

1.1 moves to amend H.F. No.; S.F. No., as follows:

1.2 Page ..., after line ..., insert:

1.3 "ARTICLE ...

1.4 VOLUNTARY CONSOLIDATION OF THE MINNEAPOLIS
1.5 FIREFIGHTERS RELIEF ASSOCIATION

1.6 Section 1. Minnesota Statutes 2010, section 353.01, is amended by adding a
1.7 subdivision to read:

1.8 Subd. 10a. Unit value; Minneapolis firefighters. "Unit value," for a member of
1.9 the public employees police and fire retirement plan who was a member of the former
1.10 Minneapolis Firefighters Relief Association on the day prior to the effective date of
1.11 consolidation under section 19, is \$82.32 for calendar year 2011, \$104.651 for calendar
1.12 year 2012, \$109.011 for calendar year 2013, \$114.825 for calendar year 2014, \$124.031
1.13 for calendar year 2015, and for calendar years after calendar year 2015, the prior year's
1.14 unit value plus an increase equal to the adjustment percentage determined under section
1.15 356.415, subdivision 1c, effective for the January 1 of the calendar year.

1.16 Sec. 2. Minnesota Statutes 2010, section 353.01, subdivision 16, is amended to read:

1.17 Subd. 16. **Allowable service; limits and computation.** (a) "Allowable service"
1.18 means:

1.19 (1) service during years of actual membership in the course of which employee
1.20 deductions were withheld from salary and contributions were made at the applicable rates
1.21 under section 353.27, 353.65, or 353E.03;

1.22 (2) periods of service covered by payments in lieu of salary deductions under
1.23 sections 353.27, subdivision 12, and 353.35;

2.1 (3) service in years during which the public employee was not a member but for
2.2 which the member later elected, while a member, to obtain credit by making payments to
2.3 the fund as permitted by any law then in effect;

2.4 (4) a period of authorized leave of absence with pay from which deductions for
2.5 employee contributions are made, deposited, and credited to the fund;

2.6 (5) a period of authorized personal, parental, or medical leave of absence without
2.7 pay, including a leave of absence covered under the federal Family Medical Leave Act,
2.8 that does not exceed one year, and for which a member obtained service credit for each
2.9 month in the leave period by payment under section 353.0161 to the fund made in place of
2.10 salary deductions. An employee must return to public service and render a minimum of
2.11 three months of allowable service in order to be eligible to make payment under section
2.12 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
2.13 employee must be granted allowable service credit for the purchased period;

2.14 (6) a periodic, repetitive leave that is offered to all employees of a governmental
2.15 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
2.16 as certified to the association by the employer. A participating member obtains service
2.17 credit by making employee contributions in an amount or amounts based on the member's
2.18 average salary, excluding overtime pay, that would have been paid if the leave had not been
2.19 taken. The employer shall pay the employer and additional employer contributions on
2.20 behalf of the participating member. The employee and the employer are responsible to pay
2.21 interest on their respective shares at the rate of 8.5 percent a year, compounded annually,
2.22 from the end of the normal cycle until full payment is made. An employer shall also make
2.23 the employer and additional employer contributions, plus 8.5 percent interest, compounded
2.24 annually, on behalf of an employee who makes employee contributions but terminates
2.25 public service. The employee contributions must be made within one year after the end of
2.26 the annual normal working cycle or within 30 days after termination of public service,
2.27 whichever is sooner. The executive director shall prescribe the manner and forms to be
2.28 used by a governmental subdivision in administering a periodic, repetitive leave. Upon
2.29 payment, the member must be granted allowable service credit for the purchased period;

2.30 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
2.31 months allowable service per authorized temporary or seasonal layoff in one calendar year.
2.32 An employee who has received the maximum service credit allowed for an authorized
2.33 temporary or seasonal layoff must return to public service and must obtain a minimum of
2.34 three months of allowable service subsequent to the layoff in order to receive allowable
2.35 service for a subsequent authorized temporary or seasonal layoff;

3.1 (8) a period during which a member is absent from employment by a governmental
3.2 subdivision by reason of service in the uniformed services, as defined in United States
3.3 Code, title 38, section 4303(13), if the member returns to public service with the same
3.4 governmental subdivision upon discharge from service in the uniformed service within the
3.5 time frames required under United States Code, title 38, section 4312(e), provided that
3.6 the member did not separate from uniformed service with a dishonorable or bad conduct
3.7 discharge or under other than honorable conditions. The service must be credited if the
3.8 member pays into the fund equivalent employee contributions based upon the contribution
3.9 rate or rates in effect at the time that the uniformed service was performed multiplied by
3.10 the full and fractional years being purchased and applied to the annual salary rate. The
3.11 annual salary rate is the average annual salary, excluding overtime pay, during the purchase
3.12 period that the member would have received if the member had continued to be employed
3.13 in covered employment rather than to provide uniformed service, or, if the determination
3.14 of that rate is not reasonably certain, the annual salary rate is the member's average salary
3.15 rate, excluding overtime pay, during the 12-month period of covered employment rendered
3.16 immediately preceding the period of the uniformed service. Payment of the member
3.17 equivalent contributions must be made during a period that begins with the date on which
3.18 the individual returns to public employment and that is three times the length of the
3.19 military leave period, or within five years of the date of discharge from the military service,
3.20 whichever is less. If the determined payment period is less than one year, the contributions
3.21 required under this clause to receive service credit may be made within one year of the
3.22 discharge date. Payment may not be accepted following 30 days after termination of
3.23 public service under subdivision 11a. If the member equivalent contributions provided for
3.24 in this clause are not paid in full, the member's allowable service credit must be prorated
3.25 by multiplying the full and fractional number of years of uniformed service eligible for
3.26 purchase by the ratio obtained by dividing the total member contributions received by the
3.27 total member contributions otherwise required under this clause. The equivalent employer
3.28 contribution, and, if applicable, the equivalent additional employer contribution must be
3.29 paid by the governmental subdivision employing the member if the member makes the
3.30 equivalent employee contributions. The employer payments must be made from funds
3.31 available to the employing unit, using the employer and additional employer contribution
3.32 rate or rates in effect at the time that the uniformed service was performed, applied to the
3.33 same annual salary rate or rates used to compute the equivalent member contribution. The
3.34 governmental subdivision involved may appropriate money for those payments. The
3.35 amount of service credit obtainable under this section may not exceed five years unless a
3.36 longer purchase period is required under United States Code, title 38, section 4312. The

4.1 employing unit shall pay interest on all equivalent member and employer contribution
4.2 amounts payable under this clause. Interest must be computed at a rate of 8.5 percent
4.3 compounded annually from the end of each fiscal year of the leave or the break in service
4.4 to the end of the month in which the payment is received. Upon payment, the employee
4.5 must be granted allowable service credit for the purchased period; or

4.6 (9) a period specified under subdivision 40.

4.7 (b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for
4.8 state officers and employees displaced by the Community Corrections Act, chapter 401,
4.9 and transferred into county service under section 401.04, "allowable service" means the
4.10 combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and
4.11 section 352.01, subdivision 11.

4.12 (c) For a public employee who has prior service covered by a local police or
4.13 firefighters relief association that has consolidated with the Public Employees Retirement
4.14 Association under chapter 353A or to which section 353.665 applies, and who has elected
4.15 the type of benefit coverage provided by the public employees police and fire fund either
4.16 under section 353A.08 following the consolidation or under section 353.665, subdivision
4.17 4, "~~applicable~~ allowable service" is a period of service credited by the local police or
4.18 firefighters relief association as of the effective date of the consolidation based on law
4.19 and on bylaw provisions governing the relief association on the date of the initiation
4.20 of the consolidation procedure.

4.21 (d) No member may receive more than 12 months of allowable service credit in
4.22 a year either for vesting purposes or for benefit calculation purposes. For an active
4.23 member who was an active member of the former Minneapolis Firefighters Relief
4.24 Association on the day prior to the effective date of consolidation under section 19,
4.25 "allowable service" is the period of service credited by the Minneapolis Firefighters Relief
4.26 Association as reflected in the transferred records of the association up to the effective
4.27 date of consolidation under section 19 and the period of service credited under paragraph
4.28 (a), clause (1), after the effective date of consolidation under section 19.

4.29 (e) MS 2002 [Expired]

4.30 Sec. 3. Minnesota Statutes 2010, section 353.03, is amended by adding a subdivision
4.31 to read:

4.32 Subd. 3b. **Additional duties.** The executive director shall deduct from the annuity
4.33 or benefit periodically the amount of any dues of any fraternal organization continuing or
4.34 established after the effective date of consolidation under section 19 for former members
4.35 of the former Minneapolis Firefighters Relief Association.

5.1 Sec. 4. Minnesota Statutes 2010, section 353.65, subdivision 1, is amended to read:

5.2 Subdivision 1. **Fund established.** (a) The public employees police and fire fund
5.3 is established for police officers and firefighters who meet the eligibility criteria under
5.4 section 353.64.

5.5 (b) Employee contributions other than those made under subdivision 2, paragraph
5.6 (b), employer contributions under subdivision 3 and under section 353.667, subdivision 6,
5.7 other than the excess contribution established by section 69.031, subdivision 5, paragraphs
5.8 (2), clauses (b) and (c), and (3), and other amounts authorized by law, including all
5.9 employee and employer contributions of members transferred, must be deposited in the
5.10 public employees police and fire fund.

5.11 Sec. 5. Minnesota Statutes 2010, section 353.65, subdivision 2, is amended to read:

5.12 Subd. 2. **Employee contribution.** (a) For members other than members who were
5.13 active members of the former Minneapolis Firefighters Relief Association on the day prior
5.14 to the effective date of consolidation under section 19, the employee contribution is 9.4
5.15 percent of the salary of the member in calendar year 2010 and is 9.6 percent of the salary
5.16 of the member in each calendar year after 2010. ~~This contribution~~

5.17 (b) For members who were active members of the former Minneapolis Firefighters
5.18 Relief Association on the day prior to the effective date of consolidation under section 19,
5.19 the employee contribution is an amount equal to eight percent of the monthly unit value
5.20 under section 353.01, subdivision 10a, multiplied by 80 and expressed as a biweekly
5.21 amount for each member. The employee contribution made by a member with at least
5.22 25 years of service credit as an active member of the former Minneapolis Firefighters
5.23 Relief Association must be deposited in the postretirement health care savings account
5.24 established under 352.98.

5.25 (c) Contributions under this section must be made by deduction from salary in
5.26 the manner provided in subdivision 4. Where any portion of a member's salary is paid
5.27 from other than public funds, the member's employee contribution is based on the total
5.28 salary received from all sources.

5.29 Sec. 6. Minnesota Statutes 2010, section 353.65, subdivision 3, is amended to read:

5.30 Subd. 3. **Employer contribution.** (a) With respect to members other than members
5.31 who were active members of the former Minneapolis Firefighters Relief Association
5.32 on the day prior to the effective date of consolidation under section 19, the employer
5.33 contribution is 14.1 percent of the salary of the member in calendar year 2010 and is 14.4
5.34 percent of the salary of the member in each calendar year after 2010. ~~This contribution~~

6.1 (b) With respect to members who were active members of the former Minneapolis
 6.2 Firefighters Relief Association on the day prior to the effective date of consolidation under
 6.3 section 19, the employer contribution is an amount equal to the amount of the member
 6.4 contributions under subdivision 2, paragraph (b).

6.5 (c) Contributions under this subdivision must be made from funds available to the
 6.6 employing subdivision by the means and in the manner provided in section 353.28.

6.7 Sec. 7. Minnesota Statutes 2010, section 353.651, subdivision 1, is amended to read:

6.8 Subdivision 1. **Age and allowable service requirements.** Upon separation from
 6.9 public service, any police officer or firefighter member, other than a firefighter covered
 6.10 by section 353.6511, who has attained the age of at least 55 years and who is vested
 6.11 under section 353.01, subdivision 47, is entitled upon application to a retirement annuity,
 6.12 known as the "normal" retirement annuity.

6.13 Sec. 8. **[353.6511] ALTERNATIVE RETIREMENT BENEFIT COVERAGE IN**
 6.14 **CERTAIN INSTANCES.**

6.15 Subdivision 1. **Applicability.** The alternative benefit coverage under this section
 6.16 applies only to an active member of the public employees police and fire retirement plan
 6.17 who was an active member of the former Minneapolis Firefighters Relief Association on
 6.18 the day prior to the consolidation effective date under section 19 and who retires after the
 6.19 consolidation effective date under section 19.

6.20 Subd. 2. **Retirement annuity.** (a) A member described in subdivision 1, if the
 6.21 member meets the eligibility requirements of paragraph (b), is only entitled to a retirement
 6.22 annuity under this subdivision.

6.23 (b) The member, upon application, if the person is at least age 50 and has credit for
 6.24 at least 20 years of allowable service, is entitled to a normal retirement annuity. The
 6.25 normal retirement annuity is the following amount based on the service credit of the
 6.26 retiring member as a Minneapolis firefighter:

<u>completed years of service</u>	<u>retirement annuity amount</u>
<u>15</u>	<u>25.0 units</u>
<u>16</u>	<u>26.6 units</u>
<u>17</u>	<u>28.2 units</u>
<u>18</u>	<u>29.8 units</u>
<u>19</u>	<u>31.4 units</u>
<u>20</u>	<u>35 units</u>
<u>21</u>	<u>36.6 units</u>
<u>22</u>	<u>38.2 units</u>

7.1	<u>23</u>	<u>39.8 units</u>
7.2	<u>24</u>	<u>41.4 units</u>
7.3	<u>25 or more</u>	<u>43.0 units</u>

7.4 (c) For a retired member who was unmarried on September 1, 1997, and also
7.5 on October 25, 2001, who had 25 years of service credit as of October 25, 2001, and
7.6 submitted a valid application for the alternative service pension under Minnesota Statutes
7.7 2010, section 423C.05, subdivision 9, the retirement annuity amount is 43.3 units.

7.8 Subd. 3. **Disability benefit.** A member described in subdivision 1, if the member
7.9 is disabled under section 353.01, subdivision 41 or 46, is entitled to a disability benefit
7.10 equal to 41 units.

7.11 Subd. 4. **Surviving spouse benefit.** A surviving spouse under section 353.01,
7.12 subdivision 20, of a deceased member described in subdivision 1 is entitled to a surviving
7.13 spouse benefit equal to 23 units.

7.14 Subd. 5. **Surviving dependent child benefit.** A surviving dependent child under
7.15 section 353.01, subdivision 15a, of a deceased member described in subdivision 1 is
7.16 entitled to a surviving child benefit equal to eight units.

7.17 Subd. 6. **Surviving family benefit maximum.** The surviving spouse and surviving
7.18 dependent child under subdivisions 4 and 5 are entitled to a combined family benefit under
7.19 subdivisions 4 and 5 of 43 units.

