

1.1 ..... moves to amend the delete everything amendment (S0191-DE3) to  
1.2 S.F. No. 191; H.F. No. 723, as follows:

1.3 Page 84, after line 7, insert:

1.4 "Sec. 44. CITY OF DULUTH AND DULUTH AIRPORT AUTHORITY;  
1.5 CORRECTING ERRONEOUS EMPLOYEE DEDUCTIONS, EMPLOYER  
1.6 CONTRIBUTIONS AND ADJUSTING OVERPAID BENEFITS.

1.7 Subdivision 1. Application. Notwithstanding any provisions of sections 10 and 11,  
1.8 or Minnesota Statutes 2008, chapter 353 and 356 to the contrary, this section establishes  
1.9 the procedures by which the executive director of the Public Employees Retirement  
1.10 Association shall adjust erroneous employee deductions and employer contributions  
1.11 paid on behalf of active employees and former members by the city of Duluth and by  
1.12 the Duluth Airport Authority on amounts determined by the executive director to be  
1.13 invalid salary under Minnesota Statutes, section 353.01, subdivision 10, reported between  
1.14 January 1, 1997, and October 23, 2008, and for adjusting benefits that were paid to former  
1.15 members and their beneficiaries based upon invalid salary amounts.

1.16 Subd. 2. Refunds of employee deductions. (a) The executive director shall refund  
1.17 to active employees or former members who are not receiving retirement annuities or  
1.18 benefits all erroneous employee deductions identified by the city of Duluth or by the  
1.19 Duluth Airport Authority as deductions taken from amounts determined to be invalid  
1.20 salary. The refunds must include interest at the rate specified in Minnesota Statutes,  
1.21 section 353.34, subdivision 2, from the date each invalid employee deduction was received  
1.22 through the date each refund is paid.

1.23 (b) The refund payment for active employees must be sent to the applicable  
1.24 governmental subdivision which must pay the refunded employee deductions plus interest  
1.25 to the active members who are employees of the city of Duluth or who are employees of  
1.26 the Duluth Airport Authority, as applicable.

1.27 (c) Refunds to former members must be mailed by the executive director of the  
1.28 Public Employees Retirement Association to the former member's last known address.

1.29 Subd. 3. Benefit adjustments. (a) For a former member who is receiving a  
1.30 retirement annuity or disability benefit, or for a person receiving an optional annuity or  
1.31 survivor benefit, the executive director must:

1.32 (1) adjust the annuity or benefit payment to the correct monthly benefit amount  
1.33 payable by reducing the average salary under Minnesota Statutes, section 353.01,  
1.34 subdivision 17a, by the invalid salary amounts;

2.1 (2) determine the amount of the overpaid benefits paid from the effective date of  
 2.2 the annuity or benefit payment to the first of the month in which the monthly benefit  
 2.3 amount is corrected;

2.4 (3) calculate the amount of employee deductions taken in error on invalid salary,  
 2.5 including interest at the rate specified in Minnesota Statutes, section 353.34, subdivision 2,  
 2.6 from the date each invalid employee deduction was received through the date the annuity  
 2.7 or benefit is adjusted as provided under clause (1); and

2.8 (4) determine the net amount of overpaid benefits by reducing the amount of the  
 2.9 overpaid annuity or benefit as determined in clause (2) by the amount of the erroneous  
 2.10 employee deductions with interest determined in clause (3).

2.11 (b) If a former member's erroneous employee deductions plus interest determined  
 2.12 under this section exceeds the amount of the person's overpaid benefits, the balance must  
 2.13 be refunded to the person to whom the annuity or benefit is being paid.

2.14 (c) The executive director shall recover the net amount of all overpaid annuities or  
 2.15 benefits as provided under subdivision 4.

2.16 Subd. 4. Employer credits and obligations. (a) The executive director shall  
 2.17 provide a credit without interest to the city of Duluth and to the Duluth Airport Authority  
 2.18 for the amount of that governmental subdivision's erroneous employer contributions. The  
 2.19 credit must first be used to offset the net amount of the overpaid retirement annuities, and  
 2.20 the disability and survivor benefits that remains after applying the amount of erroneous  
 2.21 employee deductions with interest as provided under subdivision 3, clause (4). The  
 2.22 remaining erroneous employer contributions, if any, must be credited against future  
 2.23 employer contributions required to be paid by the applicable governmental subdivision. If  
 2.24 the overpaid benefits exceed the employer contribution credit, the balance of the overpaid  
 2.25 benefits is the obligation of the city of Duluth or the Duluth Airport Authority, whichever  
 2.26 is applicable.

2.27 (b) The Public Employees Retirement Association board of trustees shall determine  
 2.28 the period of time and manner for the collection of overpaid retirement annuities and  
 2.29 benefits, if any, from the city of Duluth and the Duluth Airport Authority.

2.30 **EFFECTIVE DATE.** (a) This section is effective <sup>for the city of Duluth</sup> the day after the Duluth city  
 2.31 council and the chief clerical officer of the city of Duluth timely complete their compliance  
 2.32 with Minnesota Statutes, section 645.021, subdivisions 2 and 3, for members who are, and  
 2.33 former members who were, employees of the city of Duluth.

2.34 (b) This section is effective <sup>for the DAA</sup> the day after the Duluth Airport Authority and the chief  
 2.35 clerical officer of the Duluth Airport Authority timely complete their compliance with

- 3.1 Minnesota Statutes, section 645.021, subdivisions 2 and 3, for members who are, and
- 3.2 former members who were, employees of the Duluth Airport Authority."
- 3.3       Renumber the sections in sequence and correct the internal references
- 3.4       Amend the title accordingly

