

1.1 A bill for an act

1.2 relating to retirement; Minnesota State Retirement System, administrative  
1.3 provisions; clarifying refund repayment procedures, modifying the criteria  
1.4 for appointing an executive director, clarifying combined service annuity  
1.5 augmentation rates, revising appeal procedures; amending Minnesota Statutes  
1.6 2014, sections 3A.03, subdivision 3; 16A.14, subdivision 2a; 352.03, subdivisions  
1.7 5, 6; 356.30, subdivision 1; 356.96, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11,  
1.8 12, 13; Minnesota Statutes 2015 Supplement, sections 3A.03, subdivision 2;  
1.9 352.23; 352B.11, subdivision 4; 352D.05, subdivision 4; 490.124, subdivision  
1.10 12; repealing Minnesota Statutes 2014, section 356.96, subdivisions 14, 15.

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

1.12 Section 1. Minnesota Statutes 2015 Supplement, section 3A.03, subdivision 2, is  
1.13 amended to read:

1.14 Subd. 2. **Refund.** (a) A former member who has made contributions under  
1.15 subdivision 1 and who is no longer a member of the legislature is entitled to receive, upon  
1.16 written application to the executive director on a form prescribed by the executive director,  
1.17 a refund from the general fund of all contributions credited to the member's account with  
1.18 interest computed as provided in section 352.22, subdivision 2.

1.19 (b) The refund of contributions as provided in paragraph (a) terminates all rights of a  
1.20 former member of the legislature and the survivors of the former member under this chapter.

1.21 (c) If the former member of the legislature again becomes a member of the legislature  
1.22 after having taken a refund as provided in paragraph (a), the member is a member of the  
1.23 unclassified employees retirement program of the Minnesota State Retirement System.

1.24 (d) However, the member may reinstate the rights and credit for service previously  
1.25 forfeited under this chapter if the member repays all refunds taken, plus interest at the  
1.26 rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded annually

2.1 from the date on which the refund was taken to the date on which the refund is repaid.

2.2 Repayment must be made as provided in section 352.23, paragraph (d).

2.3 (e) No person may be required to apply for or to accept a refund.

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

2.5 Sec. 2. Minnesota Statutes 2014, section 3A.03, subdivision 3, is amended to read:

2.6 Subd. 3. **Legislators retirement fund.** (a) The legislators retirement fund, a special  
2.7 retirement fund, is created within the state treasury. The legislators retirement fund must  
2.8 be credited with any investment proceeds on the assets of the retirement fund.

2.9 (b) The payment of annuities under section 3A.115, paragraph (b), is appropriated  
2.10 from the legislators retirement fund.

2.11 (c) The legislators retirement fund may receive transfers of general fund proceeds.

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

2.13 Sec. 3. Minnesota Statutes 2014, section 16A.14, subdivision 2a, is amended to read:

2.14 Subd. 2a. **Exceptions.** The allotment and encumbrance system does not apply to:

2.15 (1) appropriations for the courts or the legislature;

2.16 (2) payment of unemployment benefits;

2.17 (3) transactions within the defined contribution funds administered by the Minnesota  
2.18 State Retirement System.

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

2.20 Sec. 4. Minnesota Statutes 2014, section 352.03, subdivision 5, is amended to read:

2.21 Subd. 5. **Executive director; deputy director and assistant director.** (a) The  
2.22 board shall appoint an executive director, in this chapter called the director, of the  
2.23 system must be appointed by the board on the basis of fitness education, experience in  
2.24 the retirement field, and leadership ability to manage and lead system staff, and ability  
2.25 to assist the board in setting a vision for the system. The director must have had at  
2.26 least five years' experience on the administrative staff of a major retirement system in  
2.27 either an executive level management position or in a position with responsibility for the  
2.28 governance, management, or administration of a retirement plan.

2.29 (b) The executive director, deputy director, and assistant director must be in the  
2.30 unclassified service but appointees may be selected from civil service lists if desired. The  
2.31 salary of the executive director must be as provided by section 15A.0815. The salary of

3.1 the deputy director and assistant director must be set in accordance with section 43A.18,  
3.2 subdivision 3.