7.20 Subd. 8. **Postretirement adjustments.** (a) Effective on the first day of the
7.21 month next following the effective date of the consolidation under section 19, service
7.22 pensions and survivor benefits in force are entitled to be recomputed with the number of
7.23 units specified in subdivision 2, subdivision 4, and subdivision 6. Optional annuities
7.24 under Minnesota Statutes 2010, section 423C.05, subdivision 8, also are entitled to be
7.25 recomputed as the actuarial equivalent of the service pensions and survivor benefits
7.26 with the number of units specified in subdivision 2, subdivision 4, and subdivision 6.
7.27 Retirement annuities, service pensions, disability benefits, and survivor benefits after
7.28 December 31, 2015, are eligible for postretirement adjustments under section 356.415,
7.29 subdivision 1c. The unit value for the calculation of a retirement annuity first payable
7.30 after December 31, 2015, is the calendar year 2015 unit value, plus any postretirement
7.31 adjustment percentage amount under section 356.415, subdivision 1c, payable after
7.32 December 31, 2015, and before the date of retirement.

7.33 Subd. 9. **Savings clause; dispute resolution.** In the event of any dispute by or on
7.34 behalf of any former member of the consolidating relief association after the effective date
7.35 of consolidation over the amount of a benefit to which the person may be entitled, the
7.36 proper interpretation of a provision of this article, or the conformity of the provisions of

8.1 this article to the provisions of the benefit plan of the consolidating relief association in
8.2 effective immediately before the date of the consolidation, the dispute shall be submitted
8.3 in writing to the Legislative Commission on Pensions and Retirement by the person
8.4 who is a party to the dispute, by the fraternal organization related to the former relief
8.5 association, or by the executive director of the Public Employees Retirement Association.
8.6 The Legislative Commission on Pensions and Retirement shall review the dispute as
8.7 part of its deliberations on proposed or pending retirement legislation and shall make its
8.8 recommendation on the resolution of the dispute, if any, to the appropriate committees of
8.9 the senate and house of representatives with jurisdiction over public employee pension
8.10 matters in the form of the necessary legislation amending the provisions of this article,
8.11 which proposed legislation must include retroactivity of any increase in a benefit amount
8.12 to the date on which the benefit subject to dispute accrued or would have accrued.

8.13 Sec. 9. Minnesota Statutes 2010, section 353.656, subdivision 1, is amended to read:

8.14 Subdivision 1. **Duty disability; computation of benefits.** (a) A member of
8.15 the police and fire plan, other than a firefighter covered by section 353.6511, who is
8.16 determined to qualify for duty disability as defined in section 353.01, subdivision 41,
8.17 shall receive disability benefits during the period of such disability in an amount equal to
8.18 60 percent of the average salary as defined in section 353.01, subdivision 17a, plus an
8.19 additional percentage specified under section 356.315, subdivision 6, of that average
8.20 salary for each year of service in excess of 20 years.

8.21 (b) To be eligible for a benefit under paragraph (a), the member must have:

8.22 (1) not met the requirements for a retirement annuity under section 353.651,
8.23 subdivision 1; or

8.24 (2) met the requirements under that subdivision, but does not have at least 20 years
8.25 of allowable service credit.

8.26 (c) If paragraph (b), clause (2), applies, the disability benefit must be paid for a
8.27 period of 60 months from the disability benefit accrual date and at the end of that period
8.28 is subject to provisions of subdivision 5a.

8.29 (d) If the disability under this subdivision occurs before the member has at least five
8.30 years of allowable service credit in the police and fire plan, the disability benefit must be
8.31 computed on the average salary from which deductions were made for contribution to
8.32 the police and fire fund.

8.33 Sec. 10. Minnesota Statutes 2010, section 353.656, subdivision 1a, is amended to read:

9.1 Subd. 1a. **Total and permanent duty disability; computation of benefits.** (a) A
9.2 member of the police and fire plan, other than a firefighter covered by section 353.6511,
9.3 whose disabling condition is determined to be a duty disability that is also a permanent
9.4 and total disability as defined in section 353.01, subdivision 19, is entitled to receive, for
9.5 life, disability benefits in an amount equal to 60 percent of the average salary as defined in
9.6 section 353.01, subdivision 17a, plus an additional percent specified in section 356.315,
9.7 subdivision 6, of that average salary for each year of service in excess of 20 years.

9.8 (b) A disability benefit payable under paragraph (a) is subject to eligibility review
9.9 under section 353.33, subdivision 6, but the review may be waived if the executive
9.10 director receives a written statement from the association's medical advisor that no
9.11 improvement can be expected in the member's disabling condition that was the basis for
9.12 payment of the benefit under paragraph (a). A member receiving a disability benefit
9.13 under this subdivision who is found to no longer be permanently and totally disabled as
9.14 defined under section 353.01, subdivision 19, but continues to meet the definition for
9.15 receipt of a duty disability under section 353.01, subdivision 41, is subject to subdivision
9.16 1 upon written notice from the association's medical advisor that the person is no longer
9.17 considered permanently and totally disabled.

9.18 (c) If a member approved for disability benefits under this subdivision dies before
9.19 attaining normal retirement age as defined in section 353.01, subdivision 37, paragraph
9.20 (b), or within 60 months of the effective date of the disability, whichever is later,
9.21 the surviving spouse is entitled to receive a survivor benefit under section 353.657,
9.22 subdivision 2, paragraph (a), clause (1), if the death is the direct result of the disabling
9.23 condition for which disability benefits were approved, or section 353.657, subdivision
9.24 2, paragraph (a), clause (2), if the death is not directly related to the disabling condition
9.25 for which benefits were approved under this subdivision.

9.26 (d) If the election of an actuarial equivalent optional annuity is not made at the time
9.27 the permanent and total disability benefit accrues, an election must be made within 90
9.28 days before the member attains normal retirement age as defined under section 353.01,
9.29 subdivision 37, paragraph (b), or having collected total and permanent disability benefits
9.30 for 60 months, whichever is later. If a member receiving disability benefits who has
9.31 dependent children dies, subdivision 6a, paragraph (c), applies.

9.32 Sec. 11. Minnesota Statutes 2010, section 353.656, subdivision 3, is amended to read:

9.33 Subd. 3. **Regular disability benefit.** (a) A member of the police and fire plan, other
9.34 than a firefighter covered by section 353.6511, who qualifies for a regular disability benefit
9.35 as defined in section 353.01, subdivision 46, is entitled to receive a disability benefit,

10.1 after filing a valid application, in an amount equal to 45 percent of the average salary as
10.2 defined in section 353.01, subdivision 17a.

10.3 (b) To be eligible for a benefit under paragraph (a), the member must have at least
10.4 one year of allowable service credit and have:

10.5 (1) not met the requirements for a retirement annuity under section 353.651,
10.6 subdivision 1, or

10.7 (2) met the requirements under that subdivision, but does not have at least 15 years
10.8 of allowable service credit.

10.9 (c) If paragraph (b), clause (2), applies, the disability benefit must be paid for a
10.10 period of 60 months from the disability benefit accrual date and, at the end of that period,
10.11 is subject to provisions of subdivision 5a.

10.12 (d) For a member who is employed as a full-time firefighter by the Department of
10.13 Military Affairs of the state of Minnesota, allowable service as a full-time state Military
10.14 Affairs Department firefighter credited by the Minnesota State Retirement System may be
10.15 used in meeting the minimum allowable service requirement of this subdivision.

10.16 Sec. 12. Minnesota Statutes 2010, section 353.656, subdivision 3a, is amended to read:

10.17 Subd. 3a. **Total and permanent regular disability; computation of benefits.** (a)
10.18 A member of the police and fire plan, other than a firefighter covered by section 353.6511,
10.19 whose disabling condition is determined to be a regular disability under section 353.01,
10.20 subdivision 46, that is also a permanent and total disability as defined in section 353.01,
10.21 subdivision 19, is entitled to receive, for life, a disability benefit in an amount equal to
10.22 45 percent of the average salary as defined in section 353.01, subdivision 17a, plus an
10.23 additional percent specified in section 356.315, subdivision 6, of that average salary for
10.24 each year of service in excess of 15 years.

10.25 (b) A disability benefit payable under paragraph (a) is subject to eligibility review
10.26 under section 353.33, subdivision 6, but the review may be waived if the executive
10.27 director receives a written statement from the association's medical advisor that no
10.28 improvement can be expected in the member's disabling condition that was the basis for
10.29 payment of the benefit under paragraph (a). A member receiving a disability benefit under
10.30 this subdivision who is found to no longer be permanently and totally disabled as defined
10.31 under section 353.01, subdivision 19, but continues to meet the definition for receipt
10.32 of a regular disability under section 353.01, subdivision 46, is subject to subdivision 3
10.33 upon written notice from the association's medical advisor that the person is no longer
10.34 considered permanently and totally disabled.

11.1 (c) A member approved for disability benefits under this subdivision may elect
11.2 to receive a normal disability benefit or an actuarial equivalent optional annuity. If the
11.3 election of an actuarial equivalent optional annuity is not made at the time the total and
11.4 permanent disability benefit accrues, an election must be made within 90 days before
11.5 the member attains normal retirement age as defined in section 353.01, subdivision 37,
11.6 paragraph (b), or having collected disability benefits for 60 months, whichever is later.
11.7 No surviving spouse benefits are payable if the member dies during the period in which
11.8 a normal total and permanent disability benefit is being paid. If a member receiving
11.9 disability benefits who has dependent children dies, subdivision 6a, paragraph (c), applies.

11.10 Sec. 13. Minnesota Statutes 2010, section 353.657, subdivision 1, is amended to read:

11.11 Subdivision 1. **Generally.** (a) In the event that a member of the police and fire fund,
11.12 other than a firefighter covered by section 353.6511, dies from any cause before retirement
11.13 or before becoming disabled and receiving disability benefits, the association shall grant
11.14 survivor benefits to a surviving spouse, as defined in section 353.01, subdivision 20, and
11.15 to a dependent child or children, as defined in section 353.01, subdivision 15, except
11.16 that if the death is not a line of duty death, the member must be vested under section
11.17 353.01, subdivision 47.

11.18 (b) Notwithstanding the definition of surviving spouse, a former spouse of the
11.19 member, if any, is entitled to a portion of the monthly surviving spouse benefit if
11.20 stipulated under the terms of a marriage dissolution decree filed with the association. If
11.21 there is no surviving spouse or child or children, a former spouse may be entitled to
11.22 a lump-sum refund payment under section 353.32, subdivision 1, if provided for in a
11.23 marriage dissolution decree but not a monthly surviving spouse benefit despite the terms
11.24 of a marriage dissolution decree filed with the association.

11.25 (c) The spouse and child or children are entitled to monthly benefits as provided in
11.26 subdivisions 2 to 4.

11.27 Sec. 14. **[353.667] CONSOLIDATION OF THE MINNEAPOLIS**
11.28 **FIREFIGHTERS RELIEF ASSOCIATION.**

11.29 Subdivision 1. **Membership transfer.** On the effective date of consolidation under
11.30 section 19, the active, inactive, and retired members of the Minneapolis Firefighters Relief
11.31 Association are transferred to the public employees police and fire retirement plan, are
11.32 no longer members of the Minneapolis Firefighters Relief Association, and are members
11.33 of the public employees police and fire retirement plan.

12.1 Subd. 2. **Service credit and benefit liability transfer.** (a) Allowable service
12.2 credit and base salary credit of the active members of the Minneapolis Firefighters
12.3 Relief Association, as contained in the records of the Minneapolis Firefighters Relief
12.4 Association through the day before the effective date of consolidation under section 19,
12.5 are transferred to the public employees police and fire retirement plan and is credited as
12.6 provided in section 353.01, subdivisions 10a and 16, paragraph (c), on the effective date
12.7 of consolidation under section 19.

12.8 (b) The liability for the payment of retirement annuities, service pensions, and
12.9 retirement benefits of the Minneapolis Firefighters Relief Association retired members,
12.10 service pensioners, disabilitants, and other retirement benefit recipients as specified
12.11 in the records of the Minneapolis Firefighters Relief Association is transferred to the
12.12 public employees police and fire retirement plan on the effective date of consolidation
12.13 under section 19.

12.14 Subd. 3. **Transfer of records.** On the effective date of the consolidation under
12.15 section 19, the chief administrative officer of the Minneapolis Firefighters Relief
12.16 Association shall transfer all records and documents relating to the special fund of the
12.17 Minneapolis Firefighters Relief Association to the executive director of the Public
12.18 Employees Retirement Association. To the extent possible, original copies of all records
12.19 and documents must be transferred.

12.20 Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On the effective date
12.21 of the consolidation under section 19, the chief administrative officer of the Minneapolis
12.22 Firefighters Relief Association shall transfer the entire assets of the special fund of the
12.23 Minneapolis Firefighters Relief Association other than the health insurance account to
12.24 the public employees police and fire retirement fund at market value. Unless ineligible
12.25 or inappropriate, the transfer must be in the form of investment securities and must
12.26 include any accounts receivable that are determined by the State Board of Investment
12.27 as being capable of being collected. An amount, in cash, must be transferred by the
12.28 city of Minneapolis equal to the market value recognized by the relief association of
12.29 investment securities that are determined by the executive director of the State Board of
12.30 Investment not to be in compliance with the requirements and limitations set forth in
12.31 section 11A.09, 11A.14, 11A.23, and 11A.24 or not to be appropriate for retention in light
12.32 of the established investment objectives of the State Board of Investment or of accounts
12.33 receivable determined as being incapable of being collected by the executive director of
12.34 the State Board of Investment. Legal and beneficial title to assets that are determined
12.35 noncompliant or inappropriate securities or that are uncollectible accounts receivable are
12.36 transferred to the city of Minneapolis on the effective date of consolidation under section

13.1 19. Any accounts payable on the effective date of consolidation under section 19 are
13.2 an obligation of the public employees police and fire retirement fund and reduce the
13.3 asset value for purposes of subdivision 6. The transferred assets must be deposited in the
13.4 public employees police and fire retirement fund. The amount of the transferred health
13.5 insurance account must remain deposited in the financial institution retained by the former
13.6 Minneapolis Firefighters Relief Association on May 1, 2011, and that financial institution
13.7 must act as the custodian of the account. The financial institution shall perform all trustee
13.8 and fiduciary duties with respect to the account as a condition to the retention of the
13.9 account. The executive director of the Minneapolis Firefighters Relief Association, prior to
13.10 the effective date of consolidation, shall estimate three calendar years of the administrative
13.11 expenses related to the operation of the account and shall prepay those expenses from the
13.12 account to the financial institution before the effective date of consolidation. After the
13.13 three-year prepayment period, the beneficiaries of the account are responsible for the
13.14 payment of the administrative expenses related to the operation of the account.

13.15 (b) Upon the transfer of assets to the State Board of Investment under paragraph
13.16 (a), legal title to those transferred assets vests with the State Board of Investment on
13.17 behalf of the public employees police and fire retirement plan, and beneficial title to
13.18 the transferred assets remains with the former membership of the former Minneapolis
13.19 Firefighters Relief Association.

13.20 (c) The public employees police and fire retirement plan and fund is the successor in
13.21 interest to all claims for or against the Minneapolis Firefighters Relief Association. The
13.22 public employees police and fire retirement plan and fund is not liable for any claim
13.23 against the Minneapolis Firefighters Relief Association, its governing board, or its
13.24 administrative staff acting in a fiduciary capacity, under chapter 356A or common law,
13.25 which is founded upon a claim of a breach of fiduciary duty if the act or acts constituting
13.26 the claimed breach were not undertaken in good faith. The public employees police and
13.27 fire retirement plan may assert any applicable defense to any claim in any judicial or
13.28 administrative proceeding that the Minneapolis Firefighters Relief Association, its board,
13.29 or its administrative staff would otherwise have been entitled to assert, and the public
13.30 employees police and fire retirement plan may assert any applicable defense that it has in
13.31 its capacity as a statewide agency.

13.32 (d) The Public Employees Retirement Association shall indemnify any former
13.33 fiduciary of the Minneapolis Firefighters Relief Association consistent with the
13.34 provisions of section 356A.11. The indemnification may be effected by the purchase
13.35 by the Public Employees Retirement Association of reasonable fiduciary liability tail
13.36 insurance for the officers and directors of the former Minneapolis Firefighters Relief

14.1 Association. Consistent with section 69.80, the relief association may purchase reasonable
14.2 fiduciary liability tail insurance for its officers and directors prior to the effective date of
14.3 consolidation under section 19.

14.4 (e) Office equipment and other physical assets of the special fund of the Minneapolis
14.5 Firefighters Relief Association that are not needed by the Public Employees Retirement
14.6 Association may be sold by the special fund of the Minneapolis Firefighters Relief
14.7 Association to the general fund of the Minneapolis Firefighters Relief Association or to
14.8 any successor fraternal organization of the Minneapolis Firefighters Relief Association at
14.9 fair market value, with the proceeds of that sale deposited in the public employees police
14.10 and fire retirement fund and included in the transferred asset value under subdivision 6.

14.11 Subd. 5. **Benefits.** The annuities, service pensions, and other retirement benefits
14.12 of or attributable to retired, disabled, deferred, or inactive Minneapolis Firefighters
14.13 Relief Association members who had that status as of the day before the effective date of
14.14 consolidation under section 19 continue after consolidation in the same amount and under
14.15 the same terms as provided in Minnesota Statutes 2010, chapter 423C, except that the unit
14.16 value is governed by section 353.01, subdivision 10a, and the postretirement adjustments
14.17 after December 31, 2015, must be calculated solely under section 353.6511, subdivision 8.

14.18 Subd. 6. **Additional employer contributions.** (a) As of the effective date of the
14.19 consolidation under section 19, the approved actuary retained by the Public Employees
14.20 Retirement Association shall calculate the present value of future benefits of the former
14.21 Minneapolis Firefighters Relief Association, and, after subtracting the market value of
14.22 the transferred assets of the former Minneapolis Firefighters Relief Association and the
14.23 present value of the employer contribution under section 353.65, subdivision 3, paragraph
14.24 (b), shall calculate the remainder present value of future benefits amount. Annually,
14.25 following the effective date of consolidation under section 19, the city of Minneapolis
14.26 shall pay an amount sufficient to amortize on a level annual dollar basis the remainder
14.27 present value of future benefits amount by December 31, 2031. The amortization payment
14.28 is payable annually on July 15, beginning in the year following the effective date of the
14.29 consolidation. The 2012 payment should be estimated based on the provisions of this
14.30 legislation. The July 2013 payment shall be adjusted based on the final actuarial valuation.

14.31 (b) If the postretirement or preretirement interest rate actuarial assumption applicable
14.32 to the public employees police and fire retirement plan under section 356.215, subdivision
14.33 8, is modified from the rates specified in Minnesota Statutes 2010, section 356.215,
14.34 subdivision 8, the remainder present value of future benefits amount calculation under
14.35 paragraph (a), updated for the passage of time, must be revised and the amortization

15.1 contribution by the city of Minneapolis for the balance of the amortization period must
15.2 be redetermined and certified to the city of Minneapolis.

15.3 Subd. 7. **Health and dental insurance program deductions.** The executive
15.4 director shall withhold any health insurance or dental insurance premiums designated
15.5 by the annuitant or benefit recipient and shall transfer them to the city of Minneapolis.
15.6 The Public Employees Retirement Association may charge a necessary and reasonable
15.7 monthly administrative fee to the city of Minneapolis for this function and bill it in
15.8 addition to the employer contribution under section 353.65, subdivision 3, paragraph (b).
15.9 Notwithstanding any provision of chapter 13 to the contrary, the executive director shall
15.10 provide the city of Minneapolis with the current addresses of former members of the
15.11 Minneapolis Firefighters Relief Association.

15.12 Subd. 8. **Cooperation with fraternal organization.** (a) This subdivision applies if
15.13 the membership of the former Minneapolis Firefighters Relief Association approves the
15.14 continuation of the relief association as a fraternal organization under section 16.

15.15 (b) The executive director shall cooperate with the Minneapolis firefighters fraternal
15.16 association to insure adequate communication with the former members of the former
15.17 Minneapolis Firefighters Relief Association consistent with Public Employees Retirement
15.18 Association policy.

15.19 Subd. 9. **Fire insurance surcharge.** Notwithstanding any provision of section
15.20 297L.10 to the contrary, the proceeds of the first class city fire insurance premium tax
15.21 surcharge with respect to Minneapolis must be paid to the city of Minneapolis to defray a
15.22 portion of the employer retirement cost under section 353.65, subdivision 3, with respect
15.23 to Minneapolis firefighters.

15.24 Sec. 15. Minnesota Statutes 2010, section 423A.02, subdivision 1b, is amended to read:

15.25 Subd. 1b. **Additional amortization state aid.** (a) Annually, on October 1, the
15.26 commissioner of revenue shall allocate the additional amortization state aid transferred
15.27 under section 69.021, subdivision 11, to:

15.28 (1) all police or salaried firefighters relief associations governed by and in full
15.29 compliance with the requirements of section 69.77, that had an unfunded actuarial accrued
15.30 liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the
15.31 preceding December 31;

15.32 (2) all local police or salaried firefighter consolidation accounts governed by chapter
15.33 353A that are certified by the executive director of the public employees retirement
15.34 association as having for the current fiscal year an additional municipal contribution
15.35 amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented

16.1 section 353A.083, subdivision 1, if the effective date of the consolidation preceded May
16.2 24, 1993, and that have implemented section 353A.083, subdivision 2, if the effective date
16.3 of the consolidation preceded June 1, 1995; and

16.4 (3) the municipalities that are required to make an additional municipal contribution
16.5 under section 353.665, subdivision 8, or 353.667, subdivision 6, for the duration of the
16.6 required additional contribution.

16.7 (b) The commissioner shall allocate the state aid on the basis of the proportional share
16.8 of the relief association or consolidation account of the total unfunded actuarial accrued
16.9 liability of all recipient relief associations and consolidation accounts as of December 31,
16.10 1993, for relief associations, and as of June 30, 1994, for consolidation accounts.

16.11 (c) Beginning October 1, 2000, and annually thereafter, the commissioner shall
16.12 allocate the state aid, including any state aid in excess of the limitation in subdivision
16.13 4, on the following basis:

16.14 (1) 64.5 percent to the municipalities to which section 353.665, subdivision
16.15 8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), apply for distribution in
16.16 accordance with paragraph (b) and subject to the limitation in subdivision 4;

16.17 (2) 34.2 percent to the city of Minneapolis to fund any unfunded actuarial accrued
16.18 liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the
16.19 preceding December 31 for the Minneapolis Police Relief Association or the Minneapolis
16.20 Fire Department Relief Association; and

16.21 (3) 1.3 percent to the city of Virginia to fund any unfunded actuarial accrued liability
16.22 in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding
16.23 December 31 for the Virginia Fire Department Relief Association.

16.24 If there is no unfunded actuarial accrued liability in both the Minneapolis Police
16.25 Relief Association and the Minneapolis Fire Department Relief Association as disclosed
16.26 in the most recent actuarial valuations for the relief associations prepared under sections
16.27 356.215 and 356.216, the commissioner shall allocate that 34.2 percent of the aid as
16.28 follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul
16.29 Teachers Retirement Fund Association, and 30 percent as additional funding to support
16.30 minimum fire state aid for volunteer firefighters relief associations. If there is no unfunded
16.31 actuarial accrued liability in the Virginia Fire Department Relief Association as disclosed
16.32 in the most recent actuarial valuation for the relief association prepared under sections
16.33 356.215 and 356.216, the commissioner shall allocate that 1.3 percent of the aid as
16.34 follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul
16.35 Teachers Retirement Fund Association, and 30 percent as additional funding to support
16.36 minimum fire state aid for volunteer firefighters relief associations. Upon the final

17.1 payment to municipalities required by section 353.665, subdivision 8, paragraph (b),
17.2 or 353A.09, subdivision 5, paragraph (b), the commissioner shall allocate that 64.5
17.3 percent of the aid as follows: 20 percent to the St. Paul Teachers Retirement Fund
17.4 Association, 20 percent to the city of Minneapolis to fund any unfunded actuarial accrued
17.5 liability in the actuarial valuation proposed under sections 356.215 and 356.216 as of the
17.6 preceding December 31 for the Minneapolis Police Relief Association or the Minneapolis
17.7 Firefighters Relief Association, 20 percent for the city of Duluth to pay for any costs
17.8 associated with the police and firefighters pensions, and 40 percent as additional funding to
17.9 support minimum fire state aid for volunteer firefighters relief associations. The allocation
17.10 must be made by the commissioner at the same time and under the same procedures
17.11 as specified in subdivision 3. With respect to the St. Paul Teachers Retirement Fund
17.12 Association, annually, beginning on July 1, 2005, if the applicable teacher's association
17.13 five-year average time-weighted rate of investment return does not equal or exceed the
17.14 performance of a composite portfolio assumed passively managed (indexed) invested ten
17.15 percent in cash equivalents, 60 percent in bonds and similar debt securities, and 30 percent
17.16 in domestic stock calculated using the formula under section 11A.04, clause (11), the aid
17.17 allocation to that retirement fund under this section ceases until the five-year annual rate
17.18 of investment return equals or exceeds the performance of that composite portfolio.

17.19 (d) The amounts required under this subdivision are the amounts annually
17.20 appropriated to the commissioner of revenue under section 69.021, subdivision 11,
17.21 paragraph (e).

17.22 Sec. 16. **MINNEAPOLIS FIREFIGHTERS RELIEF ASSOCIATION; SPECIAL**
17.23 **ACTUARIAL VALUATION PENDING CONSOLIDATION.**

17.24 (a) On or before August 1, 2011, the approved actuarial consulting firm retained by
17.25 the Public Employees Retirement Association under Minnesota Statutes, section 356.214,
17.26 shall prepare an alternative actuarial valuation of the Minneapolis Firefighters Relief
17.27 Association under Minnesota Statutes, section 356.215, and the most recent standards
17.28 for actuarial work adopted by the Legislative Commission on Pensions and Retirement
17.29 as of August 11, 2010, using the applicable actuarial assumptions and the applicable
17.30 amortization target date of the public employee police and fire retirement plan.

17.31 (b) The officers of the Minneapolis Firefighters Relief Association shall supply the
17.32 approved actuary retained by the Public Employees Retirement Association with the
17.33 financial and demographic data necessary to perform the alternative actuarial valuation.

17.34 (c) The alternative actuarial valuation of the Minneapolis Firefighters Relief
17.35 Association must be filed with the mayor of the city of Minneapolis, with the Minneapolis

18.1 city coordinator, with the executive director of the Minneapolis Firefighters Relief
18.2 Association, with the executive director of the Public Employees Retirement Association,
18.3 with the executive director of the Legislative Commission on Pensions and Retirement,
18.4 and with the Legislative Reference Library.

18.5 (d) The expense of preparing the alternative actuarial valuation must be paid by the
18.6 city of Minneapolis within 30 days of its certification to the finance director of the city of
18.7 Minneapolis by the executive director of the Public Employees Retirement Association.

18.8 Sec. 17. **TERMINATION OF THE RELIEF ASSOCIATION.**

18.9 (a) On the effective date of the consolidation under section 19, the special fund of
18.10 the Minneapolis Firefighters Relief Association ceases to exist.

18.11 (b) The Minneapolis Firefighters Relief Association shall provide for the
18.12 continuation of the relief association as a fraternal organization other than as a pension or
18.13 retirement organization and shall approve the changes in its articles of incorporation and
18.14 bylaws necessary to effect that redesignation and reorganization of the organization.

18.15 (c) If the Minneapolis Firefighters Relief Association continues the relief association
18.16 as a fraternal organization under paragraph (b), the transfer of relief association assets
18.17 under section 14, subdivision 4, must not include assets of the Minneapolis Firefighters
18.18 Relief Association general fund, which must be retained by the fraternal organization for
18.19 organization purposes other than for pension or retirement benefit payment purposes.

18.20 (d) As of the effective date of the consolidation under section 19, the employment
18.21 of the employees of the Minneapolis Firefighters Relief Association terminates. The
18.22 employees of the Minneapolis Firefighters Relief Association who were employed by the
18.23 relief association before May 1, 2011, have an employment preference with the Public
18.24 Employees Retirement Association equal to that under the veterans preference act.

18.25 (e) If, on the day following approval of this article by the Minneapolis city council,
18.26 the consolidation has been approved by all applicable entities under section 19, the officers
18.27 of the Minneapolis Firefighters Relief Association shall certify to the city of Minneapolis
18.28 and to the Hennepin County auditor the financial requirements of the relief association and
18.29 the minimum municipal obligation under Minnesota Statutes, section 69.77, subdivision 4,
18.30 revised consistent with the actuarial valuation results under section 15.

18.31 (f) After the effective date of consolidation under section 19, the city of Minneapolis
18.32 shall continue to administer the health and dental insurance programs as constituted on
18.33 May 1, 2011, for the former members of the former Minneapolis Firefighters Relief
18.34 Association, transferring premiums as required.

20.1 consolidation under section 19, is \$86.71 for calendar year 2011, \$104.651 for calendar
20.2 year 2012, \$109.011 for calendar year 2013, \$114.825 for calendar year 2014, \$124.031
20.3 for calendar year 2015, and for calendar years after calendar year 2015, the prior year's
20.4 unit value plus an increase equal to the adjustment percentage determined under section
20.5 356.415, subdivision 1c, effective for the January 1 of the calendar year.

20.6 Sec. 2. Minnesota Statutes 2010, section 353.01, subdivision 16, is amended to read:

20.7 Subd. 16. **Allowable service; limits and computation.** (a) "Allowable service"
20.8 means:

20.9 (1) service during years of actual membership in the course of which employee
20.10 deductions were withheld from salary and contributions were made at the applicable rates
20.11 under section 353.27, 353.65, or 353E.03;

20.12 (2) periods of service covered by payments in lieu of salary deductions under
20.13 sections 353.27, subdivision 12, and 353.35;

20.14 (3) service in years during which the public employee was not a member but for
20.15 which the member later elected, while a member, to obtain credit by making payments to
20.16 the fund as permitted by any law then in effect;

20.17 (4) a period of authorized leave of absence with pay from which deductions for
20.18 employee contributions are made, deposited, and credited to the fund;

20.19 (5) a period of authorized personal, parental, or medical leave of absence without
20.20 pay, including a leave of absence covered under the federal Family Medical Leave Act,
20.21 that does not exceed one year, and for which a member obtained service credit for each
20.22 month in the leave period by payment under section 353.0161 to the fund made in place of
20.23 salary deductions. An employee must return to public service and render a minimum of
20.24 three months of allowable service in order to be eligible to make payment under section
20.25 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
20.26 employee must be granted allowable service credit for the purchased period;

20.27 (6) a periodic, repetitive leave that is offered to all employees of a governmental
20.28 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
20.29 as certified to the association by the employer. A participating member obtains service
20.30 credit by making employee contributions in an amount or amounts based on the member's
20.31 average salary, excluding overtime pay, that would have been paid if the leave had not been
20.32 taken. The employer shall pay the employer and additional employer contributions on
20.33 behalf of the participating member. The employee and the employer are responsible to pay
20.34 interest on their respective shares at the rate of 8.5 percent a year, compounded annually,
20.35 from the end of the normal cycle until full payment is made. An employer shall also make

21.1 the employer and additional employer contributions, plus 8.5 percent interest, compounded
21.2 annually, on behalf of an employee who makes employee contributions but terminates
21.3 public service. The employee contributions must be made within one year after the end of
21.4 the annual normal working cycle or within 30 days after termination of public service,
21.5 whichever is sooner. The executive director shall prescribe the manner and forms to be
21.6 used by a governmental subdivision in administering a periodic, repetitive leave. Upon
21.7 payment, the member must be granted allowable service credit for the purchased period;

21.8 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
21.9 months allowable service per authorized temporary or seasonal layoff in one calendar year.
21.10 An employee who has received the maximum service credit allowed for an authorized
21.11 temporary or seasonal layoff must return to public service and must obtain a minimum of
21.12 three months of allowable service subsequent to the layoff in order to receive allowable
21.13 service for a subsequent authorized temporary or seasonal layoff;

21.14 (8) a period during which a member is absent from employment by a governmental
21.15 subdivision by reason of service in the uniformed services, as defined in United States
21.16 Code, title 38, section 4303(13), if the member returns to public service with the same
21.17 governmental subdivision upon discharge from service in the uniformed service within the
21.18 time frames required under United States Code, title 38, section 4312(e), provided that
21.19 the member did not separate from uniformed service with a dishonorable or bad conduct
21.20 discharge or under other than honorable conditions. The service must be credited if the
21.21 member pays into the fund equivalent employee contributions based upon the contribution
21.22 rate or rates in effect at the time that the uniformed service was performed multiplied by
21.23 the full and fractional years being purchased and applied to the annual salary rate. The
21.24 annual salary rate is the average annual salary, excluding overtime pay, during the purchase
21.25 period that the member would have received if the member had continued to be employed
21.26 in covered employment rather than to provide uniformed service, or, if the determination
21.27 of that rate is not reasonably certain, the annual salary rate is the member's average salary
21.28 rate, excluding overtime pay, during the 12-month period of covered employment rendered
21.29 immediately preceding the period of the uniformed service. Payment of the member
21.30 equivalent contributions must be made during a period that begins with the date on which
21.31 the individual returns to public employment and that is three times the length of the
21.32 military leave period, or within five years of the date of discharge from the military service,
21.33 whichever is less. If the determined payment period is less than one year, the contributions
21.34 required under this clause to receive service credit may be made within one year of the
21.35 discharge date. Payment may not be accepted following 30 days after termination of
21.36 public service under subdivision 11a. If the member equivalent contributions provided for

22.1 in this clause are not paid in full, the member's allowable service credit must be prorated
22.2 by multiplying the full and fractional number of years of uniformed service eligible for
22.3 purchase by the ratio obtained by dividing the total member contributions received by the
22.4 total member contributions otherwise required under this clause. The equivalent employer
22.5 contribution, and, if applicable, the equivalent additional employer contribution must be
22.6 paid by the governmental subdivision employing the member if the member makes the
22.7 equivalent employee contributions. The employer payments must be made from funds
22.8 available to the employing unit, using the employer and additional employer contribution
22.9 rate or rates in effect at the time that the uniformed service was performed, applied to the
22.10 same annual salary rate or rates used to compute the equivalent member contribution. The
22.11 governmental subdivision involved may appropriate money for those payments. The
22.12 amount of service credit obtainable under this section may not exceed five years unless a
22.13 longer purchase period is required under United States Code, title 38, section 4312. The
22.14 employing unit shall pay interest on all equivalent member and employer contribution
22.15 amounts payable under this clause. Interest must be computed at a rate of 8.5 percent
22.16 compounded annually from the end of each fiscal year of the leave or the break in service
22.17 to the end of the month in which the payment is received. Upon payment, the employee
22.18 must be granted allowable service credit for the purchased period; or

22.19 (9) a period specified under subdivision 40.

22.20 (b) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for
22.21 state officers and employees displaced by the Community Corrections Act, chapter 401,
22.22 and transferred into county service under section 401.04, "allowable service" means the
22.23 combined years of allowable service as defined in paragraph (a), clauses (1) to (6), and
22.24 section 352.01, subdivision 11.

22.25 (c) For a public employee who has prior service covered by a local police or
22.26 firefighters relief association that has consolidated with the Public Employees Retirement
22.27 Association under chapter 353A or to which section 353.665 applies, and who has elected
22.28 the type of benefit coverage provided by the public employees police and fire fund either
22.29 under section 353A.08 following the consolidation or under section 353.665, subdivision
22.30 4, "~~applicable~~ allowable service" is a period of service credited by the local police or
22.31 firefighters relief association as of the effective date of the consolidation based on law
22.32 and on bylaw provisions governing the relief association on the date of the initiation
22.33 of the consolidation procedure.

22.34 (d) No member may receive more than 12 months of allowable service credit in a
22.35 year either for vesting purposes or for benefit calculation purposes. For an active member
22.36 who was an active member of the former Minneapolis Police Relief Association on the

23.1 day prior to the effective date of consolidation under section 19, "allowable service" is the
23.2 period of service credited by the Minneapolis Police Relief Association as reflected in
23.3 the transferred records of the association up to the effective date of consolidation under
23.4 section 19 and the period of service credited under paragraph (a), clause (1), after the
23.5 effective date of consolidation under section 19.

23.6 (e) MS 2002 [Expired]

23.7 Sec. 3. Minnesota Statutes 2010, section 353.03, is amended by adding a subdivision
23.8 to read:

23.9 Subd. 3b. **Additional duties.** The executive director shall deduct from the annuity
23.10 or benefit periodically the amount of any dues of any fraternal organization continuing or
23.11 established after the effective date of consolidation under section 19 for former members
23.12 of the former Minneapolis Police Relief Association.

23.13 Sec. 4. Minnesota Statutes 2010, section 353.65, subdivision 1, is amended to read:

23.14 Subdivision 1. **Fund established.** (a) The public employees police and fire fund
23.15 is established for police officers and firefighters who meet the eligibility criteria under
23.16 section 353.64.

23.17 (b) Employee contributions other than those made under subdivision 2, paragraph
23.18 (b), employer contributions under subdivision 3 and under section 353.668, subdivision 6,
23.19 other than the excess contribution established by section 69.031, subdivision 5, paragraphs
23.20 (2), clauses (b) and (c), and (3), and other amounts authorized by law, including all
23.21 employee and employer contributions of members transferred, must be deposited in the
23.22 public employees police and fire fund.

23.23 Sec. 5. Minnesota Statutes 2010, section 353.65, subdivision 2, is amended to read:

23.24 Subd. 2. **Employee contribution.** (a) For members other than members who were
23.25 active members of the former Minneapolis Police Relief Association on the day prior to
23.26 the effective date of consolidation under section 19, the employee contribution is 9.4
23.27 percent of the salary of the member in calendar year 2010 and is 9.6 percent of the salary
23.28 of the member in each calendar year after 2010. ~~This contribution~~

23.29 (b) For members who were active members of the former Minneapolis Police Relief
23.30 Association on the day prior to the effective date of consolidation under section 19, the
23.31 employee contribution is an amount equal to eight percent of the monthly unit value under
23.32 section 353.01, subdivision 10b, multiplied by 80 and expressed as a biweekly amount for
23.33 each member. The employee contribution made by a member with at least 25 years of

24.1 service credit as an active member of the former Minneapolis Police Relief Association
24.2 must be deposited in the postretirement health care savings account established under
24.3 352.98.

24.4 (c) Contributions under this section must be made by deduction from salary in
24.5 the manner provided in subdivision 4. Where any portion of a member's salary is paid
24.6 from other than public funds, the member's employee contribution is based on the total
24.7 salary received from all sources.

24.8 Sec. 6. Minnesota Statutes 2010, section 353.65, subdivision 3, is amended to read:

24.9 Subd. 3. **Employer contribution.** (a) With respect to members other than members
24.10 who were active members of the former Minneapolis Police Relief Association on the day
24.11 prior to the effective date of consolidation under section 19, the employer contribution is
24.12 14.1 percent of the salary of the member in calendar year 2010 and is 14.4 percent of the
24.13 salary of the member in each calendar year after 2010. ~~This contribution~~

24.14 (b) With respect to members who were active members of the former Minneapolis
24.15 Police Relief Association on the day prior to the effective date of consolidation under
24.16 section 19, the employer contribution is an amount equal to the amount of the member
24.17 contributions under subdivision 2, paragraph (b).

24.18 (c) Contributions under this subdivision must be made from funds available to the
24.19 employing subdivision by the means and in the manner provided in section 353.28.

24.20 Sec. 7. Minnesota Statutes 2010, section 353.651, subdivision 1, is amended to read:

24.21 Subdivision 1. **Age and allowable service requirements.** Upon separation from
24.22 public service, any police officer or firefighter member, other than a police officer covered
24.23 by section 353.6512, who has attained the age of at least 55 years and who is vested
24.24 under section 353.01, subdivision 47, is entitled upon application to a retirement annuity,
24.25 known as the "normal" retirement annuity.

24.26 Sec. 8. **[353.6512] ALTERNATIVE RETIREMENT BENEFIT COVERAGE IN**
24.27 **CERTAIN INSTANCES.**

24.28 Subdivision 1. **Applicability.** The alternative benefit coverage under this section
24.29 applies only to an active member of the public employees police and fire retirement plan
24.30 who was an active member of the former Minneapolis Police Relief Association on the
24.31 day prior to the consolidation effective date under section 19 and who retires after the
24.32 consolidation effective date under section 19.

25.1 Subd. 2. **Retirement annuity.** (a) A member described in subdivision 1, if the
 25.2 member meets the eligibility requirements of paragraph (b), is only entitled to a retirement
 25.3 annuity under this subdivision.

25.4 (b) The member, upon application, if the person is at least age 50 and has credit for
 25.5 at least 20 years of allowable service, is entitled to a normal retirement annuity. The
 25.6 normal retirement annuity is the following amount based on the service credit of the
 25.7 retiring member as a Minneapolis police officer:

25.8	<u>years of service</u>	<u>retirement annuity amount</u>
25.9	<u>20</u>	<u>35 units</u>
25.10	<u>21</u>	<u>36.6 units</u>
25.11	<u>22</u>	<u>38.2 units</u>
25.12	<u>23</u>	<u>39.8 units</u>
25.13	<u>24</u>	<u>41.4 units</u>
25.14	<u>25 or more</u>	<u>43.0 units</u>

25.15 Subd. 3. **Disability benefit.** A member described in subdivision 1, if the member is
 25.16 disabled under section 353.01, subdivision 41 or 46, and has not yet attained the age of 50
 25.17 years, is entitled to a disability benefit equal to 34 units.

25.18 Subd. 4. **Surviving spouse benefit.** A surviving spouse under section 353.01,
 25.19 subdivision 20, of a deceased member described in subdivision 1 is entitled to a surviving
 25.20 spouse benefit equal to 23 units.

25.21 Subd. 5. **Surviving dependent child benefit.** A surviving dependent child under
 25.22 section 353.01, subdivision 15a, of a deceased member described in subdivision 1 is
 25.23 entitled to a surviving child benefit equal to eight units.

25.24 Subd. 6. **Surviving family benefit maximum.** The surviving spouse and surviving
 25.25 dependent child under subdivisions 4 and 5 are entitled to a combined family benefit under
 25.26 subdivisions 4 and 5 of 41 units.

25.27 Subd. 8. **Postretirement adjustments.** Retirement annuities, service pensions,
 25.28 disability benefits, and survivor benefits after December 31, 2015, are eligible for
 25.29 postretirement adjustments under section 356.415, subdivision 1c. The unit value for
 25.30 the calculation of a retirement annuity first payable after December 31, 2015, is the
 25.31 calendar year 2015 unit value, plus any postretirement adjustment percentage amount
 25.32 under section 356.415, subdivision 1c, payable after December 31, 2015, and before the
 25.33 date of retirement.

25.34 Subd. 9. **Savings clause; dispute resolution.** In the event of any dispute by or on
 25.35 behalf of any former member of the consolidating relief association after the effective date
 25.36 of consolidation over the amount of a benefit to which the person may be entitled, the
 25.37 proper interpretation of a provision of this article, or the conformity of the provisions of

26.1 this article to the provisions of the benefit plan of the consolidating relief association in
26.2 effective immediately before the date of the consolidation, the dispute shall be submitted
26.3 in writing to the Legislative Commission on Pensions and Retirement by the person
26.4 who is a party to the dispute, by the fraternal organization related to the former relief
26.5 association, or by the executive director of the Public Employees Retirement Association.
26.6 The Legislative Commission on Pensions and Retirement shall review the dispute as
26.7 part of its deliberations on proposed or pending retirement legislation and shall make its
26.8 recommendation on the resolution of the dispute, if any, to the appropriate committees of
26.9 the senate and house of representatives with jurisdiction over public employee pension
26.10 matters in the form of the necessary legislation amending the provisions of this article,
26.11 which proposed legislation must include retroactivity of any increase in a benefit amount
26.12 to the date on which the benefit subject to dispute accrued or would have accrued.

26.13 Sec. 9. Minnesota Statutes 2010, section 353.656, subdivision 1, is amended to read:

26.14 Subdivision 1. **Duty disability; computation of benefits.** (a) A member of the
26.15 police and fire plan, other than a police officer covered by section 353.6512, who is
26.16 determined to qualify for duty disability as defined in section 353.01, subdivision 41,
26.17 shall receive disability benefits during the period of such disability in an amount equal to
26.18 60 percent of the average salary as defined in section 353.01, subdivision 17a, plus an
26.19 additional percentage specified under section 356.315, subdivision 6, of that average
26.20 salary for each year of service in excess of 20 years.

26.21 (b) To be eligible for a benefit under paragraph (a), the member must have:

26.22 (1) not met the requirements for a retirement annuity under section 353.651,
26.23 subdivision 1; or

26.24 (2) met the requirements under that subdivision, but does not have at least 20 years
26.25 of allowable service credit.

26.26 (c) If paragraph (b), clause (2), applies, the disability benefit must be paid for a
26.27 period of 60 months from the disability benefit accrual date and at the end of that period
26.28 is subject to provisions of subdivision 5a.

26.29 (d) If the disability under this subdivision occurs before the member has at least five
26.30 years of allowable service credit in the police and fire plan, the disability benefit must be
26.31 computed on the average salary from which deductions were made for contribution to
26.32 the police and fire fund.

26.33 Sec. 10. Minnesota Statutes 2010, section 353.656, subdivision 1a, is amended to read:

27.1 Subd. 1a. **Total and permanent duty disability; computation of benefits.** (a) A
27.2 member of the police and fire plan, other than a police officer covered by section 353.6512,
27.3 whose disabling condition is determined to be a duty disability that is also a permanent
27.4 and total disability as defined in section 353.01, subdivision 19, is entitled to receive, for
27.5 life, disability benefits in an amount equal to 60 percent of the average salary as defined in
27.6 section 353.01, subdivision 17a, plus an additional percent specified in section 356.315,
27.7 subdivision 6, of that average salary for each year of service in excess of 20 years.

27.8 (b) A disability benefit payable under paragraph (a) is subject to eligibility review
27.9 under section 353.33, subdivision 6, but the review may be waived if the executive
27.10 director receives a written statement from the association's medical advisor that no
27.11 improvement can be expected in the member's disabling condition that was the basis for
27.12 payment of the benefit under paragraph (a). A member receiving a disability benefit
27.13 under this subdivision who is found to no longer be permanently and totally disabled as
27.14 defined under section 353.01, subdivision 19, but continues to meet the definition for
27.15 receipt of a duty disability under section 353.01, subdivision 41, is subject to subdivision
27.16 1 upon written notice from the association's medical advisor that the person is no longer
27.17 considered permanently and totally disabled.

27.18 (c) If a member approved for disability benefits under this subdivision dies before
27.19 attaining normal retirement age as defined in section 353.01, subdivision 37, paragraph
27.20 (b), or within 60 months of the effective date of the disability, whichever is later,
27.21 the surviving spouse is entitled to receive a survivor benefit under section 353.657,
27.22 subdivision 2, paragraph (a), clause (1), if the death is the direct result of the disabling
27.23 condition for which disability benefits were approved, or section 353.657, subdivision
27.24 2, paragraph (a), clause (2), if the death is not directly related to the disabling condition
27.25 for which benefits were approved under this subdivision.

27.26 (d) If the election of an actuarial equivalent optional annuity is not made at the time
27.27 the permanent and total disability benefit accrues, an election must be made within 90
27.28 days before the member attains normal retirement age as defined under section 353.01,
27.29 subdivision 37, paragraph (b), or having collected total and permanent disability benefits
27.30 for 60 months, whichever is later. If a member receiving disability benefits who has
27.31 dependent children dies, subdivision 6a, paragraph (c), applies.

27.32 Sec. 11. Minnesota Statutes 2010, section 353.656, subdivision 3, is amended to read:

27.33 Subd. 3. **Regular disability benefit.** (a) A member of the police and fire plan, other
27.34 than a police officer covered by section 353.6512, who qualifies for a regular disability
27.35 benefit as defined in section 353.01, subdivision 46, is entitled to receive a disability

28.1 benefit, after filing a valid application, in an amount equal to 45 percent of the average
28.2 salary as defined in section 353.01, subdivision 17a.

28.3 (b) To be eligible for a benefit under paragraph (a), the member must have at least
28.4 one year of allowable service credit and have:

28.5 (1) not met the requirements for a retirement annuity under section 353.651,
28.6 subdivision 1, or

28.7 (2) met the requirements under that subdivision, but does not have at least 15 years
28.8 of allowable service credit.

28.9 (c) If paragraph (b), clause (2), applies, the disability benefit must be paid for a
28.10 period of 60 months from the disability benefit accrual date and, at the end of that period,
28.11 is subject to provisions of subdivision 5a.

28.12 (d) For a member who is employed as a full-time firefighter by the Department of
28.13 Military Affairs of the state of Minnesota, allowable service as a full-time state Military
28.14 Affairs Department firefighter credited by the Minnesota State Retirement System may be
28.15 used in meeting the minimum allowable service requirement of this subdivision.

28.16 Sec. 12. Minnesota Statutes 2010, section 353.656, subdivision 3a, is amended to read:

28.17 Subd. 3a. **Total and permanent regular disability; computation of benefits.**

28.18 (a) A member of the police and fire plan, other than a police officer covered by section
28.19 353.6512, whose disabling condition is determined to be a regular disability under section
28.20 353.01, subdivision 46, that is also a permanent and total disability as defined in section
28.21 353.01, subdivision 19, is entitled to receive, for life, a disability benefit in an amount
28.22 equal to 45 percent of the average salary as defined in section 353.01, subdivision 17a,
28.23 plus an additional percent specified in section 356.315, subdivision 6, of that average
28.24 salary for each year of service in excess of 15 years.

28.25 (b) A disability benefit payable under paragraph (a) is subject to eligibility review
28.26 under section 353.33, subdivision 6, but the review may be waived if the executive
28.27 director receives a written statement from the association's medical advisor that no
28.28 improvement can be expected in the member's disabling condition that was the basis for
28.29 payment of the benefit under paragraph (a). A member receiving a disability benefit under
28.30 this subdivision who is found to no longer be permanently and totally disabled as defined
28.31 under section 353.01, subdivision 19, but continues to meet the definition for receipt
28.32 of a regular disability under section 353.01, subdivision 46, is subject to subdivision 3
28.33 upon written notice from the association's medical advisor that the person is no longer
28.34 considered permanently and totally disabled.

29.1 (c) A member approved for disability benefits under this subdivision may elect
29.2 to receive a normal disability benefit or an actuarial equivalent optional annuity. If the
29.3 election of an actuarial equivalent optional annuity is not made at the time the total and
29.4 permanent disability benefit accrues, an election must be made within 90 days before
29.5 the member attains normal retirement age as defined in section 353.01, subdivision 37,
29.6 paragraph (b), or having collected disability benefits for 60 months, whichever is later.
29.7 No surviving spouse benefits are payable if the member dies during the period in which
29.8 a normal total and permanent disability benefit is being paid. If a member receiving
29.9 disability benefits who has dependent children dies, subdivision 6a, paragraph (c), applies.

29.10 Sec. 13. Minnesota Statutes 2010, section 353.657, subdivision 1, is amended to read:

29.11 Subdivision 1. **Generally.** (a) In the event that a member of the police and fire
29.12 fund, other than a police officer covered by section 353.6512, dies from any cause
29.13 before retirement or before becoming disabled and receiving disability benefits, the
29.14 association shall grant survivor benefits to a surviving spouse, as defined in section
29.15 353.01, subdivision 20, and to a dependent child or children, as defined in section 353.01,
29.16 subdivision 15, except that if the death is not a line of duty death, the member must be
29.17 vested under section 353.01, subdivision 47.

29.18 (b) Notwithstanding the definition of surviving spouse, a former spouse of the
29.19 member, if any, is entitled to a portion of the monthly surviving spouse benefit if
29.20 stipulated under the terms of a marriage dissolution decree filed with the association. If
29.21 there is no surviving spouse or child or children, a former spouse may be entitled to
29.22 a lump-sum refund payment under section 353.32, subdivision 1, if provided for in a
29.23 marriage dissolution decree but not a monthly surviving spouse benefit despite the terms
29.24 of a marriage dissolution decree filed with the association.

29.25 (c) The spouse and child or children are entitled to monthly benefits as provided in
29.26 subdivisions 2 to 4.

29.27 Sec. 14. **[353.668] CONSOLIDATION OF THE MINNEAPOLIS POLICE**
29.28 **RELIEF ASSOCIATION.**

29.29 Subdivision 1. **Membership transfer.** On the effective date of consolidation under
29.30 section 19, the active, inactive, and retired members of the Minneapolis Police Relief
29.31 Association are transferred to the public employees police and fire retirement plan, are no
29.32 longer members of the Minneapolis Police Relief Association, and are members of the
29.33 public employees police and fire retirement plan.

30.1 Subd. 2. **Service credit and benefit liability transfer.** (a) Allowable service credit
30.2 and base salary credit of the active members of the Minneapolis Police Relief Association,
30.3 as contained in the records of the Minneapolis Police Relief Association through the
30.4 day before the effective date of consolidation under section 19, are transferred to the
30.5 public employees police and fire retirement plan and is credited as provided in section
30.6 353.01, subdivisions 10a and 16, paragraph (c), on the effective date of consolidation
30.7 under section 19.

30.8 (b) The liability for the payment of retirement annuities, service pensions, and
30.9 retirement benefits of the Minneapolis Police Relief Association retired members, service
30.10 pensioners, disabilitants, and other retirement benefit recipients as specified in the records
30.11 of the Minneapolis Police Relief Association is transferred to the public employees police
30.12 and fire retirement plan on the effective date of consolidation under section 19.

30.13 Subd. 3. **Transfer of records.** On the effective date of the consolidation under
30.14 section 19, the chief administrative officer of the Minneapolis Police Relief Association
30.15 shall transfer all records and documents relating to the special fund of the Minneapolis
30.16 Police Relief Association to the executive director of the Public Employees Retirement
30.17 Association. To the extent possible, original copies of all records and documents must
30.18 be transferred.

30.19 Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On the effective date
30.20 of the consolidation under section 19, the chief administrative officer of the Minneapolis
30.21 Police Relief Association shall transfer the entire assets of the special fund of the
30.22 Minneapolis Police Relief Association other than the health insurance account to the
30.23 public employees police and fire retirement fund at market value. Unless ineligible
30.24 or inappropriate, the transfer must be in the form of investment securities and must
30.25 include any accounts receivable that are determined by the State Board of Investment
30.26 as being capable of being collected. An amount, in cash, must be transferred by the
30.27 city of Minneapolis equal to the market value recognized by the relief association of
30.28 investment securities that are determined by the executive director of the State Board of
30.29 Investment not to be in compliance with the requirements and limitations set forth in
30.30 section 11A.09, 11A.14, 11A.23, and 11A.24 or not to be appropriate for retention in light
30.31 of the established investment objectives of the State Board of Investment or of accounts
30.32 receivable determined by the executive director of the State Board of Investment as being
30.33 incapable of being collected. Legal and beneficial title to assets that are determined
30.34 noncompliant or inappropriate securities or that are uncollectible accounts receivable are
30.35 transferred to the city of Minneapolis on the effective date of consolidation under section
30.36 19. Any accounts payable on the effective date of consolidation under section 19 are an

31.1 obligation of the public employees police and fire retirement fund and reduce the asset
31.2 value for purposes of subdivision 6. The transferred assets must be deposited in the public
31.3 employees police and fire retirement fund. The amount of the health insurance account as
31.4 of the date of the consolidation must remain deposited in the financial institution retained
31.5 by the former Minneapolis Police Relief Association on May 1, 2011, and that financial
31.6 institution must act as the custodian of the account. The financial institution shall perform
31.7 all trustee and fiduciary duties with respect to the account as a condition to the retention of
31.8 the account. The executive director of the Minneapolis Police Relief Association, prior to
31.9 the effective date of consolidation, shall estimate three calendar years of the administrative
31.10 expenses related to the operation of the account and shall prepay those expenses from the
31.11 account to the financial institution prior to the effective date of consolidation. After the
31.12 three-year prepayment period, the beneficiaries of the account are responsible for the
31.13 payment of the administrative expenses related to the operation of the account.

31.14 (b) Upon the transfer of assets to the State Board of Investment under paragraph
31.15 (a), legal title to those transferred assets vests with the State Board of Investment on
31.16 behalf of the public employees police and fire retirement plan, and beneficial title to the
31.17 transferred assets remains with the former membership of the former Minneapolis Police
31.18 Relief Association.

31.19 (c) The public employees police and fire retirement plan and fund is the successor in
31.20 interest to all claims for or against the Minneapolis Police Relief Association. the public
31.21 employees police and fire retirement plan and fund is not liable for any claim against the
31.22 Minneapolis Police Relief Association, its governing board, or its administrative staff
31.23 acting in a fiduciary capacity, under chapter 356A or common law, which is founded upon
31.24 a claim of a breach of fiduciary duty if the act or acts constituting the claimed breach were
31.25 not undertaken in good faith. The public employees police and fire retirement plan may
31.26 assert any applicable defense to any claim in any judicial or administrative proceeding
31.27 that the Minneapolis Police Relief Association, its board, or its administrative staff would
31.28 otherwise have been entitled to assert, and the public employees police and fire retirement
31.29 plan may assert any applicable defense that it has in its capacity as a statewide agency.

31.30 (d) The Public Employees Retirement Association shall indemnify any former
31.31 fiduciary of the Minneapolis Police Relief Association consistent with the provisions of
31.32 section 356A.11. The indemnification may be effected by the purchase by the Public
31.33 Employees Retirement Association of reasonable fiduciary liability tail insurance for the
31.34 officers and directors of the former Minneapolis Police Relief Association. Consistent
31.35 with section 69.80, the relief association may purchase reasonable fiduciary liability tail

32.1 insurance for its officers and directors prior to the effective date of consolidation under
32.2 section 19.

32.3 (e) Office equipment and other physical assets of the special fund of the Minneapolis
32.4 Police Relief Association that are not needed by the Public Employees Retirement
32.5 Association may be sold by the special fund of the Minneapolis Police Relief Association
32.6 to the general fund of the Minneapolis Police Relief Association or to any successor
32.7 fraternal organization of the Minneapolis Police Relief Association at fair market value,
32.8 with the proceeds of that sale deposited in the public employees police and fire retirement
32.9 fund and included in the transferred asset value under subdivision 6.

32.10 Subd. 5. **Benefits.** The annuities, service pensions, and other retirement benefits
32.11 of or attributable to retired, disabled, deferred, or inactive Minneapolis Police Relief
32.12 Association members who had that status as of the day before the effective date of
32.13 consolidation under section 19 continue after consolidation in the same amount and under
32.14 the same terms as provided in Minnesota Statutes 2010, chapter 423B, except that the unit
32.15 value is governed by section 353.01, subdivision 10b, and the postretirement adjustments
32.16 after December 31, 2015, must be calculated solely under section 353.6512, subdivision 8.

32.17 Subd. 6. **Additional employer contributions.** (a) As of the effective date of the
32.18 consolidation under section 19, the approved actuary retained by the Public Employees
32.19 Retirement Association shall calculate the present value of future benefits of the former
32.20 Minneapolis Police Relief Association, and, after subtracting the market value of the
32.21 transferred assets of the former Minneapolis Police Relief Association and the present
32.22 value of the employer contribution under section 353.65, subdivision 3, paragraph (b),
32.23 shall calculate the remainder present value of future benefits amount. Annually, following
32.24 the effective date of consolidation under section 19, the city of Minneapolis shall pay an
32.25 amount sufficient to amortize on a level annual dollar basis the remainder present value
32.26 of future benefits amount by December 31, 2031. The amortization payment is payable
32.27 annually on July 15, beginning in the year following the effective date of the consolidation.
32.28 The 2012 payment should be estimated based on the provisions of this legislation. The
32.29 July 2013 payment shall be adjusted based on the final actuarial valuation.

32.30 (b) If the postretirement or preretirement interest rate actuarial assumption applicable
32.31 to the public employees police and fire retirement plan under section 356.215, subdivision
32.32 8, is modified from the rates specified in Minnesota Statutes 2010, section 356.215,
32.33 subdivision 8, the remainder present value of future benefits amount calculation under
32.34 paragraph (a), updated for the passage of time, must be revised and the amortization
32.35 contribution by the city of Minneapolis for the balance of the amortization period must
32.36 be redetermined and certified to the city of Minneapolis.

33.1 Subd. 7. **Health and dental insurance program deductions.** The executive
33.2 director shall withhold any health insurance or dental insurance premiums designated
33.3 by the annuitant or benefit recipient and shall transfer them to the city of Minneapolis.
33.4 The Public Employees Retirement Association may charge a necessary and reasonable
33.5 monthly administrative fee to the city of Minneapolis for this function and bill it in
33.6 addition to the employer contribution under section 353.65, subdivision 3, paragraph
33.7 (b). Notwithstanding any provision of chapter 13 to the contrary, the executive director
33.8 shall provide the city of Minneapolis with the current addresses of former members of
33.9 the Minneapolis Police Relief Association.

33.10 Subd. 8. **Cooperation with fraternal organization.** (a) This subdivision applies
33.11 if the membership of the former Minneapolis Police Relief Association approves the
33.12 continuation of the relief association as a fraternal organization under section 16.

33.13 (b) The executive director shall cooperate with the Minneapolis police fraternal
33.14 association to insure adequate communication with the former members of the former
33.15 Minneapolis Police Relief Association consistent with Public Employees Retirement
33.16 Association policy.

33.17 Sec. 15. Minnesota Statutes 2010, section 423A.02, subdivision 1b, is amended to read:

33.18 Subd. 1b. **Additional amortization state aid.** (a) Annually, on October 1, the
33.19 commissioner of revenue shall allocate the additional amortization state aid transferred
33.20 under section 69.021, subdivision 11, to:

33.21 (1) all police or salaried firefighters relief associations governed by and in full
33.22 compliance with the requirements of section 69.77, that had an unfunded actuarial accrued
33.23 liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the
33.24 preceding December 31;

33.25 (2) all local police or salaried firefighter consolidation accounts governed by chapter
33.26 353A that are certified by the executive director of the public employees retirement
33.27 association as having for the current fiscal year an additional municipal contribution
33.28 amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented
33.29 section 353A.083, subdivision 1, if the effective date of the consolidation preceded May
33.30 24, 1993, and that have implemented section 353A.083, subdivision 2, if the effective date
33.31 of the consolidation preceded June 1, 1995; and

33.32 (3) the municipalities that are required to make an additional municipal contribution
33.33 under section 353.665, subdivision 8, or 353.668, subdivision 6, for the duration of the
33.34 required additional contribution.

34.1 (b) The commissioner shall allocate the state aid on the basis of the proportional share
34.2 of the relief association or consolidation account of the total unfunded actuarial accrued
34.3 liability of all recipient relief associations and consolidation accounts as of December 31,
34.4 1993, for relief associations, and as of June 30, 1994, for consolidation accounts.

34.5 (c) Beginning October 1, 2000, and annually thereafter, the commissioner shall
34.6 allocate the state aid, including any state aid in excess of the limitation in subdivision
34.7 4, on the following basis:

34.8 (1) 64.5 percent to the municipalities to which section 353.665, subdivision
34.9 8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), apply for distribution in
34.10 accordance with paragraph (b) and subject to the limitation in subdivision 4;

34.11 (2) 34.2 percent to the city of Minneapolis to fund any unfunded actuarial accrued
34.12 liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the
34.13 preceding December 31 for the Minneapolis Police Relief Association or the Minneapolis
34.14 Fire Department Relief Association; and

34.15 (3) 1.3 percent to the city of Virginia to fund any unfunded actuarial accrued liability
34.16 in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding
34.17 December 31 for the Virginia Fire Department Relief Association.

34.18 If there is no unfunded actuarial accrued liability in both the Minneapolis Police
34.19 Relief Association and the Minneapolis Fire Department Relief Association as disclosed
34.20 in the most recent actuarial valuations for the relief associations prepared under sections
34.21 356.215 and 356.216, the commissioner shall allocate that 34.2 percent of the aid as
34.22 follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul
34.23 Teachers Retirement Fund Association, and 30 percent as additional funding to support
34.24 minimum fire state aid for volunteer firefighters relief associations. If there is no unfunded
34.25 actuarial accrued liability in the Virginia Fire Department Relief Association as disclosed
34.26 in the most recent actuarial valuation for the relief association prepared under sections
34.27 356.215 and 356.216, the commissioner shall allocate that 1.3 percent of the aid as
34.28 follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul
34.29 Teachers Retirement Fund Association, and 30 percent as additional funding to support
34.30 minimum fire state aid for volunteer firefighters relief associations. Upon the final
34.31 payment to municipalities required by section 353.665, subdivision 8, paragraph (b),
34.32 or 353A.09, subdivision 5, paragraph (b), the commissioner shall allocate that 64.5
34.33 percent of the aid as follows: 20 percent to the St. Paul Teachers Retirement Fund
34.34 Association, 20 percent to the city of Minneapolis to fund any unfunded actuarial accrued
34.35 liability in the actuarial valuation proposed under sections 356.215 and 356.216 as of the
34.36 preceding December 31 for the Minneapolis Police Relief Association or the Minneapolis

35.1 Firefighters Relief Association, 20 percent for the city of Duluth to pay for any costs
35.2 associated with the police and firefighters pensions, and 40 percent as additional funding to
35.3 support minimum fire state aid for volunteer firefighters relief associations. The allocation
35.4 must be made by the commissioner at the same time and under the same procedures
35.5 as specified in subdivision 3. With respect to the St. Paul Teachers Retirement Fund
35.6 Association, annually, beginning on July 1, 2005, if the applicable teacher's association
35.7 five-year average time-weighted rate of investment return does not equal or exceed the
35.8 performance of a composite portfolio assumed passively managed (indexed) invested ten
35.9 percent in cash equivalents, 60 percent in bonds and similar debt securities, and 30 percent
35.10 in domestic stock calculated using the formula under section 11A.04, clause (11), the aid
35.11 allocation to that retirement fund under this section ceases until the five-year annual rate
35.12 of investment return equals or exceeds the performance of that composite portfolio.

35.13 (d) The amounts required under this subdivision are the amounts annually
35.14 appropriated to the commissioner of revenue under section 69.021, subdivision 11,
35.15 paragraph (e).

35.16 Sec. 16. **MINNEAPOLIS POLICE RELIEF ASSOCIATION; SPECIAL**
35.17 **ACTUARIAL VALUATION PENDING CONSOLIDATION.**

35.18 (a) On or before August 1, 2011, the approved actuarial consulting firm retained
35.19 by the Public Employees Retirement Association under Minnesota Statutes, section
35.20 356.214, shall prepare an alternative actuarial valuation of the Minneapolis Police Relief
35.21 Association under Minnesota Statutes, section 356.215, and the most recent standards
35.22 for actuarial work adopted by the Legislative Commission on Pensions and Retirement
35.23 as of August 11, 2010, using the applicable actuarial assumptions and the applicable
35.24 amortization target date of the public employee police and fire retirement plan.

35.25 (b) The officers of the Minneapolis Police Relief Association shall supply the
35.26 approved actuary retained by the Public Employees Retirement Association with the
35.27 financial and demographic data necessary to perform the alternative actuarial valuation.

35.28 (c) The alternative actuarial valuation of the Minneapolis Police Relief Association
35.29 must be filed with the mayor of the city of Minneapolis, with the Minneapolis city
35.30 coordinator, with the executive director of the Minneapolis Police Relief Association,
35.31 with the executive director of the Public Employees Retirement Association, with the
35.32 executive director of the Legislative Commission on Pensions and Retirement, and with
35.33 the Legislative Reference Library.

36.1 (d) The expense of preparing the alternative actuarial valuation must be paid by the
36.2 city of Minneapolis within 30 days of its certification to the finance director of the city of
36.3 Minneapolis by the executive director of the Public Employees Retirement Association.

36.4 Sec. 17. **TERMINATION OF THE RELIEF ASSOCIATION.**

36.5 (a) On the effective date of the consolidation under section 19, the special fund of
36.6 the Minneapolis Police Relief Association ceases to exist.

36.7 (b) The Minneapolis Police Relief Association shall provide for the continuation
36.8 of the relief association as a fraternal organization other than as a pension or retirement
36.9 organization and shall approve the changes in its articles of incorporation and bylaws
36.10 necessary to effect that redesignation and reorganization of the organization.

36.11 (c) If the Minneapolis Police Relief Association continues the relief association
36.12 as a fraternal organization under paragraph (b), the transfer of relief association assets
36.13 under section 14, subdivision 4, must not include assets of the Minneapolis Police Relief
36.14 Association general fund, which must be retained by the fraternal organization for
36.15 organization purposes other than for pension or retirement benefit payment purposes.

36.16 (d) As of the effective date of the consolidation under section 19, the employment of
36.17 the employees of the Minneapolis Police Relief Association terminates. The employees of
36.18 the Minneapolis Police Relief Association who were employed by the relief association
36.19 before May 1, 2011, have an employment preference with the Public Employees
36.20 Retirement Association equal to that under the veterans preference act.

36.21 (e) If, on the day following approval of this article by the Minneapolis city council,
36.22 the consolidation has been approved by all applicable entities under section 19, the officers
36.23 of the Minneapolis Police Relief Association shall certify to the city of Minneapolis and to
36.24 the Hennepin County auditor the financial requirements of the relief association and the
36.25 minimum municipal obligation under Minnesota Statutes, section 69.77, subdivision 4,
36.26 revised consistent with the actuarial valuation results under section 15.

36.27 (f) After the effective date of consolidation under section 19, the city of Minneapolis
36.28 shall continue to administer the health and dental insurance programs as constituted on
36.29 May 1, 2011, for the former members of the former Minneapolis Police Relief Association,
36.30 transferring premiums as required.

36.31 Sec. 18. **REPEALER.**

36.32 Minnesota Statutes 2010, sections 423B.01; 423B.03; 423B.04; 423B.05; 423B.06;
36.33 423B.07; 423B.08; 423B.09; 423B.10; 423B.11; 423B.12; 423B.13; 423B.14; 423B.15;

37.1 423B.151; 423B.16; 423B.17; 423B.18; 423B.19; 423B.20; 423B.21; and 423B.23, are
 37.2 repealed.

37.3 **Sec. 19. EFFECTIVE DATE; LOCAL APPROVAL.**

37.4 (a) Sections 1 to 16, 17, paragraphs (a) to (d), and 18 are effective December 30,
 37.5 2011, if the board of trustees of the Minneapolis Police Relief Association approves
 37.6 the article and if a majority of the entire membership of the Minneapolis Police Relief
 37.7 Association voting on the question approves the article, if the chief administrative officer
 37.8 of the Minneapolis Police Relief Association certifies those approvals to the mayor of the
 37.9 city of Minneapolis and the president of the Minneapolis city council before September 15,
 37.10 2011, if the board of trustees of the Public Employees Retirement Association approves
 37.11 the article, if the executive director of the Public Employees Retirement Association
 37.12 certifies that approval to the mayor of the city of Minneapolis and the president of the
 37.13 Minneapolis city council, if the governing body of the city of Minneapolis and the chief
 37.14 clerical officer of Minneapolis timely complete their compliance with Minnesota Statutes,
 37.15 section 645.021, subdivisions 2 and 3, on or before October 15, 2011, or on the date set by
 37.16 the board of trustees of the Public Employees Retirement Association, in consultation with
 37.17 the mayor of the city of Minneapolis and the executive director of the relief association, at
 37.18 the first regular meeting of the Public Employees Retirement Association board of trustees
 37.19 occurring after Minneapolis city council approval if the governing body of the city of
 37.20 Minneapolis and the chief clerical officer of Minneapolis complete their compliance with
 37.21 Minnesota Statutes, section 645.021, subdivisions 2 and 3, after October 15, 2011, and if a
 37.22 comparable consolidation relating to the Minneapolis Firefighters Relief Association is
 37.23 approved by all applicable entities under article ...

37.24 (b) If the approvals occur under paragraph (a) in a timely fashion, section 17,
 37.25 paragraph (e), is effective on the day following approval by the Minneapolis city council.

37.26 **ARTICLE ...**

37.27 **CONFORMING CHANGES**

37.28 Section 1. Minnesota Statutes 2010, section 6.67, is amended to read:

37.29 **6.67 PUBLIC ACCOUNTANTS; REPORT OF POSSIBLE MISCONDUCT.**

37.30 Whenever a public accountant in the course of auditing the books and affairs of a
 37.31 political subdivision or a local public pension plan governed by section 69.77, sections
 37.32 69.771 to 69.775, or chapter 354A, ~~423B, 423C~~, or 424A, discovers evidence pointing
 37.33 to nonfeasance, misfeasance, or malfeasance, on the part of an officer or employee in
 37.34 the conduct of duties and affairs, the public accountant shall promptly make a report of

38.1 such discovery to the state auditor and the county attorney of the county in which the
38.2 governmental unit is situated and the public accountant shall also furnish a copy of the
38.3 report of audit upon completion to said officers. The county attorney shall act on such
38.4 report in the same manner as required by law for reports made to the county attorney
38.5 by the state auditor.

38.6 Sec. 2. Minnesota Statutes 2010, section 13D.01, subdivision 1, is amended to read:

38.7 Subdivision 1. **In executive branch, local government.** All meetings, including
38.8 executive sessions, must be open to the public

38.9 (a) of a state

38.10 (1) agency,

38.11 (2) board,

38.12 (3) commission, or

38.13 (4) department,

38.14 when required or permitted by law to transact public business in a meeting;

38.15 (b) of the governing body of a

38.16 (1) school district however organized,

38.17 (2) unorganized territory,

38.18 (3) county,

38.19 (4) statutory or home rule charter city,

38.20 (5) town, or

38.21 (6) other public body;

38.22 (c) of any

38.23 (1) committee,

38.24 (2) subcommittee,

38.25 (3) board,

38.26 (4) department, or

38.27 (5) commission,

38.28 of a public body; and

38.29 (d) of the governing body or a committee of:

38.30 (1) a statewide public pension plan defined in section 356A.01, subdivision 24; or

38.31 (2) a local public pension plan governed by section 69.77, sections 69.771 to 69.775,

38.32 or chapter 354A ~~or 423B.~~

38.33 Sec. 3. Minnesota Statutes 2010, section 43A.316, subdivision 8, is amended to read:

39.1 Subd. 8. **Continuation of coverage.** (a) A former employee of an employer
39.2 participating in the program who is receiving a public pension disability benefit or an
39.3 annuity or has met the age and service requirements necessary to receive an annuity
39.4 under chapter 353, 353C, 354, 354A, 356, or 423, ~~423A, 424~~, or Minnesota Statutes
39.5 2008, chapter 422A, and the former employee's dependents, are eligible to participate in
39.6 the program. This participation is at the person's expense unless a collective bargaining
39.7 agreement or personnel policy provides otherwise. Premiums for these participants must
39.8 be established by the commissioner.

39.9 The commissioner may provide policy exclusions for preexisting conditions
39.10 only when there is a break in coverage between a participant's coverage under the
39.11 employment-based group insurance program and the participant's coverage under this
39.12 section. An employer shall notify an employee of the option to participate under this
39.13 paragraph no later than the effective date of retirement. The retired employee or the
39.14 employer of a participating group on behalf of a current or retired employee shall notify
39.15 the commissioner within 30 days of the effective date of retirement of intent to participate
39.16 in the program according to the rules established by the commissioner.

39.17 (b) The spouse of a deceased employee or former employee may purchase the
39.18 benefits provided at premiums established by the commissioner if the spouse was a
39.19 dependent under the employee's or former employee's coverage under this section at the
39.20 time of the death. The spouse remains eligible to participate in the program as long as
39.21 the group that included the deceased employee or former employee participates in the
39.22 program. Coverage under this clause must be coordinated with relevant insurance benefits
39.23 provided through the federally sponsored Medicare program.

39.24 (c) The program benefits must continue in the event of strike permitted by section
39.25 179A.18, if the exclusive representative chooses to have coverage continue and the
39.26 employee pays the total monthly premiums when due.

39.27 (d) A participant who discontinues coverage may not reenroll.

39.28 Persons participating under these paragraphs shall make appropriate premium
39.29 payments in the time and manner established by the commissioner.

39.30 Sec. 4. Minnesota Statutes 2010, section 69.77, subdivision 1a, is amended to read:

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

39.33 (1) the Bloomington Firefighters Relief Association;

39.34 (2) the Fairmont Police Relief Association; and

39.35 ~~(3) the Minneapolis Firefighters Relief Association;~~

40.1 ~~(4) the Minneapolis Police Relief Association, and~~
40.2 ~~(5) (3) the Virginia Fire Department Relief Association.~~

40.3 Sec. 5. Minnesota Statutes 2010, section 69.77, subdivision 4, is amended to read:

40.4 Subd. 4. **Relief association financial requirements; minimum municipal**
40.5 **obligation.** (a) The officers of the relief association shall determine the financial
40.6 requirements of the relief association and minimum obligation of the municipality for
40.7 the following calendar year in accordance with the requirements of this subdivision.
40.8 The financial requirements of the relief association and the minimum obligation of the
40.9 municipality must be determined on or before the submission date established by the
40.10 municipality under subdivision 5.

40.11 (b) The financial requirements of the relief association for the following calendar
40.12 year must be based on the most recent actuarial valuation or survey of the special fund of
40.13 the association if more than one fund is maintained by the association, or of the association,
40.14 if only one fund is maintained, prepared in accordance with sections 356.215, subdivisions
40.15 4 to 15, and 356.216, as required under subdivision 10. If an actuarial estimate is prepared
40.16 by the actuary of the relief association as part of obtaining a modification of the benefit
40.17 plan of the relief association and the modification is implemented, the actuarial estimate
40.18 must be used in calculating the subsequent financial requirements of the relief association.

40.19 (c) If the relief association has an unfunded actuarial accrued liability as reported in
40.20 the most recent actuarial valuation or survey, the total of the amounts calculated under
40.21 clauses (1), (2), and (3), constitute the financial requirements of the relief association for
40.22 the following year. If the relief association does not have an unfunded actuarial accrued
40.23 liability as reported in the most recent actuarial valuation or survey, the amount calculated
40.24 under clauses (1) and (2) constitute the financial requirements of the relief association for
40.25 the following year. The financial requirement elements are:

40.26 (1) the normal level cost requirement for the following year, expressed as a dollar
40.27 amount, which must be determined by applying the normal level cost of the relief
40.28 association as reported in the actuarial valuation or survey and expressed as a percentage
40.29 of covered payroll to the estimated covered payroll of the active membership of the relief
40.30 association, including any projected change in the active membership, for the following
40.31 year;

40.32 (2) for the Bloomington Fire Department Relief Association, the Fairmont Police
40.33 Relief Association, and the Virginia Fire Department Relief Association, to the dollar
40.34 amount of normal cost determined under clause (1) must be added an amount equal to the
40.35 dollar amount of the administrative expenses of the special fund of the association if more

41.1 than one fund is maintained by the association, or of the association if only one fund is
41.2 maintained, for the most recent year, multiplied by the factor of 1.035. The administrative
41.3 expenses are those authorized under section 69.80. ~~No amount of administrative expenses~~
41.4 ~~under this clause are to be included in the financial requirements of the Minneapolis~~
41.5 ~~Firefighters Relief Association or the Minneapolis Police Relief Association; and~~

41.6 (3) to the dollar amount of normal cost and expenses determined under clauses
41.7 (1) and (2) must be added an amount equal to the level annual dollar amount which
41.8 is sufficient to amortize the unfunded actuarial accrued liability as determined from
41.9 the actuarial valuation or survey of the fund, using an interest assumption set at the
41.10 applicable rate specified in section 356.215, subdivision 8, by that fund's amortization
41.11 date as specified in paragraph (d).

41.12 (d) ~~The Minneapolis Firefighters Relief Association special fund amortization date~~
41.13 ~~is determined under section 423C.15, subdivisions 3 and 4. The Virginia Fire Department~~
41.14 ~~Relief Association special fund amortization date is December 31, 2010. The Minneapolis~~
41.15 ~~Police Relief Association special fund and the Fairmont Police Relief Association~~
41.16 ~~special fund amortization date is December 31, 2020. The Bloomington Fire Department~~
41.17 ~~Relief Association special fund amortization date is determined under section 356.216,~~
41.18 ~~paragraph (a), clause (2). The amortization date specified in this paragraph supersedes any~~
41.19 ~~amortization date specified in any applicable special law.~~

41.20 (e) The minimum obligation of the municipality is an amount equal to the financial
41.21 requirements of the relief association reduced by the estimated amount of member
41.22 contributions from covered salary anticipated for the following calendar year and the
41.23 estimated amounts anticipated for the following calendar year from the applicable state aid
41.24 program established under sections 69.011 to 69.051 receivable by the relief association
41.25 after any allocation made under section 69.031, subdivision 5, paragraph (b), clause (2),
41.26 or 423A.01, subdivision 2, paragraph (a), clause (6), from the local police and salaried
41.27 firefighters' relief association amortization aid program established under section 423A.02,
41.28 subdivision 1, from the supplementary amortization state-aid program established under
41.29 section 423A.02, subdivision 1a, and from the additional amortization state aid under
41.30 section 423A.02, subdivision 1b.

41.31 Sec. 6. Minnesota Statutes 2010, section 356.215, subdivision 8, is amended to read:

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

	preretirement interest rate assumption	postretirement interest rate assumption
42.1		
42.2		
42.3	plan	
42.4	general state employees retirement plan	8.5% 6.0%
42.5	correctional state employees retirement plan	8.5 6.0
42.6	State Patrol retirement plan	8.5 6.0
42.7	legislators retirement plan	8.5 6.0
42.8	elective state officers retirement plan	8.5 6.0
42.9	judges retirement plan	8.5 6.0
42.10	general public employees retirement plan	8.5 6.0
42.11	public employees police and fire retirement plan	8.5 6.0
42.12	local government correctional service retirement	
42.13	plan	8.5 6.0
42.14	teachers retirement plan	8.5 6.0
42.15	Duluth teachers retirement plan	8.5 8.5
42.16	St. Paul teachers retirement plan	8.5 8.5
42.17	Minneapolis Police Relief Association	6.0 6.0
42.18	Fairmont Police Relief Association	5.0 5.0
42.19	Minneapolis Fire Department Relief Association	6.0 6.0
42.20	Virginia Fire Department Relief Association	5.0 5.0
42.21	Bloomington Fire Department Relief Association	6.0 6.0
42.22	local monthly benefit volunteer firefighters relief	
42.23	associations	5.0 5.0

42.24 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
 42.25 single rate future salary increase assumption, the applicable following modified single
 42.26 rate future salary increase assumption, or the applicable following graded rate future
 42.27 salary increase assumption:

42.28 (1) single rate future salary increase assumption

	future salary increase assumption
42.29	
42.30	plan
42.31	legislators retirement plan 5.0%
42.32	judges retirement plan 4.0
42.33	Minneapolis Police Relief Association 4.0
42.34	Fairmont Police Relief Association 3.5
42.35	Minneapolis Fire Department Relief
42.36	Association 4.0
42.37	Virginia Fire Department Relief Association 3.5
42.38	Bloomington Fire Department Relief
42.39	Association 4.0

42.40 (2) age-related select and ultimate future salary increase assumption or graded rate
 42.41 future salary increase assumption

43.1		future salary
43.2	plan	increase assumption
43.3	general state employees retirement plan	select calculation and
43.4		assumption A
43.5	correctional state employees retirement plan	assumption G
43.6	State Patrol retirement plan	assumption F
43.7	public employees police and fire fund retirement plan	assumption B
43.8	local government correctional service retirement plan	assumption F
43.9	teachers retirement plan	assumption C
43.10	Duluth teachers retirement plan	assumption D
43.11	St. Paul teachers retirement plan	assumption E

43.12 The select calculation is: during the
43.13 designated select period, a designated
43.14 percentage rate is multiplied by the result
43.15 of the designated integer minus T, where
43.16 T is the number of completed years of
43.17 service, and is added to the applicable
43.18 future salary increase assumption. The
43.19 designated select period is five years and the
43.20 designated integer is five for the general state
43.21 employees retirement plan. The designated
43.22 select period is ten years and the designated
43.23 integer is ten for all other retirement plans
43.24 covered by this clause. The designated
43.25 percentage rate is: (1) 0.2 percent for the
43.26 correctional state employees retirement plan,
43.27 the State Patrol retirement plan, the public
43.28 employees police and fire plan, and the local
43.29 government correctional service plan; (2)
43.30 0.6 percent for the general state employees
43.31 retirement plan; and (3) 0.3 percent for the
43.32 teachers retirement plan, the Duluth Teachers
43.33 Retirement Fund Association, and the St.
43.34 Paul Teachers Retirement Fund Association.
43.35 The select calculation for the Duluth Teachers
43.36 Retirement Fund Association is 8.00 percent
43.37 per year for service years one through seven,
43.38 7.25 percent per year for service years seven

44.1 and eight, and 6.50 percent per year for
 44.2 service years eight and nine.

44.3 The ultimate future salary increase assumption is:

44.4	age	A	B	C	D	E	F	G
44.5	16	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%
44.6	17	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500
44.7	18	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500
44.8	19	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500
44.9	20	5.75	11.00	5.50	6.90	6.90	7.7500	7.2500
44.10	21	5.75	11.00	5.50	6.90	6.90	7.1454	6.6454
44.11	22	5.75	10.50	5.50	6.90	6.90	7.0725	6.5725
44.12	23	5.75	10.00	5.50	6.85	6.85	7.0544	6.5544
44.13	24	5.75	9.50	5.50	6.80	6.80	7.0363	6.5363
44.14	25	5.75	9.00	5.50	6.75	6.75	7.0000	6.5000
44.15	26	5.75	8.70	5.50	6.70	6.70	7.0000	6.5000
44.16	27	5.75	8.40	5.50	6.65	6.65	7.0000	6.5000
44.17	28	5.75	8.10	5.50	6.60	6.60	7.0000	6.5000
44.18	29	5.75	7.80	5.50	6.55	6.55	7.0000	6.5000
44.19	30	5.75	7.50	5.50	6.50	6.50	7.0000	6.5000
44.20	31	5.75	7.30	5.50	6.45	6.45	7.0000	6.5000
44.21	32	5.75	7.10	5.50	6.40	6.40	7.0000	6.5000
44.22	33	5.75	6.90	5.50	6.35	6.35	7.0000	6.5000
44.23	34	5.75	6.70	5.50	6.30	6.30	7.0000	6.5000
44.24	35	5.75	6.50	5.50	6.25	6.25	7.0000	6.5000
44.25	36	5.75	6.30	5.50	6.20	6.20	6.9019	6.4019
44.26	37	5.75	6.10	5.50	6.15	6.15	6.8074	6.3074
44.27	38	5.75	5.90	5.40	6.10	6.10	6.7125	6.2125
44.28	39	5.75	5.70	5.30	6.05	6.05	6.6054	6.1054
44.29	40	5.75	5.50	5.20	6.00	6.00	6.5000	6.0000
44.30	41	5.75	5.40	5.10	5.90	5.95	6.3540	5.8540
44.31	42	5.75	5.30	5.00	5.80	5.90	6.2087	5.7087
44.32	43	5.65	5.20	4.90	5.70	5.85	6.0622	5.5622
44.33	44	5.55	5.10	4.80	5.60	5.80	5.9048	5.4078
44.34	45	5.45	5.00	4.70	5.50	5.75	5.7500	5.2500
44.35	46	5.35	4.95	4.60	5.40	5.70	5.6940	5.1940
44.36	47	5.25	4.90	4.50	5.30	5.65	5.6375	5.1375
44.37	48	5.15	4.85	4.50	5.20	5.60	5.5822	5.0822
44.38	49	5.05	4.80	4.50	5.10	5.55	5.5404	5.0404
44.39	50	4.95	4.75	4.50	5.00	5.50	5.5000	5.0000
44.40	51	4.85	4.75	4.50	4.90	5.45	5.4384	4.9384
44.41	52	4.75	4.75	4.50	4.80	5.40	5.3776	4.8776
44.42	53	4.65	4.75	4.50	4.70	5.35	5.3167	4.8167
44.43	54	4.55	4.75	4.50	4.60	5.30	5.2826	4.7826

45.1	55	4.45	4.75	4.50	4.50	5.25	5.2500	4.7500
45.2	56	4.35	4.75	4.50	4.40	5.20	5.2500	4.7500
45.3	57	4.25	4.75	4.50	4.30	5.15	5.2500	4.7500
45.4	58	4.25	4.75	4.60	4.20	5.10	5.2500	4.7500
45.5	59	4.25	4.75	4.70	4.10	5.05	5.2500	4.7500
45.6	60	4.25	4.75	4.80	4.00	5.00	5.2500	4.7500
45.7	61	4.25	4.75	4.90	3.90	5.00	5.2500	4.7500
45.8	62	4.25	4.75	5.00	3.80	5.00	5.2500	4.7500
45.9	63	4.25	4.75	5.10	3.70	5.00	5.2500	4.7500
45.10	64	4.25	4.75	5.20	3.60	5.00	5.2500	4.7500
45.11	65	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
45.12	66	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
45.13	67	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
45.14	68	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
45.15	69	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
45.16	70	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
45.17	71	4.25		5.20				

45.18 (3) service-related ultimate future salary increase assumption

45.19		general employees retirement plan of the Public
45.20	service length	Employees Retirement Association
45.21	1	12.03%
45.22	2	8.90
45.23	3	7.46
45.24	4	6.58
45.25	5	5.97
45.26	6	5.52
45.27	7	5.16
45.28	8	4.87
45.29	9	4.63
45.30	10	4.42
45.31	11	4.24
45.32	12	4.08
45.33	13	3.94
45.34	14	3.82
45.35	15	3.70
45.36	16	3.60
45.37	17	3.51
45.38	18	3.50
45.39	19	3.50
45.40	20	3.50
45.41	21	3.50
45.42	22	3.50
45.43	23	3.50

46.1	24	3.50
46.2	25	3.50
46.3	26	3.50
46.4	27	3.50
46.5	28	3.50
46.6	29	3.50
46.7	30 or more	3.50

46.8 (c) Before July 2, 2010, the actuarial valuation must use the applicable following
 46.9 payroll growth assumption for calculating the amortization requirement for the unfunded
 46.10 actuarial accrued liability where the amortization retirement is calculated as a level
 46.11 percentage of an increasing payroll:

46.12	plan	payroll growth assumption
46.13	general state employees retirement plan	4.50%
46.14	correctional state employees retirement plan	4.50
46.15	State Patrol retirement plan	4.50
46.16	legislators retirement plan	4.50
46.17	judges retirement plan	4.00
46.18	general employees retirement plan of the Public Employees Retirement Association	4.00
46.19	public employees police and fire retirement plan	4.50
46.20	local government correctional service retirement plan	4.50
46.21	teachers retirement plan	4.50
46.22	Duluth teachers retirement plan	4.50
46.23	St. Paul teachers retirement plan	5.00

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

- 46.26 (1) has been proposed by the governing board of the applicable retirement plan;
 46.27 (2) is accompanied by the concurring recommendation of the actuary retained under
 46.28 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
 46.29 most recent actuarial valuation report if section 356.214 does not apply; and
 46.30 (3) has been approved or deemed approved under subdivision 18.

46.31 Sec. 7. Minnesota Statutes 2010, section 356.216, is amended to read:

46.32 **356.216 CONTENTS OF ACTUARIAL VALUATIONS FOR LOCAL POLICE**
 46.33 **AND FIRE FUNDS.**

47.1 ~~(a)~~ The provisions of section 356.215 that govern the contents of actuarial valuations
47.2 must apply to any local police or fire pension fund or relief association required to make
47.3 an actuarial report under this section, except as follows:

47.4 (1) in calculating normal cost and other requirements, if required to be expressed as
47.5 a level percentage of covered payroll, the salaries used in computing covered payroll must
47.6 be the maximum rate of salary on which retirement and survivorship credits and amounts
47.7 of benefits are determined and from which any member contributions are calculated and
47.8 deducted;

47.9 (2) in lieu of the amortization date specified in section 356.215, subdivision 11,
47.10 the appropriate amortization target date specified in section 69.77, subdivision 4, or
47.11 69.773, subdivision 4, clause (c), must be used in calculating any required amortization
47.12 contribution, except that if the actuarial report for the Bloomington Fire Department Relief
47.13 Association indicates an unfunded actuarial accrued liability, the unfunded obligation is
47.14 to be amortized on a level dollar basis by December 31 of the year occurring 20 years
47.15 later, and if subsequent actuarial valuations for the Bloomington Fire Department Relief
47.16 Association determine a net actuarial experience loss incurred during the year which
47.17 ended as of the day before the most recent actuarial valuation date, any unfunded liability
47.18 due to that loss is to be amortized on a level dollar basis by December 31 of the year
47.19 occurring 20 years later ~~and except that the amortization date for the Minneapolis Police
47.20 Relief Association is December 31, 2020;~~

47.21 (3) in addition to the tabulation of active members and annuitants provided for in
47.22 section 356.215, subdivision 13, the member contributions for active members for the
47.23 calendar year and the prospective annual retirement annuities under the benefit plan for
47.24 active members must be reported;

47.25 (4) actuarial valuations required under section 69.773, subdivision 2, must be made
47.26 at least every four years and actuarial valuations required under section 69.77 shall be
47.27 made annually;

47.28 (5) the actuarial balance sheet showing accrued assets valued at market value if the
47.29 actuarial valuation is required to be prepared at least every four years or valued as current
47.30 assets under section 356.215, subdivision 1, paragraph (b) or (f), whichever applies, if the
47.31 actuarial valuation is required to be prepared annually, actuarial accrued liabilities, and the
47.32 unfunded actuarial accrued liability must include the following required reserves:

47.33 (i) for active members:

- 47.34 1. retirement benefits;
- 47.35 2. disability benefits;
- 47.36 3. refund liability due to death or withdrawal;

- 48.1 4. survivors' benefits;
- 48.2 (ii) for deferred annuitants' benefits;
- 48.3 (iii) for former members without vested rights;
- 48.4 (iv) for annuitants;
- 48.5 1. retirement annuities;
- 48.6 2. disability annuities;
- 48.7 3. surviving spouses' annuities;
- 48.8 4. surviving children's annuities;

48.9 In addition to those required reserves, separate items must be shown for additional
48.10 benefits, if any, which may not be appropriately included in the reserves listed above; and
48.11 (6) actuarial valuations are due by the first day of the seventh month after the end of
48.12 the fiscal year which the actuarial valuation covers.

48.13 ~~(b) For the Minneapolis Firefighters Relief Association or the Minneapolis Police~~
48.14 ~~Relief Association, the following provisions additionally apply:~~

48.15 ~~(1) in calculating the actuarial balance sheet, unfunded actuarial accrued liability,~~
48.16 ~~and amortization contribution of the relief association, "current assets" means the value of~~
48.17 ~~all assets at cost, including realized capital gains and losses, plus or minus, whichever~~
48.18 ~~applies, the average value of total unrealized capital gains or losses for the most recent~~
48.19 ~~three-year period ending with the end of the plan year immediately preceding the actuarial~~
48.20 ~~valuation report transmission date; and~~

48.21 ~~(2) in calculating the applicable portions of the actuarial valuation, an annual~~
48.22 ~~preretirement interest assumption of six percent, an annual postretirement interest~~
48.23 ~~assumption of six percent, and an annual salary increase assumption of four percent must~~
48.24 ~~be used.~~

48.25 Sec. 8. Minnesota Statutes 2010, section 356.401, subdivision 3, is amended to read:

48.26 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the
48.27 following retirement plans:

- 48.28 (1) the legislators retirement plan, established by chapter 3A;
- 48.29 (2) the general state employees retirement plan of the Minnesota State Retirement
48.30 System, established by chapter 352;
- 48.31 (3) the correctional state employees retirement plan of the Minnesota State
48.32 Retirement System, established by chapter 352;
- 48.33 (4) the State Patrol retirement plan, established by chapter 352B;
- 48.34 (5) the elective state officers retirement plan, established by chapter 352C;

- 49.1 (6) the unclassified state employees retirement program, established by chapter
 49.2 352D;
- 49.3 (7) the general employees retirement plan of the Public Employees Retirement
 49.4 Association, established by chapter 353, including the MERF division of the Public
 49.5 Employees Retirement Association;
- 49.6 (8) the public employees police and fire plan of the Public Employees Retirement
 49.7 Association, established by chapter 353;
- 49.8 (9) the public employees defined contribution plan, established by chapter 353D;
- 49.9 (10) the local government correctional service retirement plan of the Public
 49.10 Employees Retirement Association, established by chapter 353E;
- 49.11 (11) the voluntary statewide lump-sum volunteer firefighter retirement plan,
 49.12 established by chapter 353G;
- 49.13 (12) the Teachers Retirement Association, established by chapter 354;
- 49.14 (13) the Duluth Teachers Retirement Fund Association, established by chapter 354A;
- 49.15 (14) the St. Paul Teachers Retirement Fund Association, established by chapter
 49.16 354A;
- 49.17 (15) the individual retirement account plan, established by chapter 354B;
- 49.18 (16) the higher education supplemental retirement plan, established by chapter
 49.19 354C; and
- 49.20 ~~(17) the Minneapolis Police Relief Association, established by chapter 423B;~~
- 49.21 ~~(18) the Minneapolis Firefighters Relief Association, established by chapter 423C;~~
- 49.22 **and**
- 49.23 ~~(19)~~ (17) the judges retirement fund, established by chapter 490.

49.24 Sec. 9. Minnesota Statutes 2010, section 356.465, subdivision 3, is amended to read:

49.25 Subd. 3. **Covered retirement plans.** The provisions of this section apply to the
 49.26 following retirement plans:

- 49.27 (1) the general state employees retirement plan of the Minnesota State Retirement
 49.28 System established under chapter 352;
- 49.29 (2) the correctional state employees retirement plan of the Minnesota State
 49.30 Retirement System established under chapter 352;
- 49.31 (3) the State Patrol retirement plan established under chapter 352B;
- 49.32 (4) the legislators retirement plan established under chapter 3A;
- 49.33 (5) the judges retirement plan established under chapter 490;

50.1 (6) the general employees retirement plan of the Public Employees Retirement
 50.2 Association established under chapter 353, including the MERF division of the Public
 50.3 Employees Retirement Association;

50.4 (7) the public employees police and fire plan of the Public Employees Retirement
 50.5 Association established under chapter 353;

50.6 (8) the teachers retirement plan established under chapter 354;

50.7 (9) the Duluth Teachers Retirement Fund Association established under chapter
 50.8 354A;

50.9 (10) the St. Paul Teachers Retirement Fund Association established under chapter
 50.10 354A; and

50.11 ~~(11) the Minneapolis Firefighters Relief Association established under chapter 423C;~~

50.12 ~~(12) the Minneapolis Police Relief Association established under chapter 423B; and~~

50.13 ~~(13)~~ (11) the local government correctional service retirement plan of the Public
 50.14 Employees Retirement Association established under chapter 353E.

50.15 Sec. 10. Minnesota Statutes 2010, section 423A.01, subdivision 3, is amended to read:

50.16 Subd. 3. **Benefit increase for certain relief association members.** Notwithstanding
 50.17 any law to the contrary, any member of a local police or salaried firefighters' relief
 50.18 association located in a municipality which has not adopted a municipal resolution
 50.19 retaining the local relief association ~~pursuant to~~ under subdivision 1, ~~except the city of~~
 50.20 ~~Minneapolis~~, shall be entitled to receive, after the effective date for the modification of
 50.21 pension coverage for newly employed personnel, a retirement annuity in addition to the
 50.22 service pension to which the member may be eligible upon retirement. The additional
 50.23 retirement annuity ~~shall be~~ is payable for the life of the retired member. The additional
 50.24 retirement annuity ~~shall be~~ is equal to one-half of one percent of the salary upon which the
 50.25 service pension is calculated payable on the date of termination of active service per year
 50.26 of service credit acquired in excess of 25 years of service credit. The retirement annuity
 50.27 under this subdivision ~~shall be~~ is not subject to any postretirement increases granted
 50.28 ~~pursuant to~~ under increases in the salary payable to a certain employment category or in
 50.29 the salaries payable to active members or be in any other manner escalated or increased
 50.30 after retirement.

50.31 Sec. 11. Minnesota Statutes 2010, section 423A.02, subdivision 1, is amended to read:

50.32 Subdivision 1. **Amortization state aid.** (a) A municipality in which is located
 50.33 a local police or salaried firefighters' relief association to which the provisions of
 50.34 section 69.77, apply, that had an unfunded actuarial accrued liability in the most

51.1 recent relief association actuarial valuation, is entitled, upon application as required
51.2 by the commissioner of revenue, to receive local police and salaried firefighters' relief
51.3 association amortization state aid if the municipality and the appropriate relief association
51.4 both comply with the applicable provisions of sections 69.031, subdivision 5, 69.051,
51.5 subdivisions 1 and 3, and 69.77.

51.6 (b) The total amount of amortization state aid to all entitled municipalities must
51.7 not exceed \$5,055,000.

51.8 (c) Subject to the adjustment for the city of Minneapolis provided in this paragraph,
51.9 the amount of amortization state aid to which a municipality is entitled annually is an
51.10 amount equal to the level annual dollar amount required to amortize, by December 31,
51.11 2010, the unfunded actuarial accrued liability of the special fund of the appropriate
51.12 relief association as reported in the December 31, 1978, actuarial valuation of the
51.13 relief association prepared under sections 356.215 and 356.216, reduced by the dollar
51.14 amount required to pay the interest on the unfunded actuarial accrued liability of the
51.15 special fund of the relief association for calendar year 1981 set at the rate specified in
51.16 Minnesota Statutes 1978, section 356.215, subdivision 8. For the city of Minneapolis, the
51.17 amortization state aid amount thus determined must be reduced by \$747,232 on account
51.18 of the former Minneapolis Police Relief Association and by \$772,768 on account of
51.19 the former Minneapolis Fire Department Relief Association. If the amortization state
51.20 aid amounts determined under this paragraph exceed the amount appropriated for this
51.21 purpose, the amortization state aid for actual allocation must be reduced pro rata.

51.22 (d) Payment of amortization state aid to municipalities must be made directly to
51.23 the municipalities involved in three equal installments on July 15, September 15, and
51.24 November 15 annually. Upon receipt of amortization state aid, the municipal treasurer
51.25 shall transmit the aid amount to the treasurer of the local relief association for immediate
51.26 deposit in the special fund of the relief association.

51.27 (e) The commissioner of revenue shall prescribe and periodically revise the form for
51.28 and content of the application for the amortization state aid.

51.29 (f) The amount required under this section, as provided in subdivision 3a, is
51.30 appropriated annually from the general fund to the commissioner of revenue.

51.31 Sec. 12. Minnesota Statutes 2010, section 609B.455, is amended to read:

51.32 **609B.455 MINNEAPOLIS POLICE-PUBLIC PENSION; HOMICIDE;**
51.33 **BENEFIT LOSS.**

51.34 Subdivision 1. **Scope.** The collateral sanctions discussed in this section are codified
51.35 in section 356.406.

52.1 Subd. 2. **Homicide; loss of death benefits.** A person charged with a felony causing
52.2 the death of a public pension plan member has the entitlement to the pension suspended.

52.3 Subd. 3. **Forfeiture of survivor benefits upon felony conviction.** A person who is
52.4 a survivor and convicted of a felony that caused the death of a public pension member
52.5 forfeits the survivor pension benefit.

52.6 Subd. 4. **Benefit recovery.** If pension benefits have already been paid, the chief
52.7 administrative officer of the pension plan must attempt to recover amounts paid.

52.8 Sec. 13. Minnesota Statutes 2010, section 609B.460, is amended to read:

52.9 **609B.460 FORMER MINNEAPOLIS POLICE RELIEF ASSOCIATION**
52.10 **PENSION SERVICE PENSIONER; FELONS NOT ENTITLED TO PENSION**
52.11 **DURING INCARCERATION.**

52.12 ~~Under section 423B.09,~~ A person who is a member of the public employees police
52.13 and fire retirement plan, who was a member of the former Minneapolis Police Relief
52.14 Association, and who was convicted of a felony, is not entitled to a pension or an annuity
52.15 from the public employee police and fire retirement plan during the person's period of
52.16 incarceration in a penal institution.

52.17 Sec. 14. **EFFECTIVE DATE.**

52.18 (a) This article is effective with respect to the Minneapolis Firefighters Relief
52.19 Association on the date on which the article relating to the Minneapolis Firefighters Relief
52.20 Association is effective.

52.21 (b) This article is effective with respect to the Minneapolis Police Relief Association
52.22 on the date on which the article relating to the Minneapolis Police Relief Association is
52.23 effective."

52.24 Renumber the articles in sequence and correct the internal references

52.25 Amend the title accordingly