension. During the
100.27 period of inactive membership, the member is not entitled to receive disability benefit
100.28 coverage, is not entitled to receive additional service credit towards computation of a
100.29 service pension, and is considered to have the status of a person entitled to a deferred
100.30 service pension under subdivision 7.

100.31 (c) No municipality or nonprofit firefighting corporation may delegate the power to
100.32 take final action in setting a service pension or ancillary benefit amount or level to the
100.33 board of trustees of the relief association or to approve in advance a service pension or
100.34 ancillary benefit amount or level equal to the maximum amount or level that this chapter
100.35 would allow rather than a specific dollar amount or level.

101.1 ~~(d) No relief association as defined in section 424A.001, subdivision 4, may pay a~~
101.2 ~~defined benefit service pension or disability benefit to a former member of the relief~~
101.3 ~~association if that person has not separated from active service with the fire department to~~
101.4 ~~which the relief association is directly associated, unless:~~

101.5 ~~(1) the person is employed subsequent to retirement by the municipality or the~~
101.6 ~~independent nonprofit firefighting corporation, whichever applies, to perform duties within~~
101.7 ~~the municipal fire department or corporation on a full-time basis;~~

101.8 ~~(2) the governing body of the municipality or of the corporation has filed its~~
101.9 ~~determination with the board of trustees of the relief association that the person's~~
101.10 ~~experience with and service to the fire department in that person's full-time capacity~~
101.11 ~~would be difficult to replace; and~~

101.12 ~~(3) the bylaws of the relief association were amended to provide for the payment of~~
101.13 ~~a service pension or disability benefit for such full-time employees.~~

101.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

101.15 Sec. 14. Minnesota Statutes 2010, section 424A.02, subdivision 7, is amended to read:

101.16 Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief
101.17 association is entitled to a deferred service pension if the member:

101.18 (1) has completed the lesser of either the minimum period of active service with
101.19 the fire department specified in the bylaws or 20 years of active service with the fire
101.20 department;

101.21 (2) has completed at least five years of active membership in the relief association;
101.22 and

101.23 (3) separates from active service and membership ~~before reaching age 50 or the~~
101.24 ~~minimum age for retirement and commencement of a service pension specified in the~~
101.25 ~~bylaws governing the relief association if that age is greater than age 50.~~ The requirement
101.26 that a member separate from active service and membership is waived for persons who
101.27 have discontinued their volunteer firefighter duties and who are employed on a full-time
101.28 basis under section 424A.015, subdivision 1.

101.29 (b) The deferred service pension is payable when the former member reaches
101.30 at least age 50, or at least the minimum age specified in the bylaws governing the relief
101.31 association if that age is greater than age 50, and when the former member makes a valid
101.32 written application.

101.33 (c) A defined benefit relief association that provides a lump-sum service pension
101.34 governed by subdivision 3 may, when its governing bylaws so provide, pay interest on the

102.1 deferred lump-sum service pension during the period of deferral. If provided for in the
102.2 bylaws, interest must be paid in one of the following manners:

102.3 (1) at the investment performance rate actually earned on that portion of the assets
102.4 if the deferred benefit amount is invested by the relief association in a separate account
102.5 established and maintained by the relief association ~~or~~;

102.6 (2) at the investment performance rate actually earned on that portion of the assets
102.7 if the deferred benefit amount is invested in a separate investment vehicle held by the
102.8 relief association; or

102.9 ~~(2)~~ (3) at an interest rate of up to five percent, compounded annually, as set by the
102.10 board of directors and approved as provided in subdivision 10.

102.11 (d) Interest under paragraph (c), clause ~~(2)~~ (3), is payable following the date on
102.12 which the municipality has approved the deferred service pension interest rate established
102.13 by the board of trustees.

102.14 (e) Unless the bylaws of a relief association that has elected to pay interest or
102.15 additional investment performance on deferred lump-sum service pensions under
102.16 paragraph (c) specifies a different interest or additional investment performance method,
102.17 including the interest or additional investment performance period starting date and ending
102.18 date, the interest or additional investment performance on a deferred service pension
102.19 is creditable as follows:

102.20 (1) for a relief association that has elected to pay interest or additional investment
102.21 performance under paragraph (c), clause (1) or (3), beginning on the date that the
102.22 member separates from active service and membership and ending on the accounting
102.23 date immediately before the deferred member commences receipt of the deferred service
102.24 pension; or

102.25 (2) for a relief association that has elected to pay interest or additional investment
102.26 performance under paragraph (c), clause (2), beginning on the date that the member
102.27 separates from active service and membership and ending on the date that the separate
102.28 investment vehicle is valued immediately before the date on which the deferred member
102.29 commences receipt of the deferred service pension.

102.30 (f) For a deferred service pension that is transferred to a separate account established
102.31 and maintained by the relief association or separate investment vehicle held by the relief
102.32 association, the deferred member bears the full investment risk subsequent to transfer and
102.33 in calculating the accrued liability of the volunteer firefighters relief association that pays
102.34 a lump-sum service pension, the accrued liability for deferred service pensions is equal
102.35 to the separate relief association account balance or the fair market value of the separate
102.36 investment vehicle held by the relief association.

