



TO: Members of the Legislative Commission on Pensions and Retirement  
FROM: Lawrence A. Martin, Executive Director  
RE: General Summary of Blind Amendment LCPR11-14A  
DATE: May 21, 2011

General Summary of Blind Amendment LCPR11-14A

Blind amendment LCPR11-14A amends portions of Minnesota Statutes, Chapters 6, 13D, 43A, 69, 353, 356, 423, 423A, and 609B, and repeals Minnesota Statutes, Chapters 423A and 423B, relating to the Minneapolis Firefighters Relief Association and the Minneapolis Police Relief Association, by providing for the following:

I. First Article: Voluntary Consolidation of the Minneapolis Firefighters Relief Association (MFRA).

1. Voluntary Consolidation of MFRA. The Minneapolis Firefighters Relief Association (MFRA) is authorized to consolidate its retirement plan and retirement fund with the Public Employees Police and Fire Retirement Plan (PERA-P&F) on December 30, 2011, if:
  - a. Relief Association Board Approval. The MFRA board of trustees vote to approve the consolidation before September 15, 2011;
  - b. Relief Association Membership Approval. The active and retirement members, including the surviving spouse benefit recipients, vote to approve the consolidation in a member referendum before September 15, 2011;
  - c. PERA Board of Trustees Approval. The board of trustees of the Public Employees Retirement Association (PERA) approve the consolidation;
  - d. Minneapolis City Approval. The city council of the City of Minneapolis approves the consolidation and that approval is filed with the Minnesota Secretary of State; and
  - e. Consolidation Contingency. The consolidation occurs if (a) through (d) are satisfied and if the Minneapolis Police Relief Association (MPRA) consolidation under the second article is also approved by all applicable bodies. (*1<sup>st</sup> Art., Sec. 19*)
2. Post-Consolidation MFRA Benefit Plan Except for Post-Retirement Adjustments. If the MFRA consolidates with the PERA-P&F, the benefits of the former active and retired members of the relief association will be based on the current relief association benefit plan except that the number of units is generally increased by one unit, with the unit value adjusted from \$82.32 for calendar year 2011 to \$124.031 for calendar year 2015, and increased by the post-retirement adjustment rate under the PERA-P&F post-retirement adjustment mechanism after December 31, 2015. Active members would have their eventual benefits calculated under the former MFRA benefit plan plus the additional unit and not under the PERA-P&F benefit plan. (*1<sup>st</sup> Art., Sec. 1, 8*)
3. Post-Consolidation MFRA Member Contributions. If the MFRA consolidates with the PERA-P&F, the active member contribution will be 8.00% of the monthly unit value, multiplied by 80 and expressed as a biweekly amount, with contributions by active members with 25 years of service or more deposited in a post-retirement health care savings account, a defined contribution program reimbursing medical coverage expenditures after retirement. The post-retirement health care savings account balances as of the date of consolidation would be retained and managed by the currently retained financial institution, with three years of administrative expenses prepaid. (*1<sup>st</sup> Art., Sec. 4-5, 14*)
4. Post-Consolidation MFRA Employer Contributions. If the MFRA consolidates with the PERA-P&F, the City of Minneapolis would be obligated to make regular biweekly contributions equal to the employee contributions, and to make an annual lump sum contribution equal to the balance of the amount required to amortize any unfunded actuarial accrued liability brought by the consolidating relief association to the PERA-P&F retirement plan, under the PERA-P&F actuarial assumptions, by 2031, the PERA General Employees Retirement Plan target amortization date. (*1<sup>st</sup> Art., Sec. 6; Sec. 14, Subd. 6*)
5. Post-Consolidation MFRA Successor In Interest. If the MFRA consolidates with the PERA-P&F, PERA would administer the former relief association benefit plan for the former relief association members and PERA-P&F and, in general, would be the successor in interest for the relief association's affairs thereafter. (*1<sup>st</sup> Art., Sec. 14*)
6. Consolidation Relief Association Special Fund Termination and Fraternal Organization Continuation. If the MFRA consolidates, the special fund of the MFRA would terminate, but the former MFRA

membership is authorized to elect to continue the relief association as a fraternal organization and not a retirement plan. (*1<sup>st</sup> Art., Sec. 17*)

7. Employment Preference for Current MFRA Employees. Existing MFRA employees would have an employment preference for subsequent employment by PERA. (*1<sup>st</sup> Art., Sec. 17, Para. (d)*)

## II. Second Article: Voluntary Consolidation of the Minneapolis Police Relief Association (MPRA).

1. Voluntary Consolidation of MPRA. The Minneapolis Police Relief Association (MPRA) is authorized to consolidate its retirement plan and retirement fund with the Public Employees Police and Fire Retirement Plan (PERA-P&F) on December 30, 2011, if:
  - a. Relief Association Board Approval. The MPRA board of trustees vote to approve the consolidation before September 15, 2011;
  - b. Relief Association Membership Approval. The active and retirement members, including the surviving spouse benefit recipients, vote to approve the consolidation in a member referendum before September 15, 2011;
  - c. PERA Board of Trustees Approval. The board of trustees of the Public Employees Retirement Association (PERA) approve the consolidation;
  - d. Minneapolis City Approval. The city council of the City of Minneapolis approves the consolidation and that approval is filed with the Minnesota Secretary of State; and
  - e. Consolidation Contingency. The consolidation occurs if (a) through (d) are satisfied and if the Minneapolis Firefighters Relief Association (MFRA) consolidation under the first article is also approved by all applicable bodies. (*2<sup>nd</sup> Art., Sec. 19*)
2. Post-Consolidation MPRA Benefit Plan Except for Post-Retirement Adjustments. If the MPRA consolidates with the PERA-P&F, the benefits of the former active and retired members of the relief association will be based on the current relief association benefit plan, with the unit value adjusted from \$86.71 for calendar year 2011 to \$124.031 for calendar year 2015, and increased by the post-retirement adjustment rate under the PERA-P&F post-retirement adjustment mechanism after December 31, 2015. Active members would have their eventual benefits calculated under the former MPRA benefit plan and not under the PERA-P&F benefit plan. (*2<sup>nd</sup> Art., Sec. 1, 8*)
3. Post-Consolidation MPRA Member Contributions. If the MPRA consolidates with the PERA-P&F, the active member contribution will be 8.00% of the monthly unit value, multiplied by 80 and expressed as a biweekly amount, with contributions by active members with 25 years of service or more deposited in a post-retirement health care savings account, a defined contribution program reimbursing medical coverage expenditures after retirement. The post-retirement health care savings account balances as of the date of consolidation would be retained and managed by the currently retained financial institution, with three years of administrative expenses prepaid. (*2<sup>nd</sup> Art., Sec. 4-5, 14*)
4. Post-Consolidation MPRA Employer Contributions. If the MPRA consolidates with the PERA-P&F, the City of Minneapolis would be obligated to make regular biweekly contributions equal to the employee contributions, and to make an annual lump sum contribution equal to the balance of the amount required to amortize any unfunded actuarial accrued liability brought by the consolidating relief association to the PERA-P&F retirement plan, under the PERA-P&F actuarial assumptions, by 2031, the PERA General Employees Retirement Plan target amortization date. (*2<sup>nd</sup> Art., Sec. 6; Sec. 14, Subd. 6*)
5. Post-Consolidation MPRA Successor In Interest. If the MPRA consolidates with the PERA-P&F, PERA would administer the former relief association benefit plan for the former relief association members and PERA-P&F and, in general, would be the successor in interest for the relief association's affairs thereafter. (*2<sup>nd</sup> Art., Sec. 14*)
6. Consolidation Relief Association Special Fund Termination and Fraternal Organization Continuation. If the MPRA consolidates, the special fund of the MPRA would terminate, but the former MPRA membership is authorized to elect to continue the relief association as a fraternal organization and not a retirement plan. (*2<sup>nd</sup> Art., Sec. 17*)
7. Employment Preference for Current MPRA Employees. Existing MPRA employees would have an employment preference for subsequent employment by PERA. (*2<sup>nd</sup> Art., Sec. 17, Para. (d)*)

## III. Third Article: Conforming Changes. If the MFRA or the MPRA consolidates, various statutory references to the relief association in various portions of Minnesota Statutes are corrected or eliminated.

Section-by-Section Summary of Blind Amendment LCPR11-14A

Sec.	Pg.Ln	Plan or Subject	Stat. Provision	Summary												
<b>First Article: Voluntary Consolidation of the Minneapolis Fire Relief Association</b>																
1	1.6	PERA	353.01, New Subd. 10a	Adds a definition of base salary applicable to members of the former Minneapolis Firefighters Relief Association (MFRA) for purposes of calculating benefits, set at the following amounts: <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Calendar Year</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>\$82.32</td> </tr> <tr> <td>2012</td> <td>\$104.651</td> </tr> <tr> <td>2013</td> <td>\$109.011</td> </tr> <tr> <td>2014</td> <td>\$114.825</td> </tr> <tr> <td>2015</td> <td>\$124.031</td> </tr> </tbody> </table>	Calendar Year	Amount	2011	\$82.32	2012	\$104.651	2013	\$109.011	2014	\$114.825	2015	\$124.031
Calendar Year	Amount															
2011	\$82.32															
2012	\$104.651															
2013	\$109.011															
2014	\$114.825															
2015	\$124.031															
2	1.16	PERA	353.01, Subd. 16	Includes as allowable service any service credit rendered as an active member of the former MFRA.												
3	4.30	PERA	353.03, New Subd. 3b	Requires the PERA executive director to deduct from annuities any dues applicable to a continuing Minneapolis firefighters fraternal organization.												
4	5.1	PERA-P&F	353.65, Subd. 1	Clarifies the PERA-P&F retirement fund provision.												
5	5.11	PERA-P&F	353.65, Subd. 2	Sets a separate member contribution rate of 8.00% for former active members of the MFRA with contributions after 25 years of service deposited in a post-retirement health care benefit defined contribution account in the PERA-P&F retirement fund.												
6	5.29	PERA-P&F	353.65, Subd. 3	Sets a separate employer contribution equal to the employee contributions on behalf of the former members of the MFRA.												
7	6.7	PERA-P&F	353.651, Subd. 1	Adds an exception to the general normal retirement age of 55 for active members of the former MFRA, where it is age 50.												
8	6.13	PERA-P&F	New 353.6511	Specifies retirement and alternative benefits for members of the former MFRA that are sets as a unit value number (80ths of the maximum salary of a first grade firefighter) with amounts generally increased by one unit compared to the current MFRA plan. Specifies that benefits are eligible for post-retirement adjustments under the PERA-P&F post-retirement adjustment mechanism. Adds dispute resolution procedures.												
9	8.13	PERA-P&F	353.656, Subd. 1	Adds an exception to the duty disability benefit provision for active members of the former MFRA, with benefits under new section 353.6511.												
10	8.33	PERA-P&F	353.656, Subd. 1a	Adds an exception to the total and permanent duty disability benefit provision for active members of the former MFRA, where benefit coverage is under section 7.												
11	9.32	PERA-P&F	353.656, Subd. 3	Adds an exception to the regular disability benefit provision for active members of the former MFRA, where benefit coverage is under new section 353.6511.												
12	10.16	PERA-P&F	353.656, Subd. 3a	Adds an exception to the total and permanent regular disability benefit provision for active members of the former MFRA, where benefit coverage is under new section 353.6511.												
13	11.10	PERA-P&F	353.657, Subd. 1	Adds an exception to the survivor benefit provision for active members of the former MFRA, where benefit coverage is under new section 353.6511.												
14	11.27	PERA-P&F	New 353.667	Provides for the transfer of the membership, the service credit and benefit liability, the records, and the assets of the former MFRA, requires the City of Minneapolis to pay the full actuarial requirements related to members of the former MFRA, with a 2031 amortization full funding date, requires the prior post-retirement health care benefit account balances to be retained by the current financial institution; continues fire surcharge to Minneapolis to defray employer costs; and requires employer amortization payments to be recomputed if the interest rate assumption is revised.												
15	15.24	Additional Amortization Aid	423A.02, Subd. 1b	Continues eligibility for additional amortization aid for the duration of the Minneapolis/MFRA amortization agreement.												
16	17.22	PERA	Uncoded	Provides for the preparation by the PERA actuary of a special alternative valuation of the MFRA under the PERA-P&F actuarial assumptions and amortization target date prior to the consolidation, with results provided to the mayor of Minneapolis, the Minneapolis Police Relief Association, the Public Employees Retirement Association, the Legislative Commission on Pensions and Retirement, and the Legislative Reference Library.												
17	18.8	MPRA	Uncoded	Terminates the special fund of the MFRA, permits the MFRA membership to elect to continue the relief association as a fraternal organization at a special meeting held before April 15, 2012, and redirects the MFRA general fund assets to the fraternal organization if one is established. The employees of the current MFRA have an employment preference with PERA comparable to the veterans preference act.												
18	19.1	MPRA	Repealer	Repeals the statute chapter governing the MFRA.												
19	19.5	--	Effective Date	Provides for a December 30, 2011, effective date for the consolidation if the consolidation is approved by the MFRA board of trustees, the MFRA membership, the Minneapolis city council, and the PERA board of trustees, and if the Minneapolis Police Relief Association (MPRA) also consolidates.												

Section-by-Section Summary of Blind Amendment LCPR11-14A

Sec.	Pg.Ln	Plan or Subject	Stat. Provision	Summary												
<b>Second Article: Voluntary Consolidation of the Minneapolis Police Relief Association</b>																
1	19.31	PERA	353.01, New Subd. 10b	Adds a definition of base salary applicable to members of the former Minneapolis Police Relief Association (MPRA) for purposes of calculating benefits, set at the following amounts: <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Calendar Year</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>\$86.71</td> </tr> <tr> <td>2012</td> <td>\$104.651</td> </tr> <tr> <td>2013</td> <td>\$109.011</td> </tr> <tr> <td>2014</td> <td>\$114.825</td> </tr> <tr> <td>2015</td> <td>\$124.031</td> </tr> </tbody> </table>	Calendar Year	Amount	2011	\$86.71	2012	\$104.651	2013	\$109.011	2014	\$114.825	2015	\$124.031
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2011	\$86.71															
2012	\$104.651															
2013	\$109.011															
2014	\$114.825															
2015	\$124.031															
2	20.6	PERA	353.01, Subd. 16	Includes as allowable service any service credit rendered as an active member of the former MPRA.												
3	23.7	PERA	353.03, New Subd. 3b	Requires the PERA executive director to deduct from annuities any dues applicable to a continuing Minneapolis police fraternal organization.												
4	23.13	PERA-P&F	353.65, Subd. 1	Clarifies the PERA-P&F retirement fund provision.												
5	23.23	PERA-P&F	353.65, Subd. 2	Sets a separate member contribution rate of 8.00% for former active members of the MPRA with contributions after 25 years of service deposited in the post-retirement health care benefit defined contribution account in the PERA-P&F retirement fund.												
6	24.8	PERA-P&F	353.65, Subd. 3	Sets a separate employer contribution equal to the employee contributions on behalf of the former members of the MPRA.												
7	24.20	PERA-P&F	353.651, Subd. 1	Adds an exception to the general normal retirement age of 55 for active members of the former MPRA, where it is age 50.												
8	24.26	PERA-P&F	New 353.6511	Specifies retirement and alternative benefits for members of the former MPRA that are sets as a unit value number (80ths of the maximums salary of a first grade Minneapolis patrol officer. Specifies that benefits are eligible for post-retirement adjustments under the PERA-P&F post-retirement adjustment mechanism. Adds dispute resolution procedure.												
9	26.13	PERA-P&F	353.656, Subd. 1	Adds an exception to the duty disability benefit provision for active members of the former MPRA, with benefits under new section 353.6511.												
10	26.33	PERA-P&F	353.656, Subd. 1a	Adds an exception to the total and permanent duty disability benefit provision for active members of the former MPRA, where benefit coverage is under new section 353.6511.												
11	27.32	PERA-P&F	353.656, Subd. 3	Adds an exception to the regular disability benefit provision for active members of the former MPRA, where benefit coverage is under new section 353.6511.												
12	28.16	PERA-P&F	353.656, Subd. 3a	Adds an exception to the total and permanent regular disability benefit provision for active members of the former MPRA, where benefit coverage is under new section 353.6511.												
13	29.10	PERA-P&F	353.657, Subd. 1	Adds an exception to the survivor benefit provision for active members of the former MPRA, where benefit coverage is under new section 353.6511.												
14	29.27	PERA-P&F	New 353.668	Provides for the transfer of the membership, the service credit and benefit liability, the records, and the assets of the former MPRA, requires the City of Minneapolis to pay the full actuarial requirements related to members of the former MPRA, with a 2031 amortization full funding date, requires the prior post-retirement health care benefit account balances to be retained by the current financial institution; and requires employer amortization payments to be recomputed if the interest rate assumption is revised.												
15	33.17	Additional Amortization Aid	423A.02, Subd. 1b	Continues eligibility for additional amortization aid for the duration of the Minneapolis/MPRA amortization agreement.												
16	36.16	PERA	Uncoded	Provides for the preparation by the PERA actuary of a special alternative valuation of the MPRA under the PERA-P&F actuarial assumptions and amortization target date prior to the consolidation, with results provided to the mayor of Minneapolis, the Minneapolis Police Relief Association, the Public Employees Retirement Association, the Legislative Commission on Pensions and Retirement, and the Legislative Reference Library.												
17	36.4	MPRA	Uncoded	Terminates the special fund of the MPRA, permits the MPRA membership to elect to continue the relief association as a fraternal organization at a special meeting held before April 15, 2012, and redirects the MPRA general fund assets to the fraternal organization if one is established. The employees of the current MPRA have an employment preference with PERA comparable to the veterans preference act.												
18	36.31	MPRA	Repealer	Repeals the statute chapter governing the MPRA.												
19	37.3	--	Effective Date	Provides for a December 30, 2011, effective date for the consolidation if the consolidation is approved by the MPRA board of trustees, the MPRA membership, the Minneapolis city council, and the PERA board of trustees, and if the Minneapolis Firefighters Relief Association (MFRA) also consolidates.												

**Third Article: Conforming Changes**

1	37.28	State Auditor Duties	6.67	Eliminates the MFRA and MPRA governing chapters from application of the possible misconduct reporting requirement.
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Section-by-Section Summary of Blind Amendment LCPR11-14A

Sec.	Pg.Ln	Plan or Subject	Stat. Provision	Summary
2	38.6	Open Meeting Law	13D.01, Subd. 1	Eliminates the MPRA governing chapter from the specification of local public pension plan for the open meeting requirement.
3	38.33	Public Employees Insurance Program	43A.316, Subd. 8	Eliminates the MFRA governing chapter and the defunct Second Class City Firefighters Relief Association chapter citations from an insurance coverage provision.
4	39.30	Local Police and Paid Fire Guidelines Act	69.77, Subd. 1a	Removes a reference to MFRA and MPRA in the guidelines act provision.
5	40.3	Local Police and Paid Fire Guidelines Act	69.77, Subd. 4	Eliminates special administrative expense exception provisions only applicable to MFRA and MPRA.
6	43.31	Actuarial Valuation Law	356.215, Subd. 8	Eliminates MFRA and MPRA references from the interest and salary increase actuarial assumption specification.
7	46.34	Local Police & Fire Actuarial Valuations	356.216	Eliminates MFRA and MPRA references in the actuarial valuation adaptations law.
8	48.25	Legal Process Exemption	356.401, Subd. 3	Eliminates MFRA and MPRA references from the legal process exemption provision.
9	49.24	Supplemental Needs Trust Optional Annuity	356.465, Subd. 3	Eliminates MFRA and MPRA references from the special optional annuity provision.
10	50.15	1980 Phase-Out Benefit Increase	423A.01, Subd. 3	Eliminates a Minneapolis reference from the special benefit increase provision applicable to local relief associations.
11	50.31	Amortization State Aid	423A.02, Subd. 1	Clarifies references to MPRA as a former relief association.
12	51.31	Criminal Law	609B.455	Eliminates an incorrect MFRA and MPRA reference in a head note.
13	52.8	Criminal Law	609B.460	Clarifies an MPRA reference for benefit suspension during incarceration provision.
14	52.17	--	Effective Date	The changes related to the MFRA are effective on the same date as the applicable substantive article, and the changes related to the MPRA are effective on the same date as the applicable substantive article.