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

3.4 Sec. 5. Minnesota Statutes 2014, section 352.03, subdivision 6, is amended to read:

3.5 Subd. 6. **Duties and powers of executive director.** The management of the system  
3.6 is vested in the director, who is the executive and administrative head of the system. The  
3.7 director may appoint a deputy director and assistant director with the approval of the  
3.8 board. The director shall be advisor to the board on matters pertaining to the system and  
3.9 shall also act as the secretary of the board. The director shall:

3.10 (1) attend meetings of the board;

3.11 (2) prepare and recommend to the board appropriate rules to carry out this chapter;

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

3.14 ~~(4) designate an assistant director with the approval of the board;~~

3.15 ~~(5)~~ (4) appoint any employees, both permanent and temporary, that are necessary to  
3.16 carry out the provisions of this chapter;

3.17 ~~(6)~~ (5) organize the work of the system as the director deems necessary to fulfill the  
3.18 functions of the system, and define the duties of its employees and delegate to them any  
3.19 powers or duties, subject to the control of the director and under conditions the director  
3.20 may prescribe. Appointments to exercise delegated power must be by written order and  
3.21 shall be filed with the secretary of state;

3.22 ~~(7)~~ (6) with the advice and consent of the board, contract for the services of an  
3.23 approved actuary, professional management services, and any other consulting services as  
3.24 necessary and fix the compensation for those services. The contracts are not subject to  
3.25 competitive bidding under chapter 16C. Any approved actuary retained by the executive  
3.26 director shall function as the actuarial advisor of the board and the executive director, and  
3.27 may perform actuarial valuations and experience studies to supplement those performed  
3.28 by the actuary retained under section 356.214. Any supplemental actuarial valuations or  
3.29 experience studies shall be filed with the executive director of the Legislative Commission  
3.30 on Pensions and Retirement. Professional management services may not be contracted for  
3.31 more often than once in six years. Copies of professional management survey reports must  
3.32 be transmitted to the secretary of the senate, the chief clerk of the house of representatives,  
3.33 and the Legislative Reference Library as provided by section 3.195, and to the executive  
3.34 director of the commission at the time as reports are furnished to the board. Only

4.1 management firms experienced in conducting management surveys of federal, state, or  
4.2 local public retirement systems are qualified to contract with the director;

4.3 ~~(8)~~ (7) with the advice and consent of the board provide in-service training for the  
4.4 employees of the system;

4.5 ~~(9)~~ (8) make refunds of accumulated contributions to former state employees and  
4.6 to the designated beneficiary, surviving spouse, legal representative, or next of kin of  
4.7 deceased state employees or deceased former state employees, as provided in this chapter;

4.8 ~~(10)~~ (9) determine the amount of the annuities and disability benefits of employees  
4.9 covered by the system and authorize payment of the annuities and benefits beginning as  
4.10 of the dates on which the annuities and benefits begin to accrue, in accordance with the  
4.11 provisions of this chapter;

4.12 ~~(11)~~ (10) pay annuities, refunds, survivor benefits, salaries, and necessary operating  
4.13 expenses of the system;

4.14 ~~(12)~~ (11) certify funds available for investment to the State Board of Investment;

4.15 ~~(13)~~ (12) with the advice and approval of the board request the State Board of  
4.16 Investment to sell securities when the director determines that funds are needed for the  
4.17 system;

4.18 ~~(14)~~ (13) prepare and submit to the board and the legislature an annual financial  
4.19 report covering the operation of the system, as required by section 356.20;

4.20 ~~(15)~~ (14) prepare and submit biennial and annual budgets to the board and with  
4.21 the approval of the board submit the budgets to the Department of Management and  
4.22 Budget; and

4.23 ~~(16)~~ (15) with the approval of the board, perform other duties required to administer  
4.24 the retirement and other provisions of this chapter and to do its business.

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

4.26 Sec. 6. Minnesota Statutes 2015 Supplement, section 352.23, is amended to read:

4.27 **352.23 TERMINATION OF RIGHTS; REPAYMENT OF REFUND.**

4.28 (a) When any employee accepts a refund as provided in section 352.22, all existing  
4.29 allowable service credits and all rights and benefits to which the employee was entitled  
4.30 before accepting the refund terminate.

4.31 (b) Terminated service credits and rights must not ~~again~~ be restored until the former  
4.32 employee acquires at least six months of allowable service credit after taking the last  
4.33 refund. ~~In that event, the employee may repay~~ and repays all refunds previously taken  
4.34 from the retirement fund with interest as provided in paragraph (d).

5.1 (c) Repayment of refunds entitles the employee only to credit for service covered  
5.2 by (1) salary deductions; (2) payments previously made in lieu of salary deductions as  
5.3 permitted under law in effect when the payment in lieu of deductions was made; (3)  
5.4 payments made to obtain credit for service as permitted by laws in effect when payment was  
5.5 made; and (4) allowable service previously credited while receiving temporary workers'  
5.6 compensation as provided in section 352.01, subdivision 11, paragraph (a), clause (3).

5.7 (d) Payments under this section for repayment of refunds are to be paid with interest  
5.8 at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter compounded  
5.9 annually from the date the refund was taken until the date the refund is repaid. ~~They~~  
5.10 Repayment may be paid made in partial payments consistent with section 356.44 during  
5.11 employment or in a lump sum or by payroll deduction in the manner provided in section  
5.12 352.04. Payment may be made in a lump sum up to six months after termination from  
5.13 service.