103.1 ~~(f)~~ (g) The deferred service pension is governed by and must be calculated under
103.2 the general statute, special law, relief association articles of incorporation, and relief
103.3 association bylaw provisions applicable on the date on which the member separated from
103.4 active service with the fire department and active membership in the relief association.

103.5 **EFFECTIVE DATE.** (a) This section is effective January 1, 2013.

103.6 (b) This section applies only to persons becoming deferred service pensioners after
103.7 January 1, 2013.

103.8 Sec. 15. Minnesota Statutes 2010, section 424A.02, subdivision 9, is amended to read:

103.9 Subd. 9. **Limitation on ancillary benefits.** A defined benefit relief association,
103.10 including any volunteer firefighters relief association governed by section 69.77 or any
103.11 volunteer firefighters division of a relief association governed by chapter 424, may only
103.12 pay ancillary benefits which would constitute an authorized disbursement as specified in
103.13 section 424A.05 subject to the following requirements or limitations:

103.14 (1) with respect to a defined benefit relief association in which governing bylaws
103.15 provide solely for a lump-sum service pension to a retiring member, or provide a retiring
103.16 member the choice of either a lump-sum service pension or a monthly service pension
103.17 and the lump-sum service pension was chosen, no ancillary benefit may be paid to any
103.18 former member or paid to any person on behalf of any former member after the former
103.19 member (i) terminates active service with the fire department and active membership
103.20 in the relief association; and (ii) commences receipt of a service pension as authorized
103.21 under this section; and

103.22 (2) with respect to any defined benefit relief association, no ancillary benefit paid or
103.23 payable to any member, to any former member, or to any person on behalf of any member
103.24 or former member, may exceed in amount the total earned service pension of the member
103.25 or former member. The total earned service pension must be calculated by multiplying
103.26 the service pension amount specified in the bylaws of the relief association at the time of
103.27 death or disability, whichever applies, by the years of service credited to the member or
103.28 former member. The years of service must be determined as of (i) the date the member or
103.29 former member became entitled to the ancillary benefit; or (ii) the date the member or
103.30 former member died entitling a survivor or the estate of the member or former member to
103.31 an ancillary benefit. The ancillary benefit must be calculated without regard to whether the
103.32 member had attained the minimum amount of service and membership credit specified in
103.33 the governing bylaws. For active members, the amount of a permanent disability benefit
103.34 or a survivor benefit must be equal to the member's total earned service pension except
103.35 that the bylaws of a defined benefit relief association may provide for the payment of a

104.1 survivor benefit in an amount not to exceed five times the yearly service pension amount
104.2 specified in the bylaws on behalf of any member who dies before having performed five
104.3 years of active service in the fire department with which the relief association is affiliated.

104.4 (3)(i) If a lump sum survivor or death benefit is payable under the articles of
104.5 incorporation or bylaws, the benefit must be paid:

104.6 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

104.7 (B) as a survivor benefit to the surviving children of the deceased firefighter if
104.8 no surviving spouse;

104.9 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
104.10 surviving spouse or surviving children; or

104.11 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
104.12 surviving children and no beneficiary designated.

104.13 (ii) If there are no surviving children, the surviving spouse may waive, in writing,
104.14 wholly or partially, the spouse's entitlement to a survivor benefit.

104.15 (4)(i) If a monthly benefit survivor or death benefit is payable under the articles of
104.16 incorporation or bylaws, the benefit must be paid:

104.17 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

104.18 (B) as a survivor benefit to the surviving children of the deceased firefighter if
104.19 no surviving spouse;

104.20 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
104.21 surviving spouse or surviving children; or

104.22 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
104.23 surviving spouse, no surviving children, and no beneficiary designated.

104.24 (ii) If there are no surviving children, the surviving spouse may waive, in writing,
104.25 wholly or partially, the spouse's entitlement to a survivor benefit.

104.26 (iii) For purposes of this clause, if the relief association bylaws authorize a monthly
104.27 survivor benefit payable to a designated beneficiary, the relief association bylaws may
104.28 limit the total survivor benefit amount payable.

104.29 (5) For purposes of this section, for a monthly benefit volunteer fire relief association
104.30 or for a combination lump-sum and monthly benefit volunteer fire relief association where
104.31 a monthly benefit service pension has been elected by or a monthly benefit is payable with
104.32 respect to a firefighter, a designated beneficiary must be a natural person. For purposes
104.33 of this section, for a lump-sum volunteer fire relief association or for a combination
104.34 lump-sum and monthly benefit volunteer fire relief association where a lump-sum service
104.35 pension has been elected by or a lump-sum benefit is payable with respect to a firefighter,
104.36 a trust created under chapter 501B may be a designated beneficiary. If a trust is payable to

105.1 the surviving children organized under chapter 501B as authorized by this section and
 105.2 there is no surviving spouse, the survivor benefit may be paid to the trust, notwithstanding
 105.3 a requirement of this section to the contrary.

105.4 **EFFECTIVE DATE.** This section is effective January 1, 2013.

