



TO: Members of the Legislative Commission on Pensions and Retirement  
 FROM: Lawrence A. Martin, Executive Director *JAM*  
 RE: Aggregation of the Proposed Pension Legislation Reviewed by the Commission and Potentially for Inclusion in the 2011 Omnibus Retirement Bill  
 DATE: May 9, 2011

Introduction

As of the conclusion of the May 5, 2011, meeting of the Legislative Commission on Pensions and Retirement, the Commission has completed its initial review of five retirement-related bills for possible inclusion in a 2011 Omnibus Retirement Bill. The Commission staff has engrossed the amendments approved by the Commission for those five retirement-related bills and has organized them substantively in the attached document for additional Commission consideration.

Retirement-Related Bills with Completed Review Through May 5, 2011

Through the conclusion of the May 5, 2011, meeting of the Legislative Commission on Pensions and Retirement, the following retirement-related bills have had their initial review completed by the Commission and are potentially available for inclusion in the 2011 Omnibus Retirement Bill:

1. HF 81 (Rukavina); SF 1398 (Tomassoni): PERA; Purchase of service and salary credit authorized for certain former employees of Babbitt and Buhl for eligible unreported employment.
2. HF 476 (Kelly); SF 176 (Howe): PERA; Red Wing Port Authority employees included and retroactive retirement coverage validated.
3. HF 1338 (McFarlane); SF 1113 (Chamberlain): White Bear Lake Volunteer Fire Department Relief Association; Use of special actuarial work authorized in determining the 2009 and 2010 special fund financial requirements and minimum municipal obligations.
4. HF 1415 (Melin); SF 1129 (Tomassoni): Police and fire plans; Relief associations extension provided for submitting reports.
5. HF xxxx; SF 1252 (Olson, G.): TRA; Independent school district #270, Hopkins; part time teacher participant salary credit purchase authorization.

General Summary of Document LCPR11-02A, Potential 2011 Omnibus Retirement Bill through May 5, 2011

Article 1: PERA-Administered Retirement Plans. Minnesota Statutes, Section 353.01, Subdivisions 2 and 6, specifying local government employees included in General Employees Retirement Plan of the Public Employees Retirement Association (PERA-General) retirement coverage and defining the term “governmental subdivision” are amended to specifically include current and past Red Wing Port Authority employees in PERA-General; specifically include the Red Wing Port Authority as a PERA-covered governmental subdivision; and validate the past retirement coverage, allowable service credit, salary credit, and contributions in or to PERA-General for Red Wing Port Authority since 1984.

Article 2: Volunteer Firefighter Relief Associations. An extension for the deadline for filing the calendar year 2009 volunteer firefighter relief association annual financial reporting is granted for Hibbing, Makinen and Mapleview to qualify for 2010 fire state aid from November 30, 2010, to April 30, 2011, without any aid forfeiture or future aid disqualification, if the 2009 annual volunteer firefighter relief association financial reporting is filed before May 1, 2011. An authorization is granted for the White Bear Lake Volunteer Fire Department Relief Association and the City of White Bear Lake to utilize an October 19, 2009, interim actuarial valuation of the relief association special fund as confirmed by a January 1, 2011, actuarial valuation of the relief association special fund as the basis for determining the actuarial requirements of the relief association and the minimum municipal obligation of the city for the 2010 and 2011 required municipal contributions, effective retroactively from July 31, 2009, if approved by the City of White Bear Lake.

