

1.1 A bill for an act

1.2 relating to retirement; Virginia Fire Department Relief Association; authorizing
1.3 the consolidation of the relief association in the public employees police and fire
1.4 retirement plan; amending Minnesota Statutes 2008, sections 69.77, subdivision
1.5 1a; 353.01, subdivision 2b; 353.64, subdivisions 1a, 3; 356.215, subdivision 8.

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

1.7 Section 1. Minnesota Statutes 2008, section 69.77, subdivision 1a, is amended to read:

1.8 Subd. 1a. **Covered retirement plans.** The provisions of this section apply to the
1.9 following local retirement plans:

1.10 (1) the Bloomington Firefighters Relief Association;

1.11 (2) the Fairmont Police Relief Association;

1.12 (3) the Minneapolis Firefighters Relief Association; and

1.13 (4) the Minneapolis Police Relief Association; ~~and.~~

1.14 ~~(5) the Virginia Fire Department Relief Association.~~

1.15 Sec. 2. Minnesota Statutes 2008, section 353.01, subdivision 2b, is amended to read:

1.16 Subd. 2b. **Excluded employees.** The following public employees are not eligible
1.17 to participate as members of the association with retirement coverage by the public
1.18 employees retirement plan, the local government correctional employees retirement plan
1.19 under chapter 353E, or the public employees police and fire retirement plan:

1.20 (1) public officers, other than county sheriffs, who are elected to a governing body,
1.21 or persons who are appointed to fill a vacancy in an elective office of a governing body,
1.22 whose term of office commences on or after July 1, 2002, for the service to be rendered
1.23 in that elective position;

1.24 (2) election officers or election judges;

2.1 (3) patient and inmate personnel who perform services for a governmental
2.2 subdivision;

2.3 (4) except as otherwise specified in subdivision 12a, employees who are hired for
2.4 a temporary position as defined under subdivision 12a, and employees who resign from
2.5 a nontemporary position and accept a temporary position within 30 days in the same
2.6 governmental subdivision;

2.7 (5) employees who are employed by reason of work emergency caused by fire,
2.8 flood, storm, or similar disaster;

2.9 (6) employees who by virtue of their employment in one governmental subdivision
2.10 are required by law to be a member of and to contribute to any of the plans or funds
2.11 administered by the Minnesota State Retirement System, the Teachers Retirement
2.12 Association, the Duluth Teachers Retirement Fund Association, the St. Paul Teachers
2.13 Retirement Fund Association, the Minneapolis Employees Retirement Fund, or any police
2.14 or firefighters relief association governed by section 69.77 that has not consolidated with
2.15 the Public Employees Retirement Association under chapter 353A or with the public
2.16 employees police and fire retirement plan under sections 6 to 11, or any local police
2.17 or firefighters consolidation account who have not elected the type of benefit coverage
2.18 provided by the public employees police and fire fund under sections 353A.01 to 353A.10,
2.19 or any persons covered by section 353.665, subdivision 4, 5, or 6, who have not elected
2.20 public employees police and fire plan benefit coverage. This clause must not be construed
2.21 to prevent a person from being a member of and contributing to the Public Employees
2.22 Retirement Association and also belonging to and contributing to another public pension
2.23 plan or fund for other service occurring during the same period of time. A person who
2.24 meets the definition of "public employee" in subdivision 2 by virtue of other service
2.25 occurring during the same period of time becomes a member of the association unless
2.26 contributions are made to another public retirement fund on the salary based on the other
2.27 service or to the Teachers Retirement Association by a teacher as defined in section
2.28 354.05, subdivision 2;

2.29 (7) persons who are members of a religious order and are excluded from coverage
2.30 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the
2.31 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),
2.32 as amended through January 1, 1987, if no irrevocable election of coverage has been made
2.33 under section 3121(r) of the Internal Revenue Code of 1954, as amended;

2.34 (8) employees of a governmental subdivision who have not reached the age of
2.35 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time

3.1 basis at an accredited school, college, or university in an undergraduate, graduate, or
3.2 professional-technical program, or a public or charter high school;

3.3 (9) resident physicians, medical interns, and pharmacist residents and pharmacist
3.4 interns who are serving in a degree or residency program in public hospitals or clinics;

3.5 (10) students who are serving in an internship or residency program sponsored
3.6 by an accredited educational institution;

3.7 (11) persons who hold a part-time adult supplementary technical college license who
3.8 render part-time teaching service in a technical college;

3.9 (12) except for employees of Hennepin County or Hennepin Healthcare System,
3.10 Inc., foreign citizens working for a governmental subdivision with a work permit of less
3.11 than three years, or an H-1b visa valid for less than three years of employment. Upon
3.12 notice to the association that the work permit or visa extends beyond the three-year period,
3.13 the foreign citizens must be reported for membership from the date of the extension;

3.14 (13) public hospital employees who elected not to participate as members of the
3.15 association before 1972 and who did not elect to participate from July 1, 1988, to October
3.16 1, 1988;

3.17 (14) except as provided in section 353.86, volunteer ambulance service personnel,
3.18 as defined in subdivision 35, but persons who serve as volunteer ambulance service
3.19 personnel may still qualify as public employees under subdivision 2 and may be members
3.20 of the Public Employees Retirement Association and participants in the public employees
3.21 retirement fund or the public employees police and fire fund, whichever applies, on the
3.22 basis of compensation received from public employment service other than service as
3.23 volunteer ambulance service personnel;

3.24 (15) except as provided in section 353.87, volunteer firefighters, as defined in
3.25 subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties;
3.26 provided that a person who is a volunteer firefighter may still qualify as a public
3.27 employee under subdivision 2 and may be a member of the Public Employees Retirement
3.28 Association and a participant in the public employees retirement fund or the public
3.29 employees police and fire fund, whichever applies, on the basis of compensation received
3.30 from public employment activities other than those as a volunteer firefighter;

3.31 (16) pipefitters and associated trades personnel employed by Independent School
3.32 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
3.33 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,
3.34 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter
3.35 241, article 2, section 12;

4.1 (17) electrical workers, plumbers, carpenters, and associated trades personnel
4.2 employed by Independent School District No. 625, St. Paul, or the city of St. Paul,
4.3 who have retirement coverage under a collective bargaining agreement by the Electrical
4.4 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,
4.5 or the Carpenters Local 87 pension plan who were either first employed after May 1,
4.6 2000, or, if first employed before May 2, 2000, elected to be excluded under Laws 2000,
4.7 chapter 461, article 7, section 5;

4.8 (18) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
4.9 painters, allied tradesworkers, and plasterers employed by the city of St. Paul or
4.10 Independent School District No. 625, St. Paul, with coverage under a collective
4.11 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
4.12 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
4.13 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
4.14 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if
4.15 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
4.16 Session chapter 10, article 10, section 6;

4.17 (19) plumbers employed by the Metropolitan Airports Commission, with coverage
4.18 under a collective bargaining agreement by the Plumbers Local 34 pension plan, who either
4.19 were first employed after May 1, 2001, or if first employed before May 2, 2001, elected to
4.20 be excluded under Laws 2001, First Special Session chapter 10, article 10, section 6;

4.21 (20) employees who are hired after June 30, 2002, to fill seasonal positions under
4.22 subdivision 12b which are limited in duration by the employer to 185 consecutive calendar
4.23 days or less in each year of employment with the governmental subdivision;

4.24 (21) persons who are provided supported employment or work-study positions
4.25 by a governmental subdivision and who participate in an employment or industries
4.26 program maintained for the benefit of these persons where the governmental subdivision
4.27 limits the position's duration to three years or less, including persons participating in a
4.28 federal or state subsidized on-the-job training, work experience, senior citizen, youth, or
4.29 unemployment relief program where the training or work experience is not provided as a
4.30 part of, or for, future permanent public employment;

4.31 (22) independent contractors and the employees of independent contractors; and

4.32 (23) reemployed annuitants of the association during the course of that
4.33 reemployment.

4.34 Sec. 3. Minnesota Statutes 2008, section 353.64, subdivision 1a, is amended to read:

5.1 Subd. 1a. **Police and fire plan; other members.** (a) A person who prior to July
5.2 1, 1961, was a member of the police and fire plan, by virtue of being a police officer or
5.3 firefighter, shall, as long as the person remains in either position, continue membership in
5.4 the plan.

5.5 (b) A person who was employed by a governmental subdivision as a police officer
5.6 and was a member of the police and fire plan on July 1, 1978, by virtue of being a police
5.7 officer as defined by this section on that date, and if employed by the same governmental
5.8 subdivision in a position in the same department in which the person was employed on
5.9 that date, continues to be a member of the plan, whether or not that person has the power
5.10 of arrest by warrant and is licensed by the Peace Officers Standards and Training Board
5.11 after that date.

5.12 (c) A person who was employed as a correctional officer by Rice county before
5.13 July 1, 1998, for the duration of employment in the correctional position held on July 1,
5.14 1998, continues to be a member of the public employees police and fire plan, whether or
5.15 not the person has the power of arrest by warrant and is licensed by the Peace Officers
5.16 Standards and Training Board after that date.

5.17 (d) A person who was employed by a governmental subdivision as a police officer
5.18 or a firefighter, whichever applies, was an active member of the local police or salaried
5.19 firefighters relief association located in that governmental subdivision by virtue of that
5.20 employment as of the effective date of the consolidation as authorized by sections 353A.01
5.21 to 353A.10, and has elected coverage by the public employees police and fire plan, or a
5.22 person who was a retired member of a relief association that consolidated with the public
5.23 employees police and fire plan under sections 6 to 11, shall become a member of the
5.24 police and fire plan after that date if employed by the same governmental subdivision in a
5.25 position in the same department in which the person was employed on that date.

5.26 (e) Any police officer or firefighter of a relief association that has consolidated
5.27 with the association for which the employee has not elected coverage by the public
5.28 employees police and fire plan as provided in sections 353A.01 to 353A.10, or any police
5.29 officer or firefighter to whom section 353.665 applies who has not elected coverage by
5.30 the public employees police and fire plan as provided in section 353.665, subdivision 4,
5.31 must become a member of the public employees police and fire plan, but is not subject
5.32 to the provisions of sections 353.651 to 353.659 unless an election for such coverage is
5.33 made under section 353.665, subdivision 4.

5.34 Sec. 4. Minnesota Statutes 2008, section 353.64, subdivision 3, is amended to read:

6.1 Subd. 3. **Police and fire fund membership; exclusion.** A police officer or
 6.2 firefighter employed by a governmental subdivision who by virtue of that employment
 6.3 is required by law to be a member of and to contribute to any police or firefighter relief
 6.4 association governed by section 69.77 which has not consolidated with the public
 6.5 employees police and fire plan under chapter 353A or under sections 6 to 11, is not eligible
 6.6 to become a member of the public employees police and fire plan.

6.7 Sec. 5. Minnesota Statutes 2008, section 356.215, subdivision 8, is amended to read:

6.8 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use
 6.9 the applicable following preretirement interest assumption and the applicable following
 6.10 postretirement interest assumption:

6.11		preretirement	postretirement
6.12		interest rate	interest rate
6.13	plan	assumption	assumption
6.14	general state employees retirement plan	8.5%	6.0%
6.15	correctional state employees retirement plan	8.5	6.0
6.16	State Patrol retirement plan	8.5	6.0
6.17	legislators retirement plan	8.5	6.0
6.18	elective state officers retirement plan	8.5	6.0
6.19	judges retirement plan	8.5	6.0
6.20	general public employees retirement plan	8.5	6.0
6.21	public employees police and fire retirement plan	8.5	6.0
6.22	local government correctional service retirement		
6.23	plan	8.5	6.0
6.24	teachers retirement plan	8.5	6.0
6.25	Minneapolis employees retirement plan	6.0	5.0
6.26	Duluth teachers retirement plan	8.5	8.5
6.27	St. Paul teachers retirement plan	8.5	8.5
6.28	Minneapolis Police Relief Association	6.0	6.0
6.29	Fairmont Police Relief Association	5.0	5.0
6.30	Minneapolis Fire Department Relief Association	6.0	6.0
6.31	Virginia Fire Department Relief Association	5.0	5.0
6.32	Bloomington Fire Department Relief Association	6.0	6.0
6.33	local monthly benefit volunteer firefighters relief		
6.34	associations	5.0	5.0

6.35 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
 6.36 single rate future salary increase assumption, the applicable following modified single
 6.37 rate future salary increase assumption, or the applicable following graded rate future
 6.38 salary increase assumption:

6.39 (1) single rate future salary increase assumption

7.1		future salary
7.2	plan	increase assumption
7.3	legislators retirement plan	5.0%
7.4	judges retirement plan	4.0
7.5	Minneapolis Police Relief Association	4.0
7.6	Fairmont Police Relief Association	3.5
7.7	Minneapolis Fire Department Relief	
7.8	Association	4.0
7.9	Virginia Fire Department Relief Association	3.5
7.10	Bloomington Fire Department Relief	
7.11	Association	4.0
7.12	(2) modified single rate future salary increase assumption	
7.13		future salary
7.14	plan	increase assumption
7.15	Minneapolis employees	the prior calendar year amount increased
7.16	retirement plan	first by 1.0198 percent to prior fiscal year
7.17		date and then increased by 4.0 percent
7.18		annually for each future year
7.19	(3) select and ultimate future salary increase assumption or graded rate future salary	
7.20	increase assumption	
7.21		future salary
7.22	plan	increase assumption
7.23	general state employees retirement plan	select calculation and
7.24		assumption A
7.25	correctional state employees retirement plan	assumption H
7.26	State Patrol retirement plan	assumption G
7.27	general public employees retirement plan	select calculation and
7.28		assumption B
7.29	public employees police and fire fund retirement plan	assumption C
7.30	local government correctional service retirement plan	assumption G
7.31	teachers retirement plan	assumption D
7.32	Duluth teachers retirement plan	assumption E
7.33	St. Paul teachers retirement plan	assumption F
7.34	The select calculation is: during the	
7.35	designated select period, a designated	
7.36	percentage rate is multiplied by the result of	
7.37	the designated integer minus T, where T is the	
7.38	number of completed years of service, and is	
7.39	added to the applicable future salary increase	
7.40	assumption. The designated select period is	
7.41	five years and the designated integer is five	
7.42	for the general state employees retirement	

8.1 plan and the general public employees
 8.2 retirement plan. The designated select period
 8.3 is ten years and the designated integer is ten
 8.4 for all other retirement plans covered by
 8.5 this clause. The designated percentage rate
 8.6 is: (1) 0.2 percent for the correctional state
 8.7 employees retirement plan, the State Patrol
 8.8 retirement plan, the public employees police
 8.9 and fire plan, and the local government
 8.10 correctional service plan; (2) 0.6 percent
 8.11 for the general state employees retirement
 8.12 plan and the general public employees
 8.13 retirement plan; and (3) 0.3 percent for the
 8.14 teachers retirement plan, the Duluth Teachers
 8.15 Retirement Fund Association, and the St.
 8.16 Paul Teachers Retirement Fund Association.
 8.17 The select calculation for the Duluth Teachers
 8.18 Retirement Fund Association is 8.00 percent
 8.19 per year for service years one through seven,
 8.20 7.25 percent per year for service years seven
 8.21 and eight, and 6.50 percent per year for
 8.22 service years eight and nine.

8.23 The ultimate future salary increase assumption is:

8.24	age	A	B	C	D	E	F	G	H
8.25	16	5.95%	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%
8.26	17	5.90	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500
8.27	18	5.85	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500
8.28	19	5.80	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500
8.29	20	5.75	5.40	11.00	5.50	6.90	6.90	7.7500	7.2500
8.30	21	5.75	5.40	11.00	5.50	6.90	6.90	7.1454	6.6454
8.31	22	5.75	5.40	10.50	5.50	6.90	6.90	7.0725	6.5725
8.32	23	5.75	5.40	10.00	5.50	6.85	6.85	7.0544	6.5544
8.33	24	5.75	5.40	9.50	5.50	6.80	6.80	7.0363	6.5363
8.34	25	5.75	5.40	9.00	5.50	6.75	6.75	7.0000	6.5000
8.35	26	5.75	5.36	8.70	5.50	6.70	6.70	7.0000	6.5000
8.36	27	5.75	5.32	8.40	5.50	6.65	6.65	7.0000	6.5000
8.37	28	5.75	5.28	8.10	5.50	6.60	6.60	7.0000	6.5000
8.38	29	5.75	5.24	7.80	5.50	6.55	6.55	7.0000	6.5000
8.39	30	5.75	5.20	7.50	5.50	6.50	6.50	7.0000	6.5000

9.1	31	5.75	5.16	7.30	5.50	6.45	6.45	7.0000	6.5000
9.2	32	5.75	5.12	7.10	5.50	6.40	6.40	7.0000	6.5000
9.3	33	5.75	5.08	6.90	5.50	6.35	6.35	7.0000	6.5000
9.4	34	5.75	5.04	6.70	5.50	6.30	6.30	7.0000	6.5000
9.5	35	5.75	5.00	6.50	5.50	6.25	6.25	7.0000	6.5000
9.6	36	5.75	4.96	6.30	5.50	6.20	6.20	6.9019	6.4019
9.7	37	5.75	4.92	6.10	5.50	6.15	6.15	6.8074	6.3074
9.8	38	5.75	4.88	5.90	5.40	6.10	6.10	6.7125	6.2125
9.9	39	5.75	4.84	5.70	5.30	6.05	6.05	6.6054	6.1054
9.10	40	5.75	4.80	5.50	5.20	6.00	6.00	6.5000	6.0000
9.11	41	5.75	4.76	5.40	5.10	5.90	5.95	6.3540	5.8540
9.12	42	5.75	4.72	5.30	5.00	5.80	5.90	6.2087	5.7087
9.13	43	5.65	4.68	5.20	4.90	5.70	5.85	6.0622	5.5622
9.14	44	5.55	4.64	5.10	4.80	5.60	5.80	5.9048	5.4078
9.15	45	5.45	4.60	5.00	4.70	5.50	5.75	5.7500	5.2500
9.16	46	5.35	4.56	4.95	4.60	5.40	5.70	5.6940	5.1940
9.17	47	5.25	4.52	4.90	4.50	5.30	5.65	5.6375	5.1375
9.18	48	5.15	4.48	4.85	4.50	5.20	5.60	5.5822	5.0822
9.19	49	5.05	4.44	4.80	4.50	5.10	5.55	5.5404	5.0404
9.20	50	4.95	4.40	4.75	4.50	5.00	5.50	5.5000	5.0000
9.21	51	4.85	4.36	4.75	4.50	4.90	5.45	5.4384	4.9384
9.22	52	4.75	4.32	4.75	4.50	4.80	5.40	5.3776	4.8776
9.23	53	4.65	4.28	4.75	4.50	4.70	5.35	5.3167	4.8167
9.24	54	4.55	4.24	4.75	4.50	4.60	5.30	5.2826	4.7826
9.25	55	4.45	4.20	4.75	4.50	4.50	5.25	5.2500	4.7500
9.26	56	4.35	4.16	4.75	4.50	4.40	5.20	5.2500	4.7500
9.27	57	4.25	4.12	4.75	4.50	4.30	5.15	5.2500	4.7500
9.28	58	4.25	4.08	4.75	4.60	4.20	5.10	5.2500	4.7500
9.29	59	4.25	4.04	4.75	4.70	4.10	5.05	5.2500	4.7500
9.30	60	4.25	4.00	4.75	4.80	4.00	5.00	5.2500	4.7500
9.31	61	4.25	4.00	4.75	4.90	3.90	5.00	5.2500	4.7500
9.32	62	4.25	4.00	4.75	5.00	3.80	5.00	5.2500	4.7500
9.33	63	4.25	4.00	4.75	5.10	3.70	5.00	5.2500	4.7500
9.34	64	4.25	4.00	4.75	5.20	3.60	5.00	5.2500	4.7500
9.35	65	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
9.36	66	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
9.37	67	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
9.38	68	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
9.39	69	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
9.40	70	4.25	4.00	4.75	5.20	3.50	5.00	5.2500	4.7500
9.41	71	4.25	4.00		5.20				

9.42 (c) Before July 2, 2010, the actuarial valuation must use the applicable following
9.43 payroll growth assumption for calculating the amortization requirement for the unfunded

10.1 actuarial accrued liability where the amortization retirement is calculated as a level
 10.2 percentage of an increasing payroll:

10.3		payroll growth
10.4	plan	assumption
10.5	general state employees retirement plan	4.50%
10.6	correctional state employees retirement plan	4.50
10.7	State Patrol retirement plan	4.50
10.8	legislators retirement plan	4.50
10.9	judges retirement plan	4.00
10.10	general public employees retirement plan	4.50
10.11	public employees police and fire retirement plan	4.50
10.12	local government correctional service retirement	
10.13	plan	4.50
10.14	teachers retirement plan	4.50
10.15	Duluth teachers retirement plan	4.50
10.16	St. Paul teachers retirement plan	5.00

10.17 (d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to
 10.18 apply, unless a different salary assumption or a different payroll increase assumption:

10.19 (1) has been proposed by the governing board of the applicable retirement plan;

10.20 (2) is accompanied by the concurring recommendation of the actuary retained under
 10.21 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
 10.22 most recent actuarial valuation report if section 356.214 does not apply; and

10.23 (3) has been approved or deemed approved under subdivision 18.

10.24 **Sec. 6. CONSOLIDATION OF THE VIRGINIA FIRE DEPARTMENT RELIEF**
 10.25 **ASSOCIATION INTO THE PUBLIC EMPLOYEES POLICE AND FIRE PLAN.**

10.26 Effective on the effective date under section 11, the Virginia Fire Department Relief
 10.27 Association consolidates into the public employees police and fire retirement plan.

10.28 **Sec. 7. MEMBERSHIP, LIABILITY, ASSETS AND RECORDS TRANSFER.**

10.29 Subdivision 1. **Membership transfer.** On the effective date under section 11, the

10.30 age and service retirement members, the disabilitants, and the surviving spouses of the

10.31 Virginia Fire Department Relief Association are transferred to the public employees police

10.32 and fire retirement plan, are members of that retirement plan, and are no longer members

10.33 of the Virginia Fire Department Relief Association.

10.34 Subd. 2. **Liability transfer.** On the effective date under section 11, the liability for

10.35 the payment of retirement annuities, service pensions, disability benefits, and survivorship

10.36 benefits of the former members of the former Virginia Fire Department Relief Association

10.37 are transferred to the public employees police and fire retirement plan.

11.1 Subd. 3. **Asset transfer.** On the effective date under section 11, the treasurer of
11.2 the Virginia Fire Department Relief Association shall transfer all of the assets of the
11.3 special fund of the relief association to the State Board of Investment. If any of the
11.4 transferred securities of the Virginia Fire Department Relief Association are determined
11.5 by the State Board of Investment to be impermissible under Minnesota Statutes, section
11.6 11A.24 or inappropriate under the board's published investment policy, the State Board
11.7 of Investment shall liquidate the impermissible or inappropriate security unless the city
11.8 of Virginia elects to retain the security and transfers cash or cash equivalents equal to the
11.9 value of the security as of the end of the most recent prior annual financial report. The
11.10 transferred assets must be invested under Minnesota Statutes, section 11A.24, as assets
11.11 of the public employees police and fire retirement fund. Legal title to the assets of the
11.12 former Virginia Fire Department Relief Association as of the effective date under section
11.13 ... is in the State Board of Investment and beneficial title to those assets is in the public
11.14 employees police and fire retirement plan.

11.15 Subd. 4. **Records transfer.** On the effective date under section 11, the secretary of
11.16 the Virginia Fire Department Relief Association shall transfer all records and documents
11.17 relating to the relief association to the executive director of the Public Employees
11.18 Retirement Association. To the extent possible, original copies of all records and
11.19 documents must be transferred.

11.20 Subd. 5. **Successor in interest.** The public employees police and fire retirement plan
11.21 and the public employees police and fire retirement fund are the successors in interest to
11.22 all claims against the former Virginia Fire Department Relief Association or to all claims
11.23 that the former Virginia Fire Department Relief Association may have, but are not liable
11.24 for any claim against the former Virginia Fire Department Relief Association, its former
11.25 governing board, or the city of Virginia with respect to the former Virginia Fire Department
11.26 Relief Association, undertaken in a fiduciary capacity under Minnesota Statutes, chapter
11.27 356A or under common law that is founded upon a claim of a breach of a fiduciary duty
11.28 where the act or acts constituting the claimed breach were not undertaken in good faith.
11.29 The Public Employees Retirement Association may assert any applicable defense to
11.30 any claim in any judicial or administrative proceeding that the former Virginia Fire
11.31 Department Relief Association or its board would otherwise have been entitled to assert
11.32 and may assert any applicable defense that it has in its capacity as a statewide agency.

11.33 Sec. 8. **CONTINGENT ADDITIONAL CITY CONTRIBUTION; DISPOSITION**
11.34 **OF SURPLUS ASSETS.**

12.1 (a) If the transferred assets of the former Virginia Fire Department Relief Association
12.2 on the effective date under section 11 equal or exceed the transferred liabilities of the
12.3 former Virginia Fire Department Relief Association under section 7, subdivision 2,
12.4 valued using the applicable actuarial assumptions of the public employees police and fire
12.5 retirement plan, the city of Virginia has no further contingent additional city contribution
12.6 obligation.

12.7 (b) If the transferred assets of the former Virginia Fire Department Relief
12.8 Association on the effective date under section 11 are less than the transferred liabilities of
12.9 the former Virginia Fire Department Relief Association under section 7, subdivision 2,
12.10 valued using the applicable actuarial assumptions of the public employees police and fire
12.11 retirement plan, the city of Virginia, annually, for five years, shall make an additional city
12.12 contribution of an amount equal to 20 percent of the asset deficiency as of the effective
12.13 date, plus interest at an 8.5 percent rate on the unpaid remainder. The additional city
12.14 contribution must be made on December 31, annually.

12.15 (c) If the transferred assets of the former Virginia Fire Department Relief Association
12.16 on the effective date under section 11 are greater than the transferred liabilities of the
12.17 former Virginia Fire Department Relief Association under section 7, subdivision 2,
12.18 valued using the applicable actuarial assumptions of the public employees police and fire
12.19 retirement plan, one-tenth of that surplus amount annually for ten years must be credited
12.20 against the employer contribution obligation of the city of Virginia for its paid firefighters
12.21 under Minnesota Statutes, section 353.65, subdivision 3.

12.22 **Sec. 9. BENEFIT COVERAGE AFTER CONSOLIDATION.**

12.23 Notwithstanding any provision of Minnesota Statutes, sections 353.63 to 353.68,
12.24 to the contrary, the amount of retirement annuities, disability benefits and surviving
12.25 spouse benefits of former members of the former Virginia Fire Department Relief
12.26 Association paid by the public employees police and fire retirement plan on the effective
12.27 date under section 11 are the same as the amount paid by the Virginia Fire Department
12.28 Relief Association on the last payment date occurring before the consolidation. After
12.29 consolidation, the retirement annuities, disability benefits, and surviving spouse benefits
12.30 payable to the former members of the former Virginia Fire Department Relief Association
12.31 by the public employees police and fire retirement plan are eligible for postretirement
12.32 adjustments under Minnesota Statutes, section 356.415.

12.33 **Sec. 10. RELIEF ASSOCIATION TERMINATION UPON CONSOLIDATION.**

13.1 As of the effective date under section 11, upon the transfer of the assets, liabilities,
13.2 membership, and records under section 7, the special fund of the Virginia Fire Department
13.3 Relief Association ceases to exist as a legal entity. The general fund of the Virginia Fire
13.4 Department Relief Association, if the city council of the city of Virginia so approves,
13.5 continues to exist as a legal entity to function as a fraternal organization for the former
13.6 members of the Virginia Fire Department Relief Association and retains the name of the
13.7 relief association. The general fund is governed by those bylaw provisions that relate to the
13.8 relief association board of trustees, annual meeting, and the operation of the general fund.
13.9 No state or local tax revenue is payable to the Virginia Fire Department Relief Association
13.10 operating as the general fund. No benefits previously payable from the former special fund
13.11 of the Virginia Fire Department Relief Association may be paid from the general fund.

13.12 Sec. 11. **EFFECTIVE DATE; LOCAL APPROVAL.**

13.13 Sections 1 to 10 are effective the first day of the first month next following the date
13.14 of the approval by the city council of the city of Virginia and the date on which the chief
13.15 clerical officer of the city timely completes compliance with Minnesota Statutes, section
13.16 645.021, subdivisions 2 and 3.