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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 629

02/14/2013 Authored by Murphy, M.; Nelson and Benson, M.,
The bill was read for the first time and referred to the Committee on Government Operations

A bill for an act

1.1 relating to retirement; former local police and paid fire relief associations;
1.2 revising and repealing various statutes to reflect the recent mergers of local
1.3 police and salaried firefighter relief associations and consolidation accounts
1.4 with the public employees police and fire retirement plan; amending Minnesota
1.5 Statutes 2012, sections 6.495, subdivisions 1, 3; 6.67; 13D.01, subdivision 1;
1.6 69.011, subdivisions 1, 2, 3, 4; 69.021, subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9,
1.7 10, 11; 69.031, subdivisions 1, 3, 5; 69.041; 69.051, subdivisions 1, 1a, 1b, 2,
1.8 3, 4; 69.33; 69.77, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 69.771,
1.9 subdivision 1; 69.80; 275.70, subdivision 5; 297I.10, subdivision 1; 345.381;
1.10 353.01, subdivisions 2a, 2b, 6, 10, 16; 353.64, subdivision 1a; 353.659; 353.665,
1.11 subdivisions 1, 5, 8; 353.71, subdivision 1; 356.20, subdivision 2; 356.215,
1.12 subdivision 18; 356.216; 356.219, subdivisions 1, 2, 8; 356.406, subdivision
1.13 1; 356A.01, subdivision 19; 356A.06, subdivision 4; 356A.07, subdivision 2;
1.14 423A.02, subdivisions 1, 1b, 2, 3, 3a, 4, 5; 424A.001, subdivision 4; 424A.02,
1.15 subdivision 9; 475.52, subdivision 6; repealing Minnesota Statutes 2012, sections
1.16 69.021, subdivision 6; 353.64, subdivision 3; 353.665, subdivisions 2, 3, 4, 6,
1.17 7, 9, 10; 353.667; 353.668; 353.669; 353.6691; 353A.01; 353A.02; 353A.03;
1.18 353A.04; 353A.05; 353A.06; 353A.07; 353A.08; 353A.081; 353A.083;
1.19 353A.09; 353A.10; 353B.01; 353B.02; 353B.03; 353B.04; 353B.05; 353B.06;
1.20 353B.07; 353B.08; 353B.09; 353B.10; 353B.11; 353B.12; 353B.13; 353B.14;
1.21 423A.01; 423A.02, subdivision 1a; 423A.04; 423A.05; 423A.07; 423A.10;
1.22 423A.11; 423A.12; 423A.13; 423A.14; 423A.15; 423A.16; 423A.17; 423A.171;
1.23 423A.18; 423A.19; 423A.20; 423A.21; 423A.22.

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

1.26 Section 1. Minnesota Statutes 2012, section 6.495, subdivision 1, is amended to read:

1.27 Subdivision 1. **Audit and examinations.** All powers and duties conferred and
1.28 imposed upon the state auditor with respect to state, county, and first-class city officers,
1.29 institutions, and property are hereby extended to the various fire ~~and police~~ relief
1.30 associations in the state. The state auditor shall annually audit the special and general
1.31 funds of the relief association or, at the request of the board of trustees or the municipality,
1.32 the state auditor may contract for an annual audit by a certified public accountant. The

2.1 state auditor may determine that an annual audit is not necessary, in which case the state
 2.2 auditor shall develop a plan for examination of unaudited relief associations, and shall
 2.3 prescribe suitable systems of accounts and budgeting, and forms, books, and instructions
 2.4 concerning the same.

2.5 Copies of the written report of the state auditor on the financial condition and
 2.6 accounts of the relief association ~~shall~~ must be filed with the board of trustees of the
 2.7 relief association and the governing body of the municipality associated with the relief
 2.8 association. If the report discloses malfeasance, misfeasance, or nonfeasance with regard
 2.9 to relief association funds, copies thereof ~~shall~~ must be filed with the city attorney or county
 2.10 attorney in the city or county in which the relief association is located, and these officials of
 2.11 the law shall institute proceedings, civil or criminal, as the law and public interest require.

2.12 Sec. 2. Minnesota Statutes 2012, section 6.495, subdivision 3, is amended to read:

2.13 Subd. 3. **Report to commissioner of revenue.** The state auditor shall file with
 2.14 the commissioner of revenue a financial compliance report certifying for each relief
 2.15 association:

2.16 (1) the completion of the annual financial report required ~~pursuant to~~ under section
 2.17 69.051 and the auditing or certification of those financial reports ~~pursuant to~~ under
 2.18 subdivision 1; and

2.19 (2) the receipt of any actuarial valuations required ~~pursuant to~~ under section ~~69.77~~
 2.20 ~~or 69.773~~ or sections 31 to 43.

2.21 Sec. 3. Minnesota Statutes 2012, section 6.67, is amended to read:

2.22 **6.67 PUBLIC ACCOUNTANTS; REPORT OF POSSIBLE MISCONDUCT.**

2.23 Whenever a public accountant in the course of auditing the books and affairs of a
 2.24 political subdivision or a local public pension plan governed by ~~section 69.77~~, sections
 2.25 69.771 to 69.775, or chapter 354A or 424A, or sections 31 to 43, discovers evidence
 2.26 pointing to nonfeasance, misfeasance, or malfeasance, on the part of an officer or
 2.27 employee in the conduct of duties and affairs, the public accountant shall promptly make
 2.28 a report of such discovery to the state auditor and the county attorney of the county in
 2.29 which the governmental unit is situated and the public accountant shall also furnish a
 2.30 copy of the report of audit upon completion to said officers. The county attorney shall
 2.31 act on such report in the same manner as required by law for reports made to the county
 2.32 attorney by the state auditor.

2.33 Sec. 4. Minnesota Statutes 2012, section 13D.01, subdivision 1, is amended to read:

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

3.3 (a) of a state

3.4 (1) agency,

3.5 (2) board,

3.6 (3) commission, or

3.7 (4) department,

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

3.9 (b) of the governing body of a

3.10 (1) school district however organized,

3.11 (2) unorganized territory,

3.12 (3) county,

3.13 (4) statutory or home rule charter city,

3.14 (5) town, or

3.15 (6) other public body;

3.16 (c) of any

3.17 (1) committee,

3.18 (2) subcommittee,

3.19 (3) board,

3.20 (4) department, or

3.21 (5) commission,

3.22 of a public body; and

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

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

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

3.26 or chapter 354A, or sections 31 to 43.

3.27 Sec. 5. Minnesota Statutes 2012, section 69.011, subdivision 1, is amended to read:

3.28 Subdivision 1. **Definitions.** Unless the language or context clearly indicates that
 3.29 a different meaning is intended, the following words and terms, for the purposes of this
 3.30 chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

3.31 (a) "Commissioner" means the commissioner of revenue.

3.32 (b) "Municipality" means:

3.33 (1) a home rule charter or statutory city;

3.34 (2) an organized town;

3.35 (3) a park district subject to chapter 398;

4.1 (4) the University of Minnesota;

4.2 (5) for purposes of the fire state aid program only, an American Indian tribal
4.3 government entity located within a federally recognized American Indian reservation;

4.4 (6) for purposes of the police state aid program only, an American Indian tribal
4.5 government with a tribal police department which exercises state arrest powers under
4.6 section 626.90, 626.91, 626.92, or 626.93;

4.7 (7) for purposes of the police state aid program only, the Metropolitan Airports
4.8 Commission; and

4.9 (8) for purposes of the police state aid program only, the Department of Natural
4.10 Resources and the Department of Public Safety with respect to peace officers covered
4.11 under chapter 352B.

4.12 (c) "Minnesota Firetown Premium Report" means a form prescribed by the
4.13 commissioner containing space for reporting by insurers of fire, lightning, sprinkler
4.14 leakage and extended coverage premiums received upon risks located or to be performed
4.15 in this state less return premiums and dividends.

4.16 (d) "Firetown" means the area serviced by any municipality having a qualified fire
4.17 department or a qualified incorporated fire department having a subsidiary volunteer
4.18 firefighters' relief association.

4.19 (e) "Market value" means latest available market value of all property in a taxing
4.20 jurisdiction, whether the property is subject to taxation, or exempt from ad valorem
4.21 taxation obtained from information which appears on abstracts filed with the commissioner
4.22 of revenue or equalized by the State Board of Equalization.

4.23 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the
4.24 commissioner for reporting by each fire and casualty insurer of all premiums received
4.25 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,
4.26 during the preceding calendar year, with reference to insurance written for insuring against
4.27 the perils contained in auto insurance coverages as reported in the Minnesota business
4.28 schedule of the annual financial statement which each insurer is required to file with
4.29 the commissioner in accordance with the governing laws or rules less return premiums
4.30 and dividends.

4.31 (g) "Peace officer" means any person:

4.32 (1) whose primary source of income derived from wages is from direct employment
4.33 by a municipality or county as a law enforcement officer on a full-time basis of not less
4.34 than 30 hours per week;

4.35 (2) who has been employed for a minimum of six months prior to December 31
4.36 preceding the date of the current year's certification under subdivision 2, clause (b);

- 5.1 (3) who is sworn to enforce the general criminal laws of the state and local ordinances;
- 5.2 (4) who is licensed by the Peace Officers Standards and Training Board and is
- 5.3 authorized to arrest with a warrant; and
- 5.4 (5) who is a member of the State Patrol retirement plan or the public employees
- 5.5 police and fire fund.
- 5.6 (h) "Full-time equivalent number of peace officers providing contract service" means
- 5.7 the integral or fractional number of peace officers which would be necessary to provide
- 5.8 the contract service if all peace officers providing service were employed on a full-time
- 5.9 basis as defined by the employing unit and the municipality receiving the contract service.
- 5.10 (i) "Retirement benefits other than a service pension" means any disbursement
- 5.11 authorized under section 424A.05, subdivision 3, clauses (3) and (4).
- 5.12 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means:
- 5.13 (1) for the police state aid program ~~and police relief association financial reports:~~
- 5.14 (i) the person who was elected or appointed to the specified position or, in the
- 5.15 absence of the person, another person who is designated by the applicable governing body;
- 5.16 (ii) in a park district, the secretary of the board of park district commissioners;
- 5.17 (iii) in the case of the University of Minnesota, the official designated by the Board
- 5.18 of Regents;
- 5.19 (iv) for the Metropolitan Airports Commission, the person designated by the
- 5.20 commission;
- 5.21 (v) for the Department of Natural Resources or the Department of Public Safety, the
- 5.22 respective commissioner;
- 5.23 (vi) for a tribal police department which exercises state arrest powers under section
- 5.24 626.90, 626.91, 626.92, or 626.93, the person designated by the applicable American
- 5.25 Indian tribal government; and
- 5.26 (2) for the fire state aid program and fire relief association financial reports, the
- 5.27 person who was elected or appointed to the specified position, or, for governmental
- 5.28 entities other than counties, if the governing body of the governmental entity designates
- 5.29 the position to perform the function, the chief financial official of the governmental entity
- 5.30 or the chief administrative official of the governmental entity.
- 5.31 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the
- 5.32 retirement plan established by chapter 353G.

5.33 Sec. 6. Minnesota Statutes 2012, section 69.011, subdivision 2, is amended to read:

5.34 Subd. 2. **Qualification for fire or police state aid.** (a) Unless retirement coverage

5.35 is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, in

6.1 order to qualify to receive fire state aid, on or before March 15 annually, in conjunction
6.2 with the financial report required pursuant to section 69.051, the clerk of each municipality
6.3 having a duly organized fire department as provided in subdivision 4, or the secretary of
6.4 each independent nonprofit firefighting corporation having a subsidiary incorporated
6.5 firefighters' relief association, whichever is applicable, and the fire chief, shall jointly
6.6 certify the existence of the municipal fire department or of the independent nonprofit
6.7 firefighting corporation, whichever is applicable, which meets the minimum qualification
6.8 requirements set forth in this subdivision, and the fire personnel and equipment of the
6.9 municipal fire department or the independent nonprofit firefighting corporation as of the
6.10 preceding December 31.

6.11 (b) Where retirement coverage is provided by the voluntary statewide lump-sum
6.12 volunteer firefighter retirement plan, in order to qualify to receive fire state aid, on or
6.13 before March 15, annually, the executive director of the Public Employees Retirement
6.14 Association shall certify the existence of that coverage for each municipality and the
6.15 municipal clerk or independent nonprofit firefighting corporation secretary, whichever
6.16 applies, and the applicable fire chief shall certify the fire personnel and fire department
6.17 equipment as of the preceding December 31.

6.18 ~~(e) Certification must be made to the commissioner on a form prescribed by the~~
6.19 ~~commissioner and shall include any other facts the commissioner may require. The~~
6.20 ~~certification must be made to the commissioner in duplicate. Each copy of the certificate~~
6.21 ~~must be duly executed and is deemed to be an original. The commissioner shall forward~~
6.22 ~~one copy to the auditor of the county wherein the fire department is located and shall~~
6.23 ~~retain one copy.~~

6.24 ~~(d) On or before March 15 annually the clerk of each municipality having a duly~~
6.25 ~~organized police department and having a duly incorporated relief association shall certify~~
6.26 ~~that fact to the county auditor of the county where the police department is located and to~~
6.27 ~~the commissioner on a form prescribed by the commissioner together with the other facts~~
6.28 ~~the commissioner or auditor may require.~~

6.29 (e) (c) Except as provided in subdivision 2b, on or before March 15 annually, in
6.30 order to qualify to receive police state aid, the clerk of each municipality and the auditor of
6.31 each county employing one or more peace officers as defined in subdivision 1, clause (g),
6.32 shall certify the number of such peace officers to the commissioner on forms prescribed by
6.33 the commissioner. Credit for officers employed less than a full year must be apportioned.
6.34 Each full month of employment of a qualifying officer during the calendar year entitles the
6.35 employing municipality or county to credit for 1/12 of the payment for employment of a
6.36 peace officer for the entire year. For purposes of sections 69.011 to 69.051, employment

7.1 of a peace officer commences when the peace officer is entered on the payroll of the
 7.2 respective municipal police department or county sheriff's department. No peace officer
 7.3 may be included in the certification of the number of peace officers by more than one
 7.4 ~~municipality or county~~ employing unit for the same month.

7.5 (d) A certification made under this subdivision must be filed with the commissioner,
 7.6 must be made on a form prescribed by the commissioner, and must include any other facts
 7.7 that the commissioner requires.

7.8 Sec. 7. Minnesota Statutes 2012, section 69.011, subdivision 3, is amended to read:

7.9 Subd. 3. **Failure to file certificate deemed waiver.** (a) If a certification required by
 7.10 this section is not filed with the commissioner by the due date prescribed by this section,
 7.11 the commissioner shall notify the county, the municipality, or the nonprofit firefighting
 7.12 corporation that a portion or all of its current year aid will be forfeited if the certification
 7.13 is not received within ten days.

7.14 (b) The amount of aid forfeited is equal to the amount of state police aid or state fire
 7.15 aid determined for the county, the municipality, or the nonprofit firefighting corporation
 7.16 for the current year, multiplied by five percent for each week or fraction of a week that
 7.17 this certification is late. The penalty ~~will~~ must be computed beginning ten days after the
 7.18 postmark date of the commissioner's notification as required under this subdivision. All
 7.19 forfeited aid amounts revert to the general fund in the state treasury. Failure to receive the
 7.20 certificate form ~~cannot~~ may not be used as a defense for ~~not filing~~ a failure to file.

7.21 Sec. 8. Minnesota Statutes 2012, section 69.011, subdivision 4, is amended to read:

7.22 Subd. 4. **Qualification for fire state aid.** ~~Any~~ (a) A municipality in this state
 7.23 qualifies to receive fire state aid if it meets the general requirements of paragraph (b) and
 7.24 if it meets the specific requirements of paragraph (c).

7.25 (b) Minimum qualifications for fire state aid include the following:

7.26 (1) having for more than one year an organized fire department and officially
 7.27 established by the governing body of the municipality or an independent nonprofit
 7.28 firefighting corporation created under the nonprofit corporation act of this state and
 7.29 operating exclusively for firefighting purposes and providing retirement and relief benefits
 7.30 to its members;; and

7.31 (2) having a separate subsidiary incorporated firefighter's relief ~~and pension~~
 7.32 association providing retirement and relief benefits, or participating in the voluntary
 7.33 statewide lump-sum volunteer firefighter retirement plan, ~~may qualify to receive state aid~~

8.1 ~~if it meets the following~~ or, if a paid fire department, having retirement coverage by the
 8.2 public employees police and fire retirement plan.

8.3 (c) Minimum requirements for fire state aid also include the following or their
 8.4 equivalent as determined by the state fire marshal by July 1, 1972:

8.5 (a) (1) having ten paid or volunteer firefighters including a fire chief and assistant
 8.6 fire chief, and;

8.7 (b) (2) having regular scheduled meetings and frequent drills including instructions
 8.8 in firefighting tactics and in the use, care, and operation of all fire apparatus and
 8.9 equipment, and;

8.10 (c) (3) having a motorized fire truck equipped with a motorized pump, 250 gallon or
 8.11 larger water tank, 300 feet of one inch or larger fire hose in two lines with combination
 8.12 spray and straight stream nozzles, five-gallon hand pumps–tank extinguisher or equivalent,
 8.13 dry chemical extinguisher or equivalent, ladders, extension ladders, pike poles, crow bars,
 8.14 axes, lanterns, fire coats, helmets, and boots, and;

8.15 (d) (4) having apparatus suitably housed in a building of good construction with
 8.16 facilities for care of hose and equipment, and;

8.17 (e) (5) having a reliable and adequate method of receiving fire alarms by telephone
 8.18 or with electric siren and suitable means of sounding an alarm, and;

8.19 (f) (6) if response is to be provided outside the corporate limits of the municipality
 8.20 wherein the fire department is located, the municipality has having another piece of
 8.21 motorized apparatus to make the response; and

8.22 (g) (7) meeting other requirements that the commissioner establishes by rule.

8.23 Sec. 9. Minnesota Statutes 2012, section 69.021, subdivision 1, is amended to read:

8.24 Subdivision 1. **Minnesota Firetown Premium Report and Minnesota Aid to**
 8.25 **Police Premium Report.** The commissioner shall, at the time of mailing tax forms,
 8.26 send blank copies of the Minnesota Firetown Premium Report and when applicable the
 8.27 Minnesota Aid to Police Premium Report to each insurer, including township and farmers
 8.28 mutual insurance companies licensed to write insurance as described in section 69.011,
 8.29 subdivision 1, clauses (c) and (f) in this state. These reports ~~shall~~ must contain space
 8.30 for the insurers name, address, gross premiums less return premiums, dividends, net
 8.31 premiums, certification and other facts that the commissioner may require.

8.32 Sec. 10. Minnesota Statutes 2012, section 69.021, subdivision 2, is amended to read:

9.1 Subd. 2. **Report of premiums.** (a) Each insurer, including township and farmers
 9.2 mutual insurers where applicable, shall return to the commissioner the reports described in
 9.3 subdivision 1 certified by its secretary and president or chief financial officer.

9.4 (b) The Minnesota Firetown Premium Report ~~shall~~ must contain a true and accurate
 9.5 statement of the total premium for all gross direct fire, lightning, sprinkler leakage, and
 9.6 extended coverage insurance of all domestic mutual insurers and the total premiums for
 9.7 all gross direct fire, lightning, sprinkler leakage and extended coverage insurance of all
 9.8 other insurers, less return premiums and dividends received by them on that business
 9.9 written or done during the preceding calendar year upon property located within the state
 9.10 or brought into the state for temporary use. The fire and extended coverage portion of
 9.11 multiperil and multiple peril package premiums and all other combination premiums ~~shall~~
 9.12 must be determined by applying percentages determined by the commissioner or by rating
 9.13 bureaus recognized by the commissioner.

9.14 (c) The Minnesota Aid to Police Premium Report ~~shall~~ must contain a true and
 9.15 accurate statement of the total premiums, less return premiums and dividends, on all direct
 9.16 business received by such insurer in this state, or by its agents for it, in cash or otherwise,
 9.17 during the preceding calendar year, with reference to insurance written for perils described
 9.18 in section 69.011, subdivision 1, clause (f).

9.19 Sec. 11. Minnesota Statutes 2012, section 69.021, subdivision 3, is amended to read:

9.20 Subd. 3. **Penalty for fraudulent, incorrect, incomplete returns and late filing of**
 9.21 **report.** (a) When it appears to the commissioner that any insurer has made an incomplete or
 9.22 inaccurate report, the commissioner shall return the report and demand that a complete and
 9.23 accurate report be filed. If the insurer fails to file a report on or before March 1, annually,
 9.24 the insurer ~~shall be~~ is liable and shall pay \$25 for each seven days ~~delinquent,~~
 9.25 thereof, that the report is delinquent, but not to exceed \$200. If the insurer fails to file a
 9.26 corrected report within 30 days after demand, the insurer is liable for the penalties provided
 9.27 in ~~this subdivision~~ paragraph (b) or (c) for knowingly filing an inaccurate or false report.

9.28 (b) Any insurer ~~who~~ which knowingly makes and files an inaccurate or false report
 9.29 ~~shall be~~ is liable to a fine in an amount of not less than \$25 nor more than \$1,000, as
 9.30 determined by the commissioner, and additionally the commissioner of commerce may
 9.31 revoke the insurer's certificate of authority.

9.32 (c) Any person whose duty it is to make the report who fails or refuses to make it
 9.33 within 30 days after notification by the commissioner shall be fined an amount of not
 9.34 more than \$1,000.

10.1 (d) Failure of the insurer to receive a reporting form ~~shall~~ does not excuse the insurer
10.2 from filing the report.

10.3 Sec. 12. Minnesota Statutes 2012, section 69.021, subdivision 4, is amended to read:

10.4 Subd. 4. **Determination of qualified state aid recipients; certification to**

10.5 **commissioner of management and budget.** (a) The commissioner shall determine

10.6 which municipalities and independent nonprofit firefighting corporations are qualified to

10.7 receive fire state aid directly or are qualified to receive the benefit of fire state aid paid

10.8 to the voluntary statewide lump-sum volunteer firefighter retirement plan and which

10.9 municipalities and counties are qualified to receive police state aid.

10.10 (b) The commissioner shall determine qualification for state aid upon receipt of:

10.11 (1) the fire department personnel and equipment certification or the police department
10.12 and qualified peace officers certificate, whichever applies, required under section 69.011;

10.13 (2) the financial compliance report required under section 6.495, subdivision 3, if
10.14 applicable; and

10.15 (3) any other relevant information which comes to the attention of the commissioner.

10.16 (c) Upon completion of the determination, on or before October 1, the commissioner
10.17 shall calculate the amount of:

10.18 (1) the police state aid which each county or municipality is to receive under
10.19 subdivisions 5, 6, 7a, and 10; and

10.20 (2) the fire state aid which each municipality or nonprofit firefighting corporation
10.21 is to receive under subdivisions 5 and 7.

10.22 (d) The commissioner shall certify to the commissioner of management and budget
10.23 the name of each county or municipality, and the amount of state aid which each county or
10.24 municipality is to receive, in the case of police state aid. The commissioner shall certify to
10.25 the commissioner of management and budget the name of each municipality or independent
10.26 nonprofit firefighting corporation and the amount of state aid which each municipality
10.27 or independent nonprofit firefighting corporation is to receive directly or the amount of
10.28 state aid which the voluntary statewide lump-sum volunteer firefighter retirement plan is
10.29 qualified to receive on behalf of the municipality or corporation, in the case of fire state aid.

10.30 Sec. 13. Minnesota Statutes 2012, section 69.021, subdivision 5, is amended to read:

10.31 Subd. 5. **Calculation of state aid.** (a) The amount of fire state aid available for

10.32 apportionment, before the addition of the minimum fire state aid allocation amount under

10.33 subdivision 7, is equal to 107 percent of the amount of premium taxes paid to the state

10.34 upon the fire, lightning, sprinkler leakage, and extended coverage premiums reported to

11.1 the commissioner by insurers on the Minnesota Firetown Premium Report. This amount
 11.2 must be reduced by the amount required to pay the state auditor's costs and expenses of
 11.3 the audits or exams of the firefighters relief associations.

11.4 The total amount for apportionment in respect to fire state aid must not be less than
 11.5 two percent of the premiums reported to the commissioner by insurers on the Minnesota
 11.6 Firetown Premium Report after subtracting the following amounts:

11.7 (1) the amount required to pay the state auditor's costs and expenses of the audits or
 11.8 exams of the firefighters relief associations; and

11.9 (2) one percent of the premiums reported by town and farmers' mutual insurance
 11.10 companies and mutual property and casualty companies with total assets of \$5,000,000 or
 11.11 less.

11.12 (b) The total amount for apportionment as police state aid is equal to 104 percent
 11.13 of the amount of premium taxes paid to the state on the premiums reported to the
 11.14 commissioner by insurers on the Minnesota Aid to Police Premium Report, ~~reduced by~~
 11.15 ~~the amount required to pay the costs and expenses of the state auditor for audits or exams~~
 11.16 ~~of police relief associations.~~ The total amount for apportionment in respect to the police
 11.17 state aid program must not be less than two percent of the amount of premiums reported
 11.18 to the commissioner by insurers on the Minnesota Aid to Police Premium Report ~~after~~
 11.19 ~~subtracting the amount required to pay the state auditor's cost and expenses of the audits~~
 11.20 ~~or exams of the police relief associations.~~

11.21 (c) The commissioner shall calculate the percentage of increase or decrease reflected
 11.22 in the apportionment over or under the previous year's available state aid using the same
 11.23 premiums as a basis for comparison.

11.24 (d) In addition to the amount for apportionment of police state aid under paragraph
 11.25 (b), each year \$100,000 must be apportioned for police state aid. An amount sufficient to
 11.26 pay this increase is annually appropriated from the general fund.

11.27 Sec. 14. Minnesota Statutes 2012, section 69.021, subdivision 7, is amended to read:

11.28 Subd. 7. **Apportionment of fire state aid to municipalities and relief associations.**

11.29 (a) The commissioner shall apportion the fire state aid relative to the premiums reported
 11.30 on the Minnesota Firetown Premium Reports filed under this chapter to each municipality
 11.31 and/or firefighters relief association qualified under section 69.011, subdivision 4.

11.32 (b) The commissioner shall calculate an initial fire state aid allocation amount for each
 11.33 municipality or fire department under paragraph (c) and, if applicable, a minimum fire state
 11.34 aid allocation amount for each municipality or fire department under paragraph (d). The
 11.35 municipality or fire department must ~~receive~~ be apportioned the larger fire state aid amount.

12.1 (c) The initial fire state aid allocation amount is the amount available for
12.2 apportionment as fire state aid under subdivision 5, without the inclusion of any additional
12.3 funding amount to support a minimum fire state aid amount under section 423A.02,
12.4 subdivision 3, allocated one-half in proportion to the population as shown in the last
12.5 official statewide federal census for each fire town and one-half in proportion to the market
12.6 value of each fire town, including (1) the market value of tax-exempt property and (2) the
12.7 market value of natural resources lands receiving in lieu payments under sections 477A.11
12.8 to 477A.14, but excluding the market value of minerals. In the case of incorporated or
12.9 municipal fire departments furnishing fire protection to other cities, towns, or townships
12.10 as evidenced by valid fire service contracts filed with the commissioner, the distribution
12.11 must be adjusted proportionately to take into consideration the crossover fire protection
12.12 service. Necessary adjustments must be made to subsequent apportionments. In the case
12.13 of municipalities or independent fire departments qualifying for the aid, the commissioner
12.14 shall calculate the state aid for the municipality or relief association on the basis of the
12.15 population and the market value of the area furnished fire protection service by the fire
12.16 department as evidenced by duly executed and valid fire service agreements filed with the
12.17 commissioner. If one or more fire departments are furnishing contracted fire service to a
12.18 city, town, or township, only the population and market value of the area served by each
12.19 fire department may be considered in calculating the state aid and the fire departments
12.20 furnishing service shall enter into an agreement apportioning among themselves the
12.21 percent of the population and the percent of the market value of each shared service area.
12.22 The agreement must be in writing and must be filed with the commissioner.

12.23 (d) The minimum fire state aid allocation amount is the amount in addition to the
12.24 initial fire state allocation amount that is derived from any additional funding amount
12.25 to support a minimum fire state aid amount under section 423A.02, subdivision 3, and
12.26 allocated to municipalities with volunteer firefighters relief associations or covered by the
12.27 voluntary statewide lump-sum volunteer firefighter retirement plan based on the number
12.28 of active volunteer firefighters who are members of the relief association as reported
12.29 in the annual financial reporting for the calendar year 1993 to the Office of the State
12.30 Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or
12.31 fire departments with volunteer firefighters relief associations receive in total at least a
12.32 minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of
12.33 30 firefighters. If a relief association is established after calendar year 1993 and before
12.34 calendar year 2000, the number of active volunteer firefighters who are members of the
12.35 relief association as reported in the annual financial reporting for calendar year 1998
12.36 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters,

13.1 shall be used in this determination. If a relief association is established after calendar
 13.2 year 1999, the number of active volunteer firefighters who are members of the relief
 13.3 association as reported in the first annual financial reporting submitted to the Office of
 13.4 the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this
 13.5 determination. If a relief association is terminated as a result of providing retirement
 13.6 coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer
 13.7 firefighter retirement plan under chapter 353G, the number of active volunteer firefighters
 13.8 of the municipality covered by the statewide plan as certified by the executive director of
 13.9 the Public Employees Retirement Association to the commissioner and the state auditor,
 13.10 but not to exceed 30 active firefighters, must be used in this determination.

13.11 (e) Unless the firefighters of the applicable fire department are members of the
 13.12 voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must
 13.13 be paid to the treasurer of the municipality where the fire department is located and the
 13.14 treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit
 13.15 the aid to the relief association if the relief association has filed a financial report with the
 13.16 treasurer of the municipality and has met all other statutory provisions pertaining to the
 13.17 aid apportionment. If the firefighters of the applicable fire department are members of
 13.18 the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid
 13.19 must be paid to the executive director of the Public Employees Retirement Association
 13.20 and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

13.21 (f) The commissioner may make rules to permit the administration of the provisions
 13.22 of this section.

13.23 (g) Any adjustments needed to correct prior misallocations must be made to
 13.24 subsequent fire state aid apportionments.

13.25 Sec. 15. Minnesota Statutes 2012, section 69.021, subdivision 7a, is amended to read:

13.26 Subd. 7a. **Apportionment of police state aid.** (a) Subject to the reduction provided
 13.27 for under subdivision 10, the commissioner shall apportion the police state aid to each
 13.28 municipality ~~and~~ to the each county, to the Department of Natural Resources, and to the
 13.29 Department of Public Safety in the following manner:

13.30 (1) for all municipalities maintaining police departments, counties, the Department
 13.31 of Natural Resources, and the Department of Public Safety, the police state aid must be
 13.32 distributed in proportion to the relationship that the total number of peace officers, as
 13.33 determined under section 69.011, subdivision 1, ~~clause paragraph~~ (g), and subdivision
 13.34 2, ~~clause paragraph~~ (b), employed by that employing unit for 12 calendar months and
 13.35 the proportional or fractional number who were employed less than 12 months bears

14.1 to the total number of peace officers employed by all municipalities ~~and~~ counties, the
 14.2 Department of Natural Resources, and the Department of Public Safety, subject to any
 14.3 reduction under subdivision 10;

14.4 (2) for each municipality which contracts with the county for police service, a
 14.5 proportionate amount of the state aid distributed to the county based on the full-time
 14.6 equivalent number of peace officers providing contract service to that municipality must
 14.7 be credited against the municipality's contract obligation; and

14.8 (3) for each municipality which contracts with another municipality for police
 14.9 service, a proportionate amount of the state aid distributed to the municipality providing
 14.10 contract service based on the full-time equivalent number of peace officers providing
 14.11 contract service to that municipality on a full-time equivalent basis must be credited
 14.12 against the contract obligation of the municipality receiving contract service.

14.13 (b) Any necessary additional adjustments must be made to subsequent police state
 14.14 aid apportionments.

14.15 Sec. 16. Minnesota Statutes 2012, section 69.021, subdivision 8, is amended to read:

14.16 Subd. 8. **Population and market value.** (a) In computations relating to fire state aid
 14.17 requiring the use of population figures, only official statewide federal census figures ~~are~~
 14.18 ~~to~~ may be used. Increases or decreases in population disclosed by reason of any special
 14.19 census must not be taken into consideration.

14.20 (b) In calculations relating to fire state aid requiring the use of market value property
 14.21 figures, only the latest available market value property figures may be used.

14.22 Sec. 17. Minnesota Statutes 2012, section 69.021, subdivision 9, is amended to read:

14.23 Subd. 9. **Appeal.** (a) In the event that a municipality, a county, a fire relief
 14.24 association, a police relief association, the Department of Natural Resources, the
 14.25 Department of Public Safety, or the voluntary statewide lump-sum volunteer firefighter
 14.26 retirement plan, feels itself to be aggrieved, it may request the commissioner to review
 14.27 and adjust the apportionment of funds within the county in the case of police state aid, or
 14.28 within the state in the case of fire state aid.

14.29 (b) The decision of the commissioner is subject to appeal, review, and adjustment
 14.30 by the district court in the county in which the applicable municipality, fire department,
 14.31 or police department is located or by the Ramsey County District Court with respect to
 14.32 the Department of Natural Resources, the Department of Public Safety, or the voluntary
 14.33 statewide lump-sum volunteer firefighter retirement plan.

15.1 Sec. 18. Minnesota Statutes 2012, section 69.021, subdivision 10, is amended to read:

15.2 Subd. 10. **Reduction in police state aid apportionment.** (a) The commissioner of
15.3 revenue shall reduce the apportionment of police state aid under subdivisions 5, paragraph
15.4 (b), 6, and 7a, for eligible employer units by the amount of any excess police state aid.

15.5 (b) "Excess police state aid" is:

15.6 (1) for counties and for municipalities in which police retirement coverage is
15.7 provided wholly by the public employees police and fire fund and all police officers are
15.8 members of the plan governed by sections 353.63 to 353.657, the amount in excess of the
15.9 employer's total prior calendar year obligation as defined in paragraph (c), as certified by
15.10 the executive director of the Public Employees Retirement Association;

15.11 ~~(2) for municipalities in which police retirement coverage is provided in part by the
15.12 public employees police and fire fund governed by sections 353.63 to 353.657 and in
15.13 part by a local police consolidation account governed by chapter 353A, and established
15.14 before March 2, 1999, for which the municipality declined merger under section 353.665,
15.15 subdivision 1, or established after March 1, 1999, the amount in excess of the employer's
15.16 total prior calendar year obligation as defined in paragraph (c), plus the amount of the
15.17 employer's total prior calendar year obligation under section 353A.09, subdivision 5,
15.18 paragraphs (a) and (b), as certified by the executive director of the Public Employees
15.19 Retirement Association;~~

15.20 ~~(3) for municipalities in which police retirement coverage is provided by the public
15.21 employees police and fire plan governed by sections 353.63 to 353.657, in which police
15.22 retirement coverage was provided by a police consolidation account under chapter
15.23 353A before July 1, 1999, and for which the municipality has an additional municipal
15.24 contribution under section 353.665, subdivision 8, paragraph (b), the amount in excess of
15.25 the employer's total prior calendar year obligation as defined in paragraph (c), plus the
15.26 amount of any additional municipal contribution under section 353.665, subdivision 8,
15.27 paragraph (b), until the year 2010, as certified by the executive director of the Public
15.28 Employees Retirement Association;~~

15.29 ~~(4) (2) for municipalities in which police retirement coverage is provided in part by
15.30 the public employees police and fire fund governed by sections 353.63 to 353.657 and in
15.31 part by a local police relief association governed by sections 69.77 and 423A.01 the cities
15.32 of Fairmont and Minneapolis, the amount in excess of the employer's total prior calendar
15.33 year obligation as defined in paragraph (c), as certified by the executive director of the
15.34 public employees retirement association, plus the amount of the financial requirements of
15.35 the relief association certified to the applicable municipality during the prior calendar year
15.36 under section 69.77, subdivisions 4 and 5, reduced by the amount of member contributions~~

16.1 ~~deducted from the covered salary of the relief association during the prior calendar year~~
 16.2 ~~under section 69.77, subdivision 3, as certified by the chief administrative officer of the~~
 16.3 ~~applicable municipality~~ any additional municipal contribution under section 353.668,
 16.4 subdivision 6, or 353.669, subdivision 6;

16.5 ~~(5)~~ (3) for the Metropolitan Airports Commission, the amount in excess of the
 16.6 commission's total prior calendar year obligation as defined in paragraph (c), as certified
 16.7 by the executive director of the Public Employees Retirement Association; and

16.8 ~~(6)~~ (4) for the Department of Natural Resources and for the Department of Public
 16.9 Safety, the amount in excess of the employer's total prior calendar year obligation under
 16.10 section 352B.02, subdivision 1c, for plan members who are peace officers under section
 16.11 69.011, subdivision 1, clause (g), as certified by the executive director of the Minnesota
 16.12 State Retirement System.

16.13 (c) The employer's total prior calendar year obligation with respect to the public
 16.14 employees police and fire plan under paragraph (b), clause (1), is the total prior calendar
 16.15 year obligation under section 353.65, subdivision 3, for police officers as defined in
 16.16 section 353.64, subdivision 2, and the actual total prior calendar year obligation under
 16.17 section 353.65, subdivision 3, for firefighters, as defined in section 353.64, subdivision
 16.18 3, but not to exceed for those firefighters the applicable following amounts employer
 16.19 calendar year amount:

16.20 Municipality	Maximum Amount
16.21 Albert Lea	\$54,157.01
16.22 Anoka	10,399.31
16.23 Apple Valley	5,442.44
16.24 Austin	49,864.73
16.25 Bemidji	27,671.38
16.26 Brooklyn Center	6,605.92
16.27 Brooklyn Park	24,002.26
16.28 Burnsville	15,956.00
16.29 Cloquet	4,260.49
16.30 Coon Rapids	39,920.00
16.31 Cottage Grove	8,588.48
16.32 Crystal	5,855.00
16.33 East Grand Forks	51,009.88
16.34 Edina	32,251.00
16.35 Elk River	5,216.55
16.36 Ely	13,584.16
16.37 Eveleth	16,288.27
16.38 Fergus Falls	6,742.00
16.39 Fridley	33,420.64

17.1	Golden Valley	11,744.61
17.2	Hastings	16,561.00
17.3	Hopkins	4,324.23
17.4	International Falls	14,400.69
17.5	Lakeville	782.35
17.6	Lino Lakes	5,324.00
17.7	Little Falls	7,889.41
17.8	Maple Grove	6,707.54
17.9	Maplewood	8,476.69
17.10	Minnetonka	10,403.00
17.11	Montevideo	1,307.66
17.12	Moorhead	68,069.26
17.13	New Hope	6,739.72
17.14	North St. Paul	4,241.14
17.15	Northfield	770.63
17.16	Owatonna	37,292.67
17.17	Plymouth	6,754.71
17.18	Red Wing	3,504.01
17.19	Richfield	53,757.96
17.20	Rosemount	1,712.55
17.21	Roseville	9,854.51
17.22	St. Anthony	33,055.00
17.23	St. Louis Park	53,643.11
17.24	Thief River Falls	28,365.04
17.25	Virginia	31,164.46
17.26	Waseca	11,135.17
17.27	West St. Paul	15,707.20
17.28	White Bear Lake	6,521.04
17.29	Woodbury	3,613.00
17.30	any other municipality	0.00

17.31 (d) The total amount of excess police state aid must be deposited in the excess
 17.32 police state-aid account in the general fund, administered and distributed as provided
 17.33 in subdivision 11.

17.34 Sec. 19. Minnesota Statutes 2012, section 69.021, subdivision 11, is amended to read:

17.35 Subd. 11. **Excess police state-aid holding account.** (a) The excess police state-aid
 17.36 holding account is established in the general fund. The excess police state-aid holding
 17.37 account must be administered by the commissioner.

17.38 (b) Excess police state aid determined according to subdivision 10, must be
 17.39 deposited annually in the excess police state-aid holding account.

18.1 (c) From the balance in the excess police state-aid holding account, \$900,000 must
18.2 be canceled annually to the general fund.

18.3 ~~(d) If a police officer stress reduction program is created by law and money is~~
18.4 ~~appropriated for that program, an amount equal to that appropriation must be transferred~~
18.5 ~~to the administrator of that program from the balance in the excess police state-aid holding~~
18.6 ~~account.~~

18.7 (e) (d) On October 1 of each year, one-half of the balance of the excess police
18.8 state-aid holding account remaining after the ~~deductions~~ deduction under ~~paragraphs~~
18.9 paragraph (c) and (d) is appropriated for additional amortization aid under section
18.10 423A.02, subdivision 1b.

18.11 ~~(f)~~ (e) Annually, the remaining balance in the excess police state-aid holding account,
18.12 after the deductions under paragraphs (c); (d); and ~~(e)~~, cancels to the general fund.

18.13 Sec. 20. Minnesota Statutes 2012, section 69.031, subdivision 1, is amended to read:

18.14 Subdivision 1. **Commissioner's warrant.** (a) The commissioner of management
18.15 and budget shall issue to the Public Employees Retirement Association on behalf of
18.16 a municipality or independent nonprofit firefighting corporation that is a member of the
18.17 voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G,
18.18 to the Department of Natural Resources, to the Department of Public Safety, or to the
18.19 county, municipality, or independent nonprofit firefighting corporation certified to the
18.20 commissioner of management and budget by the commissioner a warrant for an amount
18.21 equal to the amount of fire state aid or police state aid, whichever applies, certified for the
18.22 applicable state aid recipient by the commissioner under section 69.021.

18.23 (b) Fire state aid and police state aid is payable on October 1 annually. The amount
18.24 of state aid due and not paid by October 1 accrues interest payable to the state aid recipient
18.25 at the rate of one percent for each month or part of a month that the amount remains
18.26 unpaid after October 1.

18.27 Sec. 21. Minnesota Statutes 2012, section 69.031, subdivision 3, is amended to read:

18.28 Subd. 3. **Appropriations.** There is hereby appropriated annually from the state
18.29 general fund to the commissioner of revenue ~~an amount~~ amounts sufficient to make the
18.30 police state aid payments and the fire state aid payments specified in this section and
18.31 section 69.021.

18.32 Sec. 22. Minnesota Statutes 2012, section 69.031, subdivision 5, is amended to read:

19.1 Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit
 19.2 firefighting corporation is covered by the voluntary statewide lump-sum volunteer
 19.3 firefighter retirement plan under chapter 353G, the executive director shall credit the fire
 19.4 state aid against future municipal contribution requirements under section 353G.08 and
 19.5 shall notify the municipality or independent nonprofit firefighting corporation of the fire
 19.6 state aid so credited at least annually. If the municipality or the independent nonprofit
 19.7 firefighting corporation is not covered by the voluntary statewide lump-sum volunteer
 19.8 firefighter retirement plan, the municipal treasurer shall, within 30 days after receipt,
 19.9 transmit the fire state aid to the treasurer of the duly incorporated firefighters' relief
 19.10 association if there is one organized and the association has filed a financial report with the
 19.11 municipality. If the relief association has not filed a financial report with the municipality,
 19.12 the municipal treasurer shall delay transmission of the fire state aid to the relief association
 19.13 until the complete financial report is filed. If the municipality or independent nonprofit
 19.14 firefighting corporation is not covered by the voluntary statewide lump-sum volunteer
 19.15 firefighter retirement plan, if there is no relief association organized, or if the association
 19.16 has dissolved or has been removed as trustees of state aid, then the treasurer of the
 19.17 municipality shall deposit the money in the municipal treasury and the money may be
 19.18 disbursed only for the purposes and in the manner set forth in section 424A.08 or for the
 19.19 payment of the employer contribution requirement with respect to firefighters covered by
 19.20 the public employees police and fire retirement plan under section 353.65, subdivision 3.

19.21 ~~(b) The municipal treasurer, upon receipt of the police state aid, shall disburse the~~
 19.22 ~~police state aid in the following manner:~~

19.23 ~~(1) For a municipality in which a local police relief association exists and all peace~~
 19.24 ~~officers are members of the association, the total state aid must be transmitted to the~~
 19.25 ~~treasurer of the relief association within 30 days of the date of receipt, and the treasurer~~
 19.26 ~~of the relief association shall immediately deposit the total state aid in the special fund~~
 19.27 ~~of the relief association;~~

19.28 ~~(2) (b) For a municipality in which police retirement coverage is provided by the~~
 19.29 ~~public employees police and fire fund and all peace officers are members of the fund,~~
 19.30 ~~including municipalities covered by section 353.665, the total state aid must be applied~~
 19.31 ~~toward the municipality's employer contribution to the public employees police and~~
 19.32 ~~fire fund under sections 353.65, subdivision 3, and 353.665 353.668, subdivision 8 6,~~
 19.33 ~~paragraph (b) or 353.669, subdivision 6, if applicable; or.~~

19.34 ~~(3) For a municipality other than a city of the first class with a population of more~~
 19.35 ~~than 300,000 in which both a police relief association exists and police retirement~~
 19.36 ~~coverage is provided in part by the public employees police and fire fund, the municipality~~

20.1 ~~may elect at its option to transmit the total state aid to the treasurer of the relief association~~
20.2 ~~as provided in clause (1), to use the total state aid to apply toward the municipality's~~
20.3 ~~employer contribution to the public employees police and fire fund subject to all the~~
20.4 ~~provisions set forth in clause (2), or to allot the total state aid proportionately to be~~
20.5 ~~transmitted to the police relief association as provided in this subdivision and to apply~~
20.6 ~~toward the municipality's employer contribution to the public employees police and fire~~
20.7 ~~fund subject to the provisions of clause (2) on the basis of the respective number of active~~
20.8 ~~full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).~~

20.9 For a city of the first class with a population of more than 300,000, in addition, the
20.10 city may elect to allot the appropriate portion of the total police state aid to apply toward
20.11 the employer contribution of the city to the public employees police and fire fund based
20.12 on the covered salary of police officers covered by the fund each payroll period and to
20.13 transmit the balance to the police relief association; or

20.14 (4) ~~For a municipality in which police retirement coverage is provided in part by~~
20.15 ~~the public employees police and fire fund and in part by a local police consolidation~~
20.16 ~~account governed by chapter 353A and established before March 2, 1999, for which the~~
20.17 ~~municipality declined merger under section 353.665, subdivision 1, or established after~~
20.18 ~~March 1, 1999, the total police state aid must be applied towards the municipality's total~~
20.19 ~~employer contribution to the public employees police and fire fund and to the local police~~
20.20 ~~consolidation account under sections 353.65, subdivision 3, and 353A.09, subdivision 5.~~

20.21 (c) The county treasurer, upon receipt of the police state aid for the county, shall
20.22 apply the total state aid toward the county's employer contribution to the public employees
20.23 police and fire fund under section 353.65, subdivision 3.

20.24 (d) The designated Metropolitan Airports Commission official, upon receipt of the
20.25 police state aid for the Metropolitan Airports Commission, shall apply the total police
20.26 state aid toward the commission's employer contribution for police officers to the public
20.27 employees police and fire plan under section 353.65, subdivision 3.

20.28 (e) The police state aid apportioned to the Departments of Public Safety and Natural
20.29 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of
20.30 management and budget for transfer to the funds and accounts from which the salaries of
20.31 peace officers certified under section 69.011, subdivision 2b, are paid. The commissioner
20.32 of revenue shall certify to the commissioners of public safety, natural resources, and
20.33 management and budget the amounts to be transferred from the appropriation for police
20.34 state aid. The commissioners of public safety and natural resources shall certify to the
20.35 commissioner of management and budget the amounts to be credited to each of the funds
20.36 and accounts from which the peace officers employed by their respective departments are

21.1 paid. Each commissioner shall allocate the police state aid first for employer contributions
 21.2 for employees funded from the general fund and then for employer contributions for
 21.3 employees funded from other funds. For peace officers whose salaries are paid from the
 21.4 general fund, the amounts transferred from the appropriation for police state aid must
 21.5 be canceled to the general fund.

21.6 Sec. 23. Minnesota Statutes 2012, section 69.041, is amended to read:

21.7 **69.041 SHORTFALL FROM GENERAL FUND.**

21.8 (a) If the annual funding requirements of fire or police relief associations or
 21.9 consolidation accounts under sections ~~69.77~~, 69.771 to 69.775, or 353A.09, or sections
 21.10 31 to 43, exceed all applicable revenue sources of a given year, including the insurance
 21.11 premium taxes funding the applicable fire or police state aid as set under section 297I.05,
 21.12 subdivisions 2, 3, and 4, the shortfall in the annual funding requirements must be paid
 21.13 from the general fund to the extent appropriated by the legislature.

21.14 (b) Nothing in this section may be deemed to relieve any municipality from its
 21.15 obligation to a relief association or consolidation account under law.

21.16 Sec. 24. Minnesota Statutes 2012, section 69.051, subdivision 1, is amended to read:

21.17 Subdivision 1. **Financial report and audit.** (a) The board of ~~each salaried~~
 21.18 ~~firefighters~~ the Bloomington Fire Department Relief Association, ~~police relief association,~~
 21.19 and each volunteer firefighters relief association as defined in section 424A.001,
 21.20 subdivision 4, with assets of at least \$200,000 or liabilities of at least \$200,000 in the prior
 21.21 year or in any previous year, according to the applicable actuarial valuation or according
 21.22 to the financial report if no valuation is required, shall prepare a financial report covering
 21.23 the special and general funds of the relief association for the preceding fiscal year, file the
 21.24 financial report, and submit financial statements.

21.25 (b) The financial report must contain financial statements and disclosures which
 21.26 present the true financial condition of the relief association and the results of relief
 21.27 association operations in conformity with generally accepted accounting principles and in
 21.28 compliance with the regulatory, financing and funding provisions of this chapter and any
 21.29 other applicable laws. The financial report must be countersigned by:

21.30 (1) the municipal clerk or clerk-treasurer of the municipality in which the relief
 21.31 association is located if the relief association is a firefighters relief association which is
 21.32 directly associated with a municipal fire department ~~or is a police relief association~~; or

21.33 (2) by the municipal clerk or clerk-treasurer of the largest municipality in population
 21.34 which contracts with the independent nonprofit firefighting corporation if the volunteer

22.1 firefighter relief association is a subsidiary of an independent nonprofit firefighting
 22.2 corporation and by the secretary of the independent nonprofit firefighting corporation; or
 22.3 (3) by the chief financial official of the county in which the volunteer firefighter
 22.4 relief association is located or primarily located if the relief association is associated with
 22.5 a fire department that is not located in or associated with an organized municipality.

22.6 (c) The financial report must be retained in its office for public inspection and must
 22.7 be filed with the governing body of the government subdivision in which the associated
 22.8 fire department is located after the close of the fiscal year. One copy of the financial report
 22.9 must be furnished to the state auditor after the close of the fiscal year.

22.10 (d) Audited financial statements must be attested to by a certified public accountant
 22.11 or by the state auditor and must be filed with the state auditor within 180 days after the
 22.12 close of the fiscal year. The state auditor may accept this report in lieu of the report
 22.13 required in paragraph (c).

22.14 Sec. 25. Minnesota Statutes 2012, section 69.051, subdivision 1a, is amended to read:

22.15 Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighters relief
 22.16 association, as defined in section 424A.001, subdivision 4, that is not required to file a
 22.17 financial report and audit under subdivision 1 must prepare a detailed statement of the
 22.18 financial affairs for the preceding fiscal year of the relief association's special and general
 22.19 funds in the style and form prescribed by the state auditor. The detailed statement must
 22.20 show:

- 22.21 (1) the sources and amounts of all money received;
- 22.22 (2) all disbursements, accounts payable and accounts receivable;
- 22.23 (3) the amount of money remaining in the treasury;
- 22.24 (4) total assets, including a listing of all investments;
- 22.25 (5) the accrued liabilities; and
- 22.26 (6) all other items necessary to show accurately the revenues and expenditures and
 22.27 financial position of the relief association.

22.28 (b) The detailed financial statement required under paragraph (a) must be certified
 22.29 by an independent public accountant or auditor or by the auditor or accountant who
 22.30 regularly examines or audits the financial transactions of the municipality. In addition to
 22.31 certifying the financial condition of the special and general funds of the relief association,
 22.32 the accountant or auditor conducting the examination shall give an opinion as to the
 22.33 condition of the special and general funds of the relief association, and shall comment
 22.34 upon any exceptions to the report. The independent accountant or auditor must have at

23.1 least five years of public accounting, auditing, or similar experience, and must not be an
 23.2 active, inactive, or retired member of the relief association or the fire or police department.

23.3 (c) The detailed statement required under paragraph (a) must be countersigned by:

23.4 (1) the municipal clerk or clerk-treasurer of the municipality; or

23.5 (2) where applicable, by the municipal clerk or clerk-treasurer of the largest
 23.6 municipality in population which contracts with the independent nonprofit firefighting
 23.7 corporation if the relief association is a subsidiary of an independent nonprofit firefighting
 23.8 corporation and by the secretary of the independent nonprofit firefighting corporation; or

23.9 (3) by the chief financial official of the county in which the volunteer firefighter
 23.10 relief association is located or primarily located if the relief association is associated with
 23.11 a fire department that is not located in or associated with an organized municipality.

23.12 (d) The volunteer firefighters' relief association board must file the detailed statement
 23.13 required under paragraph (a) in the relief association office for public inspection and
 23.14 present it to the ~~city council~~ governing body of the municipality within 45 days after the
 23.15 close of the fiscal year, and must submit a copy of the detailed statement to the state
 23.16 auditor within 90 days of the close of the fiscal year.

23.17 Sec. 26. Minnesota Statutes 2012, section 69.051, subdivision 1b, is amended to read:

23.18 Subd. 1b. **Qualification.** The state auditor may, upon a demonstration by a relief
 23.19 association of hardship or an inability to conform, extend the deadline for reports under
 23.20 subdivisions 1 or 1a, but not beyond November 30th following the due date. If the
 23.21 reports are not received by November 30th, the municipality or relief association ~~will~~
 23.22 ~~forfeit~~ forfeits its current year state aid, and₂ until the state auditor receives the required
 23.23 information, the relief association or municipality ~~will be~~ is ineligible to receive any
 23.24 future state aid. A municipality or ~~police or~~ firefighters' relief association ~~shall~~ does not
 23.25 qualify initially to receive, or be entitled subsequently to retain, state aid ~~pursuant to~~ under
 23.26 this chapter if the financial reporting requirement or the applicable requirements of this
 23.27 chapter or any other statute or special law have not been complied with or are not fulfilled.

23.28 Sec. 27. Minnesota Statutes 2012, section 69.051, subdivision 2, is amended to read:

23.29 Subd. 2. **Treasurers bond.** ~~No~~ (a) The treasurer of a the Bloomington Fire
 23.30 Department Relief Association ~~governed by section 69.77~~ shall may not enter upon duties
 23.31 without having given the association a bond in a reasonable amount acceptable to the
 23.32 municipality for the faithful discharge of duties according to law.

23.33 (b) No treasurer of a relief association governed by sections 69.771 to 69.776 ~~shall~~
 23.34 may enter upon the duties of the office until the treasurer has given the association a good

24.1 and sufficient bond in an amount equal to at least ten percent of the assets of the relief
 24.2 association; however, the amount of the bond need not exceed \$500,000.

24.3 Sec. 28. Minnesota Statutes 2012, section 69.051, subdivision 3, is amended to read:

24.4 Subd. 3. **Report by certain municipalities.** (a) The chief administrative officer
 24.5 of each municipality which has an organized fire department but which does not have a
 24.6 firefighters' relief association governed by section 69.77 or sections 69.771 to 69.775 and
 24.7 which is not exempted under paragraph (b) shall annually prepare a detailed financial
 24.8 report of the receipts and disbursements by the municipality for fire protection service
 24.9 during the preceding calendar year, on a form prescribed by the state auditor. The financial
 24.10 report must contain any information which the state auditor deems necessary to disclose
 24.11 the sources of receipts and the purpose of disbursements for fire protection service.
 24.12 The financial report must be signed by the municipal clerk or clerk-treasurer of the
 24.13 municipality. The financial report must be filed by the municipal clerk or clerk-treasurer
 24.14 with the state auditor on or before July 1 annually. The municipality ~~shall~~ does not qualify
 24.15 initially to receive, ~~or be~~ and is not entitled subsequently to retain, state aid under this
 24.16 chapter if the financial reporting requirement or the applicable requirements of this chapter
 24.17 or any other statute or special law have not been complied with or are not fulfilled.

24.18 (b) Each municipality that has an organized fire department and provides retirement
 24.19 coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter
 24.20 retirement plan under chapter 353G qualifies to have fire state aid transmitted to and
 24.21 retained in the statewide lump-sum volunteer firefighter retirement fund without filing
 24.22 a detailed financial report if the executive director of the Public Employees Retirement
 24.23 Association certifies compliance by the municipality with the requirements of sections
 24.24 353G.04 and 353G.08, paragraph (e), and certifies conformity by the applicable fire chief
 24.25 with the requirements of section 353G.07.

24.26 Sec. 29. Minnesota Statutes 2012, section 69.051, subdivision 4, is amended to read:

24.27 Subd. 4. **Notification by commissioner and state auditor.** (a) The state auditor,₂
 24.28 in performing an audit or examination,₂ shall notify the Legislative Commission on
 24.29 Pensions and Retirement if the audit or examination reveals malfeasance, misfeasance, or
 24.30 nonfeasance in office by relief association officials or municipal officials.

24.31 (b) The commissioner shall notify the Legislative Commission on Pensions and
 24.32 Retirement if the state auditor has not filed the required financial compliance reports
 24.33 by July 1.

25.1 Sec. 30. Minnesota Statutes 2012, section 69.33, is amended to read:

25.2 **69.33 REPORT; AMOUNT OF PREMIUMS RECEIVED BY INSURANCE**
 25.3 **COMPANIES.**

25.4 For purposes of the first class city fire insurance premium tax surcharge aid program
 25.5 under section 297I.10, the commissioner shall enclose in the annual statement blank that is
 25.6 sent to all fire insurance companies doing business in this state a blank form containing
 25.7 the names of all cities of the first class and require these companies, at the time of making
 25.8 their annual statements to the commissioner, to state on these blanks the amount of
 25.9 premiums received by them upon properties insured within the corporate limits of the
 25.10 cities named thereon during the year ending December 31st last past. Thereafter, before
 25.11 July first each year, the commissioner shall certify to the commissioner of management
 25.12 and budget the information thus obtained, together with the amount of the tax for the
 25.13 benefit of the pension plans covering firefighters in cities of the first class paid in such
 25.14 year by these companies upon these insurance premiums.

25.15 Sec. 31. Minnesota Statutes 2012, section 69.77, subdivision 1, is amended to read:

25.16 Subdivision 1. **Conditioned employer support for a the Bloomington Fire**
 25.17 **Department Relief Association.** (a) Notwithstanding any law to the contrary, only
 25.18 if the ~~municipality~~ city of Bloomington and the Bloomington Fire Department Relief
 25.19 Association comply with the provisions of this section, ~~a municipality~~ the city of
 25.20 Bloomington may contribute public funds, including any applicable police or fire state
 25.21 aid, or levy property taxes for the support of ~~a police or firefighters'~~ the Bloomington
 25.22 Fire Department Relief Association, ~~enumerated in subdivision 1a, however organized,~~
 25.23 ~~which provides retirement coverage or pays a service pension to a retired police officer or~~
 25.24 ~~firefighter or a retirement benefit to a surviving dependent of either an active or retired~~
 25.25 ~~police officer or firefighter,~~ and for the operation and maintenance of the relief association.

25.26 (b) The commissioner shall not include in the apportionment of ~~police or fire state~~
 25.27 ~~aid to the county auditor under section 69.021, subdivision 6, any municipality in which~~
 25.28 ~~there exists a local police or salaried firefighters' relief association as enumerated in~~
 25.29 ~~subdivision 1a which~~ the city of Bloomington if the Bloomington Fire Department Relief
 25.30 Association does not comply with the provisions of this section or the provisions of any
 25.31 applicable special law relating to the funding or financing of the association and ~~that~~
 25.32 ~~municipality~~ the city of Bloomington may not qualify initially to receive, or be entitled
 25.33 subsequently to retain, fire state aid under sections 69.011 to 69.051 until the reason
 25.34 for the disqualification is remedied, whereupon the ~~municipality~~ city of Bloomington,

26.1 if otherwise qualified, is entitled to again receive fire state aid for the year occurring
 26.2 immediately subsequent to the year in which the disqualification is remedied.

26.3 (c) The state auditor and the commissioner shall determine if ~~a municipality with a~~
 26.4 ~~local police or salaried firefighters' relief association fails~~ the city of Bloomington and the
 26.5 Bloomington Fire Department Relief Association fail to comply with the provisions of
 26.6 this section or the funding or financing provisions of any applicable special law.

26.7 Sec. 32. Minnesota Statutes 2012, section 69.77, subdivision 2, is amended to read:

26.8 Subd. 2. **Inapplicable penalty.** The penalty provided for in subdivision 1 does not
 26.9 apply to a the Bloomington Fire Department Relief Association ~~enumerated in subdivision~~
 26.10 ~~1a~~ if the requirements of subdivisions 3 to 10 are met.

26.11 Sec. 33. Minnesota Statutes 2012, section 69.77, subdivision 3, is amended to read:

26.12 Subd. 3. **Minimum member contribution.** (a) Each active full-time member of
 26.13 the Bloomington Fire Department Relief Association must pay into the special fund of
 26.14 the association during a year of covered service, a contribution for retirement coverage,
 26.15 including survivorship benefits, of not less than eight percent of the maximum rate of
 26.16 salary upon which retirement coverage is credited and service pension and retirement
 26.17 benefit amounts are determined. The member contributions must be made by payroll
 26.18 deduction from the salary of the member by the ~~municipality~~ city of Bloomington, and
 26.19 must be transmitted by the ~~municipality~~ city of Bloomington to the relief association as
 26.20 soon as practical. The relief association shall deposit the member contribution to the credit
 26.21 of the special fund of the relief association.

26.22 (b) The member contribution requirement specified in this subdivision does not
 26.23 apply to any members who are volunteer firefighters or who are not employed full time
 26.24 as firefighters.

26.25 Sec. 34. Minnesota Statutes 2012, section 69.77, subdivision 4, is amended to read:

26.26 Subd. 4. **Relief association financial requirements; minimum municipal**
 26.27 **obligation.** (a) The officers of the Bloomington Fire Department Relief Association
 26.28 shall determine the financial requirements of the relief association and the minimum
 26.29 obligation of the ~~municipality~~ city of Bloomington for the following calendar year in
 26.30 accordance with the requirements of this subdivision. The financial requirements of the
 26.31 relief association and the minimum obligation of the ~~municipality~~ city of Bloomington
 26.32 must be determined on or before the submission date established by the ~~municipality~~
 26.33 city of Bloomington under subdivision 5.

27.1 (b) The financial requirements of the relief association for the following calendar
27.2 year must be based on the most recent actuarial valuation or survey of the special fund of
27.3 the association if more than one fund is maintained by the association, or of the association,
27.4 if only one fund is maintained, prepared in accordance with sections 356.215, subdivisions
27.5 4 to 15, and 356.216, as required under subdivision 10. If an actuarial estimate is prepared
27.6 by the actuary of the relief association as part of obtaining a modification of the benefit
27.7 plan of the relief association and the modification is implemented, the actuarial estimate
27.8 must be used in calculating the subsequent financial requirements of the relief association.

27.9 (c) If the relief association has an unfunded actuarial accrued liability as reported in
27.10 the most recent actuarial valuation or survey, the total of the amounts calculated under
27.11 clauses (1), (2), and (3), constitute the financial requirements of the relief association for
27.12 the following year. If the relief association does not have an unfunded actuarial accrued
27.13 liability as reported in the most recent actuarial valuation or survey, the amount calculated
27.14 under clauses (1) and (2) constitute the financial requirements of the relief association for
27.15 the following year. The financial requirement elements are:

27.16 (1) the normal level cost requirement for the following year, expressed as a dollar
27.17 amount, which must be determined by applying the normal level cost of the relief
27.18 association as reported in the actuarial valuation or survey and expressed as a percentage
27.19 of covered payroll to the estimated covered payroll of the active membership of the relief
27.20 association, including any projected change in the active membership, for the following
27.21 year;

27.22 (2) ~~for the Bloomington Fire Department Relief Association~~, to the dollar amount
27.23 of normal cost determined under clause (1) must be added an amount equal to the dollar
27.24 amount of the administrative expenses of the special fund of the association if more
27.25 than one fund is maintained by the association, or of the association if only one fund is
27.26 maintained, for the most recent year, multiplied by the factor of 1.035. The administrative
27.27 expenses are those authorized under section 69.80; and

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

27.34 (d) ~~The Bloomington Fire Department Relief Association~~ special fund amortization
27.35 date is determined under section 356.216, clause (2). The amortization date specified in
27.36 this paragraph supersedes any amortization date specified in any applicable special law.

28.1 (d) If the actuarial value of the assets of the special fund of the relief association
 28.2 exceed the actuarial accrued liability as reported in the most recent actuarial valuation of the
 28.3 special fund of the relief association, the financial requirements of the relief association are
 28.4 the amounts calculated under paragraph (c), clauses (1) and (2), reduced by one-tenth of the
 28.5 amount by which the actuarial value of the assets of the special fund of the relief association
 28.6 exceeds the actuarial accrued liability of the special fund of the relief association.

28.7 (e) The minimum obligation of the municipality is an amount equal to the financial
 28.8 requirements of the relief association reduced by the estimated amount of member
 28.9 contributions from covered salary anticipated for the following calendar year and the
 28.10 estimated ~~amounts~~ amount anticipated for the following calendar year from the ~~applicable~~
 28.11 fire state aid program established under sections 69.011 to 69.051 receivable by the relief
 28.12 association after any allocation made under section 69.031, subdivision 5, paragraph (b),
 28.13 clause (2), ~~or 423A.01, subdivision 2, paragraph (a), clause (6), from the local police~~
 28.14 ~~and salaried firefighters' relief association amortization aid program established under~~
 28.15 ~~section 423A.02, subdivision 1, from the supplementary amortization state-aid program~~
 28.16 ~~established under section 423A.02, subdivision 1a, and from the additional amortization~~
 28.17 ~~state aid under section 423A.02, subdivision 1b.~~

28.18 Sec. 35. Minnesota Statutes 2012, section 69.77, subdivision 5, is amended to read:

28.19 Subd. 5. **Determination submission.** The officers of the relief association shall
 28.20 submit the determination of the financial requirements of the relief association and of the
 28.21 minimum obligation of the municipality to the ~~governing body~~ Bloomington City Council
 28.22 on or before the date established by the ~~municipality~~ city of Bloomington, which may
 28.23 not be earlier than August 1 and may not be later than September 1 of each year. The
 28.24 ~~governing body of the municipality~~ Bloomington City Council must ascertain whether or
 28.25 not the determinations were prepared in accordance with law.

28.26 Sec. 36. Minnesota Statutes 2012, section 69.77, subdivision 6, is amended to read:

28.27 Subd. 6. **Municipal payment.** (a) The ~~municipality~~ city of Bloomington shall
 28.28 provide for and shall pay, each year, at least the amount of the minimum obligation of the
 28.29 ~~municipality~~ city of Bloomington to the Bloomington Fire Department Relief Association.

28.30 (b) If there is any deficiency in the municipal payment to meet the minimum
 28.31 obligation of the ~~municipality~~ city of Bloomington as of the end of any calendar year, the
 28.32 amount of the deficiency must be added to the minimum obligation of the ~~municipality~~ city
 28.33 of Bloomington for the following year calculated under subdivision 4 and must include
 28.34 interest at the compound rate of six percent per annum from the date that the ~~municipality~~

29.1 city of Bloomington was required to make payment under this subdivision until the date
 29.2 that the ~~municipality~~ city of Bloomington actually makes the required payment.

29.3 Sec. 37. Minnesota Statutes 2012, section 69.77, subdivision 7, is amended to read:

29.4 Subd. 7. **Budget inclusion.** (a) The ~~municipality~~ city of Bloomington shall provide
 29.5 in the annual municipal budget for at least the minimum obligation of the municipality
 29.6 calculated under subdivision 4.

29.7 (b) The ~~municipality~~ city of Bloomington may levy taxes for the payment of the
 29.8 minimum obligation of the ~~municipality~~ city of Bloomington without any limitation as to
 29.9 rate or amount and irrespective of limitations imposed by other provisions of law upon the
 29.10 rate or amount of taxation when the balance of the special fund or any fund of the relief
 29.11 association has attained a specified minimum asset level. In addition, any taxes levied
 29.12 under this section may not cause the amount or rate of other taxes levied in that year or to
 29.13 be levied in a subsequent year by the ~~municipality~~ city of Bloomington which are subject
 29.14 to a limitation as to rate or amount to be reduced.

29.15 (c) If the ~~municipality~~ city of Bloomington does not include the full amount of
 29.16 the minimum obligation of the ~~municipality~~ city of Bloomington in the levy that the
 29.17 ~~municipality~~ city of Bloomington certified to the Hennepin County auditor in any year, the
 29.18 officers of the relief association shall certify the amount of any deficiency to the Hennepin
 29.19 County auditor. Upon verifying the existence of any deficiency in the levy certified by
 29.20 the ~~municipality~~ city of Bloomington, the Hennepin County auditor shall spread a levy
 29.21 over the taxable property of the ~~municipality~~ city of Bloomington in the amount of the
 29.22 deficiency certified to by the officers of the relief association.

29.23 Sec. 38. Minnesota Statutes 2012, section 69.77, subdivision 8, is amended to read:

29.24 Subd. 8. **Accelerated amortization.** Any sums of money paid by the ~~municipality~~
 29.25 city of Bloomington to the relief association in excess of the minimum obligation of the
 29.26 ~~municipality~~ city of Bloomington in any year must be used to amortize any unfunded
 29.27 actuarial accrued liabilities of the Bloomington Fire Department Relief Association.

29.28 Sec. 39. Minnesota Statutes 2012, section 69.77, subdivision 9, is amended to read:

29.29 Subd. 9. **Local paid fire relief association investment authority.** (a) The ~~special~~
 29.30 ~~fund~~ funds of the association must be invested in securities that are authorized investments
 29.31 under section 356A.06, subdivision 6 or 7, whichever applies.

29.32 (b) The governing board of the Bloomington Fire Department Relief Association
 29.33 may select and appoint a qualified private firm to measure management performance and

30.1 return on investment, and the firm must use the formula or formulas developed by the
 30.2 State Board of Investment under section 11A.04, clause (11). The governing board of the
 30.3 Bloomington Fire Department Relief Association may certify general fund assets of the
 30.4 relief association for investment by the State Board of Investment in fixed income pools
 30.5 or in a separately managed account at the discretion of the State Board of Investment
 30.6 as provided in section 11A.14.

30.7 ~~(e) The governing board of the association may certify general fund assets of the~~
 30.8 ~~relief association for investment by the State Board of Investment in fixed income pools~~
 30.9 ~~or in a separately managed account at the discretion of the State Board of Investment~~
 30.10 ~~as provided in section 11A.14.~~

30.11 Sec. 40. Minnesota Statutes 2012, section 69.77, subdivision 10, is amended to read:

30.12 Subd. 10. **Actuarial valuation required.** The governing board of the Bloomington
 30.13 Fire Department Relief Association shall obtain an actuarial valuation showing the
 30.14 condition of the special fund of the relief association under sections 356.215 and 356.216
 30.15 and any the applicable standards for actuarial work established by the Legislative
 30.16 Commission on Pensions and Retirement. The actuarial valuation must be made as of
 30.17 December 31 of every year. A copy of the actuarial valuation must be filed with the
 30.18 Director of the Legislative Reference Library, the governing body of the municipality in
 30.19 which the association is organized Bloomington City Council, the executive director of
 30.20 the Legislative Commission on Pensions and Retirement, and the state auditor, not later
 30.21 than July 1 of the following year.

30.22 Sec. 41. Minnesota Statutes 2012, section 69.77, subdivision 11, is amended to read:

30.23 Subd. 11. **Municipal approval of benefit changes required.** Any amendment to
 30.24 the bylaws or articles of incorporation of a the Bloomington Fire Department Relief
 30.25 Association which increases or otherwise affects the retirement coverage provided by or
 30.26 the service pensions or retirement benefits payable from any police or firefighters' the
 30.27 relief association enumerated in subdivision 1a is not effective until it is ratified by the
 30.28 municipality in which the relief association is located city of Bloomington. The officers
 30.29 of the relief association shall not seek municipal ratification before obtaining either an
 30.30 updated actuarial valuation including the proposed amendment or an estimate of the
 30.31 expected actuarial impact of the proposed amendment prepared by the actuary of the relief
 30.32 association and submitting that actuarial valuation or estimate to the Bloomington city
 30.33 clerk of the municipality.

31.1 Sec. 42. Minnesota Statutes 2012, section 69.77, subdivision 12, is amended to read:

31.2 Subd. 12. **Application of other laws to contribution rate.** In the absence of any
 31.3 specific provision to the contrary, no general or special law previously enacted may be
 31.4 construed as reducing the levy amount ~~or rate of contribution to a police or firefighters~~ the
 31.5 Bloomington Fire Department Relief Association to which subdivision 1a applies, by a
 31.6 ~~municipality or member of the association~~ the city of Bloomington, which is required as a
 31.7 condition for the use of public funds or the levy of taxes for the support of the association.
 31.8 ~~Each~~ The Bloomington Fire Department Relief Association, the ~~municipality in which~~
 31.9 ~~it is organized~~ city of Bloomington, and the officers of each, are authorized to do all
 31.10 things required by this section as a condition for the use of public funds or the levy of
 31.11 taxes for the support of the association.

31.12 Sec. 43. Minnesota Statutes 2012, section 69.77, subdivision 13, is amended to read:

31.13 Subd. 13. **Citation.** This section may be cited as the "~~Police and Firefighters'~~
 31.14 Bloomington Fire Department Relief Associations Association Guidelines Act of 1969."

31.15 Sec. 44. Minnesota Statutes 2012, section 69.771, subdivision 1, is amended to read:

31.16 Subdivision 1. **Covered relief associations.** The applicable provisions of sections
 31.17 69.771 to 69.776 apply to any firefighters' relief association other than a the Bloomington
 31.18 Fire Department Relief Association ~~enumerated in section 69.77, subdivision 1a~~, which
 31.19 is organized under any laws of this state, which is composed of volunteer firefighters or
 31.20 is composed partially of volunteer firefighters and partially of salaried firefighters with
 31.21 retirement coverage provided by the public employees police and fire fund and which, in
 31.22 either case, operates subject to the service pension minimum requirements for entitlement
 31.23 and maximums contained in section 424A.02, or subject to a special law modifying those
 31.24 requirements or maximums.

31.25 Sec. 45. Minnesota Statutes 2012, section 69.80, is amended to read:

31.26 **69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.**

31.27 (a) Notwithstanding any provision of law to the contrary, the payment of the
 31.28 following necessary, reasonable and direct expenses of maintaining, protecting and
 31.29 administering the special fund, when provided for in the bylaws of the association and
 31.30 approved by the board of trustees, constitutes authorized administrative expenses of a
 31.31 ~~police, salaried firefighters', or~~ volunteer firefighters' relief association organized under
 31.32 any law of this state or the Bloomington Fire Department Relief Association:

32.1 (1) office expense, including, but not limited to, rent, utilities, equipment, supplies,
 32.2 postage, periodical subscriptions, furniture, fixtures, and salaries of administrative
 32.3 personnel;

32.4 (2) salaries of the officers of the association, or their designees, and salaries of the
 32.5 members of the board of trustees of the association if the salary amounts are approved by
 32.6 the governing body of the entity that is responsible for meeting any minimum obligation
 32.7 under section ~~69.77~~, ~~69.772~~, or ~~69.773~~, or sections 31 to 43, and the itemized expenses
 32.8 of relief association officers and board members that are incurred as a result of fulfilling
 32.9 their responsibilities as administrators of the special fund;

32.10 (3) tuition, registration fees, organizational dues, and other authorized expenses
 32.11 of the officers or members of the board of trustees incurred in attending educational
 32.12 conferences, seminars, or classes relating to the administration of the relief association;

32.13 (4) audit, actuarial, medical, legal, and investment and performance evaluation
 32.14 expenses;

32.15 (5) filing and application fees payable by the relief association to federal or other
 32.16 governmental entities;

32.17 (6) reimbursement to the officers and members of the board of trustees, or their
 32.18 designees, for reasonable and necessary expenses actually paid and incurred in the
 32.19 performance of their duties as officers or members of the board; and

32.20 (7) premiums on fiduciary liability insurance and official bonds for the officers,
 32.21 members of the board of trustees, and employees of the relief association.

32.22 (b) Any other expenses of the relief association must be paid from the general fund
 32.23 of the association, if one exists. If a relief association has only one fund, that fund is the
 32.24 special fund for purposes of this section. If a relief association has a special fund and
 32.25 a general fund, and any expense of the relief association that is directly related to the
 32.26 purposes for which both funds were established, the payment of that expense must be
 32.27 apportioned between the two funds on the basis of the benefits derived by each fund.

32.28 Sec. 46. Minnesota Statutes 2012, section 275.70, subdivision 5, is amended to read:

32.29 Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes
 32.30 levied by a local governmental unit for the following purposes or in the following manner:

32.31 (1) to pay the costs of the principal and interest on bonded indebtedness or to
 32.32 reimburse for the amount of liquor store revenues used to pay the principal and interest
 32.33 due on municipal liquor store bonds in the year preceding the year for which the levy
 32.34 limit is calculated;

33.1 (2) to pay the costs of principal and interest on certificates of indebtedness issued for
33.2 any corporate purpose except for the following:

33.3 (i) tax anticipation or aid anticipation certificates of indebtedness;

33.4 (ii) certificates of indebtedness issued under sections 298.28 and 298.282;

33.5 (iii) certificates of indebtedness used to fund current expenses or to pay the costs of
33.6 extraordinary expenditures that result from a public emergency; or

33.7 (iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an
33.8 insufficiency in other revenue sources, provided that nothing in this subdivision limits the
33.9 special levy authorized under section 475.755;

33.10 (3) to provide for the bonded indebtedness portion of payments made to another
33.11 political subdivision of the state of Minnesota;

33.12 (4) to fund payments made to the Minnesota State Armory Building Commission
33.13 under section 193.145, subdivision 2, to retire the principal and interest on armory
33.14 construction bonds;

33.15 (5) property taxes approved by voters which are levied against the referendum
33.16 market value as provided under section 275.61;

33.17 (6) to fund matching requirements needed to qualify for federal or state grants or
33.18 programs to the extent that either (i) the matching requirement exceeds the matching
33.19 requirement in calendar year 2001, or (ii) it is a new matching requirement that did not
33.20 exist prior to 2002;

33.21 (7) to pay the expenses reasonably and necessarily incurred in preparing for or
33.22 repairing the effects of natural disaster including the occurrence or threat of widespread
33.23 or severe damage, injury, or loss of life or property resulting from natural causes, in
33.24 accordance with standards formulated by the Emergency Services Division of the state
33.25 Department of Public Safety, as allowed by the commissioner of revenue under section
33.26 275.74, subdivision 2;

33.27 (8) pay amounts required to correct an error in the levy certified to the county
33.28 auditor by a city or county in a levy year, but only to the extent that when added to the
33.29 preceding year's levy it is not in excess of an applicable statutory, special law or charter
33.30 limitation, or the limitation imposed on the governmental subdivision by sections 275.70
33.31 to 275.74 in the preceding levy year;

33.32 (9) to pay an abatement under section 469.1815;

33.33 (10) to pay any costs attributable to increases in the employer contribution rates under
33.34 chapter 353, or locally administered pension plans, that are effective after June 30, 2001;

33.35 (11) to pay the operating or maintenance costs of a county jail as authorized in section
33.36 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1,

34.1 paragraph (f), to the extent that the county can demonstrate to the commissioner of revenue
34.2 that the amount has been included in the county budget as a direct result of a rule, minimum
34.3 requirement, minimum standard, or directive of the Department of Corrections, or to pay
34.4 the operating or maintenance costs of a regional jail as authorized in section 641.262. For
34.5 purposes of this clause, a district court order is not a rule, minimum requirement, minimum
34.6 standard, or directive of the Department of Corrections. If the county utilizes this special
34.7 levy, except to pay operating or maintenance costs of a new regional jail facility under
34.8 sections 641.262 to 641.264 which will not replace an existing jail facility, any amount
34.9 levied by the county in the previous levy year for the purposes specified under this clause
34.10 and included in the county's previous year's levy limitation computed under section
34.11 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2,
34.12 when determining the county's current year levy limitation. The county shall provide the
34.13 necessary information to the commissioner of revenue for making this determination;

34.14 (12) to pay for operation of a lake improvement district, as authorized under section
34.15 103B.555. If the county utilizes this special levy, any amount levied by the county in the
34.16 previous levy year for the purposes specified under this clause and included in the county's
34.17 previous year's levy limitation computed under section 275.71 shall be deducted from
34.18 the levy limit base under section 275.71, subdivision 2, when determining the county's
34.19 current year levy limitation. The county shall provide the necessary information to the
34.20 commissioner of revenue for making this determination;

34.21 (13) to repay a state or federal loan used to fund the direct or indirect required
34.22 spending by the local government due to a state or federal transportation project or other
34.23 state or federal capital project. This authority may only be used if the project is not a
34.24 local government initiative;

34.25 (14) to pay for court administration costs as required under section 273.1398,
34.26 subdivision 4b, less the (i) county's share of transferred fines and fees collected by the
34.27 district courts in the county for calendar year 2001 and (ii) the aid amount certified to be
34.28 paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes
34.29 levied to pay for these costs in the year in which the court financing is transferred to the
34.30 state, the amount under this clause is limited to the amount of aid the county is certified to
34.31 receive under section 273.1398, subdivision 4a;

34.32 (15) to fund a ~~police or~~ firefighters relief association as required under section
34.33 ~~69.77~~ sections 31 to 43 to the extent that the required amount exceeds the amount levied
34.34 for this purpose in 2001;

34.35 (16) for purposes of a storm sewer improvement district under section 444.20;

35.1 (17) to pay for the maintenance and support of a city or county society for the
35.2 prevention of cruelty to animals under section 343.11, but not to exceed in any year
35.3 \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most
35.4 recent federal census, whichever is greater. If the city or county uses this special levy, any
35.5 amount levied by the city or county in the previous levy year for the purposes specified
35.6 in this clause and included in the city's or county's previous year's levy limit computed
35.7 under section 275.71, must be deducted from the levy limit base under section 275.71,
35.8 subdivision 2, in determining the city's or county's current year levy limit;

35.9 (18) for counties, to pay for the increase in their share of health and human service
35.10 costs caused by reductions in federal health and human services grants effective after
35.11 September 30, 2007;

35.12 (19) for a city, for the costs reasonably and necessarily incurred for securing,
35.13 maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by
35.14 the commissioner of revenue under section 275.74, subdivision 2. A city must have either
35.15 (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in
35.16 the city or in a zip code area of the city that is at least 50 percent higher than the average
35.17 foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2,
35.18 to use this special levy. For purposes of this paragraph, "foreclosure rate" means the
35.19 number of foreclosures, as indicated by sheriff sales records, divided by the number of
35.20 households in the city in 2007;

35.21 (20) for a city, for the unreimbursed costs of redeployed traffic-control agents and
35.22 lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified
35.23 to the Federal Highway Administration;

35.24 (21) to pay costs attributable to wages and benefits for sheriff, police, and fire
35.25 personnel. If a local governmental unit did not use this special levy in the previous year its
35.26 levy limit base under section 275.71 shall be reduced by the amount equal to the amount it
35.27 levied for the purposes specified in this clause in the previous year;

35.28 (22) an amount equal to any reductions in the certified aids or credit reimbursements
35.29 payable under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment
35.30 under section 16A.152 or reductions under another provision of law. The amount of the
35.31 levy allowed under this clause for each year is limited to the amount unallotted or reduced
35.32 from the aids and credit reimbursements certified for payment in the year following the
35.33 calendar year in which the tax levy is certified unless the unallotment or reduction amount
35.34 is not known by September 1 of the levy certification year, and the local government has
35.35 not adjusted its levy under section 275.065, subdivision 6, or 275.07, subdivision 6, in
35.36 which case that unallotment or reduction amount may be levied in the following year;

36.1 (23) to pay for the difference between one-half of the costs of confining sex offenders
 36.2 undergoing the civil commitment process and any state payments for this purpose pursuant
 36.3 to section 253B.185, subdivision 5;

36.4 (24) for a county to pay the costs of the first year of maintaining and operating a new
 36.5 facility or new expansion, either of which contains courts, corrections, dispatch, criminal
 36.6 investigation labs, or other public safety facilities and for which all or a portion of the
 36.7 funding for the site acquisition, building design, site preparation, construction, and related
 36.8 equipment was issued or authorized prior to the imposition of levy limits in 2008. The
 36.9 levy limit base shall then be increased by an amount equal to the new facility's first full
 36.10 year's operating costs as described in this clause; and

36.11 (25) for the estimated amount of reduction to market value credit reimbursements
 36.12 under section 273.1384 for credits payable in the year in which the levy is payable.

36.13 Sec. 47. Minnesota Statutes 2012, section 297I.10, subdivision 1, is amended to read:

36.14 Subdivision 1. **Cities of the first class.** (a) The commissioner shall order and direct
 36.15 a surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross
 36.16 premiums, less return premiums, on all direct business received by any licensed foreign or
 36.17 domestic fire insurance company on property in a city of the first class, or by its agents for
 36.18 it, in cash or otherwise.

36.19 (b) By July 31 and December 31 of each year, the commissioner of management
 36.20 and budget shall pay to ~~the relief association in each city of the first class~~ a warrant for
 36.21 an amount equal to the total amount of the surcharge on the premiums collected within
 36.22 ~~the that~~ city since the previous payment.

36.23 (c) The treasurer of the ~~relief association~~ city shall place the money received under
 36.24 this subdivision in ~~the a special account or fund of the relief association~~ to defray all or a
 36.25 portion of the employer contribution requirement of public employees police and fire
 36.26 plan coverage for city firefighters.

36.27 Sec. 48. Minnesota Statutes 2012, section 345.381, is amended to read:

36.28 **345.381 PROPERTY HELD BY MINNESOTA PUBLIC PENSION FUND.**

36.29 No amounts of money held or owing by a public pension fund enumerated in section
 36.30 356.20, subdivision 2, or 356.30, subdivision 3, or governed by sections ~~69.77 or 69.771~~ to
 36.31 ~~69.776 shall~~ sections 31 to 43 may be presumed to have been abandoned for purposes of
 36.32 sections 345.41, 345.42, 345.43, 345.47 and 345.48 if the plan governing the public pension
 36.33 fund includes a provision governing the disposition of unclaimed amounts of money.

37.1 Sec. 49. Minnesota Statutes 2012, section 353.01, subdivision 2a, is amended to read:

37.2 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees
 37.3 whose salary exceeds \$425 in any month and who are not specifically excluded under
 37.4 subdivision 2b or who have not been provided an option to participate under subdivision
 37.5 2d, whether individually or by action of the governmental subdivision, must participate as
 37.6 members of the association with retirement coverage by the general employees retirement
 37.7 plan under this chapter, the public employees police and fire retirement plan under this
 37.8 chapter, or the local government correctional employees retirement plan under chapter
 37.9 353E, whichever applies. Membership commences as a condition of their employment on
 37.10 the first day of their employment or on the first day that the eligibility criteria are met,
 37.11 whichever is later. Public employees include but are not limited to:

37.12 (1) persons whose salary meets the threshold in this paragraph from employment in
 37.13 one or more positions within one governmental subdivision;

37.14 (2) elected county sheriffs;

37.15 (3) persons who are appointed, employed, or contracted to perform governmental
 37.16 functions that by law or local ordinance are required of a public officer, including, but
 37.17 not limited to:

37.18 (i) town and city clerk or treasurer;

37.19 (ii) county auditor, treasurer, or recorder;

37.20 (iii) city manager as defined in section 353.028 who does not exercise the option
 37.21 provided under subdivision 2d; or

37.22 (iv) emergency management director, as provided under section 12.25;

37.23 (4) physicians under section 353D.01, subdivision 2, who do not elect public
 37.24 employees defined contribution plan coverage under section 353D.02, subdivision 2;

37.25 (5) full-time employees of the Dakota County Agricultural Society;

37.26 ~~(6) employees of the Minneapolis Firefighters Relief Association or Minneapolis~~
 37.27 ~~Police Relief Association who are not excluded employees under subdivision 2b due~~
 37.28 ~~to coverage by the relief association pension plan and who elected general employee~~
 37.29 ~~retirement plan coverage before August 20, 2009;~~

37.30 ~~(7)~~ (6) employees of the Red Wing Port Authority who were first employed by the
 37.31 Red Wing Port Authority before May 1, 2011, and who are not excluded employees
 37.32 under subdivision 2b; and

37.33 ~~(8)~~ (7) employees of the Seaway Port Authority of Duluth who are not excluded
 37.34 employees under subdivision 2b.

37.35 (b) A public employee or elected official who was a member of the association on
 37.36 June 30, 2002, based on employment that qualified for membership coverage by the public

38.1 employees retirement plan or the public employees police and fire plan under this chapter,
 38.2 or the local government correctional employees retirement plan under chapter 353E as of
 38.3 June 30, 2002, retains that membership for the duration of the person's employment in that
 38.4 position or incumbency in elected office. Except as provided in subdivision 28, the person
 38.5 shall participate as a member until the employee or elected official terminates public
 38.6 employment under subdivision 11a or terminates membership under subdivision 11b.

38.7 (c) If the salary of an included public employee is less than \$425 in any subsequent
 38.8 month, the member retains membership eligibility.

38.9 (d) For the purpose of participation in the MERF division of the general employees
 38.10 retirement plan, public employees include employees who were members of the former
 38.11 Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as
 38.12 members of the MERF division of the association.

38.13 Sec. 50. Minnesota Statutes 2012, section 353.01, subdivision 2b, is amended to read:

38.14 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible
 38.15 to participate as members of the association with retirement coverage by the general
 38.16 employees retirement plan, the local government correctional employees retirement plan
 38.17 under chapter 353E, or the public employees police and fire retirement plan:

38.18 (1) persons whose salary from one governmental subdivision never exceeds \$425 in
 38.19 a month;

38.20 (2) public officers who are elected to a governing body, city mayors, or persons who
 38.21 are appointed to fill a vacancy in an elective office of a governing body, whose term of office
 38.22 commences on or after July 1, 2002, for the service to be rendered in that elective position;

38.23 (3) election officers or election judges;

38.24 (4) patient and inmate personnel who perform services for a governmental
 38.25 subdivision;

38.26 (5) except as otherwise specified in subdivision 12a, employees who are hired for
 38.27 a temporary position as defined under subdivision 12a, and employees who resign from
 38.28 a nontemporary position and accept a temporary position within 30 days in the same
 38.29 governmental subdivision;

38.30 (6) employees who are employed by reason of work emergency caused by fire,
 38.31 flood, storm, or similar disaster;

38.32 (7) employees who by virtue of their employment in one governmental subdivision
 38.33 are required by law to be a member of and to contribute to any of the plans or funds
 38.34 administered by the Minnesota State Retirement System, the Teachers Retirement
 38.35 Association, the Duluth Teachers Retirement Fund Association, and the St. Paul Teachers

39.1 Retirement Fund Association, ~~or any police or firefighters relief association governed by~~
39.2 ~~section 69.77 that has not consolidated with the Public Employees Retirement Association,~~
39.3 ~~or any local police or firefighters consolidation account who have not elected the type of~~
39.4 ~~benefit coverage provided by the public employees police and fire fund under sections~~
39.5 ~~353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4, 5, or 6,~~
39.6 ~~who have not elected public employees police and fire plan benefit coverage.~~ This clause
39.7 must not be construed to prevent a person from being a member of and contributing to
39.8 the Public Employees Retirement Association and also belonging to and contributing to
39.9 another public pension plan or fund for other service occurring during the same period
39.10 of time. A person who meets the definition of "public employee" in subdivision 2 by
39.11 virtue of other service occurring during the same period of time becomes a member of the
39.12 association unless contributions are made to another public retirement fund on the salary
39.13 based on the other service or to the Teachers Retirement Association by a teacher as
39.14 defined in section 354.05, subdivision 2;

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

39.20 (9) employees of a governmental subdivision who have not reached the age of
39.21 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time
39.22 basis at an accredited school, college, or university in an undergraduate, graduate, or
39.23 professional-technical program, or a public or charter high school;

39.24 (10) resident physicians, medical interns, and pharmacist residents and pharmacist
39.25 interns who are serving in a degree or residency program in public hospitals or clinics;

39.26 (11) students who are serving in an internship or residency program sponsored
39.27 by an accredited educational institution;

39.28 (12) persons who hold a part-time adult supplementary technical college license who
39.29 render part-time teaching service in a technical college;

39.30 (13) except for employees of Hennepin County or Hennepin Healthcare System, Inc.,
39.31 foreign citizens who are employed by a governmental subdivision under a work permit, or
39.32 an H-1b visa initially issued or extended for a combined period less than three years of
39.33 employment. Upon extension of the employment beyond the three-year period, the foreign
39.34 citizens must be reported for membership beginning the first of the month thereafter
39.35 provided the monthly earnings threshold as provided under subdivision 2a is met;

40.1 (14) public hospital employees who elected not to participate as members of the
40.2 association before 1972 and who did not elect to participate from July 1, 1988, to October
40.3 1, 1988;

40.4 (15) except as provided in section 353.86, volunteer ambulance service personnel, as
40.5 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel
40.6 may still qualify as public employees under subdivision 2 and may be members of the
40.7 Public Employees Retirement Association and participants in the general employees
40.8 retirement plan or the public employees police and fire plan, whichever applies, on the
40.9 basis of compensation received from public employment service other than service as
40.10 volunteer ambulance service personnel;

40.11 (16) except as provided in section 353.87, volunteer firefighters, as defined in
40.12 subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties,
40.13 but a person who is a volunteer firefighter may still qualify as a public employee under
40.14 subdivision 2 and may be a member of the Public Employees Retirement Association and
40.15 a participant in the general employees retirement plan or the public employees police
40.16 and fire plan, whichever applies, on the basis of compensation received from public
40.17 employment activities other than those as a volunteer firefighter;

40.18 (17) pipefitters and associated trades personnel employed by Independent School
40.19 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the
40.20 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,
40.21 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter
40.22 241, article 2, section 12;

40.23 (18) electrical workers, plumbers, carpenters, and associated trades personnel who
40.24 are employed by Independent School District No. 625, St. Paul, or the city of St. Paul,
40.25 who have retirement coverage under a collective bargaining agreement by the Electrical
40.26 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,
40.27 or the pension plan applicable to Carpenters Local 87 who were either first employed after
40.28 May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under
40.29 Laws 2000, chapter 461, article 7, section 5;

40.30 (19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,
40.31 painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul
40.32 or Independent School District No. 625, St. Paul, with coverage under a collective
40.33 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,
40.34 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324
40.35 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities
40.36 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if

41.1 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special
41.2 Session chapter 10, article 10, section 6;

41.3 (20) plumbers who are employed by the Metropolitan Airports Commission, with
41.4 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,
41.5 who either were first employed after May 1, 2001, or if first employed before May 2,
41.6 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article
41.7 10, section 6;

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

41.11 (22) persons who are provided supported employment or work-study positions
41.12 by a governmental subdivision and who participate in an employment or industries
41.13 program maintained for the benefit of these persons where the governmental subdivision
41.14 limits the position's duration to three years or less, including persons participating in a
41.15 federal or state subsidized on-the-job training, work experience, senior citizen, youth, or
41.16 unemployment relief program where the training or work experience is not provided as a
41.17 part of, or for, future permanent public employment;

41.18 (23) independent contractors and the employees of independent contractors;

41.19 (24) reemployed annuitants of the association during the course of that
41.20 reemployment; and

41.21 (25) persons appointed to serve on a board or commission of a governmental
41.22 subdivision or an instrumentality thereof.

41.23 (b) Any person performing the duties of a public officer in a position defined in
41.24 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an
41.25 employee of an independent contractor.

41.26 Sec. 51. Minnesota Statutes 2012, section 353.01, subdivision 6, is amended to read:

41.27 Subd. 6. **Governmental subdivision.** (a) "Governmental subdivision" means a
41.28 county, city, town, school district within this state, or a department, unit or instrumentality
41.29 of state or local government, or any public body established under state or local
41.30 authority that has a governmental purpose, is under public control, is responsible for the
41.31 employment and payment of the salaries of employees of the entity, and receives a major
41.32 portion of its revenues from taxation, fees, assessments or from other public sources.

41.33 (b) Governmental subdivision also means the Public Employees Retirement
41.34 Association, the League of Minnesota Cities, the Association of Metropolitan
41.35 Municipalities, charter schools formed under section 124D.10, service cooperatives

42.1 exercising retirement plan participation under section 123A.21, subdivision 5, joint powers
 42.2 boards organized under section 471.59, subdivision 11, paragraph (a), family service
 42.3 collaboratives and children's mental health collaboratives organized under section 471.59,
 42.4 subdivision 11, paragraph (b) or (c), provided that the entities creating the collaboratives
 42.5 are governmental units that otherwise qualify for retirement plan membership, public
 42.6 hospitals owned or operated by, or an integral part of, a governmental subdivision or
 42.7 governmental subdivisions, the Association of Minnesota Counties, the Minnesota
 42.8 Inter-county Association, the Minnesota Municipal Utilities Association, the Metropolitan
 42.9 Airports Commission, the University of Minnesota with respect to police officers covered
 42.10 by the public employees police and fire retirement plan, the Minneapolis Employees
 42.11 Retirement Fund for employment initially commenced after June 30, 1979, the Range
 42.12 Association of Municipalities and Schools, soil and water conservation districts, economic
 42.13 development authorities created or operating under sections 469.090 to 469.108, the Port
 42.14 Authority of the city of St. Paul, the Seaway Port Authority of Duluth, the Red Wing
 42.15 Port Authority, the Spring Lake Park Fire Department, incorporated, the Lake Johanna
 42.16 Volunteer Fire Department, incorporated, the Red Wing Environmental Learning Center,
 42.17 the Dakota County Agricultural Society, and Hennepin Healthcare System, Inc., ~~and the~~
 42.18 ~~Minneapolis Firefighters Relief Association and Minneapolis Police Relief Association~~
 42.19 ~~with respect to staff covered by the Public Employees Retirement Association general plan.~~

42.20 (c) Governmental subdivision does not mean any municipal housing and
 42.21 redevelopment authority organized under the provisions of sections 469.001 to 469.047;
 42.22 or any port authority organized under sections 469.048 to 469.089 other than the Port
 42.23 Authority of the city of St. Paul or the Seaway Port Authority of Duluth and other than
 42.24 the Red Wing Port Authority; or any hospital district organized or reorganized prior to
 42.25 July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; or the board
 42.26 of a family service collaborative or children's mental health collaborative organized
 42.27 under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled
 42.28 by representatives of governmental units.

42.29 (d) A nonprofit corporation governed by chapter 317A or organized under Internal
 42.30 Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a
 42.31 governmental subdivision unless the entity has obtained a written advisory opinion from
 42.32 the United States Department of Labor or a ruling from the Internal Revenue Service
 42.33 declaring the entity to be an instrumentality of the state so as to provide that any future
 42.34 contributions by the entity on behalf of its employees are contributions to a governmental
 42.35 plan within the meaning of Internal Revenue Code, section 414(d).

43.1 (e) A public body created by state or local authority may request membership on
 43.2 behalf of its employees by providing sufficient evidence that it meets the requirements in
 43.3 paragraph (a).

43.4 (f) An entity determined to be a governmental subdivision is subject to the reporting
 43.5 requirements of this chapter upon receipt of a written notice of eligibility from the
 43.6 association.

43.7 Sec. 52. Minnesota Statutes 2012, section 353.01, subdivision 10, is amended to read:

43.8 Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:

43.9 (1) the periodic compensation of a public employee, before deductions for deferred
 43.10 compensation, supplemental retirement plans, or other voluntary salary reduction
 43.11 programs, and also means "wages" and includes net income from fees; and

43.12 (2) for a public employee who is covered by a supplemental retirement plan under
 43.13 section 356.24, subdivision 1, clause (8), (9), or (10), which require all plan contributions
 43.14 be made by the employer, the contribution to the applicable supplemental retirement plan
 43.15 when an agreement between the parties establishes that the contribution will either result
 43.16 in a mandatory reduction of employees' wages through payroll withholdings, or be made
 43.17 in lieu of an amount that would otherwise be paid as wages; and.

43.18 ~~(3) for a public employee who has prior service covered by a local police or~~
 43.19 ~~firefighters relief association that has consolidated with the Public Employees Retirement~~
 43.20 ~~Association or to which section 353.665 applies and who has elected coverage either~~
 43.21 ~~under the public employees police and fire fund benefit plan under section 353A.08~~
 43.22 ~~following the consolidation or under section 353.665, subdivision 4, the rate of salary~~
 43.23 ~~upon which member contributions to the special fund of the relief association were made~~
 43.24 ~~prior to the effective date of the consolidation as specified by law and by bylaw provisions~~
 43.25 ~~governing the relief association on the date of the initiation of the consolidation procedure~~
 43.26 ~~and the actual periodic compensation of the public employee after the effective date of~~
 43.27 ~~consolidation.~~

43.28 (b) Salary does not mean:

43.29 (1) the fees paid to district court reporters, unused annual vacation or sick leave
 43.30 payments, in lump-sum or periodic payments, severance payments, reimbursement of
 43.31 expenses, lump-sum settlements not attached to a specific earnings period, or workers'
 43.32 compensation payments;

43.33 (2) employer-paid amounts used by an employee toward the cost of insurance
 43.34 coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health
 43.35 care expense accounts, day care expenses, or any payments in lieu of any employer-paid

44.1 group insurance coverage, including the difference between single and family rates that
 44.2 may be paid to a member with single coverage and certain amounts determined by the
 44.3 executive director to be ineligible;

44.4 (3) the amount equal to that which the employing governmental subdivision would
 44.5 otherwise pay toward single or family insurance coverage for a covered employee when,
 44.6 through a contract or agreement with some but not all employees, the employer:

44.7 (i) discontinues, or for new hires does not provide, payment toward the cost of the
 44.8 employee's selected insurance coverages under a group plan offered by the employer;

44.9 (ii) makes the employee solely responsible for all contributions toward the cost of
 44.10 the employee's selected insurance coverages under a group plan offered by the employer,
 44.11 including any amount the employer makes toward other employees' selected insurance
 44.12 coverages under a group plan offered by the employer; and

44.13 (iii) provides increased salary rates for employees who do not have any
 44.14 employer-paid group insurance coverages;

44.15 (4) except as provided in section 353.86 or 353.87, compensation of any kind paid to
 44.16 volunteer ambulance service personnel or volunteer firefighters, as defined in subdivision
 44.17 35 or 36;

44.18 (5) the amount of compensation that exceeds the limitation provided in section
 44.19 356.611; and

44.20 (6) amounts paid by a federal or state grant for which the grant specifically
 44.21 prohibits grant proceeds from being used to make pension plan contributions, unless the
 44.22 contributions to the plan are made from sources other than the federal or state grant.

44.23 (c) Amounts provided to an employee by the employer through a grievance
 44.24 proceeding or a legal settlement are salary only if the settlement is reviewed by the
 44.25 executive director and the amounts are determined by the executive director to be
 44.26 consistent with paragraph (a) and prior determinations.

44.27 Sec. 53. Minnesota Statutes 2012, section 353.01, subdivision 16, is amended to read:

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

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

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

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

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

45.6 (5) a period of authorized personal, parental, or medical leave of absence without
45.7 pay, including a leave of absence covered under the federal Family Medical Leave Act,
45.8 that does not exceed one year, and for which a member obtained service credit for each
45.9 month in the leave period by payment under section 353.0161 to the fund made in place of
45.10 salary deductions. An employee must return to public service and render a minimum of
45.11 three months of allowable service in order to be eligible to make payment under section
45.12 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
45.13 employee must be granted allowable service credit for the purchased period;

45.14 (6) a periodic, repetitive leave that is offered to all employees of a governmental
45.15 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
45.16 as certified to the association by the employer. A participating member obtains service
45.17 credit by making employee contributions in an amount or amounts based on the member's
45.18 average salary, excluding overtime pay, that would have been paid if the leave had not been
45.19 taken. The employer shall pay the employer and additional employer contributions on
45.20 behalf of the participating member. The employee and the employer are responsible to pay
45.21 interest on their respective shares at the rate of 8.5 percent a year, compounded annually,
45.22 from the end of the normal cycle until full payment is made. An employer shall also make
45.23 the employer and additional employer contributions, plus 8.5 percent interest, compounded
45.24 annually, on behalf of an employee who makes employee contributions but terminates
45.25 public service. The employee contributions must be made within one year after the end of
45.26 the annual normal working cycle or within 30 days after termination of public service,
45.27 whichever is sooner. The executive director shall prescribe the manner and forms to be
45.28 used by a governmental subdivision in administering a periodic, repetitive leave. Upon
45.29 payment, the member must be granted allowable service credit for the purchased period;

45.30 (7) an authorized temporary or seasonal layoff under subdivision 12, limited to three
45.31 months allowable service per authorized temporary or seasonal layoff in one calendar year.
45.32 An employee who has received the maximum service credit allowed for an authorized
45.33 temporary or seasonal layoff must return to public service and must obtain a minimum of
45.34 three months of allowable service subsequent to the layoff in order to receive allowable
45.35 service for a subsequent authorized temporary or seasonal layoff;

46.1 (8) a period during which a member is absent from employment by a governmental
46.2 subdivision by reason of service in the uniformed services, as defined in United States
46.3 Code, title 38, section 4303(13), if the member returns to public service with the same
46.4 governmental subdivision upon discharge from service in the uniformed service within the
46.5 time frames required under United States Code, title 38, section 4312(e), provided that
46.6 the member did not separate from uniformed service with a dishonorable or bad conduct
46.7 discharge or under other than honorable conditions. The service must be credited if the
46.8 member pays into the fund equivalent employee contributions based upon the contribution
46.9 rate or rates in effect at the time that the uniformed service was performed multiplied by
46.10 the full and fractional years being purchased and applied to the annual salary rate. The
46.11 annual salary rate is the average annual salary, excluding overtime pay, during the purchase
46.12 period that the member would have received if the member had continued to be employed
46.13 in covered employment rather than to provide uniformed service, or, if the determination
46.14 of that rate is not reasonably certain, the annual salary rate is the member's average salary
46.15 rate, excluding overtime pay, during the 12-month period of covered employment rendered
46.16 immediately preceding the period of the uniformed service. Payment of the member
46.17 equivalent contributions must be made during a period that begins with the date on which
46.18 the individual returns to public employment and that is three times the length of the
46.19 military leave period, or within five years of the date of discharge from the military service,
46.20 whichever is less. If the determined payment period is less than one year, the contributions
46.21 required under this clause to receive service credit may be made within one year of the
46.22 discharge date. Payment may not be accepted following 30 days after termination of
46.23 public service under subdivision 11a. If the member equivalent contributions provided for
46.24 in this clause are not paid in full, the member's allowable service credit must be prorated
46.25 by multiplying the full and fractional number of years of uniformed service eligible for
46.26 purchase by the ratio obtained by dividing the total member contributions received by the
46.27 total member contributions otherwise required under this clause. The equivalent employer
46.28 contribution, and, if applicable, the equivalent additional employer contribution must be
46.29 paid by the governmental subdivision employing the member if the member makes the
46.30 equivalent employee contributions. The employer payments must be made from funds
46.31 available to the employing unit, using the employer and additional employer contribution
46.32 rate or rates in effect at the time that the uniformed service was performed, applied to the
46.33 same annual salary rate or rates used to compute the equivalent member contribution. The
46.34 governmental subdivision involved may appropriate money for those payments. The
46.35 amount of service credit obtainable under this section may not exceed five years unless a
46.36 longer purchase period is required under United States Code, title 38, section 4312. The

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

47.6 (9) a period specified under section 353.0162.

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

47.12 ~~(e) For a public employee who has prior service covered by a local police or~~
 47.13 ~~firefighters relief association that has consolidated with the Public Employees Retirement~~
 47.14 ~~Association under chapter 353A or to which section 353.665 applies, and who has~~
 47.15 ~~elected the type of benefit coverage provided by the public employees police and fire~~
 47.16 ~~fund either under section 353A.08 following the consolidation or under section 353.665,~~
 47.17 ~~subdivision 4, "allowable service" is a period of service credited by the local police or~~
 47.18 ~~firefighters relief association as of the effective date of the consolidation based on law~~
 47.19 ~~and on bylaw provisions governing the relief association on the date of the initiation~~
 47.20 ~~of the consolidation procedure.~~

47.21 ~~(d)~~ (c) No member may receive more than 12 months of allowable service credit in a
 47.22 year either for vesting purposes or for benefit calculation purposes. For an active member
 47.23 who was an active member of the former Minneapolis Firefighters Relief Association
 47.24 on December 29, 2011, "allowable service" is the period of service credited by the
 47.25 Minneapolis Firefighters Relief Association as reflected in the transferred records of the
 47.26 association up to December 30, 2011, and the period of service credited under paragraph
 47.27 (a), clause (1), after December 30, 2011. For an active member who was an active member
 47.28 of the former Minneapolis Police Relief Association on December 29, 2011, "allowable
 47.29 service" is the period of service credited by the Minneapolis Police Relief Association as
 47.30 reflected in the transferred records of the association up to December 30, 2011, and the
 47.31 period of service credited under paragraph (a), clause (1), after December 30, 2011.

47.32 ~~(e)~~ (d) MS 2002 [Expired]

47.33 Sec. 54. Minnesota Statutes 2012, section 353.64, subdivision 1a, is amended to read:

47.34 Subd. 1a. **Police and fire plan; other members.** (a) A person who ~~prior to July~~
 47.35 ~~1, 1961, was a member of the police and fire plan, by virtue of being a police officer or~~

48.1 firefighter, shall, as long as the person remains in either position, continue membership in
48.2 the plan.

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

48.10 (e) (b) A person who was employed as a correctional officer by Rice county before
48.11 July 1, 1998, for the duration of employment in the correctional position held on July 1,
48.12 1998, continues to be a member of the public employees police and fire plan, whether or
48.13 not the person has the power of arrest by warrant and is licensed by the Peace Officers
48.14 Standards and Training Board after that date.

48.15 (d) A person who was employed by a governmental subdivision as a police officer
48.16 or a firefighter, whichever applies, was an active member of the local police or salaried
48.17 firefighters relief association located in that governmental subdivision by virtue of that
48.18 employment as of the effective date of the consolidation as authorized by sections
48.19 353A.01 to 353A.10, and has elected coverage by the public employees police and fire
48.20 plan, shall become a member of the police and fire plan after that date if employed by
48.21 the same governmental subdivision in a position in the same department in which the
48.22 person was employed on that date.

48.23 (e) Any police officer or firefighter of a relief association that has consolidated
48.24 with the association for which the employee has not elected coverage by the public
48.25 employees police and fire plan as provided in sections 353A.01 to 353A.10, or any police
48.26 officer or firefighter to whom section 353.665 applies who has not elected coverage by
48.27 the public employees police and fire plan as provided in section 353.665, subdivision 4,
48.28 must become a member of the public employees police and fire plan, but is not subject
48.29 to the provisions of sections 353.651 to 353.659 unless an election for such coverage is
48.30 made under section 353.665, subdivision 4.

48.31 Sec. 55. Minnesota Statutes 2012, section 353.659, is amended to read:

48.32 **353.659 LOCAL RELIEF ASSOCIATION CONSOLIDATION ACCOUNT**
48.33 **BENEFITS.**

48.34 (a) For any person who has had prior service covered by a local police or firefighters
48.35 relief association which has consolidated merged with the public employees police and

49.1 fire retirement association plan and who has elected the type of benefit coverage provided
 49.2 by the public employees police and fire fund benefit plan ~~under section 353A.08 following~~
 49.3 ~~the consolidation~~ as permitted by the applicable law, ~~any~~ the retirement benefits payable
 49.4 are governed by the applicable provisions of this chapter.

49.5 (b) For any person who ~~has had~~ had prior service covered by a local police or firefighters
 49.6 relief association which has ~~consolidated~~ merged with the public employees police and fire
 49.7 retirement association plan and who ~~has did not elected~~ elect the type of benefit coverage
 49.8 provided by the public employees police and fire fund benefit plan ~~under section 353A.08~~
 49.9 ~~following the consolidation~~ as permitted by the applicable law, ~~any~~ the retirement benefits
 49.10 payable are governed by the provisions of Minnesota Statutes 2012, sections 353B.01 to
 49.11 353B.13 which ~~apply~~ applied to the applicable former relief association or by section
 49.12 353.6511 or 353.6512, if applicable.

49.13 Sec. 56. Minnesota Statutes 2012, section 353.665, subdivision 1, is amended to read:

49.14 Subdivision 1. **Merger authorized Application.** (a) ~~Notwithstanding any~~
 49.15 ~~provision of law to the contrary, unless the applicable municipality elects otherwise under~~
 49.16 ~~paragraph (b), every~~ This section applies to the local police and fire relief associations or
 49.17 ~~consolidation account under chapter 353A in existence on March 1, 1999, becomes a part~~
 49.18 ~~of accounts that merged with the public employees police and fire plan and fund governed~~
 49.19 ~~by sections 353.63 to 353.659 on July 1, 1999 and are specified in paragraph (b).~~

49.20 (b) ~~If a municipality desires to retain its consolidation account~~ The former local
 49.21 police or fire relief associations or consolidation accounts, whichever applies, the
 49.22 ~~governing body of the municipality must adopt a resolution to that effect and must file a~~
 49.23 ~~copy of the resolution with the secretary of state, the state auditor, the legislative auditor,~~
 49.24 ~~the management and budget commissioner, the revenue commissioner, the executive~~
 49.25 ~~director of the public employees retirement association, and the executive director of~~
 49.26 ~~the Legislative Commission on Pensions and Retirement. The retention election must~~
 49.27 ~~apply to both consolidation accounts if the municipality is associated with more than~~
 49.28 ~~one consolidation account. The retention resolution must be adopted and filed with all~~
 49.29 ~~recipients before June 15, 1999.~~ are:

49.30 (1) the former local police and fire consolidation accounts that merged with the public
 49.31 employees police and fire retirement plan and fund under Laws 1999, chapter 222, article 4;

49.32 (2) the former Minneapolis Firefighters Relief Association;

49.33 (3) the former Minneapolis Police Relief Association;

49.34 (4) the former Fairmont Police Relief Association; and

49.35 (5) the former Virginia Fire Consolidation Account.

50.1 Sec. 57. Minnesota Statutes 2012, section 353.665, subdivision 5, is amended to read:

50.2 Subd. 5. **Benefit coverage for retirees and benefit recipients certain former local**
 50.3 **relief association or consolidation account members.** (a) ~~A person who received a~~
 50.4 ~~Except as provided in paragraph (b), (c), or (d), the annuity, service pension, a disability~~
 50.5 ~~pension or benefit, or a survivor benefit from a merging attributable to or of a former~~
 50.6 ~~member of a former merged local police or fire consolidation account for the month of June~~
 50.7 ~~1999, and who has did not previously elected participation in the Minnesota postretirement~~
 50.8 ~~investment fund for any future postretirement adjustments rather than the postretirement~~
 50.9 ~~adjustment mechanism or mechanisms of the relief association benefit plan under~~
 50.10 ~~section 353A.08, subdivision 1, may elect participation in the Minnesota postretirement~~
 50.11 ~~investment fund for any future postretirement adjustments or retention of the~~
 50.12 ~~postretirement adjustment mechanism or mechanisms of the relief association benefit plan~~
 50.13 ~~as reflected in the applicable provisions of chapter 353B. This election must be in writing~~
 50.14 ~~on a form prescribed by the executive director and must be made before September 1,~~
 50.15 ~~1999. elect coverage by all or a portion of the public employees police and fire retirement~~
 50.16 ~~plan as permitted by applicable law must be calculated or computed under the benefit plan~~
 50.17 ~~provisions of the applicable former local police or paid firefighters relief association.~~

50.18 (b) ~~If an eligible person is a minor, the election must be made by the person's~~
 50.19 ~~parent or legal guardian. If the eligible person makes no affirmative election under this~~
 50.20 ~~subdivision, the person retains the postretirement adjustment mechanism or mechanisms of~~
 50.21 ~~the relief association benefit plan as reflected in the applicable provisions of chapter 353B.~~
 50.22 ~~The annuity, service pension, disability pension or benefit, or survivor benefit attributable~~
 50.23 ~~to or of a former member of the former Minneapolis Firefighters Relief Association or of~~
 50.24 ~~the former Minneapolis Police Relief Association must be calculated or computed under~~
 50.25 ~~sections 353.01, subdivision 10a or 10b, and 353.6511, or 353.6512, whichever applies.~~

50.26 (c) ~~The survivor benefit payable on behalf of any service pension or disability benefit~~
 50.27 ~~recipient who elects participation in the Minnesota postretirement investment fund must~~
 50.28 ~~be calculated under the relief association benefit plan in effect on the effective date of~~
 50.29 ~~consolidation under chapter 353A as reflected in the applicable provisions of chapter 353B.~~
 50.30 ~~The annuity, service pension, disability pension or benefit, or survivor benefit attributable~~
 50.31 ~~to or of a former member of the former Fairmont Police Relief Association must be~~
 50.32 ~~calculated or computed under Minnesota Statutes 2000, sections 423.41 to 423.46, 423.48~~
 50.33 ~~to 423.59, 423.61, and 423.62; Laws 1963, chapter 423; Laws 1977, chapter 100; and Laws~~
 50.34 ~~1999, chapter 222, article 3, section 4, except that the annual base salary figure for pension~~
 50.35 ~~and benefit determinations upon consolidation and for the balance of calendar year 2012 is~~

51.1 \$106,666.67 and after December 31, 2012, annual postretirement adjustments of pensions
 51.2 and benefits in force must be calculated solely under section 356.415, subdivision 1c.

51.3 (d) The annuity, service pension, disability pension or benefit, or survivor benefit
 51.4 attributable to or of a former member of the former Virginia firefighters consolidation
 51.5 account must be calculated or computed under the election made under Minnesota
 51.6 Statutes 2012, section 353A.08, unless the person made a subsequent election under Laws
 51.7 2012, chapter 286, article 11, section 5, subdivision 4, subject to any additional ad hoc
 51.8 postretirement adjustment under Laws 2012, chapter 286, article 11, section 5, subdivision
 51.9 5, paragraph (d).

51.10 Sec. 58. Minnesota Statutes 2012, section 353.665, subdivision 8, is amended to read:

51.11 Subd. 8. **Member and employer contributions.** (a) ~~Effective on the first day of the~~
 51.12 ~~first full pay period following June 30, 1999, Except as provided in paragraph (b), (c),~~
 51.13 ~~or (d), the employee contribution rate for merging merged former consolidation account~~
 51.14 ~~active members is the rate specified in section 353.65, subdivision 2, and the regular~~
 51.15 ~~municipal contribution rate on behalf of merged former consolidation account active~~
 51.16 ~~members is the rate specified in section 353.65, subdivision 3.~~

51.17 ~~(b) The municipality associated with a merging former local consolidation account~~
 51.18 ~~that had a positive value amortizable base calculation under subdivision 7, paragraph (d),~~
 51.19 ~~after the preliminary calculation or the second calculation, whichever applies, must make~~
 51.20 ~~an additional municipal contribution to the public employees police and fire plan for~~
 51.21 ~~the period from January 1, 2000, to December 31, 2009. The amount of the additional~~
 51.22 ~~municipal contribution is the amount calculated by the actuary retained under section~~
 51.23 ~~356.214 and certified by the executive director of the Public Employees Retirement~~
 51.24 ~~Association by which the amortizable base amount would be amortized on a level dollar~~
 51.25 ~~annual end-of-the-year contribution basis, using an 8.5 percent interest rate assumption.~~
 51.26 ~~The additional municipal contribution is payable during the month of January, is without~~
 51.27 ~~any interest, or if made after January 31, but before the next following December 31,~~
 51.28 ~~is payable with interest for the period since January 1 at a rate which is equal to the~~
 51.29 ~~preretirement interest rate assumption specified in section 356.215, subdivision 8,~~
 51.30 ~~applicable to the public employees police and fire fund expressed as a monthly rate and~~
 51.31 ~~compounded on a monthly basis or if made after December 31 of the year in which the~~
 51.32 ~~additional municipal contribution is due is payable with interest at a rate which is four~~
 51.33 ~~percent greater than the highest interest rate assumption specified in section 356.215,~~
 51.34 ~~subdivision 8, expressed as a monthly rate and compounded monthly from January 1 of the~~
 51.35 ~~year in which the additional municipal contribution is due until the date on which payment~~

52.1 ~~is made.~~ With respect to active members of the merged former Minneapolis Firefighters
52.2 Relief Association and the merged former Minneapolis Police Relief Association, there are
52.3 no employee contributions payable and the employer contribution on behalf of those active
52.4 members is at the rate specified in section 353.65, subdivision 3, applied to the active
52.5 member's salary. In addition, an additional municipal contribution is payable by the city of
52.6 Minneapolis annually on July 15, set at the amount calculated as of December 30, 2011, as
52.7 sufficient to amortize, on a level annual dollar basis by December 31, 2031, the unfunded
52.8 present value figure calculated as required by Laws 2011, First Special Session chapter 8,
52.9 article 6, section 14, subdivision 6, paragraph (a), and article 7, section 14, subdivision
52.10 6, paragraph (a). If the postretirement or preretirement interest rate actuarial assumption
52.11 applicable to the public employees police and fire retirement plan under section 356.215,
52.12 subdivision 8, is modified from the rates specified in Minnesota Statutes 2010, section
52.13 356.215, subdivision 8, the remainder present value of future benefits amount calculation
52.14 under Laws 2011, First Special Session chapter 8, article 6, section 14, subdivision 6,
52.15 paragraph (a), and article 7, section 14, subdivision 6, paragraph (a), updated for the passage
52.16 of time, must be revised and the amortization contribution by the city of Minneapolis for
52.17 the balance of the amortization period must be redetermined by the actuary retained under
52.18 section 356.214 and certified by the executive director to the city of Minneapolis.

52.19 (c) If there are assets of the former Fairmont Police Relief Association in excess of
52.20 the present value of future benefits as of June 29, 2012, these assets must be credited to an
52.21 interest bearing suspense account within the public employees police and fire retirement
52.22 fund, must be used to offset any amount payable under paragraph (a) until June 30, 2015,
52.23 and, after June 30, 2015, must be paid to the city of Fairmont. The suspense account must
52.24 be credited with the same rate of investment return as the public employees police and fire
52.25 retirement fund. If, after June 29, 2012, the postretirement or preretirement interest rate
52.26 actuarial assumption applicable to the public employees police and fire retirement plan
52.27 under section 356.215, subdivision 8, is modified from the rates specified in Minnesota
52.28 Statutes 2010, section 356.215, subdivision 8, the remainder present value of future
52.29 benefits amount calculation under paragraph (a), updated for the passage of time, must be
52.30 revised and the amortization contribution by the city of Fairmont for the balance of the
52.31 amortization period must be redetermined by the actuary retained under section 356.214
52.32 and certified by the executive director to the city of Fairmont.

52.33 (d) If there was a remainder present value of future benefits amounts under
52.34 Laws 2012, chapter 286, article 11, section 5, subdivision 5, paragraph (a), the city of
52.35 Virginia shall pay an additional municipal contribution annually on or before December
52.36 31 sufficient to amortize on a level annual dollar basis by December 31, 2020, that

53.1 remainder present value of future benefits amounts of the former Virginia fire department
 53.2 consolidation account. If, after June 29, 2012, the postretirement or preretirement interest
 53.3 rate actuarial assumption applicable to the public employees police and fire retirement plan
 53.4 under section 356.215, subdivision 8, is modified from the rates specified in Minnesota
 53.5 Statutes 2010, section 356.215, subdivision 8, the remainder present value of future
 53.6 benefits amount calculation under paragraph (a), updated for the passage of time, must be
 53.7 revised and any amortization contribution by the city of Virginia for the balance of the
 53.8 amortization period must be redetermined by the actuary retained under section 356.214
 53.9 and certified by the executive director to the city of Virginia.

53.10 Sec. 59. Minnesota Statutes 2012, section 353.71, subdivision 1, is amended to read:

53.11 Subdivision 1. **Eligibility.** Any person who has been a member of a defined
 53.12 benefit retirement plan administered by the Public Employees Retirement Association,
 53.13 or a retirement plan administered by the Minnesota State Retirement System, or the
 53.14 Teachers Retirement Association, or any other public retirement system in the state of
 53.15 Minnesota having a like provision, except a retirement plan providing benefits for police
 53.16 officers or firefighters governed by sections ~~69.77~~ or 69.771 to 69.776, or by sections 31
 53.17 to 43, is entitled, when qualified, to an annuity from each retirement plan if the total
 53.18 allowable service in all retirement plans or in any two of these retirement plans totals the
 53.19 number of years of allowable service required to receive a normal retirement annuity for
 53.20 that retirement plan, provided that no portion of the allowable service upon which the
 53.21 retirement annuity from one retirement plan is based is again used in the computation for
 53.22 benefits from another retirement plan and provided further that the person has not taken a
 53.23 refund from any one of these retirement plans since the person's membership in that
 53.24 association or system last terminated. The annuity from each fund must be determined by
 53.25 the appropriate provisions of the law except that the requirement that a person must have
 53.26 at least a specific minimum period of allowable service in the respective association or
 53.27 system does not apply for the purposes of this section if the combined service in two or
 53.28 more of these retirement plans equals the number of years of allowable service required to
 53.29 receive a normal retirement annuity for that retirement plan.

53.30 Sec. 60. Minnesota Statutes 2012, section 356.20, subdivision 2, is amended to read:

53.31 Subd. 2. **Covered public pension plans and funds.** This section applies to the
 53.32 following public pension plans:

53.33 (1) the general state employees retirement plan of the Minnesota State Retirement
 53.34 System;

- 54.1 (2) the general employees retirement plan of the Public Employees Retirement
 54.2 Association;
- 54.3 (3) the Teachers Retirement Association;
- 54.4 (4) the State Patrol retirement plan;
- 54.5 (5) the St. Paul Teachers Retirement Fund Association;
- 54.6 (6) the Duluth Teachers Retirement Fund Association;
- 54.7 (7) the University of Minnesota faculty retirement plan;
- 54.8 (8) the University of Minnesota faculty supplemental retirement plan;
- 54.9 (9) the judges retirement fund;
- 54.10 (10) ~~a police or firefighter's relief association specified or described in section 69.77,~~
 54.11 ~~subdivision 1a~~ the Bloomington Fire Department Relief Association;
- 54.12 (11) a volunteer firefighter relief association governed by section 69.771, subdivision
 54.13 1;
- 54.14 (12) the public employees police and fire plan of the Public Employees Retirement
 54.15 Association;
- 54.16 (13) the correctional state employees retirement plan of the Minnesota State
 54.17 Retirement System;
- 54.18 (14) the local government correctional service retirement plan of the Public
 54.19 Employees Retirement Association; and
- 54.20 (15) the voluntary statewide lump-sum volunteer firefighter retirement plan.

54.21 Sec. 61. Minnesota Statutes 2012, section 356.215, subdivision 18, is amended to read:

54.22 Subd. 18. **Establishment of actuarial assumptions.** (a) Before July 2, 2010, the
 54.23 actuarial assumptions used for the preparation of actuarial valuations under this section
 54.24 that are other than preretirement interest, postretirement interest, salary increase, and
 54.25 payroll increase may be changed only with the approval of the Legislative Commission on
 54.26 Pensions and Retirement or after a period of one year has elapsed since the date on which
 54.27 the proposed assumption change or changes were received by the Legislative Commission
 54.28 on Pensions and Retirement without commission action.

54.29 (b) After July 1, 2010, the actuarial assumptions used for the preparation of actuarial
 54.30 valuations under this section that are other than postretirement interest and preretirement
 54.31 interest may be changed only with the approval of the Legislative Commission on
 54.32 Pensions and Retirement or after a period of one year has elapsed since the date on which
 54.33 the proposed assumption change or changes were received by the Legislative Commission
 54.34 on Pensions and Retirement without commission action.

55.1 (c) A change in the applicable actuarial assumptions may be proposed by the
 55.2 governing board of the applicable pension fund or relief association, by the actuary
 55.3 retained by the joint retirement systems under section 356.214 or by the actuary retained
 55.4 by a local police or firefighters relief association governed by sections ~~69.77 or 69.771~~ to
 55.5 69.776 or by sections 31 to 43, if one is retained.