105.5 Sec. 16. Minnesota Statutes 2010, section 424A.04, subdivision 3, is amended to read:

105.6 Subd. 3. **Conditions on relief association consultants.** (a) If a volunteer firefighter
 105.7 relief association employs or contracts with a consultant to provide legal or financial
 105.8 advice, the secretary of the relief association shall obtain and the consultant shall provide
 105.9 to the secretary of the relief association a copy of the consultant's certificate of insurance.

105.10 (b) A consultant is any person who is employed under contract to provide legal or
 105.11 financial advice and who is or who represents to the volunteer firefighter relief association
 105.12 that the person is:

- 105.13 (1) an actuary;
- 105.14 (2) ~~a licensed public accountant~~ or a certified public accountant;
- 105.15 (3) an attorney;
- 105.16 (4) an investment advisor or manager, or an investment counselor;
- 105.17 (5) an investment advisor or manager selection consultant;
- 105.18 (6) a pension benefit design advisor or consultant; or
- 105.19 (7) any other financial consultant.

105.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

105.21 Sec. 17. Minnesota Statutes 2010, section 424A.06, subdivision 2, is amended to read:

105.22 Subd. 2. **General fund assets and revenues.** ~~To~~ (a) The general fund, if established,
 105.23 must be credited with the following:

- 105.24 (1) all moneys money received from dues; other than dues payable as contributions
 105.25 under the bylaws of the relief association to the special fund;
- 105.26 (2) all money received from fines;
- 105.27 (3) all money received from initiation fees;
- 105.28 (4) all money received as entertainment revenues; and
- 105.29 (5) any moneys money or property donated, given, granted or devised by any
 105.30 person, either for the support of the general fund of the relief association or for unspecified
 105.31 uses purposes.

105.32 (b) The treasurer of the relief association is the custodian of the assets of the general
 105.33 fund and must be the recipient on behalf of the general fund of all revenues payable to the

106.1 general fund. The treasurer shall maintain adequate records documenting any transaction
106.2 involving the assets or the revenues of the general fund. These records must be open for
106.3 inspection by any member of the relief association at reasonable times and places.

106.4 **EFFECTIVE DATE.** This section is effective July 1, 2012.

106.5 **ARTICLE 13**

106.6 **SMALL GROUP OR ONE PERSON RETIREMENT PROVISIONS**

106.7 Section 1. Minnesota Statutes 2011 Supplement, section 353.01, subdivision 2a,
106.8 is amended to read:

106.9 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees
106.10 whose salary exceeds \$425 in any month and who are not specifically excluded under
106.11 subdivision 2b or who have not been provided an option to participate under subdivision
106.12 2d, whether individually or by action of the governmental subdivision, must participate as
106.13 members of the association with retirement coverage by the general employees retirement
106.14 plan under this chapter, the public employees police and fire retirement plan under this
106.15 chapter, or the local government correctional employees retirement plan under chapter
106.16 353E, whichever applies. Membership commences as a condition of their employment on
106.17 the first day of their employment or on the first day that the eligibility criteria are met,
106.18 whichever is later. Public employees include but are not limited to:

106.19 (1) persons whose salary meets the threshold in this paragraph from employment in
106.20 one or more positions within one governmental subdivision;

106.21 (2) elected county sheriffs;

106.22 (3) persons who are appointed, employed, or contracted to perform governmental
106.23 functions that by law or local ordinance are required of a public officer, including, but
106.24 not limited to:

106.25 (i) town and city clerk or treasurer;

106.26 (ii) county auditor, treasurer, or recorder;

106.27 (iii) city manager as defined in section 353.028 who does not exercise the option
106.28 provided under subdivision 2d; or

106.29 (iv) emergency management director, as provided under section 12.25;

106.30 (4) physicians under section 353D.01, subdivision 2, who do not elect public
106.31 employees defined contribution plan coverage under section 353D.02, subdivision 2;

106.32 (5) full-time employees of the Dakota County Agricultural Society;

106.33 (6) employees of the Minneapolis Firefighters Relief Association or Minneapolis
106.34 Police Relief Association who are not excluded employees under subdivision 2b due

107.1 to coverage by the relief association pension plan and who elected general employee
 107.2 retirement plan coverage before August 20, 2009; ~~and~~

107.3 (7) employees of the Red Wing Port Authority who were first employed by the
 107.4 Red Wing Port Authority before May 1, 2011, and who are not excluded employees
 107.5 under subdivision 2b; and

107.6 (8) employees of the Seaway Port Authority of Duluth who are not excluded
 107.7 employees under subdivision 2b.

107.8 (b) A public employee or elected official who was a member of the association on
 107.9 June 30, 2002, based on employment that qualified for membership coverage by the public
 107.10 employees retirement plan or the public employees police and fire plan under this chapter,
 107.11 or the local government correctional employees retirement plan under chapter 353E as of
 107.12 June 30, 2002, retains that membership for the duration of the person's employment in that
 107.13 position or incumbency in elected office. Except as provided in subdivision 28, the person
 107.14 shall participate as a member until the employee or elected official terminates public
 107.15 employment under subdivision 11a or terminates membership under subdivision 11b.