Article 3: Small Group Retirement Provisions. A 53-year-old full-time police officer employed by the City of Babbitt, Minnesota, who has, in addition to the person’s full-time Babbitt City police officer employment, two periods of employment as a part-time police officer for Buhl, Minnesota (July 1988 to

November 1996), and for Babbitt, Minnesota (April 1992 to September 1992), during which the person was eligible for retirement coverage by the Public Employees Retirement Association (PERA), but for which he was not reported to PERA and for which no member deductions were taken, is permitted to purchase seven years and eight months of service and salary credit from the Coordinated Program of the PERA General Employees Retirement Plan (PERA-General) for the person's prior uncredited public employment as a part-time police officer by the City of Buhl and the City of Babbitt, accomplished by the member paying the equivalent member contributions that the person would have made if covered, plus 8.5% interest from the date the contribution should have been made to the date on which payment is made, and by the City of Buhl and the City of Babbitt paying the balance of the full actuarial value of the benefit obtained by the purchase, allocated between the two based on the portions of the benefit amount attributable to each, with a deadline of the earlier of July 1, 2012, or the date of the person's retirement. A 60-year-old school teacher in the Hopkins School District is permitted to purchase the balance of the full-time equivalent salary for the 2008-2009 school year employed by the Hopkins Public School District with the payment of \$609.98, the member contribution rate applied to the balance of the person's full-time compensation for the 2008-2009 school year, plus 8.5% annual compound interest from January 31, 2009, the midpoint of the 2008-2009 school year, until the date of actual payment and if the person makes the member contribution equivalent payment, the Hopkins Public School District is obligated to pay the balance of the full actuarial value of the benefit to be obtained by the salary credit increase purchase in excess of the person's member contribution equivalent payment, with the deadline for making the member payment July 1, 2012, and the special legislation expires on August 1, 2012.

cc: Mark Shepard, House Research  
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## Section-by-Section Summary of Delete-Everything Amendment LCPR11-02A

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<u>Sec.</u>	<u>Pg.Ln – Pg.Ln</u>	<u>Source Bill(s)</u>	<u>Retirement Plan</u>	<u>Stat. Provision</u>	<u>Summary</u>
<b><u>Article 1: PERA-Administered Retirement Plans</u></b>					
1	1.6-2.26	HF 476 (Kelly); SF 176 (Howe)	PERA-General	353.01, Subd. 2a	Includes pre-5/1/2011 employees of the Red Wing Port Authority in plan coverage.
2	2.27-4.7	HF 476 (Kelly); SF 176 (Howe)	PERA-General	353.01, Subd. 6	Designates the Red Wing Port Authority as a governmental subdivision covered by PERA-General and removes the Red Wing Port Authority from the exclusions from the definition of governmental subdivision.
3	4.8-4.25	HF 476 (Kelly); SF 176 (Howe)	PERA-General	Uncoded	Validates all past Red Wing Port Authority employee and employer contributions made by pre-5/1/2011 hires.
<b><u>Article 2: Volunteer Firefighter Relief Associations</u></b>					
1	4.28-5.1	HF 1415 (Melin); SF 1129 (Tomassoni);	Fire State Aid	Uncoded	Extends the deadline for the 2009 calendar volunteer firefighter relief association financial report to the filed with the State Auditor to qualify for the 2010 fire state aid distribution until May 1, 2011, for Hibbing, Makinen, and Mapleview.
2	5.2-5.22	HF 1338 (McFarlane); SF 1113 (Chamberlain)	Fire State Aid	Uncoded	Allows White Bear Lake to use interim actuarial valuation work that was validated by a subsequent regular actuarial valuation to be used in financial reporting to qualify for the 2010 and 2011 fire state aid.
<b><u>Article 3: Small Group Retirement Provisions</u></b>					
1	5.25-6.34	HF 81 (Rukavina); SF 1398 (Tomassoni)	PERA-General	Uncoded	Allows a full actuarial value service credit purchase for prior part-time Buhl and Babbit police employment that was not reported by the cities to PERA-General, with a mandatory contribution by the employers of the balance of the full actuarial value payment amount if the person pays the equivalent member contribution amount plus interest.
2	7.1-8.9	HF xxxx; SF 1252 (Olson, G.)	TRA	Uncoded	Permits a full actuarial value salary credit purchase from TRA for a part-time teaching year for which the applicable agreement was not filed in a timely fashion, with a mandatory Hopkins school district contribution of the full actuarial value balance if the person pays the equivalent member contribution plus interest.