55.6 Sec. 62. Minnesota Statutes 2012, section 356.216, is amended to read:

55.7 **356.216 CONTENTS OF ACTUARIAL VALUATIONS FOR LOCAL**
 55.8 **POLICE AND FIRE FUNDS MONTHLY VOLUNTEER FIREFIGHTER RELIEF**
 55.9 **ASSOCIATIONS.**

55.10 The provisions of section 356.215 that govern the contents of actuarial valuations
 55.11 ~~must apply to the Bloomington Fire Department Relief Association and to any local police~~
 55.12 ~~or fire pension fund or monthly volunteer firefighter relief association~~ required to make
 55.13 an actuarial report under this section, except as follows:

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

55.19 ~~(2) (1) in lieu of the amortization date specified in section 356.215, subdivision~~
 55.20 ~~11, the appropriate amortization target date specified in clause (2) or section ~~69.77,~~~~
 55.21 ~~subdivision 4, or 69.773, subdivision 4, clause paragraph (c), must be used in calculating~~
 55.22 ~~any required amortization contribution, except that if the actuarial report;~~

55.23 ~~(2) for the Bloomington Fire Department Relief Association indicates an, any~~
 55.24 ~~unfunded actuarial accrued liability, the unfunded obligation is to must be amortized on~~
 55.25 ~~a level dollar basis by December 31 of the year occurring 20 years later after the year~~
 55.26 ~~in which the unfunded actuarial accrued liability initially occurred, and, if subsequent~~
 55.27 ~~actuarial valuations for the Bloomington Fire Department Relief Association determine~~
 55.28 ~~indicate a net actuarial experience loss incurred during the year which ended as of the day~~
 55.29 ~~before the most recent actuarial valuation date, any unfunded actuarial accrued liability~~
 55.30 ~~due to that loss is to be amortized on a level dollar basis by December 31 of the year~~
 55.31 ~~occurring 20 years later after the year in which the net actuarial experience loss occurred;~~

55.32 (3) in addition to the tabulation of active members and annuitants provided for in
 55.33 section 356.215, subdivision 13, ~~the member contributions for active members for the~~
 55.34 ~~calendar year and the prospective annual retirement annuities service pensions under the~~
 55.35 ~~benefit plan for active members must be reported;~~

56.1 (4) actuarial valuations required under section 40 must be made annually and
 56.2 actuarial valuations required under section 69.773, subdivision 2, must be made at least
 56.3 every four years and ~~actuarial valuations required under section 69.77 shall be made~~
 56.4 ~~annually~~ or as frequently as required by generally accepted accounting principles in the
 56.5 government sector, whichever frequency requirement is shorter;

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

56.11 (i) for active members:

56.12 1. (A) retirement benefits or service pensions;

56.13 2. (B) disability benefits; and

56.14 3. ~~refund liability due to death or withdrawal;~~

56.15 4. (C) survivors' benefits;

56.16 (ii) for deferred annuitants' benefits;

56.17 (iii) for former members without vested rights;

56.18 (iv) for annuitants;:

56.19 1. (A) retirement annuities or service pensions;

56.20 2. (B) disability annuities; and

56.21 3. ~~surviving spouses' annuities;~~

56.22 4. ~~surviving children's annuities;~~ (C) survivor benefits.

56.23 In addition to those required reserves, separate items must be shown for additional
 56.24 benefits, if any, which may not be appropriately included in the reserves listed above; and

56.25 (6) actuarial valuations are due to be filed with the state auditor by the first day of
 56.26 the seventh month after the end of the fiscal year which the actuarial valuation covers.

56.27 Sec. 63. Minnesota Statutes 2012, section 356.219, subdivision 1, is amended to read:

56.28 Subdivision 1. **Report required.** (a) The State Board of Investment, on behalf
 56.29 of the public pension funds and programs for which it is the investment authority, and
 56.30 any Minnesota public pension plan that is not fully invested through the State Board of
 56.31 Investment, including the Bloomington Fire Department Relief Association and a local
 56.32 ~~police or volunteer~~ firefighters relief association governed by sections ~~69.77 or 69.771~~ to
 56.33 69.775, shall report the information specified in subdivision 3 to the state auditor. The
 56.34 state auditor may prescribe a form or forms for the purposes of the reporting requirements
 56.35 contained in this section.

57.1 (b) The Bloomington Fire Department Relief Association and a local police or
 57.2 volunteer firefighters relief association governed by section 69.77 or sections 69.771 to
 57.3 69.775 is fully invested during a given calendar year for purposes of this section if all
 57.4 assets of the applicable pension plan beyond sufficient cash equivalent investments to
 57.5 cover six months expected expenses are invested under section 11A.17. The board of any
 57.6 fully invested public pension plan remains responsible for submitting investment policy
 57.7 statements and subsequent revisions as required by subdivision 3, paragraph (a).

57.8 (c) For purposes of this section, the State Board of Investment is considered to be
 57.9 the investment authority for any Minnesota public pension fund required to be invested by
 57.10 the State Board of Investment under section 11A.23, or for any Minnesota public pension
 57.11 fund authorized to invest in the supplemental investment fund under section 11A.17 and
 57.12 which is fully invested by the State Board of Investment.

57.13 (d) This section does not apply to the following plans:

- 57.14 (1) the Minnesota unclassified employees retirement program under chapter 352D;
- 57.15 (2) the public employees defined contribution plan under chapter 353D;
- 57.16 (3) the individual retirement account plans under chapters 354B and 354D;
- 57.17 (4) the higher education supplemental retirement plan under chapter 354C;
- 57.18 (5) any alternative retirement benefit plan established under section 383B.914; and
- 57.19 (6) the University of Minnesota faculty retirement plan.

57.20 Sec. 64. Minnesota Statutes 2012, section 356.219, subdivision 2, is amended to read:

57.21 Subd. 2. **Asset class definition.** (a) For purposes of this section, "asset class"
 57.22 means any of the following asset groupings as authorized in applicable law, bylaws, or
 57.23 articles of incorporation:

57.24 (1) cash and any cash equivalent investments with maturities of one year or less
 57.25 when issued;

57.26 (2) debt securities with maturities greater than one year when issued, including
 57.27 but not limited to mortgage participation certificates and pools, asset backed securities,
 57.28 guaranteed investment contracts, and authorized government and corporate obligations of
 57.29 corporations organized under laws of the United States or any state, or the Dominion of
 57.30 Canada or its provinces;

57.31 (3) stocks or convertible issues of any corporation organized under laws of the
 57.32 United States or any state, or the Dominion of Canada or its provinces, or any corporation
 57.33 listed on the New York Stock Exchange or the American Stock Exchange;

57.34 (4) international stocks or convertible issues;

57.35 (5) international debt securities; and

58.1 (6) real estate and venture capital.

58.2 (b) If the pension plan is investing ~~under section 69.77, subdivision 9, section 69.775,~~
 58.3 ~~or any other applicable law,~~ in open-end investment companies registered under the
 58.4 federal Investment Company Act of 1940, or in the Minnesota supplemental investment
 58.5 fund under section 11A.17, this investment must be included under an asset class indicated
 58.6 in paragraph (a), clauses (1) through (6), as appropriate. If the investment vehicle includes
 58.7 underlying securities from more than one asset class as indicated by paragraph (a), clauses
 58.8 (1) through (6), the investment may be treated as a separate asset class.

58.9 Sec. 65. Minnesota Statutes 2012, section 356.219, subdivision 8, is amended to read:

58.10 Subd. 8. **Timing of reports.** (a) For ~~salaried firefighter relief associations, police~~
 58.11 ~~the Bloomington Fire Department Relief associations, Association and the~~ volunteer
 58.12 firefighter relief associations, the information required under this section must be
 58.13 submitted by the due date for reports required under section 69.051, subdivision 1 or 1a,
 58.14 as applicable. If a relief association satisfies the definition of a fully invested plan under
 58.15 subdivision 1, paragraph (b), for the calendar year covered by the report required under
 58.16 section 69.051, subdivision 1 or 1a, as applicable, the chief administrative officer of
 58.17 the covered pension plan shall certify that compliance on a form prescribed by the state
 58.18 auditor. The state auditor shall transmit annually to the State Board of Investment a list or
 58.19 lists of covered pension plans which submitted certifications in order to facilitate reporting
 58.20 by the State Board of Investment under paragraph (c).

58.21 (b) For the St. Paul Teachers Retirement Fund Association, the Duluth Teachers
 58.22 Retirement Fund Association, and the University of Minnesota faculty supplemental
 58.23 retirement plan, the information required under this section must be submitted to the state
 58.24 auditor by June 1 of each year.

58.25 (c) The State Board of Investment, on behalf of pension funds specified in
 58.26 subdivision 1, paragraph (c), must report information required under this section by
 58.27 September 1 of each year.

58.28 Sec. 66. Minnesota Statutes 2012, section 356.406, subdivision 1, is amended to read:

58.29 Subdivision 1. **Definitions.** (a) Each of the words or terms defined in this
 58.30 subdivision has the meaning indicated.

58.31 (b) "Public pension plan" means any retirement plan or fund enumerated in section
 58.32 356.20, subdivision 2, or 356.30, subdivision 3, the Bloomington Fire Department Relief
 58.33 Association, any relief association governed by ~~section 69.77~~ or sections 69.771 to
 58.34 69.775, any retirement plan governed by chapter 354B or 354C, the Hennepin County

59.1 supplemental retirement plan governed by sections 383B.46 to 383B.52, or any housing
59.2 and redevelopment authority retirement plan.

59.3 (c) "Public pension plan member" means a person who is a participant covered by
59.4 a public pension plan; a former participant of a public pension plan who has sufficient
59.5 service to be entitled to receive a future retirement annuity or service pension; a recipient
59.6 of a retirement annuity, service pension, or disability benefit from a public pension plan; or
59.7 a former participant of a public pension plan who has member or employee contributions
59.8 to the person's credit in the public pension plan.

59.9 (d) "Survivor" means the surviving spouse, a former spouse, a surviving child, a
59.10 joint annuitant, a designated recipient of a second or remainder portion of an optional
59.11 annuity form, a beneficiary, or the estate of a deceased public pension plan member, as
59.12 those terms are commonly understood or defined in the benefit plan document of the
59.13 public pension plan.

59.14 (e) "Survivor benefit" means a surviving spouse benefit, surviving child benefit,
59.15 second or remainder portion of an optional annuity form, a death benefit, a funeral benefit,
59.16 or a refund of member or employee contributions payable on account of the death of a
59.17 public pension plan member as provided for in the benefit plan document of the public
59.18 pension plan.

59.19 Sec. 67. Minnesota Statutes 2012, section 356A.01, subdivision 19, is amended to read:

59.20 Subd. 19. **Pension fund.** "Pension fund" means the assets amassed and held in a
59.21 pension plan, other than the general fund, as reserves for present and future payment
59.22 of benefits and administrative expenses. For the Bloomington Fire Department Relief
59.23 Association or a retirement plan governed by section 69.77 or by chapter 424A, the term
59.24 means the relief association special fund.

59.25 Sec. 68. Minnesota Statutes 2012, section 356A.06, subdivision 4, is amended to read:

59.26 Subd. 4. **Economic interest statement.** (a) Each member of the governing board
59.27 of a covered pension plan and the chief administrative officer of the plan shall file with
59.28 the plan a statement of economic interest.

59.29 (b) For a covered pension plan other than a plan specified in paragraph (c), the
59.30 statement must contain the information required by section 10A.09, subdivision 5, and
59.31 any other information that the fiduciary or the governing board of the plan determines is
59.32 necessary to disclose a reasonably foreseeable potential or actual conflict of interest.

59.33 (c) For a covered pension plan governed by sections 69.771 to 69.776 or a covered
59.34 ~~pension plan governed by section 69.77~~ with the Bloomington Fire Department Relief

60.1 Association if its special fund assets are under \$8,000,000, the statement must contain
60.2 the following:

60.3 (1) the person's principal occupation and principal place of business;

60.4 (2) whether or not the person has an ownership of or interest of ten percent or greater
60.5 in an investment security brokerage business, a real estate sales business, an insurance
60.6 agency, a bank, a savings and loan, or another financial institution; and

60.7 (3) any relationship or financial arrangement that can reasonably be expected to
60.8 give rise to a conflict of interest.

60.9 (d) The statement must be filed annually with the chief administrative officer of
60.10 the plan and be available for public inspection during regular office hours at the office
60.11 of the pension plan.

60.12 (e) A disclosure form meeting the requirements of the federal Investment Advisers
60.13 Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21 as amended, and
60.14 filed with the State Board of Investment or the pension plan meets the requirements of
60.15 this subdivision.

60.16 (f) The chief administrative officer of each covered pension plan, by January 15,
60.17 annually, shall transmit a certified listing of all individuals who have filed statements of
60.18 economic interest with the plan under this subdivision during the preceding 12 months
60.19 and the address of the office referenced in paragraph (d) to the Campaign Finance and
60.20 Public Disclosure Board.

60.21 Sec. 69. Minnesota Statutes 2012, section 356A.07, subdivision 2, is amended to read:

60.22 Subd. 2. **Annual financial report.** A covered pension plan shall provide each
60.23 active plan participant and benefit recipient with a copy of the most recent annual financial
60.24 report required by section 356.20 and a copy of the most recent actuarial evaluation,
60.25 if any, required by section ~~69.77~~, 69.773, 356.215, or 356.216, or by section 40, or a
60.26 summary of those reports.

60.27 Sec. 70. Minnesota Statutes 2012, section 423A.02, subdivision 1, is amended to read:

60.28 Subdivision 1. **Amortization state aid.** (a) ~~A municipality in which is located a local
60.29 police or salaried firefighters relief association to which the provisions of section 69.77,
60.30 apply, that had an unfunded actuarial accrued liability in the most recent relief association
60.31 actuarial valuation, is entitled, upon application as required by the commissioner of
60.32 revenue, to receive local police and salaried firefighters' relief association amortization
60.33 state aid if the municipality and the appropriate relief association both comply with the
60.34 applicable provisions of sections 69.031, subdivision 5, 69.051, subdivisions 1 and 3, and~~

61.1 ~~69.77.~~ The cities of Fairmont and Minneapolis are entitled, subject to subdivisions 2, 4,
61.2 and 5, to receive amortization state aid under this section.

61.3 (b) The total amount of amortization state aid to all entitled municipalities must not
61.4 exceed ~~\$5,055,000~~ the appropriation under subdivision 3a.

61.5 (c) ~~Subject to the adjustment for the city of Minneapolis provided in this paragraph,~~
61.6 ~~the amount of amortization state aid to which a municipality is entitled annually is an~~
61.7 ~~amount equal to the level annual dollar amount required to amortize, by December 31,~~
61.8 ~~2010, the unfunded actuarial accrued liability of the special fund of the appropriate~~
61.9 ~~relief association as reported in the December 31, 1978, actuarial valuation of the relief~~
61.10 ~~association prepared under sections 356.215 and 356.216, reduced by the dollar amount~~
61.11 ~~required to pay the interest on the unfunded actuarial accrued liability of the special fund of~~
61.12 ~~the relief association for calendar year 1981 set at the rate specified in Minnesota Statutes~~
61.13 ~~1978, section 356.215, subdivision 8. For the city of Minneapolis, the amortization state~~
61.14 ~~aid amount thus determined must be reduced by \$747,232 on account of the former~~
61.15 ~~Minneapolis Police Relief Association and by \$772,768 on account of the former~~
61.16 ~~Minneapolis Fire Department Relief Association.~~ The amortization state aid amounts are:

<u>City</u>	<u>Aid Amount</u>
<u>Fairmont</u>	<u>\$24,172</u>
<u>Minneapolis</u>	<u>\$2,728,547</u>

61.20 If the amortization state aid amounts determined under this paragraph exceed the
61.21 amount appropriated for this purpose under subdivision 3a, the amortization state aid for
61.22 actual allocation must be reduced pro rata.

61.23 (d) Each municipality is eligible for an amortization state aid payment in a fiscal
61.24 year if:

61.25 (1) for Fairmont, the executive director of the Public Employees Retirement
61.26 Association certifies on or before June 30 that a municipal contribution with respect to the
61.27 former Fairmont Police Relief Association is payable in the upcoming fiscal year under
61.28 section 353.665, subdivision 8, paragraph (c); and

61.29 (2) for Minneapolis, the executive director of the Public Employees Retirement
61.30 Association certifies on or before June 30 that an additional employer contribution with
61.31 respect to either the former Minneapolis Firefighters Relief Association or the former
61.32 Minneapolis Police Relief Association is payable in the upcoming fiscal year under section
61.33 353.665, subdivision 8, paragraph (b).

61.34 Payment of amortization state aid to municipalities must be made ~~directly~~ to
61.35 the municipalities involved in three equal installments on July 15, September 15, and
61.36 November 15 annually. Upon receipt of amortization state aid, the municipal treasurer

62.1 shall transmit the aid amount to the ~~treasurer~~ custodian of the local relief association trust
 62.2 fund or to the executive director of the public employees police and fire retirement fund,
 62.3 whichever applies, for immediate deposit ~~in the special fund of the relief association.~~

62.4 (e) The commissioner of revenue shall administer the amortization state aid program.
 62.5 The commissioner shall prescribe and periodically revise, as necessary, the form for and
 62.6 required content of the application certifications for the amortization state aid.

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

62.9 Sec. 71. Minnesota Statutes 2012, section 423A.02, subdivision 1b, is amended to read:

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

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

62.17 (2) ~~all local police or salaried firefighter consolidation accounts governed by chapter~~
 62.18 ~~353A that are certified by the executive director of the public employees retirement~~
 62.19 ~~association as having for the current fiscal year an additional municipal contribution~~
 62.20 ~~amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented~~
 62.21 ~~section 353A.083, subdivision 1, if the effective date of the consolidation preceded May~~
 62.22 ~~24, 1993, and that have implemented section 353A.083, subdivision 2, if the effective date~~
 62.23 ~~of the consolidation preceded June 1, 1995; and~~

62.24 (3) ~~the municipalities that are required to make an additional municipal contribution~~
 62.25 ~~under section 353.665, subdivision 8; 353.667, subdivision 6; or 353.668, subdivision~~
 62.26 ~~6, for the duration of the required additional contribution.~~

62.27 (b) ~~The commissioner shall allocate the state aid on the basis of the proportional share~~
 62.28 ~~of the relief association or consolidation account of the total unfunded actuarial accrued~~
 62.29 ~~liability of all recipient relief associations and consolidation accounts as of December 31,~~
 62.30 ~~1993, for relief associations, and as of June 30, 1994, for consolidation accounts.~~

62.31 (e) (a) Beginning October 1, 2000 2013, and annually thereafter, the commissioner
 62.32 shall allocate the additional amortization state aid, including any state aid in excess of the
 62.33 limitation in subdivision 4, on the following basis:

63.1 ~~(1) 64.5 percent to the municipalities to which section 353.665, subdivision~~
 63.2 ~~8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), apply for distribution in~~
 63.3 ~~accordance with paragraph (b) and subject to the limitation in subdivision 4;~~

63.4 ~~(2) 34.2 (1) 47.1 percent to the city of Minneapolis to fund any unfunded actuarial~~
 63.5 ~~accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216~~
 63.6 ~~as of the preceding December 31 for the Minneapolis Police Relief Association or the~~
 63.7 ~~Minneapolis Fire Department Relief Association; and defray the employer costs associated~~
 63.8 ~~with police and firefighter retirement coverage;~~

63.9 ~~(2) 25.8 percent as additional funding to support the minimum fire state aid for~~
 63.10 ~~volunteer firefighter relief associations under section 69.021, subdivision 7, paragraph (d);~~

63.11 ~~(3) 12.9 percent to the city of Duluth to defray employer costs associated with~~
 63.12 ~~police and firefighter retirement coverage;~~

63.13 ~~(4) 12.9 percent to the St. Paul Teachers Retirement Fund Association if the~~
 63.14 ~~investment performance requirement of paragraph (c) is met; and~~

63.15 ~~(3) (5) 1.3 percent to the city of Virginia to fund any unfunded actuarial accrued~~
 63.16 ~~liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the~~
 63.17 ~~preceding December 31 for the Virginia Fire Department Relief Association defray the~~
 63.18 ~~employer contribution under section 353.665, subdivision 8, paragraph (d).~~

63.19 ~~If there is no unfunded actuarial accrued liability in both additional employer~~
 63.20 ~~contribution under section 353.665, subdivision 8, paragraph (b), certified under~~
 63.21 ~~subdivision 1, paragraph (d), clause (2), with respect to the former Minneapolis Police~~
 63.22 ~~Relief Association and the former Minneapolis Fire Department Relief Association as~~
 63.23 ~~disclosed in the most recent actuarial valuations for the relief associations prepared under~~
 63.24 ~~sections 356.215 and 356.216, the commissioner shall allocate that 34.2 47.1 percent~~
 63.25 ~~of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent~~
 63.26 ~~to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional~~
 63.27 ~~funding to support minimum fire state aid for volunteer firefighters relief associations. If~~
 63.28 ~~there is no unfunded actuarial accrued liability in employer contribution by the city of~~
 63.29 ~~Virginia Fire Department Relief Association as disclosed in the most recent actuarial~~
 63.30 ~~valuation for the relief association prepared under sections 356.215 and 356.216 under~~
 63.31 ~~section 353.665, subdivision 8, paragraph (d), for the former Virginia Fire Department~~
 63.32 ~~Relief Association certified on or before June 30 by the executive director of the Public~~
 63.33 ~~Employees Retirement Association, the commissioner shall allocate that 1.3 percent~~
 63.34 ~~of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent~~
 63.35 ~~to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional~~
 63.36 ~~funding to support minimum fire state aid for volunteer firefighters relief associations.~~

64.1 ~~Upon the final payment to municipalities required by section 353.665, subdivision 8,~~
 64.2 ~~paragraph (b), or 353A.09, subdivision 5, paragraph (b), the commissioner shall allocate~~
 64.3 ~~that 64.5 percent of the aid as follows: 20 percent to the St. Paul Teachers Retirement~~
 64.4 ~~Fund Association, 20 percent to the city of Minneapolis to fund any unfunded actuarial~~
 64.5 ~~accrued liability in the actuarial valuation proposed under sections 356.215 and 356.216~~
 64.6 ~~as of the preceding December 31 for the Minneapolis Police Relief Association or the~~
 64.7 ~~Minneapolis Firefighters Relief Association, 20 percent for the city of Duluth to pay for~~
 64.8 ~~any costs associated with the police and firefighters pensions, and 40 percent as additional~~
 64.9 ~~funding to support minimum fire state aid for volunteer firefighters relief associations.~~

64.10 ~~(b) The allocation must be made by the commissioner at the same time and under the~~
 64.11 ~~same procedures as specified in subdivision 3 of revenue on October 1 annually.~~

64.12 ~~(c) With respect to the St. Paul Teachers Retirement Fund Association, annually,~~
 64.13 ~~beginning on July 1, 2005, if the applicable teacher's association five-year average~~
 64.14 ~~time-weighted rate of investment return does not equal or exceed the performance of a~~
 64.15 ~~composite portfolio assumed passively managed (indexed) invested ten percent in cash~~
 64.16 ~~equivalents, 60 percent in bonds and similar debt securities, and 30 percent in domestic~~
 64.17 ~~stock calculated using the formula under section 11A.04, clause (11), the aid allocation~~
 64.18 ~~to that the retirement fund under this section ceases until the five-year annual rate of~~
 64.19 ~~investment return equals or exceeds the performance of that composite portfolio.~~

64.20 ~~(d) The amounts required under this subdivision are the amounts annually~~
 64.21 ~~appropriated to the commissioner of revenue under section 69.021, subdivision 11,~~
 64.22 ~~paragraph (e), and the aid amounts in excess of the limitation in subdivision 4.~~

64.23 ~~Sec. 72. Minnesota Statutes 2012, section 423A.02, subdivision 2, is amended to read:~~

64.24 ~~Subd. 2. **Continued eligibility.** A municipality that has qualified for amortization~~
 64.25 ~~state aid under subdivision 1 on December 31, 1984, and has an additional municipal~~
 64.26 ~~contribution payable under section 353A.09, subdivision 5, paragraph (b), as of the most~~
 64.27 ~~recent December 31, continues upon application to be entitled to receive amortization~~
 64.28 ~~state aid under subdivision 1 and supplementary amortization state aid under subdivision~~
 64.29 ~~1a, after the local police or salaried firefighters' relief association has been consolidated~~
 64.30 ~~into the public employees police and fire fund. If a municipality loses entitlement for~~
 64.31 ~~amortization state aid and supplementary amortization state aid in any year because of~~
 64.32 ~~not having an additional municipal contribution under section 353A.09, subdivision 5,~~
 64.33 ~~paragraph (b), the municipality is not entitled to the aid amounts in any subsequent year. A~~
 64.34 ~~municipality that received amortization aid in 1999 and is required to make an additional~~
 64.35 ~~municipal contribution under section 353.665, subdivision 8, continues to qualify for the~~

65.1 ~~amortization state aid and the supplemental amortization aid until December 31, 2009~~
 65.2 received amortization aid in 2011 and is required to make a municipal contribution under
 65.3 section 353.665, subdivision 8, paragraph (b), (c), or (d), whichever applies, continues to
 65.4 qualify for amortization state aid for the duration of the applicable municipal contribution.

65.5 Sec. 73. Minnesota Statutes 2012, section 423A.02, subdivision 3, is amended to read:

65.6 Subd. 3. **Reallocation of amortization ~~or supplementary amortization state~~**
 65.7 **aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year
 65.8 ~~amortization aid and supplemental amortization aid~~ distributed under subdivisions 1
 65.9 and 1a that is not distributed for any reason to a municipality ~~for use by a local police~~
 65.10 ~~or salaried fire relief association~~ must be distributed by the commissioner of revenue
 65.11 according to this paragraph. The commissioner shall distribute 50 percent of the amounts
 65.12 derived under this paragraph to the Teachers Retirement Association, ten percent to the
 65.13 Duluth Teachers Retirement Fund Association, and 40 percent to the St. Paul Teachers
 65.14 Retirement Fund Association to fund the unfunded actuarial accrued liabilities of the
 65.15 respective funds. These payments ~~shall~~ must be made on ~~or before June 30~~ July 15 each
 65.16 fiscal year. If the St. Paul Teachers Retirement Fund Association or if the Duluth Teachers
 65.17 Retirement Fund Association becomes fully funded, ~~its~~ the association's eligibility for its
 65.18 portion of this aid ceases. Amounts remaining in the undistributed balance account at the
 65.19 end of the biennium if aid eligibility ceases cancel to the general fund.

65.20 (b) In order to receive amortization and supplementary amortization aid under
 65.21 paragraph (a), ~~prior to~~ before June 30 annually Independent School District No. 625, St.
 65.22 Paul, must make an additional contribution of \$800,000 each year to the St. Paul Teachers
 65.23 Retirement Fund Association.

65.24 (c) Thirty percent of the difference between \$5,720,000 and the current year
 65.25 ~~amortization aid and supplemental amortization aid~~ under subdivisions 1 and 1a that is not
 65.26 distributed for any reason to a municipality ~~for use by a local police or salaried firefighter~~
 65.27 ~~relief association~~ must be distributed under section 69.021, subdivision 7, paragraph (d),
 65.28 as additional funding to support a minimum fire state aid amount for volunteer firefighter
 65.29 relief associations.

65.30 Sec. 74. Minnesota Statutes 2012, section 423A.02, subdivision 3a, is amended to read:

65.31 Subd. 3a. **Appropriations for amortization state aid; ~~supplementary~~**
 65.32 **~~amortization state aid; and amortization state aid and supplementary state aid~~**
 65.33 **reallocations.** ~~\$4,720,000~~ \$5,720,000 is annually appropriated from the general fund to
 65.34 the commissioner of revenue for amortization state aid under subdivision 1, and for the

66.1 reallocation of amortization aid under subdivision 3. ~~\$1,000,000 is annually appropriated~~
 66.2 ~~from the general fund to the commissioner of revenue for supplementary amortization~~
 66.3 ~~state aid under subdivision 1a, and for the reallocation of supplementary amortization state~~
 66.4 ~~aid under subdivision 3.~~

66.5 Sec. 75. Minnesota Statutes 2012, section 423A.02, subdivision 4, is amended to read:

66.6 Subd. 4. **Limit on certain total aid amounts.** (a) The total of amortization aid;
 66.7 ~~supplemental amortization aid~~; and additional amortization aid under this section payable
 66.8 to a municipality to which section 353.665, subdivision 8, paragraph (b), (c), or (d),
 66.9 applies, may not exceed the amount of the additional municipal contribution payable by
 66.10 an individual municipality under section 353.665, subdivision 8, paragraph (b), (c), or (d).

66.11 (b) Any aid amount in excess of the limit under this subdivision for an individual
 66.12 municipality must be redistributed to the other municipalities to which section 353.665,
 66.13 subdivision 8, paragraph (b), (c), or (d), applies. The excess aid must be distributed in
 66.14 proportion to each municipality's additional municipal contribution under section 353.665,
 66.15 subdivision 8, paragraph (b), (c), or (d).

66.16 (c) When the total aid for each municipality under this section equals the limit under
 66.17 paragraph (a), any aid in excess of the limit must be redistributed under subdivision 1b.

66.18 Sec. 76. Minnesota Statutes 2012, section 423A.02, subdivision 5, is amended to read:

66.19 Subd. 5. **Termination of state aid programs.** The amortization state aid;
 66.20 ~~supplemental amortization state aid~~; and additional amortization state aid programs
 66.21 terminate as of the December 31, next following the date of the actuarial valuation when
 66.22 the assets of the St. Paul Teachers Retirement Fund Association equal the actuarial
 66.23 accrued liability of that plan or ~~December 31, 2009~~ when the assets of the Duluth Teachers
 66.24 Retirement Fund Association equal the actuarial accrued liability of that plan, whichever
 66.25 is later.

66.26 Sec. 77. Minnesota Statutes 2012, section 424A.001, subdivision 4, is amended to read:

66.27 Subd. 4. **Relief association.** (a) "Relief association" or "volunteer firefighters' relief
 66.28 association" means a volunteer firefighters' relief association or a volunteer firefighters'
 66.29 division or account of a partially salaried and partially volunteer firefighters' relief
 66.30 association that is:

66.31 (1) organized and incorporated as a nonprofit corporation to provide retirement
 66.32 benefits to volunteer firefighters under chapter 317A and any laws of the state;

66.33 (2) governed by this chapter and sections 69.771 to 69.775; and

67.1 (3) directly associated with:

67.2 (i) a fire department established by municipal ordinance;

67.3 (ii) an independent nonprofit firefighting corporation that is organized under the
67.4 provisions of chapter 317A and that operates primarily for firefighting purposes; or

67.5 (iii) a fire department operated as or by a joint powers entity that operates primarily
67.6 for firefighting purposes.

67.7 (b) "Relief association" or "volunteer firefighters' relief association" does not mean:

67.8 (1) the Bloomington Fire Department Relief Association governed by ~~section 69.77~~
67.9 sections 31 to 43; Minnesota Statutes 2000, chapter 424; and Laws 1965, chapter 446,
67.10 as amended; or

67.11 (2) the voluntary statewide lump-sum volunteer firefighter retirement plan governed
67.12 by chapter 353G.

67.13 (c) A relief association or volunteer firefighters' relief association is a governmental
67.14 entity that receives and manages public money to provide retirement benefits for individuals
67.15 providing the governmental services of firefighting and emergency first response.

67.16 Sec. 78. Minnesota Statutes 2012, section 424A.02, subdivision 9, is amended to read:

67.17 Subd. 9. **Limitation on ancillary benefits.** A defined benefit relief association,
67.18 including any volunteer firefighters relief association governed by ~~section 69.77~~ sections
67.19 31 to 43 or any volunteer firefighters division of a relief association governed by chapter
67.20 424, may only pay ancillary benefits which would constitute an authorized disbursement
67.21 as specified in section 424A.05 subject to the following requirements or limitations:

67.22 (1) with respect to a defined benefit relief association in which governing bylaws
67.23 provide solely for a lump-sum service pension to a retiring member, or provide a retiring
67.24 member the choice of either a lump-sum service pension or a monthly service pension
67.25 and the lump-sum service pension was chosen, no ancillary benefit may be paid to any
67.26 former member or paid to any person on behalf of any former member after the former
67.27 member (i) terminates active service with the fire department and active membership
67.28 in the relief association; and (ii) commences receipt of a service pension as authorized
67.29 under this section; and

67.30 (2) with respect to any defined benefit relief association, no ancillary benefit paid or
67.31 payable to any member, to any former member, or to any person on behalf of any member
67.32 or former member, may exceed in amount the total earned service pension of the member
67.33 or former member. The total earned service pension must be calculated by multiplying
67.34 the service pension amount specified in the bylaws of the relief association at the time of
67.35 death or disability, whichever applies, by the years of service credited to the member or

68.1 former member. The years of service must be determined as of (i) the date the member or
68.2 former member became entitled to the ancillary benefit; or (ii) the date the member or
68.3 former member died entitling a survivor or the estate of the member or former member to
68.4 an ancillary benefit. The ancillary benefit must be calculated without regard to whether the
68.5 member had attained the minimum amount of service and membership credit specified in
68.6 the governing bylaws. For active members, the amount of a permanent disability benefit
68.7 or a survivor benefit must be equal to the member's total earned service pension except
68.8 that the bylaws of a defined benefit relief association may provide for the payment of a
68.9 survivor benefit in an amount not to exceed five times the yearly service pension amount
68.10 specified in the bylaws on behalf of any member who dies before having performed five
68.11 years of active service in the fire department with which the relief association is affiliated.

68.12 (3)(i) If a lump sum survivor or death benefit is payable under the articles of
68.13 incorporation or bylaws, the benefit must be paid:

68.14 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

68.15 (B) as a survivor benefit to the surviving children of the deceased firefighter if
68.16 no surviving spouse;

68.17 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
68.18 surviving spouse or surviving children; or

68.19 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
68.20 surviving children and no beneficiary designated.

68.21 (ii) If there are no surviving children, the surviving spouse may waive, in writing,
68.22 wholly or partially, the spouse's entitlement to a survivor benefit.

68.23 (4)(i) If a monthly benefit survivor or death benefit is payable under the articles of
68.24 incorporation or bylaws, the benefit must be paid:

68.25 (A) as a survivor benefit to the surviving spouse of the deceased firefighter;

68.26 (B) as a survivor benefit to the surviving children of the deceased firefighter if
68.27 no surviving spouse;

68.28 (C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no
68.29 surviving spouse or surviving children; or

68.30 (D) as a death benefit to the estate of the deceased active or deferred firefighter if no
68.31 surviving spouse, no surviving children, and no beneficiary designated.

68.32 (ii) If there are no surviving children, the surviving spouse may waive, in writing,
68.33 wholly or partially, the spouse's entitlement to a survivor benefit.

68.34 (iii) For purposes of this clause, if the relief association bylaws authorize a monthly
68.35 survivor benefit payable to a designated beneficiary, the relief association bylaws may
68.36 limit the total survivor benefit amount payable.

69.1 (5) For purposes of this section, for a monthly benefit volunteer fire relief association
 69.2 or for a combination lump-sum and monthly benefit volunteer fire relief association where
 69.3 a monthly benefit service pension has been elected by or a monthly benefit is payable with
 69.4 respect to a firefighter, a designated beneficiary must be a natural person. For purposes
 69.5 of this section, for a lump-sum volunteer fire relief association or for a combination
 69.6 lump-sum and monthly benefit volunteer fire relief association where a lump-sum service
 69.7 pension has been elected by or a lump-sum benefit is payable with respect to a firefighter,
 69.8 a trust created under chapter 501B may be a designated beneficiary. If a trust is payable to
 69.9 the surviving children organized under chapter 501B as authorized by this section and
 69.10 there is no surviving spouse, the survivor benefit may be paid to the trust, notwithstanding
 69.11 a requirement of this section to the contrary.

69.12 Sec. 79. Minnesota Statutes 2012, section 475.52, subdivision 6, is amended to read:

69.13 Subd. 6. **Certain purposes.** Any municipality may issue bonds for paying
 69.14 judgments against it; for refunding outstanding bonds; for funding floating indebtedness;
 69.15 for funding actuarial liabilities to pay postemployment benefits to employees or officers
 69.16 after their termination of service; or for funding all or part of the municipality's current
 69.17 and future unfunded liability for a pension or retirement fund or plan referred to in
 69.18 section 356.20, subdivision 2, as those liabilities are most recently computed under
 69.19 sections 356.215 and 356.216. The board of trustees or directors of a the Bloomington
 69.20 Fire Department Relief Association referred to in section ~~69.77~~ must consent and must
 69.21 be a party to any contract made under this section with respect to the fund held by it
 69.22 for the benefit of and in trust for its members. For purposes of this section, the term
 69.23 "postemployment benefits" means benefits giving rise to a liability under Statement No.
 69.24 45 of the Governmental Accounting Standards Board.

69.25 Sec. 80. **REVISOR'S INSTRUCTION.**

69.26 The revisor of statutes shall not show the text of Minnesota Statutes, section 69.77,
 69.27 and add the note in Minnesota Statutes, section 69.77, "CITY OF BLOOMINGTON;
 69.28 LOCAL."

69.29 Sec. 81. **REPEALER.**

69.30 (a) Minnesota Statutes 2012, section 353.665, subdivisions 2, 3, 4, 6, 7, 9, and
 69.31 10, are repealed.

69.32 (b) Minnesota Statutes 2012, sections 353.667; 353.668; 353.669; and 353.6691, are
 69.33 repealed.

70.1 (c) Minnesota Statutes 2012, sections 353A.01; 353A.02; 353A.03; 353A.04;
70.2 353A.05; 353A.06; 353A.07; 353A.08; 353A.081; 353A.083; 353A.09; 353A.10;
70.3 353B.01; 353B.02; 353B.03; 353B.04; 353B.05; 353B.06; 353B.07; 353B.08; 353B.09;
70.4 353B.10; 353B.11; 353B.12; 353B.13; and 353B.14, are repealed.

70.5 (d) Minnesota Statutes 2012, sections 423A.01; 423A.04; 423A.05; 423A.07;
70.6 423A.10; 423A.11; 423A.12; 423A.13; 423A.14; 423A.15; 423A.16; 423A.17; 423A.171;
70.7 423A.18; 423A.19; 423A.20; 423A.21; and 423A.22, are repealed.

70.8 (e) Minnesota Statutes 2012, sections 69.021, subdivision 6; 353.64, subdivision 3;
70.9 and 423A.02, subdivision 1a, are repealed.

70.10 **Sec. 82. EFFECTIVE DATE; PRIOR AID ALLOCATIONS VALIDATED.**

70.11 (a) Sections 70 to 76 are effective June 1, 2013.

70.12 (b) Except as provided in paragraph (c), sections 1 to 69 and 77 to 82 are effective
70.13 July 1, 2013.

70.14 (c) With respect to the city of Minneapolis, section 18 is effective retroactively from
70.15 July 20, 2011, and with respect to the city of Fairmont, section 18 is effective retroactively
70.16 from May 10, 2012.

70.17 (d) Allocations of amortization state aid, supplementary amortization state aid, or
70.18 additional amortization state aid made by the commissioner of revenue before January 1,
70.19 2013, are hereby validated.

69.021 REPORTING PREMIUMS; CALCULATION OF AID.

Subd. 6. **Calculation of apportionment of police state aid to counties.** The police state aid available must be distributed to the counties in proportion to the relationship that the total number of active peace officers, as defined in section 69.011, subdivision 1, clause (g), in each county who are employed either by municipalities maintaining police departments or by the county, bears to the total number of peace officers employed by all municipalities and counties, subject to any reduction under subdivision 10. Any necessary additional adjustments shall be made to subsequent apportionments.

353.64 MEMBERSHIP; QUALIFICATIONS; POLICE OFFICER, FIREFIGHTER.

Subd. 3. **Police and fire fund membership; exclusion.** A police officer or firefighter employed by a governmental subdivision who by virtue of that employment is required by law to be a member of and to contribute to any police or firefighter relief association governed by section 69.77 which has not consolidated with the public employees police and fire plan is not eligible to become a member of the public employees police and fire plan.

353.665 MERGER OF CERTAIN CONSOLIDATION ACCOUNTS INTO PERA-P&F.

Subd. 2. **Transfer of liabilities.** Unless the municipality has elected to retain the consolidation account under subdivision 1, paragraph (b), all current and future liabilities of a former local police or fire consolidation account are the liabilities of the public employees police and fire fund as of July 1, 1999, and the accrued benefits of the members are the obligation of the public employees police and fire fund.

Subd. 3. **Transfer of assets.** Unless the municipality has elected to retain the consolidation account under subdivision 1, paragraph (b), the assets of the former local police or fire consolidation account must be transferred and upon transfer, the actuarial value of the assets of a former local police or fire consolidation account less an amount equal to the residual assets as determined under subdivision 7, paragraph (f), are the assets of the public employees police and fire fund as of July 1, 1999. The assets, excluding the amounts for distribution under subdivision 7, paragraph (f), become an asset of the public employees police and fire fund. The public employees police and fire fund also must be credited as an asset with the amount of receivable assets under subdivision 7, paragraph (e).

Subd. 4. **Benefit coverage for active members.** (a) A person who is a police officer or a firefighter who, as such, is an active member of a merging local police or fire consolidation account on June 30, 1999, and who has not previously elected benefit coverage under the relevant provisions of the public employees police and fire fund benefit plan under section 353A.08, subdivision 3, may elect benefit coverage under the relevant provisions of the public employees police and fire fund benefit plan. This election must be made in writing on a form prescribed by the executive director before September 1, 1999, and is irrevocable.

(b) If an eligible person makes no affirmative election of benefit coverage before September 1, 1999, the person retains the benefit coverage provided by the relief association benefit plan as reflected in the applicable provisions of chapter 353B and may elect benefit coverage under the relevant provisions of the public employees police and fire fund benefit plan when the person terminates active employment for purposes of receiving a service pension, disability benefit, or within 90 days of the date the member terminates active employment and defers receipt of a service pension, whichever applies.

(c) Notwithstanding any provision of section 353A.083 and any municipal action under authority of that statute to the contrary, the provisions of the public employees police and fire fund benefit plan applicable to active members of the merging local police or fire consolidation accounts who elect the public employees police and fire fund benefit plan under section 353A.08, subdivision 3, or paragraph (a), are the applicable provisions of sections 353.63 to 353.659.

Subd. 6. **Benefit coverage for deferred members.** A person who terminated before July 1, 1999, active employment as a police officer or a firefighter that gave rise to membership in a local relief association that has consolidated with the public employees police and fire plan under chapter 353A and is merging under this section and who had sufficient service credit to entitle the person to an eventual service pension retains the benefit plan as reflected in the applicable provisions of chapter 353B, except that the deferred member may elect before September 1, 1999, to participate, upon retirement, in the Minnesota postretirement investment fund. Any election to

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participate in the Minnesota postretirement investment fund is applicable to any survivor benefit attributable to a deferred member covered by this subdivision.

Subd. 7. **Calculation of final funded status.** (a) As of June 30, 1999, the actuary retained under section 356.214 shall determine the final funded status of local police and fire consolidation accounts under chapter 353A that the applicable municipality has not elected to retain under subdivision 1, paragraph (b), as provided in this subdivision.

(b) The final funded status calculation must be made using the benefit plan provisions applicable to the consolidation account and the actuarial assumptions used for the June 30, 1998, actuarial valuation of the account.

(c) The actuary must calculate the total actuarial accrued liability of the consolidation account, which is the sum of the actuarial accrued liability for all consolidation account members who are not included in the participation of the account in the Minnesota postretirement investment fund calculated using the entry age normal actuarial cost method. If local legislation enacted during the 1999 regular session or any special session occurring before October 1, 1999, provides a benefit increase for one consolidation account member or more, whether the applicable municipality has given final approval to the local legislation yet or not, the total actuarial accrued liability calculation must include that benefit increase. The actuary also must calculate any account unfunded accrued liability or any account funding surplus. An account unfunded accrued liability is the actuarial accrued liability reduced by the amount of the current value of assets, if the resulting number is positive. An account funding surplus is the actuarial accrued liability reduced by the amount of the current value of assets, if the resulting number is negative. If a municipality is associated with two consolidation accounts and one has an account funding surplus and one has an account unfunded accrued liability in the preliminary calculation under this paragraph, the actuary must make a second calculation for the account with a preliminary account unfunded accrued liability, after crediting to that account an amount up to 75 percent of the one-half of the market value of the assets of the account with an account funding surplus that are in excess of 100 percent of the account actuarial accrued liability and that are less than that percentage of the total actuarial accrued liability that equals the public employees police and fire fund funded ratio as of June 30, 1999, but not to exceed the account's unfunded actuarial accrued liability.

(d) The actuary also must calculate the amortizable base for every consolidation account. The amortizable base is the present value of future benefits for all account members who are not included in the participation of the account in the Minnesota postretirement investment fund reduced by the present value of 19 percent of future covered salary and further reduced by the current value of account assets other than its participation in the Minnesota postretirement investment fund, after adjustment for fiscal year 1999 net mortality gains and losses and for the net actuarial affect of the election of postretirement adjustment coverage under subdivision 5.

(e) If the amortizable base under paragraph (d) is a positive number, the receivable assets are an amount equal to the amortizable base number.

(f) If the amortizable base under paragraph (d) is a negative number, the actuary must calculate the residual asset amount. The residual asset amount is:

(1) one-half of the amount by which the current assets of the account exceed 100 percent of the total actuarial accrued liability up to that percentage of the total actuarial accrued liability that equals the public employees police and fire fund funded ratio on June 30, 1999; and

(2) the amount by which the current assets of the account exceed that percentage of the total actuarial accrued liability that equals the public employees police and fire fund funded ratio on June 30, 1999. Following the calculation of the residual asset amount for each applicable municipality and the verification of the amount by the legislative auditor, the executive director of the public employees retirement association shall pay the applicable residual asset amount with interest equal to the average yield on the invested treasurer's cash fund from July 1, 1999, to the first of the month in which the payment is issued to each qualifying municipality. The residual asset amount must be used by the municipality to defray fire department expenditure items if the residual asset amount was derived from a fire consolidation account or to defray police department expenditure items if the residual asset amount was derived from a police consolidation account. Before the residual asset amount payment is made by the Public Employees Retirement Association, the governing body of the applicable municipality, following a public hearing on the issue, must formulate and adopt a plan for the expenditure of the residual amount and must file that plan in the form of a municipal resolution with the state auditor. The residual asset amount must be deposited in a special fund or account in the municipal treasury established for that purpose. The special fund or account must be invested and any investment return attributable to the residual asset amount must be credited to that special fund or account and its disbursement similarly restricted. The special fund or account must be audited periodically by the state auditor.

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Subd. 9. **Benefit plan coverage.** Unless modified by an election authorized under subdivision 4, 5, or 6, the benefit plan election by any person or on behalf of any person under section 353A.08 remains binding. Merging former consolidation account members who elected the entirety of the public employees police and fire benefit plan are entitled to an applicable annuity or benefit under the provisions of sections 353.63 to 353.68 in effect on the day that the merging former consolidation account member terminated active service as a police officer or firefighter, whichever applies.

Subd. 10. **Consolidation account termination.** Unless the municipality has elected to retain the consolidation account under subdivision 1, paragraph (b), upon the payment of all residual asset amounts under subdivision 7 and the transfer of all liabilities and remaining assets under subdivisions 2 and 3, the local consolidation accounts under chapter 353A in existence on March 1, 1999, are terminated, and all benefits accrued up to the date of termination are the obligation of the public employees police and fire fund.

353.667 CONSOLIDATION OF THE MINNEAPOLIS FIREFIGHTERS RELIEF ASSOCIATION.

Subdivision 1. **Membership transfer.** On December 30, 2011, the active, inactive, and retired members, including surviving spouses, of the Minneapolis Firefighters Relief Association are transferred to the public employees police and fire retirement plan, are no longer members of the Minneapolis Firefighters Relief Association, and are members of the public employees police and fire retirement plan.

Subd. 2. **Service credit and benefit liability transfer.** (a) Allowable service credit and base salary credit of the active members of the Minneapolis Firefighters Relief Association, as contained in the records of the Minneapolis Firefighters Relief Association through December 29, 2011, are transferred to the public employees police and fire retirement plan and are credited as provided in section 353.01, subdivisions 10a and 16, paragraph (c), on December 30, 2011.

(b) The liability for the payment of retirement annuities, service pensions, and retirement and surviving spouse benefits of the Minneapolis Firefighters Relief Association retired members, service pensioners, disabilitants, surviving spouses, and other retirement benefit recipients as specified in the records of the Minneapolis Firefighters Relief Association is transferred to the public employees police and fire retirement plan on December 30, 2011.

Subd. 3. **Transfer of records.** On December 30, 2011, the chief administrative officer of the Minneapolis Firefighters Relief Association shall transfer all records and documents relating to the special fund of the Minneapolis Firefighters Relief Association to the executive director of the Public Employees Retirement Association. To the extent possible, original copies of all records and documents must be transferred.

Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On December 30, 2011, the chief administrative officer of the Minneapolis Firefighters Relief Association shall transfer the entire assets of the special fund of the Minneapolis Firefighters Relief Association other than the health insurance account to the public employees police and fire retirement fund at market value. Unless ineligible or inappropriate, the transfer must be in the form of investment securities and must include any accounts receivable that are determined by the State Board of Investment as being capable of being collected. An amount, in cash, must be transferred by the city of Minneapolis equal to the market value recognized by the relief association of investment securities that are determined by the executive director of the State Board of Investment not to be in compliance with the requirements and limitations set forth in sections 11A.09, 11A.14, 11A.23, and 11A.24 or not to be appropriate for retention in light of the established investment objectives of the State Board of Investment or of accounts receivable determined as being incapable of being collected by the executive director of the State Board of Investment. Legal and beneficial title to assets that are determined noncompliant or inappropriate securities or that are uncollectible accounts receivable are transferred to the city of Minneapolis on December 30, 2011. Any accounts payable on December 30, 2011, are an obligation of the public employees police and fire retirement fund and reduce the asset value for purposes of subdivision 6. The transferred assets must be deposited in the public employees police and fire retirement fund. The amount of the transferred health insurance account must remain deposited in the financial institution retained by the former Minneapolis Firefighters Relief Association on May 1, 2011, and that financial institution must act as the custodian of the account. The financial institution shall perform all trustee and fiduciary duties with respect to the account as a condition to the retention of the account. The executive director of the Minneapolis Firefighters Relief Association, prior to December 30, 2011, shall estimate three calendar years of the administrative expenses related to the operation of the account and shall prepay those expenses from the account to the financial institution before December 30,

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2011. After the three-year prepayment period, the beneficiaries of the account are responsible for the payment of the administrative expenses related to the operation of the account.

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

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

(d) The Public Employees Retirement Association shall indemnify any former fiduciary of the Minneapolis Firefighters Relief Association consistent with the provisions of section 356A.11. The indemnification may be effected by the purchase by the Public Employees Retirement Association of reasonable fiduciary liability tail insurance for the officers and directors of the former Minneapolis Firefighters Relief Association. Consistent with section 69.80, the relief association may purchase reasonable fiduciary liability tail insurance for its officers and directors prior to December 30, 2011.

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

Subd. 5. **Benefits.** The annuities, service pensions, and other retirement benefits of or attributable to retired, disabled, deferred, surviving spouse, or inactive Minneapolis Firefighters Relief Association members who had that status as of December 29, 2011, continue after consolidation in the same amount and under the same terms as provided in chapter 423C except that the unit value is governed by section 353.01, subdivision 10a, and the postretirement adjustments after December 31, 2015, must be calculated solely under section 353.6511, subdivision 8.

Subd. 6. **Additional employer contributions.** (a) As of December 30, 2011, the approved actuary retained by the Public Employees Retirement Association shall calculate the present value of future benefits of the former Minneapolis Firefighters Relief Association, and, after subtracting the market value of the transferred assets of the former Minneapolis Firefighters Relief Association and the present value of the employer contribution under section 353.65, subdivision 3, paragraph (b), shall calculate the remainder present value of future benefits amount. Annually, following December 30, 2011, the city of Minneapolis shall pay an amount sufficient to amortize on a level annual dollar basis the remainder present value of future benefits amount by December 31, 2031. The amortization payment is payable annually on July 15, beginning in 2012. The 2012 payment should be estimated based on the provisions of Laws 2011, First Special Session chapter 8. The July 2013 payment shall be adjusted based on the final actuarial valuation.

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

Subd. 7. **Health and dental insurance program deductions.** The executive director shall withhold any health insurance or dental insurance premiums designated by the annuitant or benefit recipient and shall transfer them to the city of Minneapolis. The Public Employees Retirement Association may charge a necessary and reasonable monthly administrative fee to the city of Minneapolis for this function and bill it in addition to the employer contribution under section 353.65, subdivision 3, paragraph (b). Notwithstanding any provision of chapter 13 to the contrary,

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the executive director shall provide the city of Minneapolis with the current addresses of former members of the Minneapolis Firefighters Relief Association.

Subd. 8. **Cooperation with fraternal organization.** (a) This subdivision applies if the membership of the former Minneapolis Firefighters Relief Association approves the continuation of the relief association as a fraternal organization under Laws 2011, First Special Session chapter 8, article 6, section 17.

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

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

353.668 CONSOLIDATION OF THE MINNEAPOLIS POLICE RELIEF ASSOCIATION.

Subdivision 1. **Membership transfer.** On December 30, 2011, the active, inactive, and retired members, including surviving spouses, of the Minneapolis Police Relief Association are transferred to the public employees police and fire retirement plan, are no longer members of the Minneapolis Police Relief Association, and are members of the public employees police and fire retirement plan.

Subd. 2. **Service credit and benefit liability transfer.** (a) Allowable service credit and base salary credit of the active members of the Minneapolis Police Relief Association, as contained in the records of the Minneapolis Police Relief Association through December 29, 2011, are transferred to the public employees police and fire retirement plan and are credited as provided in section 353.01, subdivisions 10b and 16, paragraph (c), on December 30, 2011.

(b) The liability for the payment of retirement annuities, service pensions, and retirement and surviving spouse benefits of the Minneapolis Police Relief Association retired members, service pensioners, disabilitants, surviving spouses, and other retirement benefit recipients as specified in the records of the Minneapolis Police Relief Association is transferred to the public employees police and fire retirement plan on December 30, 2011.

Subd. 3. **Transfer of records.** On December 30, 2011, the chief administrative officer of the Minneapolis Police Relief Association shall transfer all records and documents relating to the special fund of the Minneapolis Police Relief Association to the executive director of the Public Employees Retirement Association. To the extent possible, original copies of all records and documents must be transferred.

Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On December 30, 2011, the chief administrative officer of the Minneapolis Police Relief Association shall transfer the entire assets of the special fund of the Minneapolis Police Relief Association other than the health insurance account to the public employees police and fire retirement fund at market value. Unless ineligible or inappropriate, the transfer must be in the form of investment securities and must include any accounts receivable that are determined by the State Board of Investment as being capable of being collected. An amount, in cash, must be transferred by the city of Minneapolis equal to the market value recognized by the relief association of investment securities that are determined by the executive director of the State Board of Investment not to be in compliance with the requirements and limitations set forth in sections 11A.09, 11A.14, 11A.23, and 11A.24 or not to be appropriate for retention in light of the established investment objectives of the State Board of Investment or of accounts receivable determined by the executive director of the State Board of Investment as being incapable of being collected. Legal and beneficial title to assets that are determined noncompliant or inappropriate securities or that are uncollectible accounts receivable are transferred to the city of Minneapolis on December 30, 2011. Any accounts payable on December 30, 2011, are an obligation of the public employees police and fire retirement fund and reduce the asset value for purposes of subdivision 6. The transferred assets must be deposited in the public employees police and fire retirement fund. The amount of the health insurance account as of the date of the consolidation must remain deposited in the financial institution retained by the former Minneapolis Police Relief Association on May 1, 2011, and that financial institution must act as the custodian of the account. The health insurance account may be transferred from the financial institution that holds the account to a successor financial institution on June 30, 2012, under the requirements of this subdivision and the terms of an agreement between the Minneapolis Police Relief Association and the successor financial institution dated December 30,

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2011, that provides for the transfer. The financial institution shall perform all trustee and fiduciary duties with respect to the account as a condition to the retention of the account. The executive director of the Minneapolis Police Relief Association, prior to December 30, 2013, shall estimate three calendar years of the administrative expenses related to the operation of the account and shall prepay those expenses from the account to the financial institution prior to December 30, 2011. After the three-year prepayment period, the beneficiaries of the account are responsible for the payment of the administrative expenses related to the operation of the account.

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

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

(d) The Public Employees Retirement Association shall indemnify any former fiduciary of the Minneapolis Police Relief Association consistent with the provisions of section 356A.11. The indemnification may be effected by the purchase by the Public Employees Retirement Association of reasonable fiduciary liability tail insurance for the officers and directors of the former Minneapolis Police Relief Association. Consistent with section 69.80, the relief association may purchase reasonable fiduciary liability tail insurance for its officers and directors prior to December 30, 2011.

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

Subd. 5. **Benefits.** The annuities, service pensions, and other retirement benefits of or attributable to retired, disabled, deferred, surviving spouse, or inactive Minneapolis Police Relief Association members who had that status as of December 29, 2011, continue after consolidation in the same amount and under the same terms as provided in chapter 423B, except that the unit value is governed by section 353.01, subdivision 10b, and the postretirement adjustments after December 31, 2015, must be calculated solely under section 353.6512, subdivision 8.

Subd. 6. **Additional employer contributions.** (a) As of December 30, 2011, the approved actuary retained by the Public Employees Retirement Association shall calculate the present value of future benefits of the former Minneapolis Police Relief Association, and, after subtracting the market value of the transferred assets of the former Minneapolis Police Relief Association and the present value of the employer contribution under section 353.65, subdivision 3, paragraph (c), shall calculate the remainder present value of future benefits amount. Annually, following December 30, 2011, the city of Minneapolis shall pay an amount sufficient to amortize on a level annual dollar basis the remainder present value of future benefits amount by December 31, 2031. The amortization payment is payable annually on July 15, beginning in 2012. The 2012 payment should be estimated based on the provisions of Laws 2011, First Special Session chapter 8. The July 2013 payment shall be adjusted based on the final actuarial valuation.

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

Subd. 7. **Health and dental insurance program deductions.** The executive director shall withhold any health insurance or dental insurance premiums designated by the annuitant or benefit recipient and shall transfer them to the city of Minneapolis. The Public Employees

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Retirement Association may charge a necessary and reasonable monthly administrative fee to the city of Minneapolis for this function and bill it in addition to the employer contribution under section 353.65, subdivision 3, paragraph (c). Notwithstanding any provision of chapter 13 to the contrary, the executive director shall provide the city of Minneapolis with the current addresses of former members of the Minneapolis Police Relief Association.

Subd. 8. **Cooperation with fraternal organization.** (a) This subdivision applies if the membership of the former Minneapolis Police Relief Association approves the continuation of the relief association as a fraternal organization under Laws 2011, First Special Session chapter 8, article 7, section 17.

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

353.669 CONSOLIDATION OF THE FAIRMONT POLICE RELIEF ASSOCIATION.

Subdivision 1. **Membership transfer.** On June 29, 2012, the retired members, including surviving spouses, of the Fairmont Police Relief Association are transferred to the public employees police and fire retirement plan, are no longer members of the former Fairmont Police Relief Association, and are members of the public employees police and fire retirement plan.

Subd. 2. **Benefit liability transfer.** The liability for the payment of retirement annuities, service pensions, and survivor benefits of the retired members, service pensioners, surviving spouses, and any other retirement benefit recipients of the former Fairmont Police Relief Association, as contained in the transferred records of the former relief association, is transferred to the public employees police and fire retirement plan on June 29, 2012.

Subd. 3. **Transfer of records.** On June 29, 2012, the chief administrative officer of the Fairmont Police Relief Association shall transfer all records and documents relating to the special fund of the former Fairmont Police Relief Association to the executive director of the Public Employees Retirement Association. To the extent possible, original copies of all records and documents must be transferred.

Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On June 29, 2012, the chief administrative officer of the Fairmont Police Relief Association shall transfer the entire assets of the special fund of the Fairmont Police Relief Association to the public employees police and fire retirement fund at market value. Unless ineligible or inappropriate as determined by the State Board of Investment, the transfer must be in the form of investment securities and must include any accounts receivable that are determined by the State Board of Investment as being capable of being collected. The city of Fairmont must transfer, in cash, an amount equal to the market value, as recognized by the relief association of any investment securities that are determined by the executive director of the State Board of Investment to be not in compliance with the requirements and limitations set forth in sections 11A.09, 11A.14, 11A.23, and 11A.24, or to be inappropriate for retention in light of the established investment objectives of the State Board of Investment, or of any accounts receivable that are determined by the executive director as being incapable of being collected. The legal and beneficial title to assets that are determined to be noncompliant or inappropriate securities or that are determined to be uncollectable accounts receivable are transferred from the relief association special fund to the city of Fairmont as of June 29, 2012. Any accounts payable of the special fund of the Fairmont Police Relief Association on June 29, 2012, are an obligation of the public employees police and fire retirement fund and reduce the value of the transferred relief association special fund assets for purposes of subdivision 6. Assets transferred from the special fund of the Fairmont Police Relief Association must be deposited in the public employees police and fire retirement fund and must be managed by the State Board of Investment through the Minnesota combined investment funds under section 11A.14.

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

(c) The public employees police and fire retirement plan and fund is the successor in interest to all claims for and against the Fairmont Police Relief Association. The public employees police and fire retirement plan and fund is not liable for any claim against the Fairmont Police Relief Association or its governing board acting in a fiduciary capacity under chapter 356A or under common law which is founded upon a claim of a breach of fiduciary duty if the act or acts constituting the claimed breach were not undertaken in good faith. The public employees

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police and fire retirement plan may assert any applicable defense to any claim in any judicial or administrative proceeding that the former Fairmont Police Relief Association or its former governing board would otherwise have been entitled to assert and the public employees police and fire retirement plan may assert any applicable defense that it has in its capacity as a statewide agency.

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

Subd. 5. **Benefits.** (a) The annuities, service pensions, and other retirement benefits of or attributable to retired members and surviving spouses of the Fairmont Police Relief Association who had that status as of June 29, 2012, continue after consolidation in the same amount and under the same terms as provided under Minnesota Statutes 2000, sections 423.41 to 423.46, 423.48 to 423.59, 423.61, and 423.62; Laws 1963, chapter 423; Laws 1977, chapter 100; and Laws 1999, chapter 222, article 3, section 4, except as provided in paragraph (b).

(b) The annual base salary figure for pension and benefit determinations upon consolidation and for the balance of calendar year 2012 is \$106,666.67. After December 31, 2012, annual postretirement adjustments of pensions and benefits in force must be calculated solely under section 356.415, subdivision 1c.

Subd. 6. **Calculation of final funded status; employer contributions.** (a) As of June 29, 2012, the approved actuary retained by the Public Employees Retirement Association under section 356.214 shall determine the final funded status of the Fairmont Police Relief Association special fund. The final funded status is the present value of future benefits payable from the Fairmont Police Relief Association as of June 29, 2012, after subtracting the market value of the transferred assets of the Fairmont Police Relief Association as of June 29, 2012. The present value of future benefits figure must be calculated using the applicable actuarial assumptions for the public employees police and fire retirement plan specified in or established under section 356.215. If there is a remainder present value of future benefits amount, the city of Fairmont shall pay to the public employees police and fire retirement fund an amount sufficient, on a level annual dollar basis, to amortize the calculated remainder present value of future benefits amount by December 31, 2020. Payments shall be made annually on or before December 31, beginning in 2012.

(b) If there are assets of the former Fairmont Police Relief Association in excess of the present value of future benefits as of June 29, 2012, these assets must be credited to an interest bearing suspense account within the public employees police and fire retirement fund, must be used to offset any amount payable under paragraph (c) until June 30, 2015, and, after June 30, 2015, must be paid to the city of Fairmont. The suspense account must be credited with the same rate of investment return as the public employees police and fire retirement fund.

(c) If, after June 29, 2012, the postretirement or preretirement interest rate actuarial assumption applicable to the public employees police and fire retirement plan under section 356.215, subdivision 8, is modified from the rates specified in Minnesota Statutes 2010, section 356.215, subdivision 8, the remainder present value of future benefits amount calculation under paragraph (a), updated for the passage of time, must be revised and the amortization contribution by the city of Fairmont for the balance of the amortization period must be redetermined and certified to the city of Fairmont.

353.6691 MERGER OF THE VIRGINIA FIRE DEPARTMENT RELIEF ASSOCIATION.

Subdivision 1. **Merger authorized.** On June 29, 2012, the Virginia fire department consolidation account of the Public Employees Retirement Association under chapter 353A becomes a part of the public employees police and fire retirement plan and fund governed by sections 353.63 to 353.659.

Subd. 2. **Benefit liability transfer.** All current and future liabilities of the Virginia fire department consolidation account under chapter 353A are liabilities of the public employees police and fire retirement plan and fund as of June 29, 2012, and the accrued benefits of the members of the consolidation account are the obligation of the public employees police and fire retirement plan and fund.

Subd. 3. **Transfer of assets; transfer to title assets.** On June 29, 2012, the assets of the Virginia fire department consolidation account must be transferred to the public employees police and fire retirement fund. Upon transfer, the market value of the assets of the consolidation account, less any amount of residual assets under subdivision 5, are assets of the public employees

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police and fire fund as of June 29, 2012, and the assets, excluding the distribution amount under subdivision 5, become an asset of the public employees police and fire retirement fund. The public employees police and fire retirement fund also must be credited as an asset with the amount of any receivable assets from employer contributions under subdivision 5.

Subd. 4. **Benefits.** A person who received a service pension, a disability benefit, or a survivor benefit from the Virginia fire department consolidation account for the month prior to June 29, 2012, and who has not previously elected postretirement adjustments under section 356.415, subdivision 1c, rather than the postretirement adjustment mechanism of the Virginia Fire Department Relief Association under section 353A.08, subdivision 1, may elect future postretirement adjustments under section 356.415, subdivision 1c, or the retention of the former Virginia Fire Department Relief Association postretirement adjustment mechanism. The election must be made in writing on a form prescribed by the executive director on or before September 1, 2012. Unless modified by an election under this subdivision, the benefit plan election by any person or on behalf of any person under section 353A.08 remains binding.

Subd. 5. **Calculation of final funded status; employer contributions.** (a) As of June 29, 2012, the approved actuary retained by the Public Employees Retirement Association under section 356.214 shall determine the final funded status of the former Virginia Fire Department Relief Association special fund. The final funded status is the present value of future benefits payable from the Virginia fire department consolidation account as of the effective date of merger after subtracting the market value of the transferred assets of the Virginia fire department consolidation account as of June 29, 2012. The present value of future benefits figure must be calculated using the applicable actuarial assumptions for the public employees police and fire retirement plan specified in or established under section 356.215. If there is a remainder present value of future benefits amount, the city of Virginia shall pay to the public employees police and fire retirement fund an amount sufficient, on a level annual dollar basis, to amortize the calculated remainder present value of future benefits amount by December 31, 2020. Payments shall be made annually on or before December 31, beginning in 2012.

(b) If there are assets of the former Virginia fire department consolidation account in excess of the present value of future benefits as of June 29, 2012, these assets shall be credited to an interest bearing suspense account within the public employees police and fire retirement fund until January 1, 2013. The suspense account must be credited with the same rate of investment return as the public employees police and fire retirement fund.

(c) If, after June 29, 2012, the postretirement or preretirement interest rate actuarial assumption applicable to the public employees police and fire retirement plan under section 356.215, subdivision 8, is modified from the rates specified in Minnesota Statutes 2010, section 356.215, subdivision 8, the remainder present value of future benefits amount calculation under paragraph (a), updated for the passage of time, must be revised and any amortization contribution by the city of Virginia for the balance of the amortization period must be redetermined and certified to the city of Virginia.

(d) On January 1, 2013, one-half of any suspense account under paragraph (b) must be paid as an additional ad hoc postretirement adjustment to the service pensioners, disabilitants, and surviving spouses of the former Virginia fire consolidation account. The additional ad hoc postretirement adjustment for each recipient is the total amount available for the adjustment divided by the total number of recipients as of January 1, 2013, of the former Virginia fire consolidation account. On January 1, 2014, if the suspense account has earned investment income equal to or greater than the preretirement interest rate assumption applicable to the public employees police and fire retirement plan under section 356.215, subdivision 8, the balance remaining of the suspense account under paragraph (b) must be paid as an additional ad hoc postretirement adjustment to the service pensioners, disabilitants, and surviving spouses of the former Virginia fire consolidation account, divided by the total number of recipients as of January 1, 2014. Nothing in this paragraph may be deemed to authorize the payment of a postretirement adjustment to an estate.

353A.01 LEGISLATIVE INTENT AND POLICY.

Subdivision 1. **Voluntary consolidation authorized.** It is the intent and policy of the legislature in sections 353A.01 to 353A.10 to authorize, on a voluntary elective basis, any local police or salaried firefighters relief association and the respective municipality to effect the consolidation of the local relief association with the Public Employees Retirement Association established by chapter 353.

Subd. 2. **Savings clause.** A consolidation under Laws 1987, chapter 296, does not impair or diminish benefits for an active, deferred, or retired member or a survivor of an active, deferred,

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or retired member who elects to retain benefits under the relief association plan in existence at the time of a consolidation.

353A.02 DEFINITIONS.

Subdivision 1. **Generally.** When used in sections 353A.01 to 353A.10, each of the following words and phrases shall have the meaning ascribed to it in this section unless the context clearly indicates otherwise.

Subd. 2. **Actions preliminary to consolidation finalization.** "Actions preliminary to consolidation finalization" means those actions undertaken by the commission, the state board, the Public Employee Retirement Association, the local police or firefighters relief association, and the municipality following initiation of the consolidation procedure as provided in section 353A.04.

Subd. 3. **Assets.** "Assets" means the investment securities and other items of value held by the special fund of the relief association.

Subd. 4. **Beneficiary.** "Beneficiary" means the natural person designated by any active, deferred, or retired member of the fund or of the local relief association consolidation account of the fund, whichever applies, as the recipient of any remainder interest to the credit of the designating person under law upon the death of the designating person, including the natural person receiving or entitled to receive the remainder portion of any elected optional retirement annuity form or automatic survivor benefit portion of a service pension or disability benefit.

Subd. 5. **Benefit plan.** "Benefit plan" means that portion of a pension plan which deals specifically with the service pension or retirement annuity and retirement benefit coverage provided by the relief association or the fund, whichever applies, including, but not limited to, the types of coverage, the initial and continuing eligibility for and entitlement to service pensions or retirement annuities and retirement benefits, the amount of service pensions or retirement annuities and retirement benefits and the adjustment of service pensions or retirement annuities and retirement benefits.

Subd. 6. **Board of trustees.** "Board of trustees" means the managing board of the local police or firefighters relief association.

Subd. 7. **Chief administrative officer.** "Chief administrative officer" means the person who has primary responsibility for the execution of the administrative affairs of the municipality, in the case of a municipality, or of the relief association in the case of a local police or firefighters relief association, or the designee of that person.

Subd. 8. **Commission.** "Commission" means the Legislative Commission on Pensions and Retirement established by section 3.85.

Subd. 9. **Deferred member.** "Deferred member" means a person who has credit for sufficient service in the relief association to gain entitlement to an eventual service pension but who has not yet applied for or started receipt of that service pension.

Subd. 10. **Effective date of the consolidation.** "Effective date of the consolidation" means the date on which the consolidation shall occur as determined under section 353A.06.

Subd. 11. **Existing relief association benefit plan.** "Existing relief association benefit plan" means the benefit plan of the relief association in effect on the day before the initiation of the consolidation procedure as provided in section 353A.04.

Subd. 12. **Fund.** "Fund" means the public employees police and fire consolidation fund established by sections 353A.01 to 353A.10.

Subd. 13. **Inappropriate investments.** "Inappropriate investments" means any investment security or other asset held by the relief association at or after the initiation of the consolidation procedure which does not comply with any applicable investment guidelines or objectives which are established and published by the state board.

Subd. 14. **Ineligible investments.** "Ineligible investments" means any investment security or other asset held by the relief association at or after the initiation of the consolidation procedure which does not comply with the applicable requirements or limitations of sections 11A.09, 11A.23, and 11A.24.

Subd. 15. **Local police or firefighters relief association.** "Local police or firefighters relief association" means a relief association governed by section 69.77, including the Duluth Firefighters Relief Association, the Duluth Police Pension Association, the St. Paul Fire Department Relief Association, and the St. Paul Police Relief Association, but does not mean the Bloomington Fire Department Relief Association or a relief association that is a member of the Minnesota Police Pension Council or the Minnesota Professional Firefighters Pension Council.

Subd. 16. **Local relief association consolidation accounts.** "Local relief association consolidation accounts" means the special accounts consolidated with the Public Employees Retirement Association under sections 353.65, subdivision 1, and 353A.09, subdivision 1.

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Subd. 17. **Majority vote.** "Majority vote" means:

(1) for a local police or firefighters relief association, a number of votes of the membership of the relief association that equals or exceeds 50 percent of the number of members voting; or

(2) for a relief association that would not have met the definition of a local police or firefighters relief association under subdivision 15, on January 1, 1987, a number of votes that equals or exceeds 50 percent of the membership of the relief association.

Subd. 18. **Membership of the relief association.** "Membership of the relief association" means the active, deferred, disabled, and retired members and the survivors of active, deferred, disabled, and retired members of a relief association. Volunteer firefighters or their survivors may not be included in determining the membership of a relief association.

Subd. 19. **Minimum required proportion of relief association membership.** "Minimum required proportion of relief association membership" means ten percent of the membership of a local police or firefighters relief association or 30 percent of the membership of a relief association that would not have met the definition of a local police or firefighters relief association under subdivision 15, on January 1, 1987.

Subd. 21. **Other items of value.** "Other items of value" means any real property, personal property, or interest in real or personal property not evidenced by or appropriately characterized as a security as that term is defined by section 524.1-201, clause (32).

Subd. 22. **Pension plan.** "Pension plan" means the various aspects of the relationship between a municipality and its police officers or salaried firefighters, whichever applies, who are members of the local police or firefighters relief association regarding the retirement benefit coverage provided by the relief association.

Subd. 23. **Postretirement adjustment.** "Postretirement adjustment" means any periodic or regular procedure for modifying the amount of a retirement annuity, service pension, disability benefit, or survivor benefit after the start of that annuity, pension, or benefit, including but not limited to modifications of amounts under section 356.415, or any benefit escalation or benefit amount modification based on changes in the salaries payable to active police officers or salaried firefighters or changes in a cost-of-living index as provided for in the existing relief association benefit plan.

Subd. 24. **Public employees police and fire fund benefit plan.** "Public employees police and fire fund benefit plan" means the provisions of sections 353.63 to 353.68, any general provisions of chapter 353 which may be applicable, any applicable provisions of chapter 11A or 356, any applicable provisions of any rules issued by the board of the Public Employees Retirement Association, and any applicable amendments in those statutes or rules.

Subd. 24a. **Public Employees Retirement Association.** "Public Employees Retirement Association" means the retirement system that administers the public employees police and fire fund and the local relief association consolidated accounts.

Subd. 25. **Public hearing.** "Public hearing" means a meeting held by the board of trustees of the relief association or the governing body of the municipality in which the relief association is located, whichever applies, in a place and at a time accessible to members of the general public, which is reasonably calculated to allow for participation by all affected interests, for which proper notice has been given and at which the views of the general public may be heard.

Subd. 26. **Referendum.** "Referendum" means a vote of the total membership of a relief association on the question of the consolidation of the relief association with the fund as provided in section 353A.04 which shall occur upon the initiation of the consolidation and shall be conducted through the use of a mailed secret, written ballot and in accordance with procedures established by the board of trustees of the relief association for the issuance and collection of ballots.

Subd. 27. **Relief association.** "Relief association" means the police or firefighters relief association for which consolidation procedures have been initiated.

Subd. 28. **Special benefit coverage.** "Special benefit coverage" means any benefit provided for in the articles of incorporation or bylaws of the local relief association which, in the judgment of the executive director of the public employees retirement association, is not of the type regularly provided by the public employees police and fire fund because it involves one or a combination of the following factors:

(a) the benefit is other than a service pension, a disability or superannuation benefit, or a survivor benefit;

(b) the payment of the benefit does not occur monthly and does not continue beyond one or a small number of payments; or

(c) the payment of amounts from the pension fund is not made to individual benefit recipients or former members.

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Subd. 29. **State board.** "State board" means the State Board of Investment operating under chapter 11A.

Subd. 30. **Survivor.** "Survivor" means the person who has or the persons who have, as of the death of the active, deferred, or retired member of the relief association, the relationship to the member of the legally married spouse or the dependent minor child as defined or specified by the benefit plan of the relief association.

353A.03 VOLUNTARY CONSOLIDATION OPTION.

Notwithstanding any provision of law to the contrary, a local police or firefighters relief association, as defined in section 353A.02, subdivision 15, may consolidate with the public employees retirement association under sections 353A.01 to 353A.10.

353A.04 CONSOLIDATION PROCEDURE.

Subdivision 1. **Source of consolidation initiation.** The consolidation of a relief association may be initiated by the minimum required proportion of the relief association membership.

Subd. 2. **Initiation procedure.** To initiate the consolidation procedure, the minimum required proportion of the relief association membership shall submit a signed petition to the board of trustees recommending to the board, the balance of the membership of the relief association and to the municipality that the relief association be consolidated with the public employees retirement association. Upon receipt of the petition and authentication of the signatures contained in it, the board of trustees shall hold a public hearing on the issue and shall adopt a resolution setting forth its recommendation to the membership and to the municipality on the issue and setting forth the procedure for a membership referendum under subdivision 4.

Subd. 3. **Board of trustees response.** In responding to a petition of the minimum required proportion of the relief association membership, the board of trustees shall hold a special meeting within one month of the receipt and authentication of the petition at which the public hearing shall be conducted. The resolution of the board of trustees setting forth its recommendation and the membership referendum procedure shall be adopted either at that special meeting or at the regular scheduled meeting of the board of trustees next following the special meeting.

Subd. 4. **Membership referendum procedure.** The resolution of the board of trustees setting forth the membership referendum procedure shall provide for a referendum by the membership of the relief association. The referendum must be conducted by a secret ballot in a manner agreeable to the chief administrative officer of the relief association and the representative of the municipality on the relief association board who is most senior in rank. The resolution must specify the language of the referendum question, the time and place for the referendum, the procedure for referendum balloting as provided in section 353A.02, subdivision 26, and the form and content of any informational or explanatory materials that may be distributed with the referendum ballot. Approval or disapproval of consolidation shall be determined by majority vote. A ballot must be provided to each active, deferred, or retired member and to the survivors of active, deferred, or retired members. A relief association shall distribute ballots by mail to the last known addresses of members or survivors at least 30 days before the deadline for their return to the association. An active, deferred, disabled, or retired member is entitled to one vote. The survivor or survivors of an active, deferred, disabled, or retired member is entitled to one vote. If there is more than one survivor, the vote must be cast by the eldest survivor if that person is of the age of majority or, if not, by the guardian of the eldest survivor.

Subd. 5. **Approval time limits.** When the consolidation process is approved by the relief association membership, the governing body of the municipality shall approve or disapprove the consolidation action by a resolution of the governing body of the municipality within two months.

Subd. 6. **Impact of disapproval.** If a consolidation action is disapproved by action of the governing body of the municipality or by majority referendum vote of the membership of the relief association, no consolidation action may be initiated until after January 1 of the year next following the date of disapproval.

Subd. 7. **Certification of approval.** If a consolidation action is approved, the chief administrative officer of the municipality shall notify the executive director of the Public Employees Retirement Association, the executive director of the state board, the executive director of the commission, the commissioner of management and budget, the secretary of state, and the state auditor of the approval. The notification to the state auditor shall also contain a certification by the chief administrative officer of the municipality and by the secretary of the relief association that there was compliance with the procedures set forth in this section in approving that consolidation action and shall include a copy of any relevant documentation.

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Subd. 8. **Final municipal approval.** If a consolidation action is approved, the remaining actions preliminary to the finalization of the consolidation provided for in section 353A.05 shall take place and consolidation shall occur pending final approval of the consolidation by the governing body of the municipality. Final action on the question of the approval of the consolidation by the governing body of the municipality shall occur at a public hearing held for that purpose and shall occur within one month of the conclusion of the remaining actions preliminary to the finalization of the consolidation. If the governing body of the municipality upon its final action on the consolidation disapproves the consolidation, or the deadline for the municipality to take final action upon the question of consolidation expires, the approvals by the relief association and the municipality to initiate the consolidation shall no longer be effective.

Subd. 9. **Division of salaried and volunteer firefighter relief association.** If the relief association includes in its membership both volunteer firefighters and salaried firefighters, the board of trustees of the relief association shall, before the effective date of the consolidation, undertake the necessary steps to separate the volunteer firefighters portion of the relief association from the salaried firefighters portion of the relief association and to establish the volunteer firefighters portion of the relief association as a distinct relief association governed by chapter 424A. Any special fund assets of the original relief association shall be valued at their fair market value and divided between the new volunteer firefighters relief association and the existing relief association on the basis of their relative actuarial accrued liabilities as determined by an approved actuary as provided in section 356.215. The municipality shall adopt a resolution specifying how any fire state aid received by the municipality under sections 69.011 to 69.051 shall be allocated between the newly established volunteer firefighters relief association and the existing relief association or the fund, whichever applies, as of the date of allocation.

353A.05 ACTIONS PRELIMINARY TO CONSOLIDATION FINALIZATION.

Subdivision 1. **Commission actions.** (a) Upon initiation of consolidation as provided in section 353A.04, the executive director of the commission shall direct the actuary retained under section 356.214 to undertake the preparation of the actuarial calculations necessary to complete the consolidation.

(b) These actuarial calculations shall include for each active member, each deferred former member, each retired member, and each current beneficiary the computation of the present value of future benefits, the future normal costs, if any, and the actuarial accrued liability on the basis of the existing relief association benefit plan and on the basis of the public employees police and fire fund benefit plan. These actuarial calculations shall also include for the total active, deferred, retired, and benefit recipient membership the sum of the present value of future benefits, the future normal costs, if any, and the actuarial accrued liability on the basis of the existing relief association benefit plan, on the basis of the public employees police and fire fund benefit plan, and on the basis of the benefit plan which produced the largest present value of future benefits for each person. The actuarial calculations shall be prepared using the entry age actuarial cost method for all components of the benefit plan and using the actuarial assumptions applicable to the fund for the most recent actuarial valuation prepared under section 356.215, except that the actuarial calculations on the basis of the existing relief association benefit plan shall be prepared using an interest rate actuarial assumption during the postretirement period which is in the same amount as the interest rate actuarial assumption applicable to the preretirement period. The actuarial calculations shall include the computation of the present value of the initial postretirement adjustment anticipated by the executive director of the state board as payable after the effective date of the consolidation under section 356.415.

(c) The chief administrative officer of the relief association shall, upon request, provide in a timely manner to the executive director of the commission and to the actuary retained under section 356.214 the most current available information or documents, whichever applies, regarding the demographics of the active, deferred, retired, and benefit recipient membership of the relief association, the financial condition of the relief association, and the existing benefit plan of the relief association.

(d) Upon completion of the actuarial calculations required by this subdivision, the actuary retained under section 356.214 shall issue a report in the form of an appropriate summary of the actuarial calculations and shall provide a copy of that report to the executive director of the commission, the executive director of the Public Employees Retirement Association, the chief administrative officer of the relief association, the chief administrative officer of the municipality in which the relief association is located, and the state auditor.

Subd. 2. **State board actions.** (a) Upon approval of consolidation by the membership as provided in section 353A.04, the executive director of the state board shall review the existing

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investment portfolio of the relief association for compliance with the requirements and limitations set forth in sections 11A.09, 11A.14, 11A.23, and 11A.24 and for appropriateness for retention in the light of the established investment objectives of the state board. The executive director of the state board, using any reporting service retained by the state board, shall determine the approximate market value of the existing assets of the relief association upon the effective date of consolidation and the transfer of assets from the relief association to the individual relief association consolidation accounts at market value.

(b) The state board may require that the relief association liquidate any investment security or other item of value which is determined to be ineligible or inappropriate for retention by the state board. The liquidation shall occur before the effective date of consolidation and transfer of assets.

(c) If requested to do so by the chief administrative officer of the relief association or of the municipality, the state board shall provide advice on the means and procedures available to liquidate investment securities and other assets determined to be ineligible or inappropriate.

Subd. 3. **Association actions.** Upon receipt of the report of actuarial calculations under subdivision 1 and notice from the state board of the completion of the preliminary actions under subdivision 2, the association shall notify the chief administrative officer of the municipality and the chief administrative officer of the relief association of the completion of the preliminary actions.

353A.06 FINALIZATION OF CONSOLIDATION.

Subdivision 1. **Notice of final approval.** Upon final approval by the governing body of the municipality, the chief administrative officer of the municipality shall provide notice of the local action to the chief administrative officer of the relief association, the executive director of the state board, the executive director of the commission, the executive director of the Public Employees Retirement Association, the commissioner of management and budget, the secretary of state, and the state auditor. The board of trustees of the Public Employees Retirement Association, at its next regularly scheduled meeting, shall set the effective date for the consolidation and notify the persons under this subdivision who are to receive notice from the municipality.

Subd. 2. **Information required.** Upon final approval of consolidation by the municipality under section 353A.04, the executive director of the public employees retirement association shall request from the relief association and the municipality the information necessary to allow the association to complete the consolidation. The information, at a minimum, must include all data required to be provided by the executive director of the commission and the actuary retained by the commission under section 353A.05, subdivision 1. The chief administrative officer of the relief association and the chief administrative officer of the municipality shall provide the requested information in a timely manner. The data must be reported on forms or in a manner prescribed by the executive director of the association. The data must be current as of the effective date of the consolidation with the association. The chief administrative officer of the municipality and the chief administrative officer of the relief association shall certify the accuracy of the data reported to the association. The executive director may rely on that data without undertaking any affirmative duty to verify the data.

353A.07 EFFECT ON ADMINISTRATION.

Subdivision 1. **Transfer of administration.** On the effective date of consolidation, the administration of the special fund and the benefit plan of the relief association is transferred to the executive director and the board of trustees of the Public Employees Retirement Association.

Subd. 2. **Transfer of records.** On the effective date of consolidation, the chief administrative officer of the relief association shall transfer all records and documents relating to the special fund of the relief association to the fund. To the extent possible, original copies of all records and documents shall be transferred. For any records and documents which apply to both the general fund and the special fund of the relief association, the chief administrative officer may transfer a photostatic copy of the applicable original record or document if the copy is accompanied by a certification by the chief administrative officer that the copy is a true and exact copy of the original. Any photostatic copy of any document so certified may be treated by the fund for all purposes as an original copy.

Subd. 3. **Transfer of assets.** (a) On the effective date of consolidation, the chief administrative officer of the relief association shall transfer the entire assets of the special fund of the relief association to the Public Employees Retirement Association. The transfer must include any investment securities of the consolidation account which are not determined to be ineligible

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or inappropriate by the executive director of the state board under section 353A.05, subdivision 2, at the market value of the investment security as of the effective date of the consolidation. The transfer must include any accounts receivable determined by the executive director of the state board as capable of being collected. The transfer must also include an amount, in cash, representing any remaining investment security or other asset of the consolidation account which was liquidated, after defraying any accounts payable.