107.16 (c) If the salary of an included public employee is less than \$425 in any subsequent
 107.17 month, the member retains membership eligibility.

107.18 (d) For the purpose of participation in the MERF division of the general employees
 107.19 retirement plan, public employees include employees who were members of the former
 107.20 Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as
 107.21 members of the MERF division of the association.

107.22 **EFFECTIVE DATE.** (a) This section is effective the day after the board of
 107.23 commissioners of the Seaway Port Authority of Duluth and its chief clerical officer timely
 107.24 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

107.25 (b) Authority of the Seaway Port Authority of Duluth to approve this section expires
 107.26 on June 30, 2012.

107.27 Sec. 2. Minnesota Statutes 2011 Supplement, section 353.01, subdivision 6, is
 107.28 amended to read:

107.29 Subd. 6. **Governmental subdivision.** (a) "Governmental subdivision" means a
 107.30 county, city, town, school district within this state, or a department, unit or instrumentality
 107.31 of state or local government, or any public body established under state or local
 107.32 authority that has a governmental purpose, is under public control, is responsible for the
 107.33 employment and payment of the salaries of employees of the entity, and receives a major
 107.34 portion of its revenues from taxation, fees, assessments or from other public sources.

108.1 (b) Governmental subdivision also means the Public Employees Retirement
108.2 Association, the League of Minnesota Cities, the Association of Metropolitan
108.3 Municipalities, charter schools formed under section 124D.10, service cooperatives
108.4 exercising retirement plan participation under section 123A.21, subdivision 5, joint powers
108.5 boards organized under section 471.59, subdivision 11, paragraph (a), family service
108.6 collaboratives and children's mental health collaboratives organized under section 471.59,
108.7 subdivision 11, paragraph (b) or (c), provided that the entities creating the collaboratives
108.8 are governmental units that otherwise qualify for retirement plan membership, public
108.9 hospitals owned or operated by, or an integral part of, a governmental subdivision or
108.10 governmental subdivisions, the Association of Minnesota Counties, the Minnesota
108.11 Inter-county Association, the Minnesota Municipal Utilities Association, the Metropolitan
108.12 Airports Commission, the University of Minnesota with respect to police officers covered
108.13 by the public employees police and fire retirement plan, the Minneapolis Employees
108.14 Retirement Fund for employment initially commenced after June 30, 1979, the Range
108.15 Association of Municipalities and Schools, soil and water conservation districts, economic
108.16 development authorities created or operating under sections 469.090 to 469.108, the Port
108.17 Authority of the city of St. Paul, the Seaway Port Authority of Duluth, the Red Wing
108.18 Port Authority, the Spring Lake Park Fire Department, incorporated, the Lake Johanna
108.19 Volunteer Fire Department, incorporated, the Red Wing Environmental Learning Center,
108.20 the Dakota County Agricultural Society, Hennepin Healthcare System, Inc., and the
108.21 Minneapolis Firefighters Relief Association and Minneapolis Police Relief Association
108.22 with respect to staff covered by the Public Employees Retirement Association general plan.

108.23 (c) Governmental subdivision does not mean any municipal housing and
108.24 redevelopment authority organized under the provisions of sections 469.001 to 469.047;
108.25 or any port authority organized under sections 469.048 to 469.089 other than the Port
108.26 Authority of the city of St. Paul or the Seaway Port Authority of Duluth and other than
108.27 the Red Wing Port Authority; or any hospital district organized or reorganized prior to
108.28 July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; or the board
108.29 of a family service collaborative or children's mental health collaborative organized
108.30 under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled
108.31 by representatives of governmental units.

108.32 (d) A nonprofit corporation governed by chapter 317A or organized under Internal
108.33 Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a
108.34 governmental subdivision unless the entity has obtained a written advisory opinion from
108.35 the United States Department of Labor or a ruling from the Internal Revenue Service
108.36 declaring the entity to be an instrumentality of the state so as to provide that any future

109.1 contributions by the entity on behalf of its employees are contributions to a governmental
109.2 plan within the meaning of Internal Revenue Code, section 414(d).

109.3 (e) A public body created by state or local authority may request membership on
109.4 behalf of its employees by providing sufficient evidence that it meets the requirements in
109.5 paragraph (a).

109.6 (f) An entity determined to be a governmental subdivision is subject to the reporting
109.7 requirements of this chapter upon receipt of a written notice of eligibility from the
109.8 association.

109.9 **EFFECTIVE DATE.** (a) This section is effective the day after the board of
109.10 commissioners of the Seaway Port Authority of Duluth and its chief clerical officer timely
109.11 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

109.12 (b) Authority of the Seaway Port Authority of Duluth to approve this section expires
109.13 on June 30, 2012.

109.14 Sec. 3. **PERA-GENERAL; PRIOR SEAWAY PORT AUTHORITY OF DULUTH**
109.15 **SERVICE CREDIT TRANSFER.**

109.16 Subdivision 1. PERA-general coverage. Employees of the Seaway Port Authority
109.17 of Duluth on July 1, 2012, are public employees within the meaning of Minnesota
109.18 Statutes, section 353.01, subdivisions 2 and 2a, and are members of the general employees
109.19 retirement plan of the Public Employees Retirement Association as of that date.

109.20 Subd. 2. Service and salary credit for prior Seaway Port Authority of Duluth
109.21 **employment.** (a) Any employee of the Seaway Port Authority of Duluth on the effective
109.22 date of this section is eligible, on or after July 1, 2012, to transfer to the general employees
109.23 retirement plan of the Public Employees Retirement Association prior service credit
109.24 rendered in the employ of the Seaway Port Authority of Duluth as allowable service
109.25 credit, but not to exceed the maximum set forth in paragraph (c), and prior salary received
109.26 from employment by the Seaway Port Authority of Duluth as salary credit as provided in
109.27 paragraph (b).

109.28 (b) The amount of allowable service and salary credit to be transferred to the general
109.29 employees retirement plan for prior Seaway Port Authority of Duluth employment is that
109.30 portion of the total prior Seaway Port Authority of Duluth employment that bears the same
109.31 relationship that the assets transferred to the general employees retirement fund with
109.32 respect to each applicable person bear to the full actuarial value of the benefit attributable
109.33 to the prior service and salary under Minnesota Statutes, chapters 353 and 356. The full
109.34 actuarial value of the benefit attributable to the prior service under Minnesota Statutes,
109.35 chapters 353 and 356, is as provided in Minnesota Statutes, section 356.551. The assets

110.1 transferred with respect to each applicable person is the person's account balance in the
110.2 Seaway Port Authority of Duluth section 401(a) federal Internal Revenue Code retirement
110.3 plan, the person's account balance in a section 457 federal Internal Revenue Code deferred
110.4 compensation plan, the person's share of any purchase payment amounts that the Seaway
110.5 Port Authority of Duluth irrevocably commits to contribute to the general employees
110.6 retirement fund, and any purchase payment amount contributed by the applicable person
110.7 to the general employees retirement fund. Any amounts from the section 401(a) federal
110.8 Internal Revenue Code retirement plan, the section 457 federal Internal Revenue Code
110.9 deferred compensation plan, or from a purchase payment amount provided by the Seaway
110.10 Port Authority of Duluth must be made on an institution-to-institution basis.

110.11 (c) If the assets transferred with respect to an applicable person under paragraph (b)
110.12 are less than the full actuarial value of the benefit attributable to the prior service under
110.13 Minnesota Statutes, section 356.551, as of the date of the asset transfer, the untransferred
110.14 balance of the prior service and salary may be purchased on June 30, 2014, by the
110.15 applicable person or a combination of the applicable person and the Seaway Port Authority
110.16 of Duluth by the payment of the balance of the full actuarial value payment amount under
110.17 Minnesota Statutes, section 356.551, plus compound interest at the rate of 0.71 percent per
110.18 month between the transfer date under paragraph (b) until June 30, 2014. No applicable
110.19 person may purchase more allowable service and salary credit from the general employees
110.20 retirement plan of the Public Employees Retirement Association than the person's period
110.21 of employment by the Seaway Port Authority of Duluth rendered before the effective date
110.22 of this section if the employment would have been eligible service and salary for general
110.23 employees retirement plan coverage if the service had been rendered or salary received
110.24 after the effective date of this section.

110.25 (d) An applicable person must provide any documentation related to eligibility
110.26 under the general employees retirement plan that is required by the executive director.
110.27 Allowable service and salary credit for any period must be transferred and recognized
110.28 by the general employees retirement plan for an applicable person upon receipt of the
110.29 associated transferred assets.

110.30 (e) Transferred service and salary credit related to the Seaway Port Authority of
110.31 Duluth before July 1, 1989, does not make a person eligible for a retirement annuity under
110.32 Minnesota Statutes, section 353.30, subdivision 1a.

110.33 (f) Authority to have service and salary credit transferred under this section expires
110.34 on July 1, 2013, or on the date that the applicable person terminates employment by the
110.35 Seaway Port Authority of Duluth, whichever is earlier.

111.1 Subd. 3. Status of service transfer amounts. Notwithstanding any provision of
111.2 Minnesota Statutes, section 353.32, 353.34, or 353.35, to the contrary, amounts transferred
111.3 to the general employees retirement fund of the Public Employees Retirement Association
111.4 under subdivision 2 must be considered to be an accumulated member contribution
111.5 deduction.

111.6 **EFFECTIVE DATE.** (a) This section is effective the day after the board of
111.7 commissioners of the Seaway Port Authority of Duluth and its chief clerical officer timely
111.8 complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

111.9 (b) Authority of the Seaway Port Authority of Duluth to approve this section expires
111.10 on June 30, 2012.

111.11 Sec. 4. **TEACHERS RETIREMENT ASSOCIATION; COVERAGE ELECTION**
111.12 **FOR CERTAIN MNSCU FACULTY MEMBER.**

111.13 (a) Notwithstanding any provision to the contrary in Minnesota Statutes, chapter
111.14 354B, an eligible person described in paragraph (b) may elect prospective and retroactive
111.15 retirement coverage under paragraph (c).

