

A bill for an act

relating to retirement; including pre-May 1, 2011, hires of the Red Wing Port Authority in the general employees retirement plan of the Public Employees Retirement Association; providing an optional procedure for the correction of erroneous member deductions and employer contributions for the city of Duluth and the Duluth Airport Authority; revising postretirement adjustments, reducing the refund interest rate, eliminating interest on reemployed annuitant earnings limitation deferral amounts, and lowering the deferred annuity augmentation rate for the St. Paul Teachers Retirement Fund Association; increasing various vesting requirements for the Duluth Teachers Retirement Fund Association; revising the default retirement plan coverage determination for Minnesota State Colleges and Universities System employees; revising statutory salary scale and payroll growth actuarial assumptions; extending a financial report reporting deadline date for the 2010 fire state aid allocation; authorizing the use of special actuarial work in determining the 2009 and 2010 special fund financial requirements and minimum municipal obligations for the White Bear Lake Fire Department Relief Association; authorizing a purchase of allowable service credit or salary credit for public employees and teachers; providing for a voluntary consolidation of the Minneapolis Firefighters Relief Association and a voluntary consolidation of the Minneapolis Police Relief Association with Public Employees Retirement Association Police and Fire; making conforming changes; amending Minnesota Statutes 2010, sections 6.67; 13D.01, subdivision 1; 43A.316, subdivision 8; 69.77, subdivisions 1a, 4; 353.01, subdivisions 2a, 6, 16, by adding subdivisions; 353.03, by adding a subdivision; 353.65, subdivisions 1, 2, 3; 353.651, subdivision 1; 353.656, subdivisions 1, 1a, 3, 3a; 353.657, subdivision 1; 354A.011, by adding a subdivision; 354A.094, subdivision 3; 354A.29, by adding subdivisions; 354A.31, subdivisions 1, 5, 6; 354A.35, subdivision 2; 354A.36, subdivision 1; 354A.37; 354B.21, subdivisions 1, 2, 3, 3a, 5, 6, by adding subdivisions; 356.215, subdivision 8; 356.216; 356.401, subdivision 3; 356.465, subdivision 3; 356.47, subdivision 3; 423A.01, subdivision 3; 423A.02, subdivisions 1, 1b; 609B.455; 609B.460; proposing coding for new law in Minnesota Statutes, chapter 353; repealing Minnesota Statutes 2010, sections 354A.29, subdivision 3; 354B.21, subdivision 3c; 354B.32; 423A.021; 423B.01; 423B.03; 423B.04; 423B.05; 423B.06; 423B.07; 423B.08; 423B.09; 423B.10; 423B.11; 423B.12; 423B.13; 423B.14; 423B.15; 423B.151; 423B.16; 423B.17; 423B.18; 423B.19; 423B.20; 423B.21; 423B.23; 423C.01; 423C.02; 423C.03; 423C.04; 423C.05; 423C.06; 423C.07; 423C.08; 423C.09; 423C.10; 423C.11; 423C.12; 423C.13; 423C.14; 423C.15; 423C.16.

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

ARTICLE 1

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Section 1. Minnesota Statutes 2010, section 353.01, subdivision 2a, is amended to read:

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

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

(2) elected county sheriffs;

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

(i) town and city clerk or treasurer;

(ii) county auditor, treasurer, or recorder;

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

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

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

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

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

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

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(b) A public employee or elected official who was a member of the association on June 30, 2002, based on employment that qualified for membership coverage by the public employees retirement plan or the public employees police and fire plan under this chapter, or the local government correctional employees retirement plan under chