



H.F. 3021/xxxx
(Juhnke)

S.F. xxxx/2855
(Gimse)

Executive Summary of Commission Staff Materials

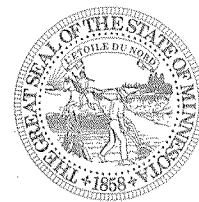
Affected Pension Plan(s): PERA Privatization Chapter
Relevant Provisions of Law: Minnesota Statutes, Section 353F.02, Subdivision 4
General Nature of Proposal: Add certain departments at Rice Memorial Hospital to PERA privatization chapter
Date of Summary: February 29, 2008

Specific Proposed Changes

- Extend privatization chapter provisions to privatized employees of the Rice Memorial Hospital departments of radiology & radiation/oncology.

Policy Issues Raised by the Proposed Legislation

1. Consistency with established policy.
2. Implications of privatization model.
3. Local support.



TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Ed Burek, Deputy Director *EB*

RE: H.F. 3021 (Juhnke); S.F. xxxx; and H.F. xxxx; S.F. 2855 (Gimse): Adding Employees of the Rice Memorial Hospital Radiology and Radiation/Oncology Departments to the PERA Privatized Employee Chapter

DATE: February 29, 2008

Summary of H.F. 3021 (Juhnke); S.F. xxxx; H.F. xxxx; S.F. 2855 (Gimse)

H.F. 3021 (Juhnke); S.F. xxxx; and H.F. xxxx; S.F. 2855 (Gimse), which are identical bills although not introduced as companions, would include employees of the Rice Memorial Hospital Radiology Department and Radiation/Oncology Department under the Public Employees Retirement Association (PERA) privatization chapter (Minnesota Statutes, Chapter 353F), if those departments are privatized. The provision requires local approval and an actuarial review finding that the bill does not create an actuarial loss for the General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General). The date of the required actuarial cost analysis must be within one year of the date that the departments are sold or leased. The current employer or new employer must cover the cost of the actuarial study necessary to make that determination.

Current Employment Situation of the Rice Memorial Hospital Radiology and Radiation/Oncology Departments

Rice Memorial Hospital is owned by the city of Willmar. The proposed privatization involves the Department of Radiology and the Radiation/Oncology Department. These departments are being combined in a for-profit venture with Affiliated Community Medical Centers in Willmar. The name of the joint venture will be Willmar Medical Services, LLP. There are 42 employees in these departments who currently are public employees covered by PERA-General. When that limited liability partnership is created, the employees will no longer be public employees, and therefore will not be eligible for continued active PERA-General coverage. The employees in other departments of the hospital are not impacted by this for-profit venture and their existing retirement plan coverage will not be impacted.

PERA-General is a public defined benefit retirement plan. The new employer may provide the employees in the two privatized departments with some other form of retirement coverage for their ongoing employment at the facilities. That coverage might be some form of defined benefit plan like PERA-General, or a defined contribution plan.

Background Information on Topics Related to Public Employee Privatizations

- A. Background Information on Defined Contribution Pension Plans and Defined Benefit Pension Plans. General information on the differences between defined benefit retirement plans, typical in the public employment sector, and defined contribution retirement plans, typical in the nonprofit and private sector health industry is set forth in Attachment A.
- B. Background Information on Minnesota Statutes, Chapter 353F, the PERA Privatized Medical Facility Privatization Law. Information on Minnesota Statutes, Chapter 353F, the Public Employees Retirement Association (PERA) privatized employee retirement law is presented in Attachment B.
- C. Background Information on Health Care Facility Privatizations. Information on privatizations by hospitals and other health care facilities is set forth in Attachment C.

Discussion and Analysis

H.F. 3021 (Juhnke); S.F. xxxx; H.F. xxxx; and S.F. 2855 (Gimse) includes the Rice Memorial Hospital Radiology Department and Radiation/Oncology Department in the Public Employees Retirement Association (PERA) privatization chapter, Minnesota Statutes, Chapter 353F, if the facility is privatized. The provision requires local approval and an actuarial review finding that the bill does not create an actuarial loss for the General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General). The date of the required actuarial cost analysis must be within one year of the date that

the facility is sold or leased. The current employer or new employer must cover the cost of the actuarial study necessary to make that determination.

The bill raises the following pension and related public policy issues:

1. Consistency with Established Commission Policy. The requirements in the bill draft and the treatment of the employees are consistent with bills which have recently passed.
2. Implications of Using Privatization Model. If privatization occurs, the privatized employees would be better off if the bill were to be enacted because, under Chapter 353F, they receive the enhanced vesting right, enhanced deferred annuity augmentation, and the ability to use service with the new employer to qualify for the "Rule of 90." In recent years, bills such as the current one were passed by the Legislature without much controversy. However, it follows that if the bill would make the privatized employees better off than if they were treated simply as terminated employees, it lessens the gain that PERA would otherwise receive, because PERA will receive a smaller gain from the privatization.

The results of an actuarial analysis prepared by The Segal Company are attached. According to that study, the actuarial accrued liability as ongoing active PERA members these 42 employees is \$5.8 million. If they are terminated and not given any special additional rights, the PERA liability is \$4.2 million, suggesting that PERA would have \$1.6 million less in liability if the individuals are treated as typical terminated employees. With the additional rights given to these employees if they are added to the PERA privatization chapter, the expected liability is \$4.7 million. Thus, under this legislation PERA has a gain of \$1.1 million due to the privatization (\$5.8 million minus \$4.7 million equals \$1.1 million), but this gain is \$500,000 smaller (\$4.7 million minus \$4.2 million) than would occur if the employees are treated as terminated employees with no additional rights.

3. Consideration of PERA-General Actuarial Condition. The issue is whether the proposed legislation should be recommended to pass given PERA-General's current funding situation. PERA would be marginally harmed by the proposed legislation because it would reduce the gain that PERA would otherwise receive. The treatment under Chapter 353F, the privatization chapter, shares some of that gain with these employees by providing enhanced deferred annuities and "Rule of 90" rights where applicable. The impact from any single privatization, however, is miniscule. Also, legislation was enacted in 2005 which addressed PERA-General's contribution needs by phasing in by 2010 significant increases in employee and employer contributions that should be more than adequate to place PERA on the path to fully retiring its unfunded obligations.

The results from the July 1, 2007, PERA-General actuarial valuation, summarized below, indicate that PERA-General had contributions that were 1.06 percent of covered payroll (\$52 million) below what is needed to cover ongoing costs and retire all unfunded liability by the full funding date. The funding ratio (ratio of assets to liabilities) was 73 percent. However, as just indicated, increases in contribution rates that began phasing in on January 1, 2006, and are scheduled to fully phase in by 2010 should be adequate to fully address those problems.

PERA-General 2007	
<u>Membership</u>	
Active Members	146,226
Service Retirees	52,554
Disabilitants	1,988
Survivors	6,894
Deferred Retirees	39,722
Nonvested Former Members	<u>109,599</u>
Total Membership	356,983
<u>Funded Status</u>	
Accrued Liability	\$17,705,626,649
Current Assets	<u>\$12,985,324,048</u>
Unfunded Accrued Liability	\$4,720,302,601
Funding Ratio	73.34%
<u>Financing Requirements</u>	
Covered Payroll	\$4,957,789,826
Benefits Payable	\$784,013,433
Normal Cost	7.78% \$385,359,657
Administrative Expenses	<u>0.19% \$9,419,801</u>
Normal Cost & Expense	7.97% \$394,779,458
Normal Cost & Expense	7.97% \$394,779,458
Amortization	<u>5.35% \$265,241,756</u>
Total Requirements	13.32% \$660,021,214

**PERA-General
2007**

Employee Contributions	5.88%	\$291,588,497
Employer Contributions	6.38%	\$316,425,146
Employer Add'l Cont.	0.00%	\$0
Direct State Funding	0.00%	\$0
Other Govt. Funding	0.00%	\$0
Administrative Assessment	<u>0.00%</u>	<u>\$0</u>
Total Contributions	12.26%	\$608,013,643
Total Requirements	13.32%	\$660,021,214
Total Contributions	<u>12.26%</u>	<u>\$608,013,643</u>
Deficiency (Surplus)	1.06%	\$52,007,571

4. Local Support. Given that an actuarial study has already been completed, unless the Commission is provided with testimony to the contrary the Commission can assume that the city supports the proposed action. In case there is a long delay prior to privatization, language in the effective date provides protection to PERA by requiring that any actuarial work supporting the privatization be reasonable current. The date of the actuarial calculations must be within one year of the date that the facility is privatized.

Attachment A

Background Information on Defined Contribution Pension Plans and Defined Benefit Pension Plans

Pension plans can be one of two types, either a defined contribution plan or a defined benefit plan. The differences between the two types of plans are summarized as follows:

- a. Defined Contribution Plans. A defined contribution plan is a pension plan where the funding for the pension plan is fixed as a dollar amount or as a percentage of payroll. Fixing this element leaves a variable element, which is the benefit amount that is ultimately payable. Under a defined contribution plan, the plan member bears the inflation and investment risks. If there is poor investment performance, the plan member's pension assets will be depressed. High inflation is another risk, since inflation lowers the real value of the investment returns and the assets in the account. The plan member's benefit will be less adequate in meeting the person's pre-retirement standard of living. With a defined contribution plan, the employee generally owns the assets in the account. Those assets move with the employee if the employee changes employment. A defined contribution plan favors employees who are very employment mobile, where employment changes beyond a single employer or a multiple-employer group. It also favors short-term employees in comparison to defined benefit plans. It also favors employees with very stable and modestly increasing salary histories and employees who work considerably beyond the plan's normal retirement age.
- b. Defined Benefit Plans. The other general plan type is a defined benefit plan. A defined benefit plan is a pension plan where the pension benefit amount that is ultimately payable is pre-determinable or fixed using a formula. Fixing the benefit amount leaves a variable element, which is the funding required to provide that benefit. Because PERA-General is a defined benefit plan, employing units paying into the plan, rather than the employee, bear the inflation and investment risks. If the investment return on plan assets is poor or if inflation produces ever-increasing final salaries and benefit payouts, that risk is borne by the plan and its associated employers. The member has the turnover risks. If a plan member terminates at an early age, or with modest service, the member will receive either no benefit or an inadequate benefit. A defined benefit plan favors long-term or long-service employees. It also favors employees who receive regular promotions and sizable salary increases throughout their careers or who achieve substantial salary increases in their compensation at the end of their career. It also favors employees who retire at or before the plan's normal retirement age.

Defined contribution pension plans predominate in the private sector, while defined benefit pension plans predominate in the public sector. The U.S. Department of Labor, in a study by the Bureau of Labor Statistics entitled National Compensation Survey: Employee Benefits in Private Industry in the United States, 2002, indicates that 36 percent of all private sector employees are covered by a defined contribution plan and that only 18 percent of private sector employees are covered by a defined benefit plan. In a study entitled Employee Benefits in State and Local Governments, 1998, the Bureau of Labor Statistics reports that 90 percent of public employees are covered by a defined benefit plan and only 14 percent of public employees are covered by a defined contribution plan.

Attachment B
Treatment Under Chapter 353F:
Privatized Public Hospital, PERA Pension Benefits

When the privatization of a PERA-covered employing unit occurs, the employees no longer qualify as public employees and no longer qualify to continue as active PERA-General members. However, if these employees are made eligible under Chapter 353F, they will have certain benefits that differ from the typical treatment of terminated employees. One justification for this different treatment is that the privatized employees did not choose to leave public service and to end public retirement plan coverage. Their employee status changed from public to nonpublic due to an action by the employer (the transfer from public employer to nonprofit corporation or other nonpublic status), rather than by an exercise of free will by the employees.

If a privatization is included under Chapter 353F, those employees who are employed at the time of the transfer to the nonprofit corporation receive the following special coverage provisions:

1. Vested Benefit With Any Service Length. The normal three-year PERA vesting period is waived, so a privatized employee with less than three years of PERA-covered service would be entitled to receive a PERA retirement annuity, notwithstanding general law.
2. Increased Deferred Annuity Augmentation Rate. For the period between the date of privatization and the date of eventual retirement, the privatized employee's deferred PERA retirement annuity will increase at the rate of 4.0 percent rather than three percent until age 55 and at the rate of 6.0 percent rather than five percent after age 54.
3. "Rule of 90" Eligibility with Post-Privatization Service. For privatized employees with actual or potential long service who could have retired early with an unreduced retirement annuity from PERA under the "Rule of 90" (combination of age and total service credit totals 90), the employee will be able to count future privatized service with the hospital for eligibility purposes, but not for benefit computation purposes.

Attachment C

Background Information on Health Care Facility Privatizations

- a. Privatization Trend. There is a trend among health care facilities to convert from public sector ownership to private sector or quasi-public sector ownership. These conversions have involved selling, leasing, or transferring the facility, along with transferring the existing employees to that reorganized health care facility. The privatization of health care facilities is occurring among both large and small hospitals, clinics, and related health care providers. The privatizations typically increase organizational flexibility and reduce various costs, allowing the privatized organization to be financially competitive. One area of potential savings is the elimination of PERA active member coverage (or coverage by another public pension plan, if applicable), which is eliminated by the privatization.
- b. Privatization Impact on Retirement Coverage. When a privatization occurs and employees no longer qualify as public employees for PERA pension purposes, PERA membership terminates and retirement benefit coverage problems may emerge. Under current PERA law, three years of PERA coverage is required for vesting. For employees who terminate PERA membership without vesting, no deferred retirement annuity right typically is available. The member may elect a refund of accumulated member contributions with six percent interest, or the individual may leave the contributions at PERA, perhaps in the expectation that the individual will change employment in the future and again become a covered public employee. For a vested employee who terminates PERA membership with at least three years of service, there is a choice between a deferred retirement annuity right or a refund. The deferred retirement annuity is augmented by three percent per year under age 55 and five percent per year thereafter until retirement.

When a privatization occurs and employees lose the right to continue coverage by the public plan, all of the employees are impacted. The employee may be terminated from employment at the time of the sale, transfer, or reorganization. Those employees will lose both continued employment and continued retirement coverage. For employees who remain employed after transfer to the newly organized health care facility, the privatization interrupts their benefit coverage. If there is no pension plan established by the privatized health care facility, the employees will suffer a loss of overall benefit coverage other than Social Security coverage. If the new employer does provide a plan, portability problems between the old plan and the new plan are likely.

- c. Evolution of Privatization Treatment. The Legislature has dealt with privatizations on several occasions over the past few decades, primarily health care privatizations. The treatment has evolved over time. At times, in addition to any benefit that the employee may have been eligible for under a public pension plan as a deferred annuitant, the individual was offered an enhanced refund (employee plus employer contributions) plus interest. On a few occasions, the individuals were permitted to remain in PERA-General. The following summarizes treatments used since 1984:
 - In 1984, relating to the privatization of the Owatonna City Hospital, legislation allowed the affected employees to receive a deferred retirement annuity with at least five years of service or to receive a refund of employee and employer contributions, plus interest at six percent, compounded annually.
 - In 1986, relating to the St. Paul Ramsey Medical Center reorganization, legislation allowed only a delayed right to withdraw from PERA and receipt of a refund of only member contributions plus interest at five percent, compounded annually.
 - In 1987, relating to the Albany Community Hospital and the Canby Community Hospital, legislation allowed the affected employees to receive a deferred retirement annuity with a five-year vesting period or to receive a refund of both the employee and employer contributions, plus compound annual interest at six percent.
 - In 1988, relating to the Gillette Children's Hospital employees, legislation continued the membership of the affected employees in the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General), but excluded new employees from public pension plan coverage.
 - In 1994, relating to the St. Paul Ramsey Medical Center again, legislation continued the PERA membership of existing employees who were PERA members unless the employee elected to terminate PERA membership before July 1, 1995.

- In 1995 through 1998, the approach used for PERA privatizations during this period required PERA coverage to end for all employees at the time of the transfer of the health care facility to the new ownership. The new health care entity was urged but not required to provide a “PERA-like” plan for individuals who are transferred with the facility and remain as employees of the new entity. For individuals who are terminated at the time of the transfer, and who were not vested in PERA, the city was authorized to match any refund with interest that the individual received from PERA. This model was used with the Olmsted County Medical Center privatization (1995), the Itasca County Medical Center (1995 and 1996), Jackson Medical Center, Melrose Hospital, Pine Villa Nursing Home, and the Tracy Municipal Hospital and Clinic (1997), and the Luverne Community Hospital (1998) privatizations.
- In 1996, a different approach was used for the University of Minnesota Hospital-Fairview merger, a procedure which was coded as Chapter 352F. Prior to the privatization, the University employees were covered by a public plan comparable to PERA-General, the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General). This is the model upon which the PERA privatization chapter, Chapter 353F, which was enacted in 1999, is based. In this model, termination of coverage by the public plan occurs at the time of the privatization, but the employees who terminated coverage (even those who were not vested) were permitted deferred annuities from the public plan with an augmentation rate that exceeded that used under general law, and the employees were allowed to use service with the new organization to meet age/service requirements for qualifying for the “Rule of 90” under the public plan. The legislation that included specific privatizations in the in the PERA privatization chapter are contingent upon local approval and a finding by the actuary that the inclusion is not expected to create a loss for PERA.
- In 2004, two different approaches were used. A few groups wished to remain as active PERA members, the new employers were willing to provide that treatment and to cover the resulting PERA-General employer contribution requirements, and PERA did not oppose that proposed treatment. This treatment, allowing the employees to remain as active PERA members following privatization, was extended to Anoka County Achieve Program employees and to Government Training Office employees, despite the changed status of these individuals from public sector to private sector. The chief reservation against this treatment is a federal requirement that public plans should not provide coverage to private sector employees, under threat of losing its qualified status and making contributions subject to immediate taxation. However, public plans are permitted to cover a small percentage of private sector employees, providing the percentage is minimal. While the dividing line between an acceptable minimal percentage and an unacceptable percentage is unclear, it was safe to assume that the small number of individuals involved in these two privatizations would not cause a plan qualification problem. Plan qualification concerns may be an issue in the future if this treatment is proposed for other privatizations, causing the percentage of private employees in PERA to grow.

The other model used in 2004 was the model specified in the PERA privatized employee chapter. This approach was used for Fair Oaks Lodge, Kanabec Hospital, RenVilla Nursing Home, and the St. Peter Community Health Care Center.

- In 2005 and 2006, the Legislature returned to the use of a single model, approving three more additions to the PERA privatization chapter in 2005 (Bridges Medical Center, Hutchinson Area Health Care, and Northfield Hospital), and in 2006 (City of Cannon Falls Hospital, Clearwater County Health Services, and Dassel Lakeside Community Home), all contingent upon local approval and a find by the actuary that inclusion under the chapter would not create a loss for PERA.
- In 2006, the deferred annuity augmentation rates for post-2006 privatizations were reduced because PERA argued that the pre-2006 privatization deferred annuity augmentation rates were actuarially unsupportable given PERA-s funding problems. For post-2006 privatizations under Minnesota Statutes, Chapter 353F, the deferred annuity augmentation rates are four percent (rather than 5.5 percent) until the first of the year following the year in which the individual turns age 55, and six percent (rather than 7.5 percent) thereafter.
- In 2007, the Legislature continued the use of a single model for treating public employee privatizations, approving the addition of the Lakefield Nursing Home, the Lakeview Nursing Home in Gaylord, and the Oakland Park Nursing Home to the PERA privatization chapter with local approval and with actuarial work indicating no new net actuarial loss for PERA-General.



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January 25, 2008

Mr. Dale Hustedt
Chief Administrative Officer
Rice Memorial Hospital
301 Becker Avenue SW
Willmar, MN 56201-3302

Re: Rice Memorial Hospital - Privatization Study

Dear Dale:

At your request, we have completed an analysis of the actuarial accrued liability of the active employees of Rice Memorial Hospital under the Public Employees Retirement Association (PERA). From the data file of 43 employees that you provided, we have identified 42 active participants in PERA as of July 1, 2007. We have not independently confirmed the accuracy of such information.

All of the results in this letter have been calculated using the data as supplied by PERA, as well as the complete set of actuarial assumptions used for the PERA July 1, 2007 actuarial valuation. These results represent the actual change in liabilities that would have occurred had the status of these participants been changed to inactive vested as of the July 1, 2007 actuarial valuation date.

The results were adjusted to use the same Combined Service Annuity load (0.8%) for Rice Memorial Hospital participants as was used for PERA active members. Note that this basis is comparable to the computations performed for those groups that previously considered privatization and requested such actuarial determinations.

For purposes of these calculations, the enhancements reflected in the "privatized plan" are as follows:

Members active with a public employer on the day prior to privatization of the employer become vested immediately and receive augmentation at the rate of 4.0% compounded annually through the year the member turns age 55, and 6.0% thereafter until the annuity begins.



Dale Husdedt
January 25, 2008
Page 2

The results of our actuarial analysis of the actuarial accrued liability of the active employees of Rice Memorial Hospital are as follows:

	Total for 42 Rice Memorial Participants
1. Actuarial Accrued Liability as Ongoing Active PERA Members	\$5,782,106
2. Actuarial Accrued Liability as Terminated Members Without Any Enhancement of Benefits	\$4,186,819
3. Actuarial Accrued Liability as Terminated Members With the Enhancements of the PERA "Privatized Plan"	\$4,733,255

The actuarial accrued liability with privatized plan enhancements (item 3 above) is less than the ongoing active actuarial accrued liability (item 1 above). Thus, the privatized plan enhancements would be available to Rice Memorial Hospital participants if this group privatizes.

The purpose of this letter is to assist the appropriate parties in their consideration of the appropriate treatment of Rice Memorial Hospital employees under PERA. Neither the computations nor the narrative would necessarily be applicable to other groups. No parties should rely on these numbers for purposes other than those stated above.

Sincerely,



Andre Latia, FSA, MAAA, EA
Senior Vice President and Consulting Actuary

/szh

cc: Mr. Lawrence Martin
Ms. Mary Most Vanek
Ms. Carol Bogosian – The Segal Company

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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **3021**

February 18, 2008

Authored by Juhnke

The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections

1.1 A bill for an act
1.2 relating to retirement; privatized public employee retirement coverage; including
1.3 certain departments of the Rice Memorial Hospital in Willmar in privatization
1.4 coverage; amending Minnesota Statutes 2007 Supplement, section 353F.02,
1.5 subdivision 4.

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

1.7 Section 1. Minnesota Statutes 2007 Supplement, section 353F.02, subdivision 4,
1.8 is amended to read:

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

- 1.10 (1) Bridges Medical Services;
- 1.11 (2) the City of Cannon Falls Hospital;
- 1.12 (3) Clearwater County Memorial Hospital doing business as Clearwater Health
1.13 Services in Bagley;
- 1.14 (4) the Dassel Lakeside Community Home;
- 1.15 (5) the Fair Oaks Lodge, Wadena;
- 1.16 (6) the Glencoe Area Health Center;
- 1.17 (7) the Hutchinson Area Health Care;
- 1.18 (8) the Kanabec Hospital;
- 1.19 (9) the Lakefield Nursing Home;
- 1.20 (10) the Lakeview Nursing Home in Gaylord;
- 1.21 (11) the Luverne Public Hospital;
- 1.22 (12) the Northfield Hospital;
- 1.23 (13) the Oakland Park Nursing Home;
- 1.24 (14) the RenVilla Nursing Home;
- 1.25 (15) the Renville County Hospital in Olivia;

2.1 (16) the Rice Memorial Hospital in Willmar, with respect to the Department of
2.2 Radiology and the Department of Radiation/Oncology;

2.3 (17) the St. Peter Community Healthcare Center; and

2.4 ~~(17)~~ (18) the Waconia-Ridgeview Medical Center.

2.5 **EFFECTIVE DATE.** (a) This section is effective on the latter of:

2.6 (1) the day after the governing body of the city of Willmar and its chief clerical
2.7 officer timely comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3; or

2.8 (2) the first day of the month following certification to the Willmar City Council by
2.9 the executive director of the Public Employees Retirement Association that the actuarial
2.10 accrued liability of the special benefit coverage proposed for extension to the privatized
2.11 employees in the two departments of the Rice Memorial Hospital under section 1 does not
2.12 exceed the actuarial gain otherwise to be accrued by the Public Employees Retirement
2.13 Association, as calculated by the consulting actuary retained under Minnesota Statutes,
2.14 section 356.214.

2.15 (b) The cost of the actuarial calculations must be borne by the current employer
2.16 or by the entity which is the employer following the privatization, and the date of the
2.17 actuarial calculations must be within one year of the date the employees of the two
2.18 departments no longer qualify as public employees under Minnesota Statutes, section
2.19 353.01, subdivision 2.