(b) As of the effective date of consolidation, subject to the authority of the state board, the board of trustees of the Public Employee Retirement Association has legal title to and management responsibility for any transferred assets as trustees for any person having a beneficial interest arising out of benefit coverage provided by the relief association. The Public Employees Retirement Association is the successor in interest for all claims for and against the consolidation account or the municipality with respect to the consolidation account of the relief association, except a claim against the relief association or the municipality or any person connected with the relief association or the municipality in a fiduciary capacity, based on any act or acts by that person which were not done in good faith and which constituted a breach of the obligation of the person as a fiduciary. As a successor in interest, the Public Employees Retirement Association may assert any applicable defense in any judicial proceeding which the board of the relief association or the municipality would have otherwise been entitled to assert.

Subd. 4. Termination of special fund. (a) As of the effective date of consolidation and the transfer of administration, records, assets, and liabilities from the relief association to the separate consolidation fund, the special fund of the relief association shall cease to exist as a legal entity. If the relief association has a general fund as of the effective date of consolidation, the general fund may continue to exist as a legal entity at the discretion of the board of the relief association. If the relief association does not have a general fund as of the effective date of consolidation, the board of the relief association may establish a general fund, which may conduct business on behalf of the relief association as the board of the relief association may direct. Following consolidation, the general fund may retain the name of the relief association, shall be the only fund of the relief association, and shall continue to be governed by any applicable general or special law provision other than any provisions governing the benefits previously payable from the special fund of the relief association. Any relief association continuing in the form of the general fund shall function as a fraternal organization.

(b) The municipality shall maintain the service previously provided to assist the relief association through making the appropriate payroll deduction of relief association membership dues from relief association members.

Subd. 5. Costs of consolidation. The reasonable and necessary costs arising from the actions of the commission, the state board, and the fund preliminary to consolidation as provided in section 353A.05 shall be paid by the relief association from the special fund as those costs are incurred before the effective date of the consolidation and shall be considered to be authorized administrative expenses of the relief association for section 69.80.

Subd. 6. Postconsolidation bylaw amendments. Following the effective date of consolidation, if the relief association continues in the form of the general fund, the board of the relief association shall adopt the appropriate amendments to its bylaws and articles of incorporation to reflect its change in status and operation. The amendments shall be effective upon filing the applicable amendments with the executive director of the commission and with the state auditor and shall not require municipal ratification as provided in section 69.77, subdivision 3.

353A.08 EFFECT ON BENEFIT COVERAGE.

Subdivision 1. Election of coverage by current retirees. (a) A person who is receiving a service pension, disability benefit, or survivor benefit is eligible to elect benefit coverage provided under the relevant provisions of the public employees police and fire fund benefit plan or to retain benefit coverage provided under the relief association benefit plan in effect on the effective date of the consolidation. The relevant provisions of the public employees police and fire fund benefit plan for the person electing that benefit coverage are limited to any future postretirement adjustments under section 356.415 based on the amount of the benefit or pension payable on December 31, if December 31 is the effective date of consolidation, or on the December 1 following the effective date of the consolidation, if other than December 31. The survivor benefit payable on behalf of any service pension or disability benefit recipient who elects benefit coverage under the public employees police and fire fund benefit plan must be calculated under the relief association benefit plan and is subject to future postretirement adjustments under section 356.415 based on the amount of the survivor benefit payable.

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(b) A survivor benefit calculated under the relief association benefit plan which is first payable after June 30, 1997, to the surviving spouse of a retired member of a consolidation account who, before July 1, 1997, chose postretirement adjustments as provided under section 356.415 must be increased on the effective date of the survivor benefit on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and tables adopted by the board and approved by the actuary retained under section 356.214.

(c) By electing the public employees police and fire fund benefit plan, a current service pension or disability benefit recipient who, as of the first January 1 occurring after the effective date of consolidation, has been receiving the pension or benefit for at least seven months, or any survivor benefit recipient who, as of the first January 1 occurring after the effective date of consolidation, has been receiving the benefit on the person's own behalf or in combination with a prior applicable service pension or disability benefit for at least seven months is eligible to receive a partial adjustment payable under section 356.415.

(d) The election by any pension or benefit recipient must be made on or before the deadline established by the board of the Public Employees Retirement Association in a manner that recognizes the number of persons eligible to make the election and the anticipated time required to conduct any required benefit counseling.

Subd. 2. Election of coverage by current deferred retirees. (a) Any person who has terminated active employment as a police officer or firefighter, whichever applies, with the municipality, has sufficient credit for service to entitle the person to an eventual service pension and has not taken a refund of accumulated member contributions, if applicable, shall have the option to elect to have benefit coverage provided under the relevant provisions of the public employees police and fire fund benefit plan or to retain benefit coverage provided by the relief association benefit plan in effect on the effective date of consolidation. The relevant provisions of the public employees police and fire fund benefit plan for the person electing that benefit coverage shall be the provisions specified in subdivision 1.

The election shall be made when the person files an application for receipt of the deferred service pension and shall accompany that application.

(b) The retirement annuity for a deferred member of a consolidated local relief association which consolidated before July 1, 1997, who elected the relevant provisions of the public employees police and fire fund benefit plan under subdivision 1 must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and tables adopted by the board of trustees of the Public Employees Retirement Association and approved by the actuary retained under section 356.214.

Subd. 3. Election of coverage by active members. (a) A person who is an active member of a police or fire relief association, other than a volunteer firefighter, has the option to elect benefit coverage under the relevant provisions of the public employees police and fire fund or to retain benefit coverage provided by the relief association benefit plan in effect on the effective date of consolidation. The relevant provisions of the public employee police and fire fund benefit plan for the person electing that benefit coverage are the relevant provisions of the public employee police and fire fund benefit plan applicable to retirement annuities, disability benefits, and survivor benefits, including postretirement adjustments under section 356.415, but excluding any provisions governing the purchase of credit for prior service or making payments in lieu of member contribution deductions applicable to any period which occurred before the effective date of consolidation.

(b) An active member is eligible to make an election at one of the following times:

(1) within six months of the effective date of consolidation;

(2) between the date on which the active member attains the age of 49 years and six months and the date on which the active member attains the age of 50 years; or

(3) on the date on which the active member terminates active employment for purposes of receiving a service pension or disability benefits, or within 90 days of the date the member terminates active employment and defers receipt of a service pension, whichever applies.

Subd. 4. Irrevocable election. (a) Any election made under this section shall be irrevocable once it has been filed. Each election shall be made on a form prescribed by the executive director of the public employees retirement association and shall be filed with the executive director. If the current retiree, current benefit recipient, current deferred retiree, or current active member has, as of the effective date of consolidation or the election of benefit coverage, whichever applies, a spouse or other person who has reached the age of majority who under the benefit plan of the relief association would be entitled to receive a survivor benefit upon the death of the person making the election, the election made as provided in this section shall not be considered valid

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without a statement signed by the potential survivor and accompanying the election form which indicates that the potential survivor has been informed of the election and understands the consequences of the election.

(b) The election form, if validly executed and accompanied by any required statement or statements, shall be effective on the first day of the month next following its filing with the executive director of the public employees retirement association or the date of retirement, whichever is earlier. If the person making the election becomes disabled or dies before the effective date of the election, any disability or survivor benefits which are payable shall be governed by the existing benefit plan of the relief association.

(c) If the person entitled to make the election elects to retain coverage by the benefit plan of the relief association or fails to make the election in a timely fashion, the person shall have future pension or benefit payments governed by the provisions of the existing benefit plan of the relief association in effect on the effective date of consolidation.

Subd. 5. Returning disabilitants; reemployed annuitants. (a) A person who is receiving a disability benefit from a consolidating local relief association as of the effective date of the consolidation and who recovers sufficiently from that disability following the effective date of the consolidation to allow for a return to active employment as a police officer or firefighter, whichever applies, with the municipality in which the consolidating relief association was located retains eligibility to the local relief association benefit plan only and is not entitled to elect the public employees police and fire fund benefit plan as an active member, even if the public employees police and fire fund benefit plan was elected as a benefit recipient.

(b) A person who becomes disabled following the effective date of the consolidation is entitled to make a benefit plan coverage election as an active member upon the termination of active employment and commencement of the disability benefit and, upon any return to active service, retains benefit plan coverage by the previously selected benefit plan coverage election.

(c) A person who retired from a consolidating local relief association after the effective date of the consolidation, who has elected coverage by the public employees police and fire fund benefit plan and who returns to active employment with an employing unit covered by the public employees retirement association following the effective date of consolidation is subject to the provisions of section 353.37.

Subd. 6. Special benefit coverage. (a) A person who would have otherwise been entitled to special benefit coverage under section 353A.02, subdivision 28, retains entitlement upon consolidation to that special benefit coverage notwithstanding the election which the person makes regarding other aspects of the benefit coverage under subdivision 1, 2, or 3. The special benefit coverage continues to be provided by the municipality and, if not provided through a contract with an insurance carrier authorized to do business in this state, must be funded on an actuarial basis using the relevant provisions of section 69.77, with the establishment by the municipality of a special account within the general fund of the municipality for this special benefit coverage. The chief administrative officer of the municipality shall manage the special benefit coverage. Disbursements must be limited to payments of the special benefit or benefits based on the relevant portion of the benefit plan of the relief association that existed as of the date on which consolidation is initiated.

(b) A special account in the general fund of a municipality established to provide special preexisting benefit plan coverage under this subdivision is not a supplemental pension plan under section 356.24 or a local governmental pension plan or fund under section 356.25.

Subd. 6a. Military service contribution and refund. A person who was an active member of a local police or firefighters relief association upon its consolidation with the public employees retirement association, and who was otherwise eligible for automatic service credit for military service under Minnesota Statutes 2000, section 423.57, and who has not elected the type of benefit coverage provided by the public employees police and fire fund at the time of consolidation, must make employee contributions under section 353.01, subdivision 16, paragraph (a), clause (8), to receive allowable service credit from the association for a military service leave after the effective date of the consolidation. A person who later elects, under subdivision 3, to retain benefit coverage under the bylaws of the local relief association is eligible for a refund from the association at the time of retirement. The association shall refund the employee contributions plus interest at the rate of six percent, compounded quarterly, from the date on which contributions were made until the first day of the month in which the refund is paid. The employer shall receive a refund of the employer contributions. The association shall not pay a refund to a person who later elects, under subdivision 3, the type of benefit coverage provided by the public employees police and fire fund or to the person's employer.

Subd. 7. Effect of coverage by local plan. A person who, under this section, elects benefit coverage under the relief association benefit plan, or who fails to make a timely election of

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coverage under the public employees retirement association police and fire fund benefit plan, is a member of the relief association as administered by the Public Employees Retirement Association and has a right to benefits under the relief association benefit plan in effect on the effective date of the consolidation.

Subd. 8. **Counseling.** The executive director of the Public Employees Retirement Association shall undertake all reasonable efforts to provide any necessary benefit counseling to persons who are entitled to make or who are affected by an election, if benefit counseling is requested by the person.

353A.081 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION POLICE AND FIRE CONSOLIDATION ACCOUNT COVERAGE ELECTION AUTHORITY.

Subdivision 1. **Entitlement.** In addition to coverage selection periods in section 353A.08, subdivisions 3 and 4, the surviving spouse of a member of a public employee retirement association consolidation account who is killed in the line of duty is eligible to make an election of coverage indicated in subdivision 2. If there is no surviving spouse, the legal guardian of the oldest dependent child under the age of 18 is eligible to make an election of coverage under subdivision 2. If there are no surviving dependent children under age 18, then the oldest dependent child who is age 18 to 23 and who is enrolled full time in an accredited postsecondary educational institution is eligible to make the election. A refund may be paid to a designated beneficiary only if:

- (1) there are no survivors entitled to benefits under this subdivision; or
- (2) the surviving spouse and dependent children, who are between age 18 to 23, permanently waive their rights to benefits in writing and the benefits of dependent children under 18 are waived under a district court order.

Subd. 2. **Election of coverage.** (a) Individuals eligible under subdivision 1 may elect, on a form prescribed by the executive director of the Public Employees Retirement Association, to have survivor benefits calculated under the relevant provisions of the public employees police and fire fund benefit plan or to have survivor benefits calculated under the relief association benefit plan. The relevant provisions of the public employee police and fire fund benefit plan for the person electing that benefit coverage are the relevant provisions of the public employee police and fire fund benefit plan applicable to survivor benefits, including postretirement adjustments under section 356.415.

(b) If the election results in an increased benefit amount to the surviving spouse eligible under subdivision 1, or to eligible children if there is no surviving spouse, the increased benefit accrues as of the date on which the survivor benefits payable to the survivors from the consolidation account were first paid. The back payment of any increase in prior benefit amounts, plus any postretirement adjustments payable under section 356.415, or any increase payable under the local relief association bylaws is payable as soon as practicable after the effective date of the election.

353A.083 PERA-POLICE AND FIRE BENEFIT PLAN APPLICABLE TO CERTAIN CONSOLIDATIONS.

Subdivision 1. **Pre-1993 consolidations.** For any consolidation account in effect on May 24, 1993, the public employee police and fire fund benefit plan applicable to consolidation account members who have elected or will elect that benefit plan coverage under section 353A.08 is the pre-July 1, 1993, public employees police and fire fund benefit plan unless the applicable municipality approves the extension of the post-June 30, 1993, public employees police and fire fund benefit plan to the consolidation account.

Subd. 2. **Pre-1995 consolidations.** For any consolidation account in effect on July 1, 1995, the public employee police and fire fund benefit plan applicable to consolidation account members who have elected or will elect that benefit plan coverage under section 353A.08 is the pre-July 1, 1995, public employees police and fire fund benefit plan unless the applicable municipality approves the extension of the post-June 30, 1995, public employees police and fire fund benefit plan to the consolidation account.

Subd. 3. **Pre-1997 consolidation.** (a) For any consolidation plan account in effect on July 1, 1997, the applicable benefit plan coverage defined in paragraph (b) or (c) applies unless the consolidation account's city approves the extension of the post-June 30, 1997, public employees police and fire fund benefit plan to the consolidation account members.

(b) If the applicable municipality has approved the July 1, 1993, public employees police and fire fund benefit provisions, but has not approved the extension of the post-June 30, 1997, public employees police and fire fund benefit provisions:

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(1) the benefit accrual rate for calculating retirement annuities that apply to consolidation account members who have elected or elect coverage under the provisions of the public employees police and fire fund benefit plan is 2.9 percent of average salary under section 353.651, subdivision 2, per year of allowable service;

(2) the optional survivor annuities payable to the survivors of these consolidated members who elected coverage under the provisions of the public employees police and fire fund benefit plan must be determined using a benefit accrual rate of 2.9 percent of average salary under section 353.651, subdivision 2, per year of the member's allowable service;

(3) the disability benefit payable for these consolidated members who elected or elect coverage under the provisions of the public employees police and fire fund benefit plan and:

(i) who become disabled in the line of duty, as defined under section 353.656, subdivision 1, is an amount equal to 58 percent of average salary under section 353.651, subdivision 2, plus an additional 2.9 percent of that average salary for each year of service in excess of 20 years; or

(ii) who become disabled because of sickness or injury occurring while not on duty, as defined under section 353.656, subdivision 3, is an amount equal to 43.50 percent of average salary under section 353.651, subdivision 2, plus an additional 2.9 percent of that average salary for each year of service in excess of 15 years.

(c) If the applicable municipality has not approved the July 1, 1993, public employees police and fire fund benefit provisions, and has not approved the extension of the post-June 30, 1997, public employees police and fire fund benefit provisions:

(1) the benefit accrual rate for calculating retirement annuities that apply to consolidation account members who have elected or elect coverage under the provisions of the public employees police and fire fund benefit plan is 2.74 percent of average salary under section 353.651, subdivision 2, per year of allowable service;

(2) the optional survivor annuities payable to the survivors of these consolidated members who elected coverage under the provisions of the public employees police and fire fund benefit plan must be determined using a benefit accrual rate of 2.74 percent of average salary under section 353.651, subdivision 2, per year of the member's allowable service;

(3) the disability benefit payable for consolidated members who elected or elect the coverage under the provisions of the public employees police and fire fund benefit plan and:

(i) who become disabled in the line of duty, as defined under section 353.656, subdivision 1, is an amount equal to 54.80 percent of the average salary under section 353.651, subdivision 2, plus an additional 2.74 percent of that average salary for each year of service in excess of 20 years; or

(ii) who become disabled because of sickness or injury occurring while not on duty, as defined under section 353.656, subdivision 3, is an amount equal to 41.10 percent of the average salary under section 353.651, subdivision 2, plus an additional 2.74 percent of that average salary for each year of service in excess of 15 years.

Subd. 4. **Pre-1999 consolidations.** For any consolidation account in effect on July 1, 1999, the public employees police and fire fund benefit plan applicable to consolidation account members who have elected or will elect that benefit plan coverage under section 353A.08 is the most recent change adopted by the applicable municipality under subdivision 1, 2, or 3, unless the applicable municipality approves the extension of the post-June 30, 1999, public employees police and fire fund benefit plan to the consolidation account.

353A.09 EFFECT ON CONTRIBUTIONS AND FUNDING.

Subdivision 1. **Establishment of consolidation accounts.** (a) The board of trustees of the Public Employees Retirement Association shall establish a separate consolidation account for each local relief association of a municipality that consolidates with the Public Employees Retirement Association. The association shall credit to the consolidation account the assets of the individual consolidating local relief association upon transfer, member contributions received after consolidation under subdivision 4, municipal contributions received after consolidation under subdivision 5, and a proportionate share of any investment income earned after consolidation. From the consolidation account, the association shall pay the pension and benefit amounts on account of persons electing coverage by the relief association benefit plan under section 353A.08, the benefit amounts payable on account of persons electing the type of benefit coverage provided by the public employees police and fire fund under section 353A.08, and any direct administrative expenses related to the consolidation account, and the proportional share of the general administrative expenses of the association.

(b) Except as otherwise provided for in this section, the liabilities and the assets of a consolidation account must be considered for all purposes to be separate from the balance of the

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public employees police and fire fund. The consolidation account must be subject to separate accounting, a separate actuarial valuation, and must be reported as a separate exhibit in any annual financial report or actuarial valuation report of the public employees police and fire consolidation fund, whichever applies. The executive director of the public employees retirement association shall maintain separate accounting records and balances for each consolidation account.

Subd. 4. **Member contributions.** (a) Following the effective date of consolidation, the applicable member contribution rate and applicable salary rate to which the member contribution rate applies for persons who were formerly members of the relief association shall be determined as follows:

(1) if the person has elected coverage by the public employees police and fire fund benefit plan under section 353A.08, the applicable member contribution rate shall be that rate specified in Minnesota Statutes 1998, section 353.65, subdivision 2, and the applicable salary rate to which the member contribution rate applies shall be the actual salary of the person, as defined in section 353.01, subdivision 10; and

(2) if the person has not elected coverage by the public employees police and fire fund benefit plan under section 353A.08, the applicable member contribution rate shall be the rate specified in section 69.77, subdivision 3, or the rate specified in the applicable general law, special law, or bylaw provision governing the relief association as of the date of the initiation of consolidation, whichever is greater, and the applicable salary rate to which the member contribution rate applies shall be the salary rate specified in the applicable general law, special law, or bylaw provision governing the relief association as of the date of the initiation of consolidation or the actual salary of the person, including overtime pay and any regularly occurring special payments but excluding lump-sum annual leave payments, worker's compensation payments, and severance payments, whichever salary rate is greater.

(b) The member contribution rate and applicable salary rate to which the member contribution rate applies shall be effective as of the first day of the first pay period occurring after the effective date of consolidation.

(c) The chief administrative officer of the municipal police department or municipal fire department, whichever applies, shall cause the member contributions required under this subdivision to be deducted in the manner and subject to the terms provided in section 353.27, subdivision 4.

Subd. 5. **Regular and additional municipal contributions.** (a) Following the effective date of consolidation, the applicable regular municipal contribution rate and applicable salary rate to which the regular municipal contribution rate applies on behalf of persons who were formerly members of the relief association shall be as follows:

(1) on behalf of persons who have elected coverage by the public employees police and fire fund benefit plan under section 353A.08, the applicable regular municipal contribution rate shall be that specified in Minnesota Statutes 1998, section 353.65, subdivision 3, and the applicable salary rate to which the regular municipal contribution rate applies shall be that specified in subdivision 4, paragraph (a), clause (1); and

(2) on behalf of persons who have not elected coverage by the public employees police and fire fund benefit plan under section 353A.08, the applicable regular municipal contribution rate shall be 12 percent and the applicable salary rate to which the regular municipal contribution rate applies shall be that specified in subdivision 4, paragraph (a), clause (2).

(b) Following the effective date of consolidation, the applicable additional municipal contribution amount shall be the sum of the following:

(1) the annual level dollar contribution as calculated by the actuary retained under section 356.214 as of the effective date of consolidation which is required to amortize by December 31, 2010, that portion of the present value of future benefits computed on the basis of the benefit plan producing the largest present value of future benefits for each individual which remains after subtracting the present value of future member contributions as provided in subdivision 4, the present value of future regular municipal contributions as provided in paragraph (a), and the market value of the assets of the relief association transferred to the fund; and

(2) the amount of the annual contribution as calculated by the actuary retained under section 356.214 as of the most recent actuarial valuation date which is required to amortize on a level annual dollar basis the amount of any net actuarial experience loss incurred during the year which ended as of the day immediately before the most recent actuarial valuation date by December 31 of the year occurring 15 years later.

(c) Regular municipal contributions shall be made in the manner provided in section 353.28. Additional municipal contributions shall be paid during the calendar year following the annual certification of the amount of the annual additional municipal contribution by the executive director of the Public Employees Retirement Association and, if made during the

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month of January, shall be payable without any interest, or if made after January 31, but before the next following December 31, shall be payable with interest for the period since January 1 at a rate which is equal to the preretirement interest rate assumption specified in section 356.215, subdivision 8, applicable to the fund expressed as a monthly rate and compounded on a monthly basis or if made after December 31 of the year in which the additional municipal contribution is due shall be payable with interest at a rate which is four percent greater than the highest interest rate assumption specified in section 356.215, subdivision 8, expressed as a monthly rate and compounded monthly from January 1 of the year in which the additional municipal contribution is due until the date on which payment is made.

Subd. 5a. **Authority to modify contribution rates.** (a) Notwithstanding subdivisions 4 and 5, a municipality associated with a consolidation account, with municipal governing body approval, may implement the contribution rates specified in section 353.65, subdivisions 2 and 3, rather than the rates specified in subdivisions 4 and 5.

(b) If the contribution rates specified in section 353.65, subdivisions 2 and 3, are subsequently modified, the applicable municipal governing body must approve that subsequent modification.

(c) The municipal governing body approval must be in the form of a municipal resolution. The municipal resolution must specify the effective date for the contribution rate modification. The municipal resolution must be filed with the executive director of the Public Employees Retirement Association, the state auditor, the secretary of state, and the executive director of the Legislative Commission on Pensions and Retirement.

Subd. 6. **Certification of municipal contributions.** The governing body of the municipality shall include the amount of any regular municipal contribution and additional municipal contribution in the budget approved for the municipality and to the extent not paid from other revenue sources of the municipality, in the tax levy certified by the municipality to the county auditor.

353A.10 MISCELLANEOUS PROVISIONS.

Subdivision 1. **Prohibition on service credit purchases and repayment of refunds.** (a) No member of the Public Employees Retirement Association or of the fund who has credit for service rendered before the consolidation as a member of a local police or firefighters relief association which has consolidated with the fund shall be entitled to purchase credit for that prior local relief association service, make payments in lieu of member contribution deductions for that prior local relief association service, or repay any refund of member contributions previously taken.

(b) A person who has credit for service in more than one local police or firefighters relief association which have consolidated with the fund for service before the consolidation shall not be entitled to purchase credit for any of that local relief association service, but shall be entitled to receive allowable service credit for service previously credited by the most recent local relief association under section 353.01, subdivisions 11, 16, and 18, if the person elects coverage by the public employee police and fire fund benefit plan.

(c) No person who was a member of a local police or firefighters relief association which has consolidated with the fund shall be entitled to purchase credit in the fund for any prior service which at the time it was rendered was covered by the public employees retirement association, although a refund under section 353.34 may be repaid in accordance with section 353.35, 353.71, or 356.30.

(d) No person who was a member of a local police or firefighters relief association which has consolidated with the fund shall be entitled to make any payments in lieu of salary deductions, voluntary assessments, or purchases of credit for prior service to the fund in connection with any service for which the person has already received credit by the local relief association or by any other Minnesota public pension plan or for establishing a higher average salary rate than otherwise to the credit of the person.

Subd. 2. **Collection of late contributions.** In the event of a refusal by a municipality in which was located a local police or firefighters relief association which has consolidated with the fund to pay to the fund any amount or amounts due under section 353A.09, subdivisions 4 to 6, the executive director of the public employees retirement association may notify the Department of Revenue, the Department of Management and Budget, and the state auditor of the refusal and commence the necessary procedure to collect the amount or amounts due from the amount of any state aid under sections 69.011 to 69.051, amortization state aid under section 423A.02, or supplemental amortization state aid under Laws 1984, chapter 564, section 48, as amended by Laws 1986, chapter 359, section 20, which is payable to the municipality or to certify the amount

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or amounts due to the county auditor for inclusion in the next tax levy of the municipality or for collection from other revenue available to the municipality, or both.

Subd. 3. **Levy and bonding authority.** A municipality in which was located a local police or firefighters relief association that has consolidated with the fund may issue general obligation bonds of the municipality to defray all or a portion of the principal amounts specified in section 353A.09, subdivisions 4 to 6, or certify to the county auditor a levy in the amount necessary to defray all or a portion of the principal amount specified in section 353A.09, subdivisions 4 to 6, or the annual amount specified in section 353A.09, subdivisions 4 to 6. The municipality may pledge the full faith, credit, and taxing power of the municipality for the payment of the principal of and interest on the general obligation bonds. Any municipal bond may be issued without an election under section 475.58 and may not be included in the net debt of the municipality for purposes of any charter or statutory debt limitation, nor may any tax levy for the payment of bond principal or interest be subject to any limitation concerning rate or amount established by charter or law.

Subd. 4. **Refund of certain member contribution amounts.** (a) The following persons are entitled to receive a refund of certain member contribution amounts under paragraph (b):

(1) A person who was an active member of a local police or firefighters relief association upon its consolidation with the Public Employees Retirement Association, who does not elect the type of benefit coverage provided by the public employees police and fire benefit plan and who begins receipt of a service pension or a disability benefit from the consolidation account, or who defers receipt of a service pension under the local relief association plan upon application for the refund of excess contributions; or

(2) A person who is the surviving spouse, or if none, the surviving minor child, or if none, the designated beneficiary of a person who was an active member of a local police or firefighters relief association upon its consolidation with the fund, who did not elect the type of benefit coverage provided by the public employees police and fire benefit plan and who dies prior to receiving a service pension or a disability benefit from the consolidation account.

(b) The refund of certain member contribution amounts is the amount by which any member contributions made to the consolidation account under section 353A.09, subdivision 4, exceeds the amount of employee or member contributions which would have been payable to the local relief association as provided in the benefit plan in effect on the effective date of consolidation, plus interest at the rate of six percent, compounded quarterly, from the date on which the contribution was made until the first of the month in which the refund is paid.

(c) A refund of certain contribution amounts must occur as soon as practicable following receipt of a valid application from the appropriate person or the commencement of receipt of the service pension or disability benefit or official notification of death, whichever applies.

Subd. 5. **Savings clause.** Notwithstanding any law to the contrary, any person who has commenced receipt of a service pension, disability benefit, or survivor benefit, or who has become entitled to a deferred service pension from a local police or firefighters relief association before the effective date of consolidation with the fund, and who is or becomes a state employee as defined in section 352.01, subdivisions 2 and 2a, or a public employee as defined in section 353.01, subdivisions 2 and 2a, on or after the effective date of the consolidation shall be entitled to retain any amounts previously received and to receive that pension or benefit provided by the applicable local relief association benefit plan as of the effective date of the consolidation despite that status as an active state or public employee.

Subd. 6. **Allocation of state aid.** Any municipality in which was located a local police or firefighters relief association which has consolidated with the fund shall allocate to meet the municipal contribution and additional municipal contribution requirements as provided in section 353A.09, subdivision 6, an appropriate portion of any fire or police state aid under sections 69.011 to 69.051, any fire insurance premium tax surcharge, any amortization state aid under section 423A.02, or any supplemental amortization state aid under Laws 1984, chapter 564, section 48, as amended by Laws 1986, chapter 359, section 20. State aids for pension purposes referred to in this subdivision that were exclusively for payment to pension funds must continue to be dedicated to that purpose.

Subd. 6a. **Dissolution of consolidation account.** If a consolidation account no longer has current or potential future liabilities for the payment of annuities, benefits, refunds, or administrative expenses, the association shall transfer the remaining net assets, if any, for police and fire purposes only, to the municipality that made contributions to the account.

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Subd. 7. **Applicability of chapter 353.** The provisions of chapter 353 shall govern in all instances where not inconsistent with the provisions of sections 353A.01 to 353A.10 for the administration of each local relief association consolidation account.

353B.01 LOCAL RELIEF ASSOCIATION BENEFIT PLANS; APPLICATION.

The provisions of this chapter shall govern the benefit coverage and payment of benefits of any person who was a member of a local relief association consolidating with the public employees police and fire fund as provided in sections 353A.01 to 353A.10 and who elects to retain benefit coverage in the local relief association benefit plan as provided in section 353A.08.

353B.02 DEFINITIONS.

Subdivision 1. **Terms.** Unless the language or content clearly indicates otherwise, each of the following terms shall have the meaning ascribed to it in this section.

Subd. 2. **Accumulated contributions.** "Accumulated contributions" means the amount of member contributions to the credit of a covered employee made before the effective date of the consolidation as indicated in the records of the consolidating local relief association transferred to the public employees police and fire fund and the amount of member contributions made by the covered employee after the effective date of the consolidation.

Subd. 3. **Allowable service.** "Allowable service" means any service rendered by a covered employee before the effective date of the consolidation as indicated in the records of the consolidating local relief association transferred to the public employees police and fire fund and any service rendered by a covered employee as a police officer or a firefighter, whichever applies, in the municipality in which the local relief association is located.

Subd. 4. **Covered employee.** "Covered employee" means a person who elects to retain benefit coverage in the local relief association benefit plan under section 353A.08 and who remains employed in the position of a police officer or firefighter, whichever applies, after the effective date of the consolidation.

Subd. 5. **Disability.** "Disability" means the inability by virtue of any medically determinable injury or illness to perform the employment duties of a police officer or firefighter, whichever applies, in the municipality in which the consolidating relief association was located.

Subd. 6. **Fund.** "Fund" means the public employees police and fire fund established by and operating under chapter 353.

Subd. 7. **Prior service.** "Prior service" means any period of military service rendered in between periods of service as a police officer or firefighter, whichever applies, in the municipality in which the consolidating relief association was located.

Subd. 8. **Retired member.** "Retired member" means any person who is receiving a service pension or disability benefit following termination of active employment as a police officer or firefighter, whichever applies, in the municipality in which the consolidating relief association was located.

Subd. 9. **Retirement.** "Retirement" means the period following the termination of active employment as a police officer or firefighter, whichever applies, in the municipality in which the consolidating relief association was located and commencement of the payment of a service pension or disability benefit to the person.

Subd. 10. **Salary.** (a) "Salary" under this chapter is subject to the limitations of section 356.611.

(b) "Salary" for benefit computation and contribution purposes means the salary of a first class or first grade firefighter or patrol officer, whichever applies, for the former members of the following consolidating relief associations:

- (1) Anoka Police Relief Association;
- (2) Austin Firefighters Relief Association;
- (3) Austin Police Relief Association;
- (4) Columbia Heights Fire Department Relief Association, Paid Division;
- (5) Fairmont Police Benefit Association;
- (6) Faribault Fire Department Relief Association;
- (7) Mankato Fire Department Relief Association;
- (8) Minneapolis Fire Department Relief Association;
- (9) Minneapolis Police Relief Association;
- (10) Richfield Fire Department Relief Association;
- (11) Rochester Fire Department Relief Association;
- (12) Rochester Police Relief Association;

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- (13) St. Cloud Fire Department Relief Association;
- (14) St. Cloud Police Relief Association;
- (15) St. Paul Fire Department Relief Association;
- (16) South St. Paul Firefighters Relief Association;
- (17) West St. Paul Firefighters Relief Association;
- (18) West St. Paul Police Relief Association; and
- (19) Winona Fire Department Relief Association.

(c) "Salary" for benefit computation purposes means the salary of a first grade patrol officer for the second month of the previous fiscal year and for contribution purposes means the current salary of a first grade patrol officer, for the former members of the following consolidating relief associations:

- (1) Bloomington Police Relief Association;
- (2) Crystal Police Relief Association;
- (3) Fridley Police Pension Association;
- (4) Richfield Police Relief Association;
- (5) St. Louis Park Police Relief Association; and
- (6) Winona Police Relief Association.

(d) "Salary" for benefit computation purposes means the final salary and for contribution purposes means the current salary for the former members of the following consolidating relief associations:

- (1) Albert Lea Firefighters Relief Association;
- (2) Albert Lea Police Relief Association;
- (3) Buhl Police Relief Association;
- (4) Chisholm Firefighters Relief Association;
- (5) Crookston Fire Department Relief Association;
- (6) Crookston Police Relief Association;
- (7) Faribault Police Benefit Association;
- (8) Red Wing Police Relief Association; and
- (9) Virginia Fire Department Relief Association.

(e) "Salary" for benefit computation purposes means the average earnings or salary for the final six months of employment before retirement and for contribution purposes means the current salary for the former members of the following consolidating relief associations:

- (1) Chisholm Police Relief Association;
- (2) Hibbing Firefighters Relief Association; and
- (3) Hibbing Police Relief Association.

(f) "Salary" for benefit computation purposes means the greater of the final salary at retirement or the highest salary of a patrol officer and for contribution purposes means the greater of the current salary or the current highest salary of a patrol officer for the former members of the following consolidating relief associations:

- (1) Brainerd Police Benefit Association; and
- (2) New Ulm Police Relief Association.

(g) "Salary" for benefit computation and contribution purposes means the following for the former members of the consolidating relief associations as indicated:

- (1) salary of a top grade patrol officer, including longevity pay and education incentive pay in an amount not to exceed \$235 per month, Columbia Heights Police Relief Association;
- (2) maximum pay of a firefighter, including overtime payments for a regular workweek of a firefighter mandated by the federal Fair Labor Standards Act of 1938, as amended, Duluth Firefighters Relief Association;
- (3) salary of a first class patrol officer with 16 years of service, Duluth Police Pension Association;
- (4) base salary for the rank currently held, plus longevity pay, pay for eligibility for next higher rank and pay for first aid care, Mankato Police Benefit Association;
- (5) average annual salary for highest three paid years for benefit computation purposes and current salary for contribution purposes, Red Wing Fire Department Relief Association;
- (6) pay of the highest grade full-time firefighter, St. Louis Park Fire Department Relief Association;
- (7) maximum monthly pay of a patrol officer, St. Paul Police Relief Association;
- (8) prevailing base pay of rank held at retirement for benefit computation purposes and current salary for contribution purposes, South St. Paul Police Relief Association; and
- (9) prevailing pay for rank held for at least six months before retirement for benefit computation purposes and current salary for contribution purposes, Virginia Police Relief Association.

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Subd. 11. **Salary base.** "Salary base" means the salary amount as defined in subdivision 10 to which a specified percentage rate or rates shall be applied in determining a service pension, disability benefit, or survivor benefit.

Subd. 12. **Year of allowable service.** "Year of allowable service" means any 12 calendar months, not necessarily consecutive, in which a member of a consolidating relief association received compensation for being a police officer or firefighter, whichever applies, from the municipality in which the consolidating relief association was located and was eligible to credit for service.

353B.03 COVERAGE AND TERMINATION OF COVERAGE.

(a) Any person who was a member of a consolidating relief association and who is a police officer or firefighter, whichever applies, in the municipality in which the consolidating relief association was located on or after the effective date of consolidation shall be eligible for the applicable benefit coverage provided for in this chapter.

(b) Upon termination of active employment in the position which gave rise to the eligibility of the person for coverage by this chapter, that eligibility for benefit coverage shall terminate.

353B.04 ADMINISTRATION.

The benefit coverage under this chapter shall be administered by the Public Employees Retirement Association. Unless otherwise specified and where not inconsistent with a provision of this chapter, the provisions of chapter 353 shall govern in the administration of this chapter.

353B.05 LOCAL RELIEF ASSOCIATION ACCOUNTS WITHIN FUND.

Subdivision 1. **Accounts.** The local relief association consolidation accounts are governed by section 353A.09.

Subd. 2. **Member contribution rates.** (a) Except as provided in paragraph (b), the member contribution rate for all consolidating local relief association members shall be eight percent of salary.

(b) The member contribution rate shall be the following for the former members of the consolidating relief associations as indicated:

(1) The Federal Insurance Contribution Act percentage amount plus four percent applied to salary equal to or less than the federal Social Security Act taxable wage base and four percent applied to salary in excess of the federal Social Security Act taxable wage base, Mankato Fire Department Relief Association, and Mankato Police Benefit Associations;

(2) 8.75 percent of salary, New Ulm Police Relief Association; and

(3) 8.25 percent of salary, St. Cloud Police Relief Association.

Subd. 3. **Account disbursement restricted.** A local relief association consolidation account shall be disbursed only for the purposes provided in sections 353A.01 to 353A.10 and this chapter. The amounts necessary to make authorized disbursements from a local relief association consolidation account are annually appropriated.

353B.06 TREASURER OF ACCOUNTS; INVESTMENT.

Subdivision 1. **Commissioner of management and budget.** The commissioner of management and budget is the ex officio treasurer of the accounts as provided in section 353.05.

Subd. 2. **Investment.** The assets of the account shall be invested by the State Board of Investment as provided in section 353.06.

353B.07 SERVICE PENSIONS.

Subdivision 1. **Age and service eligibility requirements.** (a) Except as provided in paragraph (b), upon termination of active employment as a police officer or firefighter, whichever applies, in the city in which the consolidating local relief association was located, a person who was a member of a consolidating local relief association who has attained the age of at least 50 years and who has credit for at least 20 years of allowable service shall be entitled upon application to receive a service pension.

(b) The age and service eligibility requirements upon termination of active employment as a police officer or firefighter, whichever applies, in the city in which the consolidating local relief association was located for entitlement upon application for the receipt of a service pension shall be the following for the former members of the consolidating relief associations as indicated:

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(1) attainment of the age of 55 years and the acquisition of credit for at least 20 years of allowable service, Chisholm Firefighters Relief Association and Chisholm Police Relief Association;

(2) attainment of the age of 60 years and the acquisition of credit for at least 20 years of allowable service, Crookston Fire Department Relief Association;

(3) attainment of the age of 50 years and the acquisition of credit for at least ten years of allowable service, Crookston Police Relief Association;

(4) attainment of the age of 50 years and the acquisition of credit for at least ten years of allowable service, Fridley Police Pension Association;

(5) attainment of the age of 55 years and the acquisition of credit for at least 20 years of allowable service, Hibbing Firefighters Relief Association and Hibbing Police Relief Association;

(6) attainment of the age of 50 years if first employed before January 1, 1968, or of the age of 55 years if first employed after December 31, 1967, and the acquisition of credit for at least 20 years of allowable service, Richfield Fire Department Relief Association;

(7) attainment of the age of 55 years and the acquisition of credit for at least 20 years of allowable service credit, Richfield Police Relief Association;

(8) attainment of the age of 50 years if first employed prior to July 1, 1969, or of the age of 55 years if first employed after June 30, 1969, and the acquisition of credit for at least 20 years of allowable service, Rochester Fire Department Relief Association and Rochester Police Relief Association; and

(9) attainment of the age of 55 years and the acquisition of credit for at least 20 years of allowable service, West St. Paul Firefighters Relief Association.

Subd. 2. **Service pension.** The service pension shall be the formula percentage rate or rates specified in subdivision 4 applied to the salary base cited in section 353B.02, subdivision 11.

Subd. 3. **Formula percentage rate.** (a) The formula percentage rate shall be 2.333 percent per year of allowable service for each of the first 20 years of allowable service, 1.333 percent per year of allowable service for each year of allowable service in excess of 20 years but not in excess of 27 years, and .5 percent for each year of allowable service in excess of 25 years for the former members of the following consolidating relief associations:

(1) Rochester Fire Department Relief Association;

(2) Rochester Police Relief Association;

(3) St. Cloud Fire Department Relief Association;

(4) St. Cloud Police Relief Association;

(5) St. Louis Park Police Relief Association; and

(6) Winona Police Relief Association.

(b) The formula percentage rate shall be 2.5 percent per year of allowable service for each of the first 20 years of allowable service for the former members of the following consolidating relief associations:

(1) Albert Lea Police Relief Association;

(2) Anoka Police Relief Association;

(3) Faribault Fire Department Relief Association;

(4) Faribault Police Benefit Association;

(5) Mankato Police Benefit Association;

(6) Red Wing Police Relief Association; and

(7) West St. Paul Police Relief Association.

(c) The formula percentage rate shall be 2.5 percent per year of allowable service for each of the first 20 years of allowable service and .5 percent per year of allowable service for each year of service in excess of 25 years of allowable service for the former members of the following consolidating relief associations:

(1) Austin Firefighters Relief Association;

(2) Austin Police Relief Association;

(3) South St. Paul Firefighters Relief Association;

(4) South St. Paul Police Relief Association; and

(5) Virginia Police Relief Association.

(d) The formula percentage rate shall be 2.1875 percent per year of allowable service for each of the first 20 years of allowable service and 1.25 percent per year of allowable service for each year of allowable service in excess of 20 years of allowable service but not in excess of 27 years of allowable service for the former members of the Columbia Heights Police Relief Association.

(e) The formula percentage rate shall be 2.65 percent per year of allowable service for each of the first 20 years of allowable service and an additional annual benefit of \$120 per year

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of allowable service in excess of 20 years of allowable service but not in excess of 25 years of allowable service for the former members of the following consolidating relief associations:

- (1) Hibbing Firefighters Relief Association; and
- (2) Hibbing Police Relief Association.

(f) The formula percentage rate or rates shall be the following for the former members of the consolidating relief associations as indicated:

(1) 2.5 percent per year of allowable service for each of the first 20 years of allowable service, one percent per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, and 1.5 percent per year of allowable service in excess of 25 years of allowable service, Albert Lea Firefighters Relief Association;

(2) 2.5333 percent per year of allowable service for each of the first 20 years of allowable service and 1.3333 percent per year of allowable service in excess of 20 years of allowable service, but not in excess of 27 years of allowable service, if service as an active member terminated before January 31, 1994, and 2.3333 percent per year of allowable service for each of the first 20 years of allowable service and 1.3333 percent per year of allowable service for each year of allowable service in excess of 20 years of allowable service, but not in excess of 27 years of allowable service if service as an active member terminated on or after January 31, 1994, Bloomington Police Relief Association;

(3) the greater of 2.5 percent per year of allowable service for each of the first 20 years of allowable service applied to the final salary base, or two percent per year of allowable service for each of the first 20 years of allowable service applied to top grade patrol officer's salary base, Brainerd Police Relief Association;

(4) 4.25 percent per year of allowable service for each of the first 20 years of allowable service and an additional benefit of \$10 per month per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, Buhl Police Relief Association;

(5) 2.5 percent per year of allowable service for each of the first 20 years of allowable service and an additional benefit of \$5 per month per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, Chisholm Firefighters Relief Association;

(6) 2.5 percent per year of allowable service for each of the first 20 years of allowable service and an additional benefit of \$5 per month per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service and .5 percent per year of allowable service in excess of 25 years of allowable service, Chisholm Police Relief Association;

(7) 2.1875 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service and 1.75 percent per year of allowable service in excess of 25 years of allowable service, Columbia Heights Fire Department Relief Association, Paid Division;

(8) 2.5 percent per year of allowable service for each year of the first 20 years of allowable service and 1.5 percent per year of allowable service rendered after attaining the age of 60 years, Crookston Fire Department Relief Association;

(9) 2.5 percent per year of allowable service for each year of the first 30 years of allowable service, Crookston Police Relief Association;

(10) 2.25 percent per year of allowable service for each year of the first 20 years of allowable service and 1.25 percent per year of allowable service in excess of 20 years of allowable service, but not more than 27 years of service, Crystal Police Relief Association;

(11) 1.99063 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent for the 21st year of allowable service, and 2.5 percent per year of allowable service in excess of 21 years of allowable service but not more than 25 years of allowable service, Duluth Firefighters Relief Association;

(12) 1.9875 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent for the 21st year of allowable service, and 2.5 percent per year of allowable service in excess of 21 years of allowable service but not more than 25 years of allowable service, Duluth Police Relief Association;

(13) 2.5 percent per year of allowable service for each year of the first 20 years of allowable service, and two percent per year of allowable service in excess of 20 years but not more than 25 years of allowable service and not to include any year of allowable service rendered after attaining the age of 55 years, Fairmont Police Benefit Association;

(14) two percent per year of allowable service for each year of the first ten years of allowable service, 2.67 percent per year of allowable service in excess of ten years of allowable

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service but not more than 20 years of allowable service and 1.3333 percent per year of allowable service in excess of 20 years of service but not more than 27 years of allowable service, Fridley Police Pension Association;

(15) 2.5 percent per year of allowable service for each year of the first 20 years of allowable service and an additional annual amount of \$30 per year of allowable service in excess of 20 years of allowable service but not more than 30 years of allowable service, Mankato Fire Department Relief Association;

(16) for members who terminated active service as a Minneapolis firefighter before June 1, 1993, 2.0625 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent per year of allowable service in excess of 20 years of allowable service but not more than 24 years of allowable service and five percent for the 25th year of allowable service, and for members who terminated active service as a Minneapolis firefighter after May 31, 1993, two percent for each year of the first 19 years of allowable service, 3.25 percent for the 20th year of allowable service, and two percent per year of allowable service in excess of 20 years of service, but not more than 25 years of allowable service, Minneapolis Fire Department Relief Association;

(17) two percent per year of allowable service for each year of the first 25 years of allowable service, Minneapolis Police Relief Association;

(18) the greater of 2.5 percent per year of allowable service for each of the first 20 years of allowable service applied to the final salary base, or two percent per year of allowable service for each of the first 20 years of allowable service applied to highest patrol officer's salary base plus .5 percent of the final salary base per year of allowable service for each of the first three years of allowable service in excess of 20 years of allowable service, New Ulm Police Relief Association;

(19) two percent per year of allowable service for each of the first 25 years of allowable service and 1.5 percent per year of allowable service in excess of 25 years of allowable service, Red Wing Fire Department Relief Association;

(20) 2.75 percent per year of allowable service for each of the first 20 years of allowable service, Richfield Fire Department Relief Association;

(21) 2.4 percent per year of allowable service for each of the first 20 years of allowable service and 1.3333 percent per year of allowable service in excess of 20 years of allowable service but not more than 27 years of allowable service, Richfield Police Relief Association;

(22) for a former member with less than 20 years of allowable service on June 16, 1985, 2.6 percent, and for a former member with 20 or more years of allowable service on June 16, 1985, 2.6175 percent for each of the first 20 years of allowable service and, for each former member, one percent for each year of allowable service in excess of 20 years, but no more than 30 years, St. Louis Park Fire Department Relief Association;

(23) 1.9375 percent per year of allowable service for each of the first 20 years of allowable service, 2.25 percent per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, and .5 percent per year of allowable service in excess of 25 years of allowable service, St. Paul Fire Department Relief Association;

(24) two percent per year of allowable service for each of the first 25 years of allowable service and .5 percent per year of allowable service in excess of 25 years of allowable service, St. Paul Police Relief Association;

(25) 2.25 percent per year of allowable service for each of the first 20 years of allowable service and one percent per year of allowable service in excess of 20 years but not more than 25 years of allowable service and .5 percent per year of allowable service in excess of 25 years, Virginia Fire Department Relief Association;

(26) two percent per year of allowable service for each of the first 20 years of allowable service, one percent per year of allowable service in excess of 20 years but not more than 24 years of allowable service, three percent for the 25th year of allowable service and one percent per year of allowable service in excess of 25 years of allowable service but not more than 30 years of allowable service, West St. Paul Firefighters Relief Association; and

(27) 2.333 percent for each of the first 20 years of allowable service, 1.333 percent for each year of allowable service in excess of 20 years but no more than 28 years, and .5 percent for each year of allowable service in excess of 25 years, Winona Fire Department Relief Association.

Subd. 4. **Application.** The application for a service pension shall be made in writing on a form prescribed by the executive director of the Public Employees Retirement Association by the person entitled to the service pension, or by a person authorized to act on the behalf of that person, and shall be accompanied by appropriate substantiation in writing of the age of the person entitled to the service pension.

Subd. 5. **Accrual.** A service pension governed by this section shall accrue as provided in section 353.29, subdivision 7.

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Subd. 6. **Payment.** Payment of a service pension governed by this section shall be made in accordance with section 353.29, subdivision 8.

Subd. 7. **Reemployment of service pensioner.** The reemployment of a person receiving a service pension governed by this section by the municipality in which the consolidating local relief association was located or any governmental subdivision as that term is defined in section 353.01, subdivision 6, shall not effect the amount of the service pension.

353B.08 DISABILITY BENEFITS.

Subdivision 1. **Duty disability eligibility requirements.** (a) For any former member of a consolidating relief association, upon termination of active employment as a police officer or firefighter, whichever applies, in the municipality in which the consolidating local relief association was located, any person who was a member of a consolidating local relief association who is not entitled to a service pension, who becomes disabled from an injury or illness arising out of or in the course of the line of duty shall be entitled upon application to receive a duty disability benefit.

(b) The additional requirement of the acquisition of credit for at least one month of allowable service credit shall apply for former members of the Winona Fire Department Relief Association.

Subd. 2. **Nonduty disability eligibility requirements.** (a) For any former member of a consolidating relief association, upon termination of active employment as a police officer or firefighter, whichever applies, in the municipality in which the consolidating local relief association was located, any person who was a member of a consolidating local relief association, who is not entitled to a service pension, who becomes disabled from an injury or illness which does not arise out of or does not occur in the course of the line of duty shall be entitled upon application to receive a nonduty disability benefit.

(b) The following additional requirement shall apply for the former members of the consolidating relief associations as indicated:

(1) the acquisition of credit for at least ten years of allowable service credit, Chisholm Firefighters Relief Association; and

(2) the acquisition of credit for at least one month of allowable service credit, Winona Fire Department Relief Association.

Subd. 2a. **Classes of disabilities in certain instances.** (a) Except as specified in paragraph (b), there shall be no classes of disabilities or disability benefits for former members of consolidating relief associations.

(b) The classes for disabilities and disability benefits shall be the following for the former members of the consolidating relief associations as indicated:

(1) A first class disability shall be a total inability to engage in any gainful employment resulting from any medically determinable injury or illness, a second class disability shall be an inability to engage in any gainful employment resulting from any medically determinable injury or illness which is greater than a 50 percent inability and less than a total inability, and a third class disability shall be an inability to engage in any gainful employment resulting from any medically determinable injury or illness which is less than a 50 percent inability but is an inability to perform the duties of a firefighter in the municipality, Hibbing Firefighters Relief Association; and

(2) A disability shall be an inability to perform the duties of a firefighter in the municipality resulting from any medically determinable injury or illness, with a first class disability additionally requiring an inability to perform any manual labor, a second class disability additionally encompassing a disability less severe than a first class disability allowing for the performance of light manual labor or office work, and a third class disability additionally encompassing a disability less severe than a second class disability allowing for the performance of manual labor which is less strenuous or demanding than light manual labor, Minneapolis Fire Department Relief Association.

Subd. 3. **Application.** Every claim or demand for a disability benefit shall be initiated by a written application on a form prescribed by the executive director of the Public Employees Retirement Association which shall be accompanied by medical evidence to support the claimed disability.

Subd. 4. **Medical evidence; benefit eligibility; determination.** The medical basis for the claimed disability and the eligibility for a disability benefit shall be evaluated by the medical adviser for the Public Employees Retirement Association. If the submitted medical evidence is not conclusive to establish the claimed disability and eligibility for a disability benefit, the medical adviser shall notify the executive director of the Public Employees Retirement Association of that situation and the executive director shall undertake referral of the applicant to the applicable

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medical consultants for examination and medical recommendation. The recommendation of the medical adviser and that of any medical consultants shall be reviewed by the executive director. If there is sufficient evidence of the claimed disability and eligibility for a disability benefit, the executive director of the Public Employees Retirement Association shall grant the person the disability benefit. An appeal of any adverse determination may be made to the board of the Public Employees Retirement Association.

Subd. 5. **Benefit accrual.** The benefit shall accrue from the first day of the month next following the commencement of the disability or the first day of the month next following the date on which any sick leave, annual leave, or salary continuation payments cease.

Subd. 6. **Duty disability benefit amount.** (a) The duty disability benefit shall be an amount equal to the service pension amount to which the person would have been entitled if the person had credit for the greater of actual years of allowable service or 20 years of allowable service, had attained the minimum age for the receipt of a service pension, and had applied for a service pension rather than a disability benefit for the former members of the following consolidating relief associations:

- (1) Albert Lea Firefighters Relief Association;
- (2) Albert Lea Police Relief Association;
- (3) Anoka Police Relief Association;
- (4) Austin Police Relief Association;
- (5) Buhl Police Relief Association;
- (6) Chisholm Police Relief Association;
- (7) Duluth Police Relief Association;
- (8) Faribault Fire Department Relief Association;
- (9) Mankato Police Benefit Association;
- (10) Minneapolis Police Relief Association;
- (11) New Ulm Police Relief Association;
- (12) Red Wing Police Relief Association;
- (13) St. Paul Police Relief Association;
- (14) South St. Paul Police Relief Association; and
- (15) Virginia Police Relief Association.

(b) The duty disability benefit shall be an amount equal to 48 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Fridley Police Pension Association;
- (2) Richfield Police Relief Association;
- (3) Rochester Fire Department Relief Association;
- (4) Rochester Police Relief Association;
- (5) St. Cloud Fire Department Relief Association;
- (6) St. Cloud Police Relief Association;
- (7) St. Louis Park Police Relief Association; and
- (8) Winona Police Relief Association.

(c) The duty disability benefit shall be an amount equal to 50 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Austin Firefighters Relief Association;
- (2) Crookston Fire Department Relief Association;
- (3) Fairmont Police Benefit Association;
- (4) Mankato Fire Department Relief Association;
- (5) South St. Paul Firefighters Relief Association; and
- (6) Virginia Fire Department Relief Association.

(d) The duty disability benefit shall be an amount equal to 45 percent of the salary base for the former members of the Crystal Police Relief Association.

(e) The duty disability benefit shall be an amount equal to 40 percent of the salary base for the former members of the following consolidating relief associations:

- (1) West St. Paul Firefighters Relief Association; and
- (2) West St. Paul Police Relief Association.

(f) The duty disability benefit shall be the following for the former members of the consolidating relief associations as indicated:

- (1) 52 percent of the salary base for former members who were disabled before January 31, 1994, and 48 percent of the salary base for former members who become disabled after January 31, 1994, Bloomington Police Relief Association;
- (2) 40 percent of the top salary for a patrol officer, Brainerd Police Relief Association;
- (3) \$100 per month, Chisholm Firefighters Relief Association;

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(4) 37.5 percent of the salary base if the person has credit for less than ten years of allowable service, 43.75 percent of the salary base if the person has credit for more than nine years but less than 15 years of allowable service and 50 percent of the salary base if the person has credit for more than 14 years of allowable service credit, Columbia Heights Fire Department Relief Association, Paid Division;

(5) 43.75 percent of the salary base, Columbia Heights Police Relief Association;

(6) 25 percent of the salary base if the person has credit for less than 12 years of allowable service and an additional amount equal to 2.5 percent of the salary base per year if allowable service for each year of allowable service in excess of 11 years of allowable service, not more than 50 percent, Crookston Police Relief Association;

(7) 51.0625 percent of the salary base, Duluth Firefighters Relief Association;

(8) 12.5 percent of the salary base if the person has credit for less than six years of allowable service, 2.5 percent of the salary base per year of allowable service if the person has more than five years of allowable service, but not more than 50 percent of the salary base, Faribault Police Benefit Association;

(9) the dollar amount which equals the benefit which would be payable under chapter 176 for a comparable benefit which qualifies for a workers' compensation benefit for a first class disability, 75 percent of the amount payable in the event of a first class disability for a second class disability and 50 percent of the amount payable in the event of a first class disability for a third class disability, Hibbing Firefighters Relief Association;

(10) \$120 per month, Hibbing Police Relief Association;

(11) 51.25 percent of the salary base for a first class disability, 41.25 percent of the salary base for a second class disability, and 31.25 percent of the salary base for a third class disability, Minneapolis Fire Department Relief Association;

(12) 40 percent of the salary base if the person has credit for less than 20 years of allowable service and two percent of the salary base per year of allowable service if the person has more than 19 years of allowable service, but not more than 50 percent, Red Wing Fire Department Relief Association;

(13) 54 percent of the salary base, Richfield Fire Department Relief Association;

(14) 50 percent of the salary base if the person has credit for less than 20 years of allowable service and an amount equal to the service pension amount to which the person would have been entitled based on the applicable amount of allowable service if the person had attained the minimum age for the receipt of a service pension and had applied for a service pension rather than a disability benefit and if the person has credit for at least 20 years of allowable service, St. Louis Park Fire Department Relief Association;

(15) 50 percent of the salary base if the person is not able to perform the duties of any other gainful employment, 39.375 percent of the salary base if the person is only able to perform the duties of light manual labor or office employment and 33.75 percent of the salary base if the person is able to perform the duties of other manual labor, St. Paul Fire Department Relief Association; and

(16) 42.667 percent of the salary base, Winona Fire Department Relief Association.

Subd. 7. **Nonduty disability benefit amount.** (a) Except as specified in paragraph (b) or (c), the nonduty disability benefit shall be an amount equal to the amount of the duty disability benefit.

(b) The nonduty disability benefit shall be the following for the former members of the consolidating relief associations as indicated:

(1) of the salary of a top patrol officer, 30 percent if the person has credit for less than ten years of allowable service and 40 percent if the person has credit for ten or more years of allowable service, Brainerd Police Benefit Association;

(2) a percentage of the salary base ranging from 39.8125 percent to 51.0625 percent as determined by the executive director of the Public Employees Retirement Association based on the severity of the circumstances and the extent of disability of the person, applied in a uniform manner and reflective to the extent practicable or determinable to the past administrative practices of the board of the consolidating relief association before the effective date of the consolidation, Duluth Firefighters Relief Association;

(3) two percent of the salary base per year of allowable service but in total not less than ten percent of the salary base and not more than 40 percent of the salary base, Red Wing Fire Department Relief Association;

(4) two percent of the salary base per year of allowable service but in total not more than 40 percent of the salary base, St. Paul Police Relief Association; and

(5) 35 percent of the salary base, Virginia Fire Department Relief Association.

(c) No nonduty benefit shall be payable from the Crookston Fire Department Relief Association.

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Subd. 8. **Workers' compensation offset.** (a) Except as specified in paragraph (b) and except to the extent that section 423A.14 applies, there shall be no reduction in the amount of any disability benefit by virtue of the receipt of any workers' compensation benefit or amount under chapter 176.

(b) The amount of any disability benefit payable shall be reduced by the amount of any workers' compensation benefit or amount received or receivable under chapter 176 for the former members of the following consolidating relief associations:

- (1) Crookston Fire Department Relief Association;
- (2) Red Wing Police Relief Association; and
- (3) West St. Paul Police Relief Association.

Subd. 9. **Other benefit offsets.** (a) Except as specified in paragraph (b) and except to the extent that section 423A.14 applies, there shall be no reduction in the amount of any disability benefit by virtue of any gainful compensation engaged in following the commencement of the disability benefit.

(b) The amount of any disability benefit payable shall be reduced by the amount by which the benefit and income from any gainful employment exceeds 120 percent of the salary base for the former members of the West St. Paul Firefighters Relief Association.

Subd. 10. **Other disability benefit coverage.** (a) For former members of the Buhl Police Relief Association, a disabled member shall be entitled to a short-term disability benefit of \$8 per day for a maximum of 26 weeks, during which period no duty or nonduty disability benefit shall be payable.

(b) For former members of the Crookston Police Relief Association, an additional benefit of \$25 per month for each child of the disabled person who has not attained the age of 18 years and who is actually dependent on the disabled person shall be payable, but in combination with the disability benefit payable as provided in subdivision 6 or 7, the total benefit shall not exceed 50 percent of the salary base.

Subd. 11. **Subsequent medical reexaminations.** Periodically, upon the recommendation of the medical adviser appointed as provided in section 353.031, based on the medical nature of the initial qualifying disability and its potential for improvement or recovery, the executive director of the Public Employees Retirement Association shall have a former member of a consolidating relief association who is receiving a disability benefit reexamined and reevaluated for continued entitlement to a disability benefit. If, upon the recommendation of the medical adviser, the executive director determines that the person is no longer entitled to receive a disability benefit, the disability benefit shall be discontinued effective as of the first day of the second month following that determination and the person shall be considered for reemployment as a police officer or a firefighter, whichever applies, by the municipality in which the consolidating relief association was located.

Subd. 12. **Return to service.** If a former member of a consolidating relief association who was receiving a disability benefit returns to active employment by a governmental subdivision, the disability benefit shall terminate, the person shall return to the appropriate active member status and shall retain any service credit rendered before the receipt of the disability benefit.

Subd. 13. **Recomputation of disability benefit.** (a) Except as additionally provided in paragraph (b), a disability benefit shall be recomputed as a service pension as provided in section 423A.11.

(b) A disability benefit shall be subject to the following recomputation as a service pension for the former members of the consolidating relief associations as indicated:

(1) for a person with 15 or more years of allowable service, the disability benefit shall be recomputed as a service pension upon the person attaining the age of 50 years based on credited allowable service, assuming a minimum of 20 years of service, Columbia Heights Fire Department Relief Association, Paid Division;

(2) for a person with more than 21 years of allowable service, the disability benefit shall be recomputed as a service pension upon the person attaining the age of 50 years based on credited allowable service, Crystal Police Relief Association; and

(3) for a person with sufficient allowable service to result in a service pension amount greater than 40 percent of the salary base, the disability benefit shall be recomputed as a service pension upon the person attaining the age of 50 years based on credited allowable service, St. Paul Police Relief Association.

353B.09 REFUND.

Subdivision 1. **Entitlement.** A former member of a consolidating relief association who terminates active employment as a police officer or firefighter, whichever applies, by the

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municipality in which the consolidating relief association is located, to whom no other benefit is payable and who is not reemployed by that or another governmental subdivision within a period of 30 days following the termination of employment shall be entitled to receive a refund.

Subd. 2. **Refund amount.** (a) Except as provided in paragraph (b), (c), or (d), the refund payable to a person entitled as provided in subdivision 1 shall be the total amount of accumulated member contributions, without interest.

(b) The refund payable to a person entitled as provided in subdivision 1 shall be 75 percent of the total amount of accumulated member contributions, without interest, for the former members of the following consolidating relief associations:

- (1) Bloomington Police Relief Association;
- (2) Fridley Police Pension Association;
- (3) Richfield Police Relief Association;
- (4) Rochester Fire Department Relief Association;
- (5) Rochester Police Relief Association;
- (6) St. Cloud Police Relief Association;
- (7) St. Louis Park Police Relief Association;
- (8) Winona Fire Department Relief Association; and
- (9) Winona Police Relief Association.

(c) The refund payable to a person entitled as provided in subdivision 1 shall be \$500 plus \$100 per full year of allowable service in excess of five years of allowable service if the member terminates with at least five years of allowable service but less than 20 years of allowable service, for the former members of the Minneapolis Police Relief Association.

(d) No refund shall be payable for the former members of the following consolidating relief associations:

- (1) Duluth Firefighters Relief Association;
- (2) Duluth Police Pension Association;
- (3) Minneapolis Fire Department Relief Association;
- (4) St. Paul Fire Department Relief Association; and
- (5) St. Paul Police Relief Association.

353B.10 DEFERRED SERVICE PENSION.

Subdivision 1. **Entitlement.** (a) Except as specified in paragraph (b), any former member of a consolidating relief association who has terminated active employment, who has acquired sufficient allowable service credit but who has not attained the age applicable to that former member specified in section 353B.07, subdivision 1, may, in lieu of any refund to which the person may be entitled, leave the amount of any accumulated member contributions in the local relief association consolidation account and thereby be entitled to a deferred service pension upon or after attaining the specified age.

(b) Any former member who has terminated active employment, may, in lieu of any refund to which the person may be entitled, leave the amount of any accumulated member contributions in the local relief association consolidation account and thereby be entitled to a deferred service pension upon or after attaining the applicable specified age if the person has acquired the amount of allowable service credit as indicated for the former members of the following consolidating relief associations:

(1) at least 20 years of allowable service if the member terminated active employment before attaining the age of 50 years, deferred until the attainment of the age of 50 years, or at least ten years of allowable service but less than 20 years of allowable service if the member terminated active employment before attaining the age of 57 years, deferred until the attainment of the age of 57 years, Albert Lea Police Relief Association;

(2) any period of allowable service, deferred until the attainment of the age of 50 years if first employed before January 1, 1968, or until the attainment of the age of 55 years if first employed after December 31, 1967, Richfield Fire Department Relief Association;

(3) any period of allowable service, deferred to the age of 55 years, Richfield Police Relief Association;

(4) at least ten years of allowable service, deferred until the latter of the attainment of the age of 50 years or the first day of the month following the date on which the person would have acquired 20 years of allowable service credit assuming continuous future service, St. Louis Park Fire Department Relief Association and St. Louis Park Police Relief Association; and

(5) at least ten years of allowable service, deferred until the attainment of the age of 50 years, West St. Paul Police Relief Association.

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Subd. 2. **Deferred service pension amount.** (a) Except as specified in paragraph (b), the deferred service pension shall be in the amount calculated as provided in section 353B.07.

(b) The deferred service pension shall be the following for the former members of the consolidating relief associations as indicated:

(1) for a deferred service pension based on at least ten years of allowable service but less than 20 years of allowable service, 2.5 percent of the salary base per year of allowable service, Albert Lea Police Relief Association;

(2) the amount calculated as provided in section 353B.07, but not more than 50 percent of the salary base, Crystal Police Relief Association;

(3) 2.5 percent per year of allowable service of the salary base, but not to exceed 50 percent of the salary base, Richfield Fire Department Relief Association;

(4) the amount calculated as provided in section 353B.07, but not more than 54.6667 percent of the salary base, if the person had at least 20 years of allowable service credit, or 2.3333 percent of the salary base per year of allowable service, but not more than 46.6667 percent of the salary base, if the person had less than 20 years of allowable service credit, and if the person dies before attaining the age of 55 years with less than 20 years of allowable service credit, no survivor benefits shall be payable but a refund as provided in section 353B.09 shall be payable, Richfield Police Relief Association;

(5) the amount calculated as provided in section 353B.07, but not more than 53.3333 percent of the salary base, St. Cloud Fire Department Relief Association and St. Cloud Police Relief Association;

(6) the amount calculated as provided in section 353B.07, but not more than 56 percent of the salary base, if the person had at least 20 years of allowable service credit or 2.3333 percent of the salary base per year of allowable service, but not more than 46.6667 percent of the salary base, if the person has less than 20 years of allowable service credit, St. Louis Park Police Relief Association;

(7) for each of the first 20 years of allowable service credit, .5 percent of the salary base per year of allowable service for each year of allowable service rendered before October 1, 1965, and two percent of the salary base per year of allowable service for each year of allowable service rendered after September 30, 1965, and for each year of allowable service in excess of 20 years, one percent of the salary base per year of allowable service, but not more than 52 percent of the salary base, West St. Paul Firefighters Relief Associations;

(8) the amount calculated as provided in section 353B.07, but not more than 50.6667 percent of the salary base, Winona Fire Department Relief Association; and

(9) the amount calculated as provided in section 353B.07, but not more than 53.3333 percent of the salary base, Winona Police Relief Association.

Subd. 3. **Augmentation.** The deferred service pension shall not be augmented as provided in section 353.34, subdivision 3.

353B.11 SURVIVOR BENEFITS.

Subdivision 1. **Eligibility; surviving spouse benefit.** (a) Except as specified in paragraph (b), (c), (d), (e), (f), (g), or (h), the person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was legally married to the member for at least one year before the separation from active service if the deceased member was a deceased, deferred, or retired member and who was residing with the member at the time of the death of the deceased member shall be entitled to receive a surviving spouse benefit.

(b) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was legally married to the member at the time of separation from active service if the deceased member was a deceased deferred or retired member and who was residing with the member at the time of the death of the member shall be entitled to receive a surviving spouse benefit in the case of former members of the following consolidating relief associations:

(1) Albert Lea Police Relief Association;

(2) Anoka Police Relief Association;

(3) Austin Police Relief Association;

(4) Brainerd Police Benefit Association;

(5) Columbia Heights Police Relief Association;

(6) Crookston Fire Department Relief Association;

(7) Crookston Police Relief Association;

(8) Fairmont Police Benefit Association;

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- (9) Faribault Police Benefit Association;
- (10) Mankato Fire Department Relief Association;
- (11) Red Wing Police Relief Association;
- (12) South St. Paul Police Relief Association;
- (13) Virginia Fire Department Relief Association;
- (14) Virginia Police Relief Association; and
- (15) West St. Paul Police Relief Association.

(c) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, and who was legally married to the member at the time of separation from active service if the deceased member was a deceased deferred or retired member shall be entitled to receive a surviving spouse benefit in the case of former members of the following consolidating relief associations:

- (1) Chisholm Police Relief Association;
- (2) Hibbing Police Relief Association;
- (3) Mankato Police Benefit Association; and
- (4) New Ulm Police Relief Association.

(d) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was either legally married to the member at the time of separation from active service or legally married the member after the time of separation from active service and was married for at least three years before the date of death of the member if the deceased member was a deceased deferred or retired member, and who was residing with the member at the time of the death of the member is entitled to receive a surviving spouse benefit in the case of former members of the Austin Firefighters Relief Association.

(e) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was legally married to the member for at least five years before death if the deceased member was the recipient of a service pension or was entitled to a deferred service pension, and who was residing with the member at the time of the death of the deceased member in the case of former members of the Minneapolis Fire Department Relief Association.

(f) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was residing with the member at the time of the death of the decedent, and, if the deceased member was the recipient of a service pension or was entitled to a deferred service pension at the time of death, who was legally married to the member for at least five years before the member's death, in the case of former members of the Minneapolis Police Relief Association.

(g) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was legally married to the member for at least three years before the separation from active service if the deceased member was a deceased, retired, or deferred member and who was residing with the member at the time of the death of the member shall be entitled to receive a surviving spouse benefit in the case of former members of the South St. Paul Firefighters Relief Association.

(h) The person who survives a deceased active, deferred, or retired member who was legally married to the member at the time of the death of the deceased member, who was legally married to the member for at least one year before the separation from active service if the deceased member was a deceased, deferred, or retired member and who had not deserted the member at the time of the death of the deceased member shall be entitled to receive a surviving spouse benefit in the case of former members of the St. Paul Police Relief Association.

Subd. 2. Eligibility; surviving child benefit. (a) Except as specified in paragraph (b), (c), (d), (e), (f), or (g), the person who survives a deceased active, deferred, or retired member, who is the child of the deceased member and who is younger than age 18 at the time of the death of the deceased member shall be entitled to receive a surviving child benefit.

(b) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member, and who is younger than age 18 if the person is not a full-time student or age 22 if the person is a full-time student shall be entitled to receive a surviving child benefit in the case of former members of the following consolidating relief associations:

- (1) Bloomington Police Relief Association;
- (2) Buhl Police Relief Association;
- (3) Columbia Heights Fire Department Relief Association, Paid Division;
- (4) Duluth Firefighters Relief Association;
- (5) Duluth Police Pension Association;
- (6) Minneapolis Fire Department Relief association;

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- (7) Minneapolis Police Relief Association; and
- (8) St. Paul Fire Department Relief Association.

(c) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member and who is younger than age 16 shall be entitled to receive a surviving child benefit in the case of former members of the following consolidating relief associations:

- (1) Chisholm Police Relief Association; and
- (2) Hibbing Police Relief Association.

(d) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member and who is younger than age 19 shall be entitled to receive a surviving child benefit in the case of former members of the Albert Lea Firefighters Relief Association.

(e) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member and who is younger than age 18 if the person is not a full-time student or age 21 if the person is a full-time student shall be entitled to receive a surviving child benefit in the case of former members of the Crookston Police Relief Association.

(f) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member, who was dependent on the deceased member and who is younger than age 18 shall be entitled to receive a surviving child benefit in the case of former members of the Red Wing Police Relief Association.

(g) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member and who is younger than age 18 if the person is not a full-time student or age 23 if the person is a full-time student shall be entitled to receive a surviving child benefit in the case of former members of the St. Paul Police Relief Association.

Subd. 3. **Amount; surviving spouse benefit.** (a) The surviving spouse benefit shall be 30 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Albert Lea Firefighters Relief Association;
- (2) Albert Lea Police Relief Association;
- (3) Anoka Police Relief Association;
- (4) Austin Police Relief Association;
- (5) Brainerd Police Benefit Association;
- (6) Crookston Police Relief Association;
- (7) Faribault Fire Department Relief Association; and
- (8) West St. Paul Firefighters Relief Association.

(b) The surviving spouse benefit shall be 25 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Chisholm Police Relief Association;
- (2) Duluth Firefighters Relief Association;
- (3) Duluth Police Pension Association;
- (4) Fairmont Police Benefit Association;
- (5) Red Wing Fire Department Relief Association;
- (6) South St. Paul Police Relief Association; and
- (7) West St. Paul Police Relief Association.

(c) The surviving spouse benefit shall be 24 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Fridley Police Pension Association;
- (2) Richfield Police Relief Association;
- (3) Rochester Fire Department Relief Association;
- (4) Rochester Police Relief Association;
- (5) Winona Fire Department Relief Association; and
- (6) Winona Police Relief Association.

(d) The surviving spouse benefit shall be 40 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Columbia Heights Fire Department Relief Association, Paid Division; and
- (2) New Ulm Police Relief Association.

(e) The surviving spouse benefit shall be 30 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Hibbing Firefighters Relief Association; and
- (2) Hibbing Police Relief Association.

(f) The surviving spouse benefit shall be 23.75 percent of the salary base for the former members of the following consolidating relief associations:

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(1) Crystal Police Relief Associations; and

(2) Minneapolis Police Relief Association.

(g) The surviving spouse benefit shall be 32 percent of the salary base for the former members of the following consolidating relief associations:

(1) St. Cloud Fire Department Relief Association; and

(2) St. Cloud Police Relief Association.

(h) The surviving spouse benefit shall be one-half of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, for the former members of the following consolidating relief associations:

(1) Virginia Fire Department Relief Association; and

(2) Virginia Police Relief Association.

(i) The surviving spouse benefit shall be the following for the former members of the consolidating relief associations as indicated:

(1) 30 percent of the salary base, reduced by any amount awarded or payable from the service pension or disability benefit of the deceased former firefighter to a former spouse of the member by virtue of the legal dissolution of the member's marriage to the former spouse if the surviving spouse married the member after the time of separation from active service, Austin Firefighters Relief Association;

(2) 27.333 percent of the salary base, or one-half of the service pension payable to or accrued by the deceased former member, whichever is greater, Bloomington Police Relief Association;

(3) 72.25 percent of the salary base, Buhl Police Relief Association;

(4) 50 percent of the service pension which the active member would have received based on allowable service credit to the date of death and prospective service from the date of death until the date on which the person would have attained the normal retirement age, 50 percent of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or \$175 per month if the deceased member was receiving a service pension or disability benefit as of the date of death, Chisholm Firefighters Relief Association;

(5) two-thirds of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, Columbia Heights Police Relief Association;

(6) the greater of \$300 per month or one-half of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Crookston Fire Department Relief Association;

(7) \$100 per month, Faribault Police Benefit Association;

(8) 60 percent of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Mankato Fire Department Relief Association;

(9) \$175 per month, Mankato Police Benefit Association;

(10) 26.25 percent of the salary base, Minneapolis Fire Department Relief Association;

(11) equal to the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Red Wing Police Relief Association;

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(12) 78.545 percent of the benefit amount payable prior to the death of the deceased active, disabled, deferred, or retired firefighter if that firefighter's benefit was 55 percent of salary or would have been 55 percent of salary if the firefighter had survived to begin benefit receipt; or 80 percent of the benefit amount payable prior to the death of the deceased active, disabled, deferred, or retired firefighter if that firefighter's benefit was 54 percent of salary or would have been 54 percent of salary if the firefighter had survived to begin benefit receipt, Richfield Fire Department Relief Association;

(13) 40 percent of the salary base for a surviving spouse of a deceased active member, disabled member, or retired or deferred member with at least 20 years of allowable service, or the prorated portion of 40 percent of the salary base that bears the same relationship to 40 percent that the deceased member's years of allowable service bear to 20 years of allowable service for the surviving spouse of a deceased retired or deferred member with at least ten but less than 20 years of allowable service, St. Louis Park Fire Department Relief Association;

(14) 26.6667 percent of the salary base, St. Louis Park Police Relief Association;

(15) 27.5 percent of the salary base, St. Paul Fire Department Relief Association;

(16) 27.5 percent of the salary base, St. Paul Police Relief Association; and

(17) 27 percent of the salary base, South St. Paul Firefighters Relief Association.

Subd. 4. **Amount; surviving child benefit.** (a) The surviving child benefit shall be eight percent of the salary base for the former members of the following consolidating relief associations:

(1) Fridley Police Pension Association;

(2) Red Wing Fire Department Relief Association;

(3) Richfield Police Relief Association;

(4) Rochester Fire Department Relief Association;

(5) Rochester Police Relief Association;

(6) St. Cloud Police Relief Association;

(7) St. Louis Park Police Relief Association;

(8) South St. Paul Firefighters Relief Association;

(9) Winona Fire Department Relief Association; and

(10) Winona Police Relief Association.

(b) The surviving child benefit shall be \$25 per month for the former members of the following consolidating relief associations:

(1) Anoka Police Relief Association;

(2) Austin Firefighters Relief Association;

(3) Austin Police Relief Association;

(4) Faribault Police Benefit Association;

(5) Hibbing Firefighters Relief Association;

(6) Mankato Police Benefit Association;

(7) South St. Paul Police Relief Association; and

(8) Virginia Fire Department Relief Association.

(c) The surviving child benefit shall be ten percent of the salary base for the former members of the following consolidating relief associations:

(1) Albert Lea Police Relief Association;

(2) Crookston Police Relief Association;

(3) Duluth Firefighters Relief Association;

(4) Duluth Police Pension Association;

(5) Faribault Fire Department Relief Association; and

(6) Minneapolis Fire Department Relief Association.

(d) The surviving child benefit shall be five percent of the salary base for the former members of the following consolidating relief associations:

(1) Columbia Heights Fire Department Relief Association, Paid Division;

(2) St. Paul Police Relief Association; and

(3) West St. Paul Firefighters Relief Associations.

(e) The surviving child benefit shall be \$15 per month for the former members of the following consolidating relief associations:

(1) Crookston Fire Department Relief Association;

(2) Hibbing Police Relief Association; and

(3) West St. Paul Police Relief Association.

(f) The surviving child benefit shall be 7.5 percent of the salary base for the former members of the following consolidating relief associations:

(1) Bloomington Police Relief Association; and

(2) Crystal Police Relief Association.

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(g) The surviving child benefit shall be the following for the former members of the consolidating relief associations as indicated:

(1) ten percent of the salary base if a surviving spouse benefit is also payable, that amount between ten percent of the salary base and 50 percent of the salary base as determined by the executive director of the public employees retirement association, based on the financial circumstances and need of the surviving child or surviving children, applied in a uniform manner, reflective to the extent practicable or determinable to the past administrative practices of the board of the consolidating relief association before the effective date of the consolidation if there is a surviving spouse but no surviving spouse benefit is also payable on account of the remarriage of the surviving spouse, or 50 percent of the salary base, payable in equal shares for more than one surviving child, if there is no surviving spouse, Albert Lea Firefighters Relief Association;

(2) four percent of the salary base, Brainerd Police Benefit Association;

(3) \$125 per month if a surviving spouse benefit is also payable or an amount equal to the surviving spouse benefit, payable in equal shares if there is more than one surviving child, if no surviving spouse benefit is payable, Buhl Police Relief Association;

(4) \$15 per month, Chisholm Firefighters Relief Association;

(5) \$125 per month, Chisholm Police Relief Association;

(6) \$50 per month, Columbia Heights Police Relief Association;

(7) 6.25 percent of the salary base, Fairmont Police Benefit Association;

(8) 12.5 percent of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Mankato Fire Department Relief Association;

(9) ten percent of the salary base if a surviving spouse benefit is also payable or an amount determined by the executive director of the Public Employees Retirement Association based on the financial circumstances and need of the surviving child or surviving children, applied in a uniform manner, and subject to the largest applicable amount surviving child benefit maximum if no surviving spouse benefit is also payable, Minneapolis Police Relief Association;

(10) \$25 per month if a surviving spouse benefit is also payable or an amount equal to the surviving spouse benefit, payable in equal shares if there is more than one surviving child, New Ulm Police Relief Association;

(11) in an amount determined by the executive director of the Public Employees Retirement Association based on the financial circumstances and need of the surviving child or surviving children, applied in a uniform manner, reflective to the extent practicable or determinable to the past administrative practices of the board of the consolidating relief association before the effective date of the consolidation and not more than the largest surviving child benefit amount prescribed for any other actual or potential consolidating relief association as provided in this section, Red Wing Police Relief Association;

(12) 9.818 percent of the benefit payable to the firefighter or to which the firefighter would have been eligible at the time of death if that firefighter's benefit was or would have been 55 percent of salary and if a surviving spouse benefit is also payable or 29.454 percent if a surviving spouse benefit is not payable; or ten percent of the benefit payable to the firefighter or to which the firefighter would have been eligible at the time of death if that firefighter's benefit was or would have been 54 percent of salary and if a surviving spouse benefit is also payable or 30 percent if a surviving spouse benefit is not payable, Richfield Fire Department Relief Association;

(13) 5.3334 percent of the salary base, St. Cloud Fire Department Relief Association;

(14) five percent of the salary base if a surviving spouse benefit is also payable or 15 percent of the salary base if no surviving spouse benefit is also payable for the surviving child or children of a deceased active member, disabled member, or retired or deferred member with at least 20 years of active service, or the prorated portion of five percent of the salary base if a surviving spouse benefit is also payable or 15 percent of the salary base if no surviving spouse benefit is also payable that bears the same relationship to five or 15 percent that the deceased member's years of allowable service bear to 20 years of allowable service for the surviving child or children of a deceased retired or deferred member with at least ten but less than 20 years of allowable service, St. Louis Park Fire Department Relief Association;

(15) ten percent of the salary base, St. Paul Fire Department Relief Association; and

(16) \$50 per month, Virginia Police Relief Association.

Subd. 5. **Survivor benefit maximum.** (a) No surviving children or surviving family maximum shall be applicable to former members of the following consolidating relief associations:

(1) Buhl Police Relief Association;

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- (2) Chisholm Firefighters Relief Association;
- (3) Chisholm Police Relief Association;
- (4) Hibbing Firefighters Relief Association;
- (5) Mankato Police Benefit Association;
- (6) New Ulm Police Relief Association;
- (7) Red Wing Fire Department Relief Association;
- (8) Red Wing Police Relief Association;
- (9) St. Paul Police Relief Association; and
- (10) South St. Paul Police Relief Association.

(b) The surviving children maximum shall be 24 percent of the salary base, if a surviving spouse benefit is also payable or 48 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the following consolidating relief associations:

- (1) Fridley Police Pension Association;
- (2) Richfield Police Relief Association;
- (3) Rochester Fire Department Relief Association;
- (4) Rochester Police Relief Association;
- (5) Winona Fire Department Relief Association; and
- (6) Winona Police Relief Association.

(c) The surviving family maximum shall be 50 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Anoka Police Relief Association;
- (2) Austin Firefighters Relief Association;
- (3) Austin Police Relief Association;
- (4) Duluth Firefighters Relief Association; and
- (5) St. Louis Park Fire Department Relief Association.

(d) The surviving family maximum shall be an amount equal to the service pension which a retiring member would have received based on 20 years of allowable service credit if the member had attained the age of at least 50 years in the case of an active member, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death in the case of a deferred member, or of the service pension or disability benefit which the deceased member was receiving as of the date of death, for the former members of the following consolidating relief associations:

- (1) Columbia Heights Police Relief Association;
- (2) Virginia Fire Department Relief Association; and
- (3) Virginia Police Relief Association.

(e) The surviving children maximum shall be 25 percent of the salary base, if a surviving spouse benefit is also payable or 50 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the following consolidating relief associations:

- (1) Duluth Police Pension Association; and
- (2) Fairmont Police Benefit Association.

(f) The surviving children maximum shall be 22.5 percent of the salary base, if a surviving spouse benefit is also payable or 45 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the Crystal Police Relief Association.

(g) The surviving children maximum shall be 16 percent of the salary base, if a surviving spouse benefit is also payable or 48 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the following consolidating relief associations:

- (1) St. Cloud Fire Department Relief Association; and
- (2) St. Cloud Police Relief Association.

(h) The surviving children maximum shall be 20 percent of the salary base, if a surviving spouse benefit is also payable or 50 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the following consolidating relief associations:

- (1) Albert Lea Firefighters Relief Association;
- (2) Albert Lea Police Relief Association; and
- (3) Faribault Fire Department Relief Association.

(i) The surviving family maximum shall be the following for the former members of the consolidating relief associations:

- (1) 60 percent of the salary base, Bloomington Police Relief Association;
- (2) \$450 per month, Crookston Police Relief Association;
- (3) 80 percent of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the

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allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, Mankato Fire Department Relief Association;

(4) 98.182 percent of the benefit amount payable or to which the firefighter was eligible prior to the death of the firefighter if that firefighter's benefit was or would have been 55 percent of salary, or 100 percent of the benefit amount payable or to which the firefighter was eligible prior to the death of the firefighter if that firefighter's benefit was or would have been 54 percent of salary, Richfield Fire Department Relief Association; and

(5) 57.5 percent of the salary base, St. Paul Fire Department Relief Association.

(j) The surviving child maximum shall be the following for the former members of the consolidating relief associations:

(1) 20 percent of the top salary payable to a patrol officer, Brainerd Police Benefit Association;

(2) ten percent of the salary base, if a surviving spouse benefit is also payable or 15 percent of the salary base, if no surviving spouse benefit is also payable, Columbia Heights Fire Department Relief Association, paid division;

(3) \$105 per month if a surviving spouse benefit is also payable or \$90 per month if no surviving spouse benefit is also payable, Crookston Fire Department Relief Association;

(4) \$125 per month, Faribault Police Benefit Association;

(5) \$30 per month if a surviving spouse benefit is also payable or \$180 per month if no surviving spouse benefit is also payable, Hibbing Police Relief Association;

(6) 25 percent of the salary base, if a surviving spouse benefit is also payable or 51.25 percent of the salary base, if no surviving spouse benefit is also payable, Minneapolis Fire Department Relief Association;

(7) 17.5 percent of the salary base, if a surviving spouse benefit is also payable or 50 percent of the salary base, if no surviving spouse benefit is also payable, Minneapolis Police Relief Association;

(8) 24 percent of the salary base, St. Louis Park Police Relief Association;

(9) 23 percent of the salary base, if a surviving spouse benefit is also payable or 50 percent of the salary base, if no surviving spouse benefit is also payable, South St. Paul Firefighters Relief Association;

(10) ten percent of the salary base, West St. Paul Firefighters Relief Association; and

(11) \$30 per month if a surviving spouse benefit is also payable or \$75 per month if no surviving spouse benefit is also payable, West St. Paul Police Relief Association.

Subd. 6. Discontinuation; surviving spouse benefit. For all consolidating relief associations, a surviving spouse benefit terminates only upon the death of the person entitled to receive or receiving a surviving spouse benefit.

Subd. 7. Discontinuation; surviving child benefit. A surviving child benefit shall terminate upon the loss of eligible surviving child status by the person previously entitled to receive or receiving a surviving child benefit.

Subd. 8. Other death benefit coverage. Any lump-sum death benefit or funeral benefit provided for in the governing benefit plan documents shall be considered to be special benefit coverage governed by section 353A.08, subdivision 6, for the former members of the following consolidating relief associations:

(1) Crookston Fire Department Relief Association;

(2) Hibbing Firefighters Relief Association;

(3) Mankato Fire Department Relief Association;

(4) Red Wing Fire Department Relief Association; and

(5) Richfield Fire Department Relief Association.

353B.12 POSTRETIREMENT BENEFIT ADJUSTMENTS.

Subdivision 1. **Service pension.** (a) Except as specified in paragraph (b), (c), (d), or (e), any service pension payable to a former member of a consolidating relief association shall be increased annually by the same percentage that the salary base has increased.

(b) The amount of any service pension other than any additional benefit on one-half of one percent of the salary base per year of allowable service for allowable service in excess of 25 years of service shall be increased annually by the same percentage that the salary base has increased for former members of the following consolidating relief associations:

(1) Austin Firefighters Relief Association;

(2) Austin Police Relief Association;

(3) Columbia Heights Fire Department Relief Association, Paid Division;

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- (4) Columbia Heights Police Relief Association;
- (5) St. Paul Fire Department Relief Association;
- (6) St. Paul Police Relief Association;
- (7) South St. Paul Firefighters Relief Association;
- (8) South St. Paul Police Relief Association;
- (9) Virginia Police Relief Association;
- (10) Winona Fire Department Relief Association; and
- (11) Winona Police Relief Association.

(c) The amount of any service pension other than any additional benefit on one-half of one percent of the salary base per year of allowable service for allowable service in excess of 25 years of service shall be increased annually by the same percentage that the salary base has increased for former members employed before July 1, 1969, and by one-half of the dollar amount of the increase payable to former members employed before July 1, 1969, for former members employed after June 30, 1969, of the following consolidating relief associations:

- (1) Rochester Fire Department Relief Association; and
- (2) Rochester Police Relief Association.

(d) The amount of any service pension shall not be subject to any annual postretirement adjustment for former members of the following consolidating relief associations:

- (1) Crookston Fire Department Relief Association; and
- (2) Crookston Police Relief Association.

(e) The amount of the annual postretirement adjustment shall be the following for the former members of the consolidating relief associations as indicated:

(1) the amount of any service pension other than any additional benefit of one-half of one percent of the salary base per year of allowable service for allowable service in excess of 25 years of service shall be increased annually by the same percentage that the salary of a top grade firefighter has increased, Albert Lea Firefighters Relief Association;

(2) the amount of any service pension shall be increased by the amount of any positive difference between the service pension payable for the month before the effective date of a postretirement increase and the amount equal to 50 percent of the salary of a first class patrol officer on the effective date of a postretirement increase, Albert Lea Police Relief Association;

(3) for a service pension calculated using the top salary of a patrol officer, the service pension shall be increased by an amount equal to the percentage that the top salary of a patrol officer has increased, Brainerd Police Benefit Association;

(4) the amount of any service pension shall be increased by 3.5 percent annually if there is any increase in the salary base, Buhl Police Relief Association;

(5) the amount of any service pension shall be increased by three percent annually if there is any increase in the salary base, Chisholm Firefighters Relief Association;

(6) the amount of any service pension other than any additional benefit of one-half of one percent of the salary base per year of allowable service for allowable service in excess of 25 years of service shall be increased by three percent annually, Chisholm Police Relief Association;

(7) the amount of any service pension shall be increased by an amount equal to one-half of the percentage that the salary base has increased, Faribault Police Benefit Association;

(8) the amount of any service pension based on at least 20 years of allowable service shall be increased by the same percentage that the salary base has increased and the amount of any service pension based on less than 20 years of allowable service shall be increased by the percentage that the salary base has increased or by three percent, whichever is less, annually, Fridley Police Pension Association;

(9) the amount of any service pension shall be increased by one-half of the dollar amount of any increase in the salary base, Hibbing Police Relief Association;

(10) for a service pension calculated using the salary of the highest salaried patrol officer, the service pension other than any additional benefit of one-half of one percent of final salary for the first three years of allowable service in excess of 20 years of allowable service shall be increased by the same percentage that the salary of the highest salaried patrol officer has increased, New Ulm Police Relief Association;

(11) the amount of any service pension other than any additional benefit of one-half of one percent of the salary base per year of allowable service for allowable service in excess of 25 years of allowable service shall be increased by the same percentage that the consumer price index for all items for urban wage earners published by the federal Department of Labor, Bureau of Labor Statistics, has increased over the previous 12-month period, Red Wing Fire Department Relief Association;

(12) the amount of any service pension shall be increased by the same percentage that the consumer price index for all items for urban wage earners published by the federal Department of

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Labor, Bureau of Labor Statistics, has increased over the previous 12-month period, Red Wing Police Relief Association;

(13) the amount of any service pension other than any additional benefit of one-half of one percent of the salary base per year of allowable service for allowable service in excess of 25 years of allowable service shall be increased by the same percentage that the salary base has increased or by 3.5 percent, whichever is less, annually, Virginia Fire Department Relief Association; and

(14) the amount of any service pension payable to a person who has attained the age of at least 55 years shall be increased by the same percentage that the salary base has increased or by 3.5 percent, whichever is less, annually, West St. Paul Police Relief Association.

Subd. 2. Deferred service pension. (a) Except as specified in paragraph (b), any deferred service pension payable to a former member of a consolidating relief association shall be credited annually with an increase of the same percentage or amount that a service pension is to be increased as provided in subdivision 1. The amount of any postretirement increases credited during the period of deferral shall be added to the amount of the service pension payable as of the date of the termination of employment as a police officer or firefighter, whichever applies, and payable as of the date of the initial service pension payment as provided in section 353B.10.

(b) Any deferred service pension shall not be subject to any postretirement adjustment for former members of the following consolidating relief associations:

- (1) Crookston Fire Department Relief Association; and
- (2) Crookston Police Relief Association.

Subd. 3. Disability benefit. (a) Except as specified in paragraph (b), (c), and (d), any disability benefit payable to a former member of a consolidating relief association shall be increased annually by the same percentage or amount that a service pension is to be increased as provided in subdivision 1.

(b) The amount of any disability benefit shall not be subject to any annual postretirement adjustment for former members of the following consolidating relief associations:

- (1) Crookston Fire Department Relief Association;
- (2) Crookston Police Relief Association; and
- (3) Hibbing Firefighters Relief Association.

(c) The amount of any disability benefit shall be increased annually by the same percentage that the salary of the position which the disabled person held at the time of the disability has increased over the previous 12-month period for former members of the Columbia Heights Police Relief Association.

(d) The amount of any disability benefit shall be increased annually by the amount of any positive difference between the disability benefit payable for the month before the effective date of a postretirement increase and the amount equal to 50 percent of the salary of a first class patrol officer on the effective date of a postretirement increase for former members of the Albert Lea Police Relief Association.

Subd. 4. Surviving spouse benefit. (a) Except as specified in paragraphs (b), (c), and (d), any surviving spouse benefit payable on behalf of a deceased former member of a consolidating relief association shall be increased annually by the same percentage or amount that a service pension is to be increased as provided in subdivision 1.

(b) The amount of any surviving spouse benefit shall not be subject to any annual postretirement adjustment for former members of the following consolidating relief associations:

- (1) Buhl Police Relief Association;
- (2) Chisholm Firefighters Relief Association;
- (3) Chisholm Police Relief Association;
- (4) Crookston Fire Department Relief Association;
- (5) Crookston Police Relief Association;
- (6) Faribault Police Benefit Association;
- (7) Hibbing Firefighters Relief Association;
- (8) Hibbing Police Relief Association; and
- (9) Mankato Police Benefit Association.

(c) The amount of any surviving spouse benefit shall be increased annually by the percentage that the salary base has increased over the previous 12-month period for former members of the West St. Paul Police Relief Association.

(d) The amount of any surviving spouse benefit shall be increased annually by the amount of any positive difference between the surviving spouse benefit payable for the month before the effective date of a postretirement increase and the amount equal to 30 percent of the salary of a first class patrol officer on the effective date of a postretirement increase for former members of the Albert Lea Police Relief Association.

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Subd. 5. **Surviving child benefit.** (a) Except as specified in paragraphs (b), (c), and (d), any surviving child benefit payable on behalf of a former member of a consolidating relief association shall be increased annually by the same percentage or amount that a service pension is to be increased as provided in subdivision 1.

(b) The amount of any surviving child benefit shall not be subject to any annual postretirement adjustment for former members of the following consolidating relief associations:

- (1) Anoka Police Relief Association;
- (2) Austin Firefighters Relief Association;
- (3) Austin Police Relief Association;
- (4) Buhl Police Relief Association;
- (5) Chisholm Firefighters Relief Association;
- (6) Chisholm Police Relief Association;
- (7) Columbia Heights Police Relief Association;
- (8) Crookston Fire Department Relief Association;
- (9) Crookston Police Relief Association;
- (10) Faribault Police Benefit Association;
- (11) Hibbing Firefighters Relief Association;
- (12) Hibbing Police Relief Association;
- (13) Mankato Police Benefit Association;
- (14) Red Wing Police Relief Association;
- (15) South St. Paul Police Relief Association;
- (16) Virginia Fire Department Relief Association;
- (17) Virginia Police Relief Association; and
- (18) West St. Paul Police Relief Association.

(c) The amount of any surviving child benefit shall be subject to an annual postretirement adjustment only if no surviving spouse benefit is also payable and the annual adjustment shall be the same percentage or amount that a service pension is to be increased as provided in subdivision 1 for former members of the New Ulm Police Relief Association.

(d) The amount of any surviving child benefit shall be increased annually by the amount of any positive difference between the surviving child benefit payable for the month before the effective date of a postretirement increase and the amount equal to ten percent of the salary of a first class patrol officer on the effective date of a postretirement increase for former members of the Albert Lea Police Relief Association.

Subd. 6. **Family maximum benefit.** (a) Except as specified in paragraph (b), any family maximum benefit payable on behalf of a former member of a consolidating relief association shall be increased as provided for its component surviving spouse or surviving child benefits.

(b) The amount of any family maximum benefit shall be increased annually by the amount of any positive difference between the family maximum benefit payable for the month before the effective date of a postretirement increase and the amount equal to 50 percent of the salary of a first class patrol officer on the effective date of a postretirement increase for former members of the Albert Lea Police Relief Association.

Subd. 7. **Effective date for postretirement increases.** Any postretirement increases as provided in this section shall occur once per calendar year. If the postretirement increase is based on the increase in a base salary amount, the postretirement increase shall be payable as of the first of the month next following the effective date of the triggering salary increase. If more than one salary increase occurs in a calendar year, only one postretirement increase shall take effect in that calendar year and the next succeeding postretirement increase shall take into account any additional salary increases which occurred since the immediately previous postretirement increase and shall occur on the date occurring 12 months after the date of the immediately previous postretirement increase or the first of the month next following the effective date of any triggering salary increase in that calendar year, whichever occurs first. If the increase in the base salary amount upon which the postretirement increase is based includes retroactive payments to an earlier date, the applicable postretirement increase may also be payable retroactive to that date. If the postretirement increase is based on the Consumer Price Index or is a set annual percentage amount, the postretirement increase shall be payable as of the first day of February.

353B.13 OTHER BENEFIT COVERAGE.

(a) A person who is a former member of the Austin Firefighters Relief Association who receives a service pension or a disability pension from the relief association and who is under age 65 or who is not yet eligible for the receipt of federal Medicare benefits, whichever occurs first, and the person's spouse, if the spouse would be eligible for a surviving spouse benefit upon

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the death of the pension recipient, is entitled to receive a health or medical insurance premium benefit in an amount equal to the amount that the city of Austin would pay under the applicable collective bargaining agreement for medical or health insurance coverage for a firefighter who is employed by the city, who has a spouse and who has no other dependents, payable monthly, in addition to any other pension amount received by the eligible pension recipient, and not subject to any postretirement adjustments applicable to service pensions or disability pensions.

(b) A person who is a former member of the New Ulm Police Relief Association, who retired from the New Ulm police department after October 15, 1985, and who is receiving a service pension after the effective date of consolidation as provided in section 353A.06, shall be entitled to receive a supplemental benefit of \$80 per month for each month following the date of retirement until the last day of the month in which the person attains the age of 65 years.

(c) The payment of the premiums for medical and dental insurance coverage and the payment of a lump-sum amount at retirement for former members of the St. Cloud Fire Department Relief Association and the payment of the premiums for medical insurance coverage and the payment of a lump-sum amount at retirement for former members of the St. Cloud Police Relief Association as provided for in the governing benefit plan documents shall be considered to be special benefit coverage governed by section 353A.08, subdivision 6.

(d) A person who is a former member of the St. Paul Fire Department Relief Association who is unable to perform normally assigned fire department service due to a medically determinable physical or mental illness or injury and who is removed from the fire department payroll, upon application, until recovery, or for a period of 90 days or for a period of 150 days upon a showing of need and a medical report indicating a reasonable prognosis for recovery due to the extended period, whichever occurs first, shall be entitled to a sick relief benefit for each day of that inability, payable monthly, in an amount of 1.5625 percent of the salary base per day.

353B.14 DISPUTE OVER BENEFIT AMOUNTS OR PLAN PROVISIONS.

In the event of any dispute by or on behalf of any former member of a consolidating relief association after the effective date of consolidation over the amount of a benefit to which the person may be entitled, the proper interpretation of a provision of sections 353B.01 to 353B.14, or the conformity of the provisions of sections 353B.01 to 353B.14 to the provisions of the benefit plan of the consolidating relief association in effect immediately before the date on which the consolidation process was initiated, the dispute shall be submitted in writing to the Legislative Commission on Pensions and Retirement by the person who is a party to the dispute or by the executive director of the Public Employees Retirement Association. The Legislative Commission on Pensions and Retirement shall review the dispute as part of its deliberations on proposed or pending retirement legislation and shall make its recommendation on the resolution of the dispute, if any, to the appropriate committees of the senate and house of representatives with jurisdiction over public employee pension matters in the form of the necessary legislation amending the provisions of sections 353B.01 to 353B.14, which legislation shall include retroactivity of any increase in a benefit amount or any omitted benefit amount to the date on which the benefit subject to dispute accrued or would have accrued.

423A.01 POLICE AND SALARIED FIREFIGHTERS RELIEF ASSOCIATIONS.

Subdivision 1. **Membership of new police and salaried firefighters in the public employees police and fire fund.** Notwithstanding any law to the contrary, all persons first employed by any municipality as police officers or police officer trainees, salaried firefighters or firefighter trainees or public safety officers or public safety officer trainees after June 15, 1980 shall be members of the public employees police and fire fund established by sections 353.63 to 353.68, and shall not be members of any local police or paid firefighters' relief association established or maintained by the municipality, unless the municipality elects to retain the local relief association by the adoption of a municipal resolution approved by a majority of the governing body of the municipality following the holding of a public meeting at which the views of the public are considered and a copy of the municipal resolution is filed with the secretary of state, the commissioner of management and budget, the commissioner of commerce and the executive director of the Legislative Commission on Pensions and Retirement on or before August 15, 1980.

Subd. 2. **Operation of local relief association upon modification of retirement coverage for newly hired police officers and firefighters.** (a) The following provisions shall govern the operation of a local relief association upon the modification of retirement coverage for newly hired police officers or firefighters:

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(1) The minimum obligation of a municipality in which the retirement coverage for newly hired police officers or salaried firefighters has been modified pursuant to subdivision 1 with respect to the local relief association shall be determined and governed in accordance with the provisions of sections 69.77, 356.215, and 356.216, except that the normal cost calculation for the relief association shall be computed as a percentage of the compensation paid to the active members of the relief association. The compensation paid to persons with retirement coverage modified pursuant to subdivision 1 shall not be included in any of the computations made in determining the obligation of the municipality with respect to the local relief association.

(2) The contribution rate of members of the local relief association shall be governed by section 69.77, unless a special law establishing a greater member contribution rate is applicable whereupon it shall continue to govern. The member contribution rate of persons with retirement coverage modified pursuant to subdivision 1 shall be governed by section 353.65.

(3) Unless otherwise provided for by law, when every active member of the local relief association retires or terminates from active duty, the local relief association shall cease to exist as a legal entity and the assets of the special fund of the relief association shall be transferred to a trust fund to be established by the appropriate municipality for the purpose of paying service pensions and retirement benefits to recipient beneficiaries. Recipient beneficiaries who are competent to act on their own behalf shall be entitled to select the prescribed number of trustees of the trust fund as provided in this clause, subject to the approval of the governing body of the municipality. If there are at least five recipient beneficiaries, the trust fund shall be managed by a board of trustees composed of five persons selected by the recipient beneficiaries of the fund. When there are fewer than five recipient beneficiaries, the number of trustees selected by the recipient beneficiaries shall be equal to the number of the remaining recipient beneficiaries. The governing body of the municipality shall select the additional trustees. The term of the elected members of the board of trustees shall be indefinite and shall continue until a vacancy occurs in one of the board of trustee member positions. Board of trustee members shall not be compensated for their services, but shall be reimbursed for any expenses actually and necessarily incurred as a result of the performance of their duties in their capacity as board of trustee members. The municipality shall perform whatever services are necessary to administer the trust fund. When all obligations of the trust fund are paid, the balance of the assets remaining in the trust fund shall revert to the municipality for expenditure for law enforcement or firefighting purposes, whichever is applicable.

(4) The financial requirements of the trust fund and the minimum obligation of the municipality with respect to the trust fund shall be determined in accordance with sections 69.77, 356.215, and 356.216 until the unfunded accrued liability of the trust fund is fully amortized in accordance with section 69.77, subdivision 4. The municipality shall provide in its annual budget for at least the aggregate amount of service pensions, disability benefits, survivorship benefits, and refunds which are projected as payable for the following calendar year, as determined by the board of trustees of the trust fund, less the amount of assets in the trust fund as of the end of the most current calendar year for which figures are available, valued pursuant to section 356.20, subdivision 4, if the difference between those two figures is a positive number.

(5) In calculating the amount of service pensions and other retirement benefits payable from the local relief association and in calculating the amount of any automatic postretirement increases in those service pensions and retirement benefits based on the salary paid or payable to active members or escalated in any fashion, the salary for use as the base for the service pension or retirement benefit calculation and the postretirement increase calculation for the local relief association shall be the salary for the applicable position as specified in the articles of incorporation or bylaws of the relief association as of the date immediately prior to the effective date of the modification of retirement coverage for newly hired personnel pursuant to subdivision 1, as the applicable salary is reset by the municipality periodically, irrespective of whether retirement coverage for persons holding the applicable position used in calculations is provided by the relief association or by the public employees police and fire fund. If for a local salaried firefighters relief association, the specified position no longer exists because of a reorganization of the fire department as a volunteer fire department, the percentage increase in the salary of the position of a top grade patrol officer in the police department of the municipality must be the basis for service pension and retirement benefit postretirement increase calculations.

(6) If the modification of retirement coverage implemented pursuant to subdivision 1 is applicable to a local police relief association, the police state aid received by the municipality shall be disbursed pursuant to section 69.031, subdivision 5, clause (2)(c). If the modification of retirement coverage implemented pursuant to subdivision 1 is applicable to a local firefighters' relief association, the fire state aid received by the applicable municipality other than a city of the first class with a population of more than 300,000 shall be disbursed as the municipality at its option may elect. The municipality may elect: (a) to transmit the total fire state aid to the treasurer

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of the local relief association for immediate deposit in the special fund of the relief association; or (b) to apply the total fire state aid toward the employer contribution of the municipality to the public employees police and fire fund pursuant to section 353.65, subdivision 3; or (c) to allocate the total fire state aid proportionately between the special fund of the local relief association and employer contribution of the municipality to the public employees police and fire fund on the basis of the respective number of active full-time salaried firefighters receiving retirement coverage from each.

(b) For a city of the first class with a population of more than 300,000, in addition, the city may elect to allot the appropriate portion of the total fire state aid to apply toward the employer contribution of the city to the public employees police and fire fund based on the covered salary of firefighters covered by the fund each payroll period and to transmit the balance to the firefighters relief association.

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

Subd. 4. **Automatic postretirement adjustments for certain newly employed, active and retired members.** (a) Notwithstanding any provision of law, municipal charter, municipal ordinance or resolution, or relief association articles of incorporation or bylaws to the contrary, any person who meets one of the following requirements for entitlement shall be entitled to an annual automatic postretirement adjustment in the amount of the service pension calculated pursuant to paragraph (b). A person meets the requirements for entitlement if:

(1) the person is a member of a covered local police or salaried firefighters relief association enumerated in paragraph (c), commences receiving a service pension at an age no earlier than attaining the age of 55 years, and has met all applicable requirements for entitlement to a service pension specified in the applicable laws and relief association articles of incorporation or bylaws governing the local relief association;

(2) the person is a retired member of a covered local police or salaried firefighters relief association enumerated in paragraph (c), retired on a service pension after June 15, 1980, after attaining the age of at least 50 years but prior to attaining the age of 55 years, and attains the age of 55 years subsequent to retirement; or

(3) the person was a retired member on June 15, 1980, of a covered local police or salaried firefighters' relief association or retirement trust fund enumerated in paragraph (c), is receiving a service pension, and has attained the age of at least 55 years.

(b) Any person who meets the requirements specified in paragraph (a), clause (1) or (2), shall be entitled to receive the annual automatic postretirement adjustment on the January 1 next following the date upon which the requirements for entitlement are met but in no event prior to the date upon which the person attains the age of 55 years. Any person who meets the requirements specified in paragraph (a), clause (3), shall be entitled to receive the adjustment on the January 1 next following the date upon which the person attains the age of 55 years. The amount of the adjustment shall be determined by the board of trustees of the local relief association on or before December 1 annually and the adjustment shall accrue each year as of January 1 next following the determination date. The adjustment shall be first payable with the service pension payment made for January. Each adjustment in the amount of the service pension shall be based on the percentage increase in the salary upon which retirement coverage is credited during the prior year subject to the limitation provided for in this paragraph.

The percentage increase in the salary shall be applied to the amount of service pension payable to the person for the month immediately prior to the month in which the determination is made. The maximum percentage increase shall not exceed 3-1/2 percent in any year and any increase in the salary level of the applicable position used to govern the determination of adjustments in excess of 3-1/2 percent in any year shall not carry over to or be used to calculate the rate of salary increase for any succeeding year in which the increase in the salary of the applicable position does not exceed 3-1/2 percent.

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(c) The provisions of this subdivision shall apply to the active members and retired members of a local police or salaried firefighters relief association or to the retired members of a retirement trust fund contained in the following enumeration of covered relief associations:

- (1) Buhl Police Relief Association;
- (2) Eveleth joint retired police and firefighters retirement trust fund;
- (3) Moorhead Firefighters Relief Association;
- (4) Moorhead Police Relief Association;
- (5) Thief River Falls police retirement trust fund;
- (6) Virginia Firefighters Relief Association;
- (7) West St. Paul Police Relief Association.

423A.02 LOCAL POLICE AND FIREFIGHTERS RELIEF ASSOCIATION AMORTIZATION STATE AID.

Subd. 1a. **Supplementary amortization state aid.** In addition to the amortization state aid under subdivision 1, there is a distribution of supplementary amortization state aid among those municipalities that receive amortization state aid under subdivision 1. The amount of the distribution is that proportion of the appropriation that the unfunded actuarial accrued liability of each relief association bears to the total unfunded actuarial accrued liabilities of all relief associations as reported in the December 31, 1983, actuarial valuations of the relief associations receiving amortization state aid under subdivision 1. Money under this subdivision must be distributed at the same time that fire and police state aid is distributed under section 69.021.

423A.04 ALTERNATIVE BENEFIT INCREASE.

Notwithstanding any provision of law to the contrary, and in lieu of the benefit increase provided for in section 423A.01, subdivision 3, the governing body of a participating municipality, except the city of Minneapolis, is authorized by resolution approved by a majority of the members of the governing body, following consideration of an actuarial analysis of the effect of any change, to increase the service pension or retirement benefits provided by or modify any provision of the benefit plan of either a police relief association or a salaried firefighters' relief association unless the municipality elects to retain the local relief association by the adoption of a municipal resolution pursuant to section 423A.01, subdivision 1. The total cost of any increase or modification, including amortization by December 31, 2010, shall not exceed 1.26 percent of covered payroll.

423A.05 CLARIFICATION OF INTERPRETATION ON AUTHORITY TO APPROVE ALTERNATIVE BENEFIT INCREASE.

No provision of section 645.021, or Laws 1980, chapter 607, article XV, section 7 or 25, shall be construed as authorizing any municipality which approved an alternative benefit increase for a local police or salaried firefighters' relief association located in the municipality and which complied with section 645.021, subdivision 3, to amend, modify, or revoke that approval or substitute a different alternative benefit increase for the alternative benefit increase which was previously approved.

423A.07 ADDITIONS TO BOARD.

(a) Notwithstanding any other law, each local police and salaried firefighters' relief association may amend its bylaws and its articles of incorporation, as necessary, to provide for the inclusion of retirees on its board.

(b) Upon adoption of the amendments, the relief association must file a copy of the amended bylaws with the executive director of the Legislative Commission on Pensions and Retirement. A relief association amending its articles of incorporation must comply with any statutory requirements pertaining to the filing of amended articles of incorporation.

423A.10 POWERS OF CITY OFFICIALS LIMITED.

When the governing board of a firefighters or police relief association in any city shall determine what is necessary to adequately protect, maintain and administer the firefighters or police relief association, neither the governing body of the city nor any official of the city may

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thereafter deny adequate representation therefor. Any duties performed by any member of the association pursuant to the determination under this section are deemed to be fire or police duties.

423A.11 RECOMPUTATION OF A DISABILITY BENEFIT AS A SERVICE PENSION.

Subdivision 1. **Termination of disability benefit.** The disability benefit of any disabled member of a local police or salaried firefighters relief association, whichever is applicable, shall terminate when the disabled member attains:

(1) the minimum age for the receipt of a service pension specified in the articles of incorporation or the bylaws of the relief association, if the disabled member has credit for at least the number of years of service for active duty which would entitle the disabled member to a service pension in an amount equal to the amount of the disability benefit; or

(2) the age attained by the disabled member when the total number of years of service credited for active duty and of years of receipt of a disability benefit equals the number of years of service credit which would entitle the disabled member to a service pension in an amount equal to the amount of the disability benefit, if the disabled member has credit for less than the number of years of service for active duty which would entitle the disabled member to a service pension in an amount equal to the amount of the disability benefit when the disabled member attains the minimum age for the receipt of a service pension specified in the articles of incorporation or the bylaws of the relief association.

Subd. 2. **Amount of disability benefit recomputed as a service pension.** After the disability benefit terminates, the disabled member shall be deemed to be a service pensioner and shall be entitled to receive a service pension in an amount equal to the disability benefit without any benefit offset required pursuant to any applicable provision of law, articles of incorporation or bylaws which was payable by the relief association immediately prior to the date when the disability benefit terminated pursuant to this section or the service pension otherwise payable based on the service credit for active duty of the person, whichever amount is greater. The disability benefit recomputed as a service pension shall be subject to any annual automatic postretirement adjustments or escalation applicable to any other service pension payable by the relief association.

Subd. 3. **Limitation on disability benefit coverage.** No relief association member who has attained the age and acquired the service credit for termination of a disability benefit specified in subdivision 1 shall be eligible for a disability benefit after that date. If a relief association member who is ineligible for a disability benefit solely pursuant to the limitation set forth in this subdivision becomes permanently unable to perform the duties of a police officer or a firefighter, whichever is applicable, by virtue of a medically determinable illness or injury, the member shall be eligible to a service pension in an amount equal to the amount of the disability benefit which would have been paid had the person been entitled to a disability benefit, or the amount of the service pension otherwise payable based on the service credit for active duty of the person, whichever is greater.

423A.12 SERVICE CREDIT FOR PERIODS OF DISABILITY.

(a) If the articles of incorporation or bylaws of a local police or salaried firefighters' relief association, whichever is applicable, so provide, any relief association member who received a disability benefit from the relief association on account of a medically determinable illness or injury which was at the time of the determination of the disability expected to be of permanent duration and who returned to active employment as a police officer or firefighter, whichever is applicable, shall be entitled to receive service credit toward the calculation of a service pension for the period or periods of the receipt of a disability benefit.

(b) The maximum service credit which a relief association member may obtain pursuant to this subdivision shall be that amount of service credit which, when added to the service credit of the member for active duty, equals the amount of service credit which would entitle the member to a service pension in an amount equal to the amount of the disability benefit provided by the relief association.

423A.13 LESS HAZARDOUS DUTY EMPLOYMENT FOR marginally DISABLED POLICE OFFICERS OR FIREFIGHTERS.

Every city in which a local police or salaried firefighters' relief association is located shall make every reasonable attempt to provide less hazardous duty employment positions for marginally or less severely disabled police officers or firefighters, which is applicable, in the police department or in the fire department, whichever is applicable, with the same compensation, fringe benefits and other terms and conditions of employment as the person would have otherwise

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received currently as a regularly employed police officer or firefighter, which is applicable, of the same rank and experience.

423A.14 OFFSETS FROM DISABILITY BENEFITS.

Subdivision 1. **Occurrence of offsets.** If a police officer or firefighter, whichever is applicable, who is a member of a local police or salaried firefighters' relief association becomes disabled and is entitled to receive a disability benefit from the relief association and the disabled person is also entitled to receive benefits pursuant to the workers' compensation law by virtue of that disability, and the total of the disability benefit and the workers' compensation benefits exceeds the salary which the disabled person received as of the date of the disability or the salary currently payable to the same employment position or an employment position which is substantially similar to the employment position which the person held as of the date of the disability, whichever is greater, then the disability benefit of that person which is otherwise payable shall be reduced to that amount which, when added to the workers' compensation benefits, after deducting any amounts payable as attorney fees, medical benefits or rehabilitation benefits, does not exceed the salary which the person received as of the date of the disability or the salary currently payable to the same employment position or an employment position which is substantially similar to the employment position which the person held as of the date of the disability, whichever is greater.

Subd. 2. **Limitation.** In no event shall the reduced disability benefit payable pursuant to the requirements of subdivision 1 exceed the amount of the disability benefit otherwise payable by the relief association without reference to subdivision 1 pursuant to the applicable statutes, special laws, articles of incorporation and bylaws.

Subd. 3. **No offset for recomputed disability benefit.** No offset pursuant to this section shall be required after a disability benefit is recomputed as a service pension pursuant to section 423A.11.

Subd. 4. **Reporting requirement.** Monthly, each city in which a local police or salaried firefighters relief association is located shall notify the secretary of the relief association of the amounts payable to disabled police officers or firefighters, whichever is applicable, during the month pursuant to the workers' compensation law.

Subd. 5. **Offset inapplicable in certain instances.** If any reduction of benefits payable pursuant to the workers' compensation law by virtue of the receipt of a disability benefit from a local police or salaried firefighters relief association is required pursuant to legislation enacted by the 1982 regular session or by a subsequent regular or special session, the provisions of this section shall not be applicable to any disability benefit recipient or any local police or salaried firefighters relief association.

423A.15 EFFECT OF PROVISIONS FOR EXISTING DISABILITY BENEFIT RECIPIENTS.

The provisions of section 423A.06 shall apply to any member of any applicable local relief association in active service on or after March 24, 1982. The provisions of section 423A.11 shall apply to any person receiving a disability benefit from a local relief association on or after March 24, 1982. The provisions of section 423A.12 shall apply to any person who returns to active employment as a police officer or firefighter, whichever is applicable, after receipt of a permanent disability benefit. The provisions of section 423A.14 shall apply to any person who first commences receipt of a disability benefit after March 24, 1982.

423A.16 EXEMPTION FROM ASSIGNMENTS; PROCESS.

Notwithstanding any law to the contrary, none of the money, annuities, or other benefits provided by any police or salaried firefighters relief association shall be assignable in law or in equity, nor be subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 518.58, 518.581, or 518A.53.

423A.17 CONTINUATION OF SURVIVING SPOUSE BENEFITS UPON REMARRIAGE.

(a) Notwithstanding a provision of law, article of incorporation, or bylaw governing a local police or salaried firefighters relief association to the contrary, the governing body of a municipality may mandate the applicable local police or salaried firefighters relief association to provide that a surviving spouse benefit is payable for the life of the surviving spouse and remains payable even in the event of the remarriage of the surviving spouse.

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(b) If the surviving spouse benefit change described in paragraph (a) is made, the change applies to a surviving spouse benefit payable on the effective date of the change and to the potential surviving spouses of all active, deferred, or retired members of the relief association who have that status on the effective date of the change.

(c) In addition, if the surviving spouse benefit change described in paragraph (a) is made a person who formerly was receiving surviving spouse benefits from the relief association and who had those benefits discontinued by virtue of the remarriage is entitled, upon application, to a resumption of the surviving spouse benefit, beginning with the last day of the month following receipt of the application by the secretary of the relief association. Nothing in this section authorizes the payment of a benefit amount to an estate.

(d) The change must be made by a municipal resolution adopted by a majority vote of the municipality. The resolution must be filed by the secretary of the relief association with the executive director of the Legislative Commission on Pensions and Retirement, the state auditor, and the secretary of state.

423A.171 BYLAW AMENDMENTS.

(a) Notwithstanding a provision of law governing a local police or salaried firefighters relief association to the contrary, the board of trustees of a local relief association governed by section 69.77 or its successor board under chapter 353A or 353B, with municipal approval as provided in section 69.77, subdivision 11, may amend the bylaws of the relief association to provide that a surviving spouse benefit is payable to a surviving spouse who married a deferred or retired member after the member's retirement, provided the marriage occurred at least five years before the death of the member.

(b) If the surviving spouse benefit change described in paragraph (a) is made, the change applies to a surviving spouse benefit payable on the effective date of the change and to the potential surviving spouses of all deferred or retired members of the relief association who have that status on the effective date of the change.

(c) The bylaw amendment is not effective until a certified copy of the amendment and the municipal approval has been filed by the municipal clerk with the executive director of the legislative commission on pensions and retirement, the state auditor, and the secretary of state.

(d) Notwithstanding the provisions of section 353B.11, a surviving spouse benefit change made under this section for a relief association that has consolidated with the Public Employees Retirement Association is effective upon approval by the Public Employees Retirement Association and the municipality under paragraph (c).

423A.18 MEMBER CONTRIBUTION REFUND TO BENEFICIARY UPON DEATH; AUTHORITY TO IMPLEMENT BENEFIT.

(a) Notwithstanding any law to the contrary, for a local police or salaried firefighters relief association that implements the provision with municipal approval as provided in paragraph (c), if an active, deferred, or retired member of the relief association dies and no survivor benefit is payable, the designated beneficiary of the decedent or, if none, the legal representative of the estate of the decedent is entitled, upon application, to a refund.

(b) The refund under paragraph (a) is an amount equal to the member contributions to the credit of the decedent, plus interest on those contributions at an annual compound rate of five percent from the first day of the month following the date of the contribution to the first day of the month following the date of death of the decedent, reduced by the sum of any service pension or disability benefit previously paid by the fund to the decedent.

(c) The benefit under this section must be implemented by an amendment to the bylaws of the relief association, with municipal approval as provided in section 69.77, subdivision 11. The bylaw amendment is not effective until a certified copy of the amendment and the municipal approval has been filed by the municipal clerk with the executive director of the Legislative Commission on Pensions and Retirement, the state auditor, and the secretary of state.

423A.19 REDUCED VESTING REQUIREMENT.

Subdivision 1. **Reduced vesting.** Notwithstanding any law to the contrary, for a police or salaried firefighters relief association that implements the provision with municipal approval as provided in subdivision 4, a person with at least five years of service credited by the relief association is entitled, upon termination of active service and reaching at least the required normal retirement age, to receive a pro rata monthly service pension. The pro rata monthly service pension must be calculated in the amount and manner specified by the board of trustees, but not to

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exceed that portion of the service pension payable upon meeting the minimum age and years of service requirements that bears the same relationship that the person's actual years and portions of years of service bear to the minimum service requirement.

Subd. 2. **Survivor benefit coverage.** A person entitled to or receiving a reduced vesting service pension as provided in subdivision 1 is entitled to surviving spouse benefit coverage, surviving child benefit coverage, or both, if all other qualification requirements are met. The survivor benefit must be calculated in the amount and manner specified by the board of trustees, but not to exceed that portion of survivor benefit payable to a survivor of a deceased retired member who had met the minimum years of service requirement that bears the same relationship that the actual years and portions of years of service of the person bear to the minimum service requirement for a service pension.

Subd. 3. **Postretirement adjustments.** A reduced vesting service pension as provided in subdivision 1 or a survivor benefit payable on behalf of a deceased person entitled to or receiving a reduced vesting service pension as provided in subdivision 2 is entitled to postretirement adjustments if the comparable pension or benefit payable when the full minimum service requirement has been met is subject to postretirement adjustments. The postretirement adjustment must be the same percentage increase as the postretirement adjustment for the comparable pension or benefit payable when the full minimum service requirement has been met.

Subd. 4. **Implementation.** The reduced vesting requirement must be implemented by a local relief association through an amendment to the bylaws of the relief association with approval by the governing body of the municipality as required by section 69.77, subdivision 11. The bylaw amendment may not be effective until a certified copy of it and the municipal approval has been filed by the municipal clerk with the executive director of the Legislative Commission on Pensions and Retirement, the state auditor, and the secretary of state.

423A.20 VESTING UPON LAYOFF.

(a) Notwithstanding any general or special law to the contrary, if a member of a salaried firefighters' relief association with ten or more years of service is laid off and replaced with a volunteer firefighter, the member shall be entitled to receive a pro rata monthly benefit. For purposes of this section, "laid off" means terminated from employment with the fire department because of a shortage of funds or curtailment of service or for any other reason not reflecting discredit on the member beyond the member's control.

(b) The retirement benefit is to commence at the later of either the minimum age for retirement or the date at which the member would have accumulated the minimum number of years of service for retirement if the member had remained on duty.

(c) The pro rata benefit shall be calculated by multiplying the amount of the benefit payable to a member who met the minimum age and years of service requirements for a normal pension by the ratio of the laid off member's actual years of service to the minimum years of service required for retirement. The initial benefit payable shall be subject to the same postretirement adjustments as other benefits payable from the relief association.

423A.21 RECORDS; BOARD REPRESENTATION; FIDUCIARY RESPONSIBILITY.

Subdivision 1. **Records.** A local relief association is subject to the provisions of chapter 6 relating to audits by the state auditor, the provisions of chapter 13, and the provisions of sections 15.17, 138.163, and 138.17 relating to the creation and retention of official and public records. The records of the special fund and the bylaws of the relief association shall be public and shall be open for inspection by any member of the relief association, any officer or employee of the state or the municipality, or any member of the public, at reasonable times and places.

Subd. 2. **Municipal representation.** (a) Notwithstanding any other law, the membership of the board of trustees shall include at least two members appointed by the municipality. The members appointed by the municipality shall have all the rights and privileges of board membership including full voting powers. No relief association shall reduce the number of municipal representatives on its board by reason of this subdivision.

(b) Notwithstanding any law which designates certain officials as ex officio members of a board of trustees, the municipality may appoint the same number of members as it is authorized to have on the board in the laws governing the relief association as of March 20, 1986, but the municipality may appoint to those positions any individuals it so chooses.

(c) Whenever the board of trustees appoints an investment subcommittee at least one of the municipal representatives must be a member of that investment subcommittee.

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Subd. 3. **Public officers.** The officers and trustees of a local relief association are public officers for purposes of sections 471.87 and 609.43.

Subd. 4. **Fiduciary responsibility.** (a) In the discharge of their respective duties, the officers and trustees shall be held to the standard of care enumerated in section 11A.09. In addition, the trustees must act in accordance with chapter 356A.

(b) Each member of the board is a fiduciary and shall undertake all fiduciary activities in accordance with the standard of care of section 11A.09, and in a manner consistent with chapter 356A. No fiduciary of a relief association shall cause a relief association to engage in a transaction if the fiduciary knows or should know that a transaction constitutes one of the following direct or indirect transactions:

(1) sale or exchange or leasing of any real property between the relief association and a board member;

(2) lending of money or other extension of credit between the relief association and a board member or member of the relief association;

(3) furnishing of goods, services, or facilities between the relief association and a board member; or

(4) transfer to a board member, or use by or for the benefit of a board member, of any assets of the relief association. Transfer of assets does not mean the payment of relief association benefits or administrative expenses permitted by law.

423A.22 REPORTS; FINANCIAL TRANSACTIONS.

Subdivision 1. **Reports.** The board shall report to the municipality at least annually regarding each of the following:

(1) the required municipal support for the relief association required pursuant to section 69.77;

(2) the financial condition of the relief association according to the audited financial statements required pursuant to section 69.051;

(3) investment objectives and performance;

(4) surety bond amounts for its secretary and treasurer required pursuant to section 69.051, subdivision 4; and

(5) the annual administrative budget for relief associations.

Subd. 2. **Relief association receipts and disbursements.** An official designated by the municipality shall receive and deposit all money received for the special fund of the relief association and may countersign all disbursements from the accounts of the special fund of the relief association, but must countersign all disbursements of at least \$5,000. If an institution with trustee powers is hired to administer the financial affairs of the relief association, an official designated by the municipality must approve the trustee agreement and shall countersign authorizations for disbursements of at least \$5,000.