

**Executive Summary of Commission Staff Materials**

*Affected Pension Plan(s):* Minneapolis Employees Retirement Fund (MERF)  
*Relevant Provisions of Law:* Minnesota Statutes, Chapters 43A and 422A  
*General Nature of Proposal:* Director Salary, Fund Investment, and Transfer Liquidity Flexibility  
*Date of Summary:* April 18, 2005

**Specific Proposed Change(s)**

- Exempts MERF executive director from compensation limits.
- MERF authority to invest with the State Board of Investment.
- MERF internal transfer liquidity flexibility.
- Correction/provision update.

**Policy Issues Raised by the Proposed Legislation**

1. Appropriateness of removing the MERF executive director's salary from the local government compensation cap.
2. Appropriateness of a continued separate plan administration for MERF.
3. Appropriateness of authorizing MERF to invest with the State Board of Investment.
4. Appropriateness of according MERF full discretion on the amount of its assets allocated to the State Board of Investment.
5. Appropriateness of alternative; mandating the investment of MERF assets by the State Board of Investment.
6. Appropriateness of permitting transfers of internal IOU's instead of cash to the MERF retirement benefit fund.
7. Appropriateness of the internal IOU interest charge calculation procedure.
8. Appropriateness of creating a priority for redeeming internal transfer IOU's interest over principal.
9. Appropriateness of the internal IOU impact on future state aid to MERF.

**Potential Amendments**

**Technical Amendments:**

Amendment LCPR05-066 attempts to clarify the provisions consistent with the intent of the proposals.

Amendment LCPR05-058 clarifies the proposed salary maximum exclusion.

**Substantive Amendments:**

Amendment LCPR05-059 adjusts a past full actuarial value service credit purchase based on the benefit impact of the proposed salary maximum exclusion.

Amendment LCPR05-060 authorizes MERF to contract with PERA for administrative services.

Amendment LCPR05-061 mandates PERA to administer MERF.

Amendment LCPR05-062 requires MERF to administer the Minneapolis Firefighters Relief Association and the Minneapolis Police Relief Association.

Amendment LCPR05-063 combines the MERF and MTRFA plan administrations under the supervision of the Minneapolis Finance Director.

Amendment LCPR05-064 turns MERF into a city trust fund.

Amendment LCPR05-065 requires the State Board of Investment to invest the MERF assets.