111.16 (b) An eligible person is a person who:

111.17 (1) was born on February 2, 1978;

111.18 (2) was initially employed by the Minnesota State Colleges and Universities system
111.19 on a part-time basis at Metropolitan State University on August 27, 2005;

111.20 (3) was also additionally employed within the Minnesota State Colleges and
111.21 Universities system at Inver Hills Community College and St. Paul College; and

111.22 (4) was covered by the higher education individual retirement account plan because
111.23 of a failure of Metropolitan State University to advise the eligible person about the
111.24 optional election and default retirement coverage provisions of Minnesota Statutes, section
111.25 354B.21, subdivisions 2 and 3.

111.26 (c) An eligible person may elect retirement coverage by the Teachers Retirement
111.27 Association rather than the higher education individual retirement account plan for faculty
111.28 employment rendered after the date of the retirement coverage election under this section
111.29 and for past Minnesota State Colleges and Universities system faculty employment from
111.30 August 27, 2005, until the date of the retirement coverage election. The election must
111.31 be made in writing, must be filed with the executive director of the Teachers Retirement
111.32 Association, and must be accompanied with any relevant documentation required by the
111.33 executive director of the Teachers Retirement Association.

111.34 (d) If an eligible person makes the retirement coverage election under paragraph (c),
111.35 the eligible person's member contributions to the higher education individual retirement

112.1 account plan must be transferred to the Teachers Retirement Association, with any earned
112.2 investment returns on those contributions. If the transferred member contributions and
112.3 investment earnings are less than the calculated amount of the member contribution that
112.4 the eligible person would have made to the Teachers Retirement Association on the
112.5 eligible person's compensation from the Minnesota State Colleges and Universities system
112.6 for the period from August 27, 2005, to the date of the retirement coverage election, if
112.7 the person had been covered by the Teachers Retirement Association during the period,
112.8 plus annual compound interest at the rate of 8.5 percent, the eligible person shall pay the
112.9 balance of that calculated member contribution obligation within 30 days of the retirement
112.10 coverage election. Any payment may be made through an institution-to-institution transfer
112.11 from the eligible person's account in the Minnesota state deferred compensation program
112.12 or the eligible person's tax-sheltered savings account under section 403(b) of the federal
112.13 Internal Revenue Code.

112.14 (e) Upon the transfer of the equivalent member contribution amount and any
112.15 additional payments under paragraph (d), the balance of the eligible person's higher
112.16 education individual retirement account plan account must be transferred to the Teachers
112.17 Retirement Association. If the amounts under paragraph (d) and the higher education
112.18 individual retirement account plan account balance under this paragraph are less than
112.19 the prior service credit purchase payment amount calculated under Minnesota Statutes,
112.20 section 356.551, the Minnesota State Colleges and Universities system shall pay that
112.21 difference within 60 days of the retirement coverage election date.

112.22 (f) Upon the transfers and payments under paragraphs (d) and (e), the eligible person
112.23 must be credited by the Teachers Retirement Association with allowable and formula
112.24 service for Minnesota State Colleges and Universities system employment since August
112.25 27, 2005.

112.26 (g) The authority to make a retirement coverage election under this section expires
112.27 on January 1, 2013.

112.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

112.29 **Sec. 5. SERVICE CREDIT PURCHASE AUTHORIZATION FOR**
112.30 **UNCREDITED PRIOR PUBLIC EMPLOYMENT.**

112.31 (a) An eligible person described in paragraph (b) is entitled to purchase allowable
112.32 service in the general employees retirement plan of the Public Employees Retirement
112.33 Association under Minnesota Statutes, section 353.01, subdivision 16, for the period
112.34 described in paragraph (c) upon the payment of the purchase requirement specified in
112.35 paragraph (e).

113.1 (b) An eligible person is a person who:

113.2 (1) was born on September 10, 1949;

113.3 (2) was first employed by Crookston Township on July 1, 1990;

113.4 (3) was enrolled in the general employees retirement plan of the Public Employees

113.5 Retirement Association on September 15, 2010; and

113.6 (4) had omitted deductions paid for allowable service for Crookston Township

113.7 back to January 1, 2007.

113.8 (c) The period of prior service credit available for purchase is the period of

113.9 Crookston Township employment from July 1, 1990, to December 31, 2006, if the service

113.10 was not that of an independent contractor and the compensation for the service met or

113.11 exceeded the applicable minimum monthly salary threshold amount for plan coverage.

113.12 (d) The eligible person must apply with the executive director of the Public

113.13 Employees Retirement Association to make the service credit purchase under this section.

113.14 The application must be in writing and must include all necessary relevant documentation

113.15 that the executive director may require.

113.16 (e) Allowable service credit under Minnesota Statutes, section 353.01, subdivision

113.17 16, must be granted by the general employees retirement plan of the Public Employees

113.18 Retirement Association to the eligible person in proportion to the portion of the prior

113.19 service credit purchase payment amount bears to the total prior service credit purchase

113.20 payment amount required under Minnesota Statutes, section 356.551. Of the total prior

113.21 service credit purchase payment amount under Minnesota Statutes, section 356.551, the

113.22 eligible person must pay a total amount equal to the employee contribution rates in effect

113.23 during the uncredited employment period applied to the actual salary rates of the eligible

113.24 person during the period. If the eligible person begins to make the payment, Crookston

113.25 Township shall pay the remainder of the total prior service credit purchase payment

113.26 amount calculated under Minnesota Statutes, section 356.551. The executive director of

113.27 the Public Employees Retirement Association shall notify the treasurer of Crookston

113.28 Township that the member has begun paying the member contribution amount within 60

113.29 days of the receipt of that payment. If Crookston Township fails to pay its portion of the

113.30 prior service credit purchase payment amount under this section, the executive director

113.31 of the Public Employees Retirement Association shall collect the unpaid amount under

113.32 Minnesota Statutes, section 353.28, subdivision 6, paragraph (a). The eligible person

113.33 and Crookston Township may make monthly or quarterly installment payments of their

113.34 purchase payment portions, with interest on the remaining balance of the portion at an 8.5

113.35 percent annual compounded rate.

114.1 (f) Authority for an eligible person and Crookston Township to make prior service
114.2 credit purchase installment payments under this section expires on June 30, 2017, or upon
114.3 the eligible person's termination of employment by Crookston Township, whereupon any
114.4 unpaid installments are due in a lump sum.

114.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

114.6 Sec. 6. **PERA-P&F; LATE RETROACTIVE DUTY DISABILITY BENEFIT**
114.7 **APPLICATION AUTHORIZED.**

114.8 (a) Notwithstanding any provision of Minnesota Statutes, section 353.031 or
114.9 353.656 to the contrary, an eligible person described in paragraph (b) is authorized to file,
114.10 on behalf of the deceased eligible person's spouse, an application for a disability benefit
114.11 from the public employees police and fire retirement plan retroactive to the date of the
114.12 duty disability injury.

114.13 (b) An eligible person is the surviving spouse of a person who:

114.14 (1) was born on February 9, 1983;

114.15 (2) was initially employed as a deputy sheriff by Mahnomen County on May 9, 2005;

114.16 (3) suffered two gunshot wounds while investigating a report of gunfire in

114.17 Mahnomen on February 18, 2009, including one gunshot wound to the head; and

114.18 (4) after periods at a rehabilitation hospital and at a hospice facility, died as a result
114.19 of the wounds and accompanying complications on August 9, 2010.

114.20 (c) If the eligible person files the disability benefit application under paragraph (a)
114.21 and if the late Mahnomen County deputy sheriff described in paragraph (b) is determined
114.22 by the Public Employees Retirement Association as being disabled while in the line of
114.23 duty, the eligible person is entitled to receive payment of the duty disability benefits that
114.24 would have been paid before August 10, 2010, to the late Mahnomen County deputy
114.25 described in paragraph (b) under Minnesota Statutes, section 353.656, subdivision 1a, if
114.26 a disability benefit application had been filed in a timely manner on or after February
114.27 18, 2009.

114.28 (d) The authority to file a disability benefit application under paragraph (a) expires
114.29 on July 1, 2013.

114.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

APPENDIX
Article locations in H2199-2

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ARTICLE 2	CONTRIBUTION ADEQUACY REPORTING	Page.Ln 15.19
ARTICLE 3	MSRS-CORRECTIONAL PLAN MEMBERSHIP CHANGES	Page.Ln 17.14
ARTICLE 4	HEALTH CARE SAVINGS PLAN MODIFICATIONS	Page.Ln 21.27
ARTICLE 5	MSRS-UNCLASSIFIED RETIREMENT PROGRAM MODIFICATIONS	Page.Ln 23.15
ARTICLE 6	PERA-ADMINISTERED RETIREMENT PLAN MODIFICATIONS	Page.Ln 24.25
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ARTICLE 9	FEDERAL INTERNAL REVENUE CODE CONFORMITY PROVISIONS	Page.Ln 47.1
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ARTICLE 12	VOLUNTEER FIRE RETIREMENT CHANGES	Page.Ln 84.30
ARTICLE 13	SMALL GROUP OR ONE PERSON RETIREMENT PROVISIONS	Page.Ln 106.5

128D.18 AID REDEDICATION.

Notwithstanding any law to the contrary and subject to section 354A.12, subdivision 3c, special direct state aid previously paid to the Minneapolis Teachers Retirement Fund Association under sections 354A.12, subdivisions 3a and 3b, and 423A.02, must be paid to the Teachers Retirement Association.

354A.12 CONTRIBUTIONS BY EMPLOYEE AND EMPLOYER.

Subd. 3b. **Special direct state matching aid to Teachers Retirement Association.** (a) Special School District No. 1 must make an additional employer contribution to the Teachers Retirement Fund Association. The city of Minneapolis must make a contribution to the Teachers Retirement Association. This contribution must be made by a levy of the board of estimate and taxation of the city of Minneapolis and the levy, if made, is classified as that of a special taxing district for purposes of sections 275.065 and 276.04, and for all other property tax purposes.