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

5.15 Sec. 7. Minnesota Statutes 2015 Supplement, section 352B.11, subdivision 4, is  
5.16 amended to read:

5.17 Subd. 4. **Reentry into state service.** When a former member, who has become  
5.18 separated from state service that entitled the member to membership and has received  
5.19 a refund of retirement payments, reenters the state service in a position that entitles  
5.20 the member to membership, that member shall receive credit for the period of prior  
5.21 allowable state service if the member repays into the fund the amount of the refund, plus  
5.22 interest on it at the rate of 8.5 percent until June 30, 2015, and eight percent thereafter  
5.23 compounded annually, ~~at any time before subsequent retirement. Repayment may be~~  
5.24 ~~made in installments or in a lump sum.~~ Repayment must be made as provided in section  
5.25 352.23, paragraph (d).

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

5.27 Sec. 8. Minnesota Statutes 2015 Supplement, section 352D.05, subdivision 4, is  
5.28 amended to read:

5.29 Subd. 4. **Repayment of refund.** (a) A participant in the unclassified program may  
5.30 repay regular refunds taken under section 352.22, as provided in section 352.23.

5.31 (b) A participant in the unclassified program or an employee covered by the general  
5.32 employees retirement plan who has withdrawn the value of the total shares may repay  
5.33 the refund taken and thereupon restore the service credit, rights and benefits forfeited by

6.1 paying into the fund the amount refunded plus interest at the rate of 8.5 percent until June  
6.2 30, 2015, and eight percent thereafter compounded annually from the date that the refund  
6.3 was taken until the date that the refund is repaid. If the participant had withdrawn only the  
6.4 employee shares as permitted under prior laws, repayment must be pro rata.

6.5 (c) ~~Except as provided in section 356.441, the repayment of a refund under this~~  
6.6 ~~section must be made in a lump sum.~~ Repayment must be made as provided in section  
6.7 352.23, paragraph (d).

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

6.9 Sec. 9. Minnesota Statutes 2014, section 356.30, subdivision 1, is amended to read:

6.10 Subdivision 1. **Eligibility; computation of annuity.** (a) Notwithstanding any  
6.11 provisions of the laws governing the retirement plans enumerated in subdivision 3, a  
6.12 person who has met the qualifications of paragraph (b) may elect to receive:

6.13 (1) a retirement annuity from each enumerated retirement plan in which the person  
6.14 has at least one-half year of allowable service, based on the allowable service in each plan;  
6.15 and subject to the provisions of paragraph (c); and

6.16 (2) augmentation of a deferred annuity calculated at the appropriate rate under the  
6.17 laws governing the applicable enumerated retirement plan.

6.18 (b) A person may receive, upon retirement, a retirement annuity ~~from each~~  
6.19 ~~enumerated retirement plan in which the person has at least one-half year of allowable~~  
6.20 ~~service~~ annuities as described in paragraph (a), clause (1), and augmentation of a any  
6.21 ~~deferred annuity calculated at the appropriate rate under the laws governing each public~~  
6.22 ~~pension plan or fund named in subdivision 3, based on the date of the person's initial~~  
6.23 ~~entry into public employment from the date the person terminated all public service as~~  
6.24 described in paragraph (a), clause (2), if:

6.25 (1) the person has allowable service in any two or more of the enumerated plans;

6.26 (2) the person has sufficient allowable service in total that equals or exceeds the  
6.27 applicable service credit vesting requirement of the retirement plan with the longest  
6.28 applicable service credit vesting requirement; and

6.29 (3) the person has not begun to receive an annuity from any enumerated plan or the  
6.30 person has made application for benefits from each applicable plan and the effective  
6.31 dates of the retirement annuity with each plan under which the person chooses to receive  
6.32 an annuity are within a one-year period.

6.33 (c) The retirement annuity from each plan must be based upon the allowable service,  
6.34 accrual rates, and average salary in the applicable plan except as further specified or  
6.35 modified in the following clauses:

7.1 (1) the laws governing annuities must be the law in effect on the date of termination  
7.2 from the last period of public service under a covered retirement plan with which the person  
7.3 earned a minimum of one-half year of allowable service credit during that employment;

7.4 (2) the "average salary" on which the annuity from each covered plan in which  
7.5 the employee has credit in a formula plan must be based on the employee's highest five  
7.6 successive years of covered salary during the entire service in covered plans;

7.7 (3) the accrual rates to be used by each plan must be those percentages prescribed by  
7.8 each plan's formula as continued for the respective years of allowable service from one  
7.9 plan to the next, recognizing all previous allowable service with the other covered plans;

7.10 (4) the allowable service in all the plans must be combined in determining eligibility  
7.11 for and the application of each plan's provisions in respect to reduction in the annuity  
7.12 amount for retirement prior to normal retirement age; and

7.13 (5) the annuity amount payable for any allowable service under a nonformula plan  
7.14 of a covered plan must not be affected, but such service and covered salary must be used  
7.15 in the above calculation.