(b) \$1,250,000 must be contributed by Special School District No. 1 and \$1,250,000 must be contributed by the city of Minneapolis to the Teachers Retirement Association under paragraph (a), and the state shall pay to the Teachers Retirement Association \$2,500,000 each fiscal year. The superintendent of Special School District No. 1, the mayor of the city of Minneapolis, and the executive director of the Teachers Retirement Association shall jointly certify to the commissioner of management and budget the total amount that has been contributed by Special School District No. 1 and by the city of Minneapolis to the Teachers Retirement Association. Any certification to the commissioner of education must be made quarterly. If the total certifications for a fiscal year exceed the maximum annual direct state matching aid amount in any quarter, the amount of direct state matching aid payable to the Teachers Retirement Association must be limited to the balance of the maximum annual direct state matching aid amount available. The amount required under this paragraph, subject to the maximum direct state matching aid amount, is appropriated annually to the commissioner of management and budget.

(c) The commissioner of management and budget may prescribe the form of the certifications required under paragraph (b).

356.219 DISCLOSURE OF PUBLIC PENSION PLAN INVESTMENT PORTFOLIO AND PERFORMANCE INFORMATION.

Subd. 4. **Alternative reporting; certain plans.** In lieu of requirements in subdivision 3, the applicable administration for the individual retirement account plans under chapters 354B and 354D and for the University of Minnesota faculty retirement plan shall submit computed time-weighted rates of return to the Office of the State Auditor. These time-weighted rates of return must cover the most recent complete calendar year, and must be computed separately for each investment option available to plan members. To the extent feasible, the returns must be computed net of all investment costs, fees, and charges, so that the computed return reflects the net time-weighted return available to the investor. If this is not practical, the existence of any remaining investment cost, fee, or charge which could further lower the net return must be disclosed. The procedures used to compute the returns must be consistent with Bank Administration Institute studies of investment performance measurement and Association for Investment Management and Research presentation standards, or, if applicable, Securities Exchange Commission requirements. The individual who computes the returns must certify that the supplied returns comply with this subdivision. The applicable plan administrator must also submit, with the return information, the total amounts invested by the plan members, in aggregate, in each investment option as of the last day of the calendar year.

423A.06 MINIMUM DISABILITY BENEFIT COVERAGE FOR CERTAIN POLICE OFFICERS AND FIREFIGHTERS.

Subdivision 1. **Disability benefit coverage.** Notwithstanding any provision of law, municipal charter, municipal ordinance, municipal resolution, relief association articles of incorporation or relief association bylaws to the contrary, any person who is a member of a covered local police or salaried firefighters' relief association enumerated in subdivision 3 where the governing body of the appropriate municipality has approved the modification in the benefit plan of the relief association and who becomes disabled in the line of duty, or not in the line of duty, if the benefit is subject to the provisions of this section as specified in subdivision 3, as that disability is defined in and as that disability is determined pursuant to the statute, special law,

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articles of incorporation or bylaws governing the relief association, shall be entitled to a disability benefit calculated pursuant to subdivision 2.

Subd. 2. **Disability benefit amount.** The amount of the monthly disability benefit shall be equal to 40 percent of the salary payable by the municipality on the date of disability to a top grade patrol officer or a top grade firefighter, whichever is applicable. If the service pension payable to retiring members by the relief association is subject to annual automatic postretirement adjustments or is in any fashion escalated, the disability benefit shall also be adjusted or escalated in the same manner, at the same times, and in the same amounts as service pensions are adjusted or escalated.

Subd. 3. **Covered relief associations and covered type of disability benefit.** The provisions of this section shall apply to the active members of a local police or salaried firefighters' relief association contained in the following enumeration of covered relief associations if the governing body of the applicable municipality approves the modification in the benefit plan of the relief association specified in this section following consideration of an actuarial valuation which is, or an actuarial estimate based on the most recent actuarial valuation which was, prepared in accordance with sections 356.215 and 356.216, based on the benefit plan of the appropriate local relief association including the modification provided for in this subdivision and files a resolution indicating approval of the modification in the benefit plan with the secretary of state, the commissioner of commerce, and the executive director of the legislative commission on pensions and retirement on or before the first day of the tenth full month following March 24, 1982, and shall apply to the type or types of disability benefit coverage indicated:

- (1) Chisholm Firefighters' Relief Association, disability not in the line of duty benefit;
- (2) Crookston Firefighters' Relief Association, disability not in the line of duty benefit;
- (3) Fairmont Police Relief Association, disability in the line of duty benefit and disability not in the line of duty benefit;
- (4) Hibbing Firefighters' Relief Association, disability in the line of duty benefit and disability not in the line of duty benefit;
- (5) Hibbing Police Relief Association, disability in the line of duty benefit and disability not in the line of duty benefit;
- (6) Virginia Police Relief Association, disability in the line of duty benefit and disability not in the line of duty benefit; and
- (7) West St. Paul Police Relief Association, disability in the line of duty benefit and disability not in the line of duty benefit.