7.16 (d) This section does not apply to any person whose final termination from the last  
7.17 public service under a covered plan was before May 1, 1975.

7.18 (e) For the purpose of computing annuities under this section, the accrual rates  
7.19 used by any covered plan, except the public employees police and fire plan, the judges  
7.20 retirement fund, and the State Patrol retirement plan, must not exceed 2.7 percent per year  
7.21 of service for any year of service or fraction thereof. The formula percentage used by the  
7.22 judges retirement fund must not exceed 3.2 percent per year of service for any year of  
7.23 service or fraction thereof. The accrual rate used by the public employees police and fire  
7.24 plan and the State Patrol retirement plan must not exceed 3.0 percent per year of service  
7.25 for any year of service or fraction thereof. The accrual rate or rates used by the legislators  
7.26 retirement plan must not exceed 2.5 percent, but this limit does not apply to the adjustment  
7.27 provided under section 3A.02, subdivision 1, paragraph (c).

7.28 (f) Any period of time for which a person has credit in more than one of the covered  
7.29 plans must be used only once for the purpose of determining total allowable service.

7.30 (g) If the period of duplicated service credit is more than one-half year, or the person  
7.31 has credit for more than one-half year, with each of the plans, each plan must apply its  
7.32 formula to a prorated service credit for the period of duplicated service based on a fraction  
7.33 of the salary on which deductions were paid to that fund for the period divided by the total  
7.34 salary on which deductions were paid to all plans for the period.

7.35 (h) If the period of duplicated service credit is less than one-half year, or when  
7.36 added to other service credit with that plan is less than one-half year, the service credit

8.1 must be ignored and a refund of contributions made to the person in accord with that  
8.2 plan's refund provisions.

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

8.4 Sec. 10. Minnesota Statutes 2014, section 356.96, subdivision 1, is amended to read:

8.5 Subdivision 1. **Definitions.** (a) Unless the language or context clearly indicates that  
8.6 a different meaning is intended, for the purpose of this section, the terms in ~~paragraphs~~  
8.7 ~~(b) to (e)~~ this subdivision have the meanings given them.

8.8 (b) ~~"Chief administrative officer"~~ "Executive director" means the executive director  
8.9 of a covered pension plan or the executive director's designee or representative.

8.10 (c) "Covered pension plan" means a plan enumerated in section 356.20, subdivision  
8.11 2, clauses (1) to (4), (8), and (11) to (14), but does not mean the deferred compensation  
8.12 plan administered under sections 352.965 and 352.97 or ~~to~~ the postretirement health care  
8.13 savings plan administered under section 352.98.

8.14 (d) "Governing board" means the Board of Trustees of the Public Employees  
8.15 Retirement Association, the Board of Trustees of the Teachers Retirement Association, or  
8.16 the Board of Directors of the Minnesota State Retirement System.

8.17 (e) "Person" ~~includes~~ means an active, retired, deferred, or nonvested inactive  
8.18 participant in a covered pension plan or a beneficiary of a participant, or an individual  
8.19 who has applied to be a participant or who is or may be a survivor of a participant,  
8.20 or the representative of a state agency or other governmental unit that employs active  
8.21 participants in a covered pension plan.

8.22 (f) "Petitioner" means a person who has filed a petition for review of an executive  
8.23 director's determination under this section.

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

8.25 Sec. 11. Minnesota Statutes 2014, section 356.96, subdivision 2, is amended to read:

8.26 Subd. 2. **Right to review appeal to executive director; determination.** A  
8.27 ~~determination made by the chief administrative officer~~ person may appeal a decision by  
8.28 the staff of a covered pension plan regarding a the person's eligibility, benefits, or other  
8.29 rights under the plan ~~with which the person does not agree~~ to the executive director of  
8.30 the plan. The appeal must be in writing and be delivered to the executive director. The  
8.31 executive director may overturn, modify, or affirm the staff's decision. The executive  
8.32 director's determination is subject to review under this section.

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



9.1 Sec. 12. Minnesota Statutes 2014, section 356.96, subdivision 3, is amended to read:

9.2 Subd. 3. **Notice of determination.** ~~If the applicable chief administrative officer~~  
 9.3 ~~denies an application or a written request, modifies a benefit, or terminates a benefit~~  
 9.4 ~~of a person claiming a right or potential rights under a covered pension plan, the chief~~  
 9.5 ~~administrative officer shall notify that person through a written notice containing:~~ The  
 9.6 executive director shall issue a written notice of determination to the person who files an  
 9.7 appeal under subdivision 2. The notice of determination must be delivered by certified  
 9.8 mail to the address to which the most recent benefit payment was sent or, if that address  
 9.9 is that of a financial institution, to the last known address of the person. The notice of  
 9.10 determination shall include the following:

9.11 (1) a statement of the reasons for the determination;

9.12 (2) a ~~notice~~ statement that the person may petition the governing board of the  
 9.13 covered pension plan for a review of the determination and that a person's petition for  
 9.14 review must be filed in the administrative office of the covered pension plan ~~within no~~  
 9.15 later than 60 days of the receipt after the date of the written notice of the determination;

9.16 (3) a statement indicating that a failure to petition for review within 60 days  
 9.17 precludes the person from ~~contesting in any other~~ further administrative or judicial  
 9.18 ~~review or court procedure the issues determined by the chief administrative officer of the~~  
 9.19 executive director's determination;

9.20 (4) a statement indicating that all relevant materials, documents, affidavits, and  
 9.21 other records that the person wishes to be reviewed in support of the petition and a list  
 9.22 of any witnesses who will testify before the governing board, along with a summary of  
 9.23 their testimony, must be filed with and received in the administrative office of the covered  
 9.24 pension plan at least 15 days before the date of the hearing under subdivision 10 or as  
 9.25 directed by the administrative law judge who conducts a fact-finding conference under  
 9.26 subdivision 7, paragraph (b), or a contested case hearing under subdivision 12, paragraph  
 9.27 (b); and

9.28 (5) a summary of this section, including all filing requirements and deadlines; and

9.29 (6) the statement required under subdivision 4, paragraph (a), if applicable.

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

9.31 Sec. 13. Minnesota Statutes 2014, section 356.96, subdivision 4, is amended to read:

9.32 Subd. 4. **Termination of benefits.** (a) ~~If a covered pension plan decides to the~~  
 9.33 executive director's determination will terminate a benefit that is being paid to a person,  
 9.34 ~~before terminating the benefit, the chief administrative officer must, in addition to the~~  
 9.35 ~~other procedures prescribed in this section, provide the individual with written notice of~~

10.1 ~~the pending benefit termination by certified mail. The notice must explain the reason for~~  
10.2 ~~the pending benefit termination. The person must be given an the notice of determination~~  
10.3 ~~must also state that the person has the opportunity to explain, in writing, in person, by~~  
10.4 ~~telephone, or by e-mail, the reasons that the benefit should not be terminated.~~

10.5 ~~(b) If the chief administrative officer is unable to contact the person and notice of~~  
10.6 ~~determination is returned as undeliverable and the person cannot be reached by any other~~  
10.7 ~~reasonable means of communication and the executive director determines that a failure~~  
10.8 ~~to terminate the benefit will result in unauthorized payment by a covered pension plan,~~  
10.9 ~~the chief administrative officer executive director may terminate the benefit immediately~~  
10.10 ~~upon mailing a written notice containing the information required by subdivision 3 to the~~  
10.11 ~~address to which the most recent benefit payment was sent and, if that address is that of a~~  
10.12 ~~financial institution, to the last known address of the person.~~

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

10.14 Sec. 14. Minnesota Statutes 2014, section 356.96, subdivision 5, is amended to read:

10.15 Subd. 5. **Petition for review.** (a) Upon receipt of the notice of determination  
10.16 required in subdivision 3, a person who claims a right under subdivision 2 may petition  
10.17 the governing board of the covered pension plan for a review of that decision by the  
10.18 governing board of the covered pension plan the executive director's determination.

10.19 (b) ~~A petition under this section must be sent to the chief administrative officer~~  
10.20 ~~by mail and must be postmarked The petitioner must file the petition for review with~~  
10.21 ~~the administrative office of the covered pension plan no later than 60 days after the~~  
10.22 ~~person received date of the notice of determination required by subdivision 3. Filing of~~  
10.23 ~~the petition is effective upon mailing or personal delivery. The petition must include~~  
10.24 ~~the person's petitioner's statement of the reason or reasons that the person believes the~~  
10.25 ~~decision of the chief administrative officer determination of the executive director~~  
10.26 ~~should be reversed or modified. The petition may include all documentation and written~~  
10.27 ~~materials that the petitioner deems to be relevant. In developing a record for review by~~  
10.28 ~~the board when a decision is appealed, the chief administrative officer may direct that the~~  
10.29 ~~applicant participate in a fact-finding session conducted by an administrative law judge~~  
10.30 ~~assigned by the Office of Administrative Hearings and, as applicable, participate in a~~  
10.31 ~~vocational assessment conducted by a qualified rehabilitation counselor on contract with~~  
10.32 ~~the applicable retirement system.~~

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

11.1 Sec. 15. Minnesota Statutes 2014, section 356.96, subdivision 6, is amended to read:

11.2 Subd. 6. **Failure to petition.** If a timely petition for review under subdivision 5 is  
 11.3 not filed with the ~~chief administrative officer,~~ office of the covered pension plan's plan,  
 11.4 the executive director's determination is final and is not subject to further administrative  
 11.5 or judicial review.

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

11.7 Sec. 16. Minnesota Statutes 2014, section 356.96, subdivision 7, is amended to read:

11.8 Subd. 7. **Notice of hearing; fact-finding; filing and timing requirements.** (a)

11.9 After receiving a petition, the ~~chief administrative officer~~ executive director must schedule  
 11.10 a timely hearing to review of the petition before the governing board of the covered  
 11.11 pension plan or the executive director may defer the scheduling of a hearing until after  
 11.12 a fact-finding conference under paragraph (b). ~~The review must be scheduled to take~~  
 11.13 ~~into consideration any necessary accommodations to allow the petitioner to participate~~  
 11.14 ~~in the governing board's review.~~

11.15 (b) The executive director may direct that the petitioner participate in a fact-finding  
 11.16 conference conducted by an administrative law judge assigned by the Office of  
 11.17 Administrative Hearings. The fact-finding conference is an informal proceeding not  
 11.18 subject to the provisions of Minnesota rules, part 1400, except that part 1400.7300  
 11.19 shall govern the admissibility of evidence and part 1400.8603 shall govern how the  
 11.20 fact-finding conference is conducted. The administrative law judge must issue a report  
 11.21 and a recommendation to the governing board.

11.22 (c) If the petitioner's claim relates to disability benefits, the executive director may  
 11.23 direct that the petitioner participate in a vocational assessment conducted by a qualified  
 11.24 rehabilitation counselor under contract with the covered pension plan. The counselor must  
 11.25 issue a report regarding the assessment to the governing board.

11.26 ~~(b)~~ (d) Not less than 30 calendar days before the date scheduled for the hearing  
 11.27 date before the governing board, the ~~chief administrative officer~~ executive director must  
 11.28 provide by mail to notify the petitioner an acknowledgment of the receipt of the person's  
 11.29 petition and a follow-up notice of the time and place of the meeting at which the governing  
 11.30 board is scheduled to consider the petition and conduct the hearing. If there has been  
 11.31 no fact-finding conference under paragraph (b), not less than 15 days before the date  
 11.32 scheduled for the hearing, the petitioner and the executive director must provide a copy to  
 11.33 the governing board and the other party copies of all relevant documents, documentary  
 11.34 evidence, summaries, and recommendations assembled by or on behalf of the plan

12.1 ~~administration to be considered by the governing board~~ that will be presented and a list of  
 12.2 witnesses who will testify, along with a summary of their testimony.

12.3 ~~(e) all documents and materials that the petitioner wishes to be part of the record~~  
 12.4 ~~for review must be filed with the chief administrative officer and must be received in the~~  
 12.5 ~~offices of the covered pension plan at least 15 days before the date of the meeting at~~  
 12.6 ~~which the petition is scheduled to be heard.~~

12.7 ~~(d) A~~ (e) The petitioner may request a continuance postponement of a the date  
 12.8 scheduled for the hearing if the request is received by the chief administrative officer within  
 12.9 before the governing board within a reasonable time, but no later than ten calendar days of  
 12.10 before the scheduled hearing date of the applicable board meeting. The chief administrative  
 12.11 officer must reschedule the review within a reasonable time. only one continuance may be  
 12.12 granted to any petitioner. A petitioner shall be granted only one postponement unless the  
 12.13 applicable covered pension plan agrees to additional postponements.

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

12.15 Sec. 17. Minnesota Statutes 2014, section 356.96, subdivision 8, is amended to read:

12.16 Subd. 8. **Record for review.** (a) All evidence, including all records, documents, and  
 12.17 affidavits in the possession of the covered pension plan of which the covered pension plan  
 12.18 desires to avail itself and be considered by the governing board, and all evidence which the  
 12.19 petitioner wishes to present to the governing board, including any evidence which would  
 12.20 otherwise be classified by law as "private," must be made part of the hearing record.

12.21 (b) ~~The chief administrative officer~~ executive director must provide a copy of  
 12.22 the record to each member of the governing board at least ~~seven~~ five days before the  
 12.23 scheduled hearing date.

12.24 (c) ~~Any additional document, affidavit, or other relevant information that the~~  
 12.25 ~~petitioner requests be part of the record may be admitted with the consent of the governing~~  
 12.26 ~~board~~ If a fact-finding conference under subdivision 7, paragraph (b), is not conducted,  
 12.27 the record is limited to those materials provided to the petitioner in accordance with  
 12.28 subdivision 7, paragraph (d), those filed by the petitioner with the covered pension plan  
 12.29 in a timely manner in accordance with subdivision 7, paragraph (e), any vocational  
 12.30 assessment report under subdivision 7, paragraph (c), and any testimony at the hearing  
 12.31 before the governing board. Any additional evidence may be placed in the record pursuant  
 12.32 to subdivision 10, paragraph (b).

12.33 (d) If a fact-finding conference under subdivision 7, paragraph (b), or a contested  
 12.34 case hearing under subdivision 12, paragraph (b), is conducted, the record before the  
 12.35 governing board must be limited to the following:

- 13.1 (i) the record from the Office of Administrative Hearings;  
13.2 (ii) seven-page submissions by the petitioner and a representative of the covered  
13.3 pension plan commenting on the administrative law judge's recommendation; and  
13.4 (iii) any vocational assessment report under subdivision 7, paragraph (c).

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

13.6 Sec. 18. Minnesota Statutes 2014, section 356.96, subdivision 9, is amended to read:

13.7 Subd. 9. **Amended determination.** At any time before the hearing before the  
13.8 governing board, for good cause shown and made part of the records of the plan, the chief  
13.9 ~~administrative officer~~ executive director may reverse, alter, amend, or modify the prior  
13.10 decision which is subject to review under this section by issuing an amended ~~decision~~  
13.11 determination to the petitioner. Upon doing so, the ~~chief administrative officer~~ executive  
13.12 director may cancel the governing board's scheduled review of the person's petition and  
13.13 ~~shall so~~ notify the petitioner.

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

13.15 Sec. 19. Minnesota Statutes 2014, section 356.96, subdivision 10, is amended to read:

13.16 Subd. 10. **Board hearing.** (a) The governing board shall hold a timely hearing  
13.17 on a petition for review as part of a regularly scheduled board meeting, or as part of  
13.18 a special meeting if so scheduled. All governing board members who participate in the  
13.19 decision-making process must be familiar with the record. The governing board shall  
13.20 make its decision on a petition solely on the record as submitted and on the proceedings  
13.21 of the hearing.

13.22 (b) At the hearing, the petitioner, the petitioner's attorney representative, if any, and  
13.23 the ~~chief administrative officer~~ executive director and a representative of the covered  
13.24 pension plan who does not also serve as the governing board's legal advisor during the  
13.25 board's decision-making process, may state and discuss with the governing board their  
13.26 positions with respect to the petition. If no fact-finding conference under subdivision  
13.27 7, paragraph (b), or contested case hearing under subdivision 12, paragraph (b), was  
13.28 conducted, additional evidence may be received in the form of testimony from previously  
13.29 disclosed witnesses. The governing board may allow further documentation to be placed  
13.30 in the record at the board meeting only with the agreement of both the ~~chief administrative~~  
13.31 ~~officer~~ executive director and the petitioner. The ~~chief administrative officer~~ executive  
13.32 director may not otherwise participate in the board's decision-making process.

14.1 ~~(b) When a petition presents a contested issue of law, an assistant attorney general~~  
14.2 ~~may participate and may argue on behalf of the legal position taken by the chief~~  
14.3 ~~administrative officer if that assistant attorney general does not also serve as the governing~~  
14.4 ~~board's legal advisor during the board's decision-making process.~~

14.5 ~~(e) A motion by a board member, supported by a summary of the relevant facts,~~  
14.6 ~~conclusions and reasons, as properly amended and approved by a majority of the~~  
14.7 ~~governing board, constitutes the board's final decision. A verbatim statement of the~~  
14.8 ~~board's final decision must be served upon the petitioner. If the decision is contrary to the~~  
14.9 ~~petitioner's desired outcome, the notice shall inform the petitioner of the appeal rights set~~  
14.10 ~~forth in subdivision 13.~~

14.11 ~~(d) (c) If a petitioner who received timely notice of a scheduled hearing fails to~~  
14.12 ~~appear, the governing board may nevertheless hear the petition and issue a decision.~~

14.13 (d) The governing board's decision shall be made upon a motion by a board member  
14.14 and approval by a majority of the governing board. The governing board must issue  
14.15 its decision as a written order containing findings of fact, conclusions of law, and the  
14.16 board's decision no later than 30 days after the hearing. If the decision is contrary to the  
14.17 petitioner's desired outcome, the notice must inform the petitioner of the appeal rights set  
14.18 forth in subdivision 13.

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

14.20 Sec. 20. Minnesota Statutes 2014, section 356.96, subdivision 11, is amended to read:

14.21 Subd. 11. **Disability medical issues.** ~~(a) If a person petitions the governing board~~  
14.22 the petitioner seeks to reverse or modify a determination which found by the executive  
14.23 director that there exists no was insufficient medical data supporting to support an  
14.24 application for disability benefits, the governing board may reverse that determination  
14.25 only if there is in fact medical evidence supporting the application. The governing board  
14.26 has the discretion to resubmit a disability benefit application at any time to its case  
14.27 manager or to a medical advisor for reconsideration, and the resubmission may include an  
14.28 instruction that further medical examinations be obtained.

14.29 ~~(b) The governing board may make a determination contrary to the recommendation~~  
14.30 ~~of the medical advisor only if there is expert medical evidence in the record to support~~  
14.31 ~~its contrary decision. If there is no medical evidence contrary to the opinion of the~~  
14.32 ~~medical advisor in the record and the medical advisor attests that the decision was made in~~  
14.33 ~~accordance with the applicable disability standard, the board must follow the decision of~~  
14.34 ~~the medical advisor regarding the cause of the disability.~~

15.1 ~~(e) The obligation of the governing board to follow the decision of the medical~~  
15.2 ~~advisor under paragraph (b) does not apply to instances when the governing board makes~~  
15.3 ~~a determination different from the recommendation of the medical advisor on issues~~  
15.4 ~~that do not involve medical issues.~~

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

15.6 Sec. 21. Minnesota Statutes 2014, section 356.96, subdivision 12, is amended to read:

15.7 Subd. 12. **Referral for administrative hearing.** ~~(a) Notwithstanding any provision~~  
15.8 ~~of sections 14.03, 14.06, and 14.57 to 14.69 to the contrary, a challenge to a determination~~  
15.9 ~~of the chief administrative officer of a covered pension plan~~ A fact-finding conference  
15.10 under subdivision 7, paragraph (b), must be conducted exclusively under the procedures  
15.11 set forth in this section and is not as a contested case under chapter 14.

15.12 ~~(b) Notwithstanding the provisions of paragraph (a),~~ A governing board, in its sole  
15.13 discretion, may refer a petition brought under this section to the Office of Administrative  
15.14 Hearings for a contested case hearing under sections 14.57 to 14.69.

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

15.16 Sec. 22. Minnesota Statutes 2014, section 356.96, subdivision 13, is amended to read:

15.17 Subd. 13. **Appeal of the governing board's decision; judicial review.** ~~Within~~ No  
15.18 later than 60 days of after the date of the mailing of the notice of the governing board's  
15.19 decision, the petitioner may appeal the decision by filing a writ of certiorari with the  
15.20 Court of Appeals under section 606.01 and Rule 115 of the Minnesota Rules of Civil  
15.21 Appellate Procedure. Failure by a person to appeal to the Court of Appeals within the  
15.22 60-day period precludes the person from later raising, in any subsequent administrative  
15.23 hearing or court proceeding, ~~those~~ substantive and procedural issues that reasonably  
15.24 should have been raised upon a timely appeal.

15.25 Sec. 23. Minnesota Statutes 2015 Supplement, section 490.124, subdivision 12,  
15.26 is amended to read:

15.27 Subd. 12. **Refund.** (a) A person who ceases to be a judge is entitled to a refund  
15.28 in an amount that is equal to all of the member's employee contributions to the judges'  
15.29 retirement fund plus interest computed under section 352.22, subdivision 2.

15.30 (b) A refund of contributions under paragraph (a) terminates all service credits and  
15.31 all rights and benefits of the judge and the judge's survivors under this chapter.

16.1 (c) A person who becomes a judge again after taking a refund under paragraph (a)  
16.2 may reinstate the previously terminated allowable service credit, rights, and benefits by  
16.3 repaying the total amount of the previously received refund. The refund repayment must  
16.4 include interest on the total amount previously received at the annual rate of 8.5 percent  
16.5 until June 30, 2015, and eight percent thereafter, compounded annually, from the date on  
16.6 which the refund was received until the date on which the refund is repaid. Repayment  
16.7 must be made as provided in section 352.23, paragraph (d)

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

16.9 Sec. 24. **REPEALER.**

16.10 Minnesota Statutes 2014, section 356.96, subdivisions 14 and 15, are repealed.

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



APPENDIX  
Repealed Minnesota Statutes: LCPR16-001

**356.96 PENSION PLAN APPEAL PROCEDURES.**

Subd. 14. **Petitions without notice.** Notwithstanding the petition notice and requirements under this section, a person who believes that the person's rights have been affected by a decision made by the administration of a covered pension plan may request a review under this section by the appropriate governing board. The petition under this subdivision must be made within 45 days of the time that the person knew or should have known of the disputed decision.

Subd. 15. **Governing board review panel.** Any covered pension plan subject to this section, by motion duly made and adopted, may appoint a panel of governing board members to hear and determine any or all petitions brought under this section. The governing board review panel must contain a minimum number of board members that would otherwise constitute a quorum of board members under the governing body's rules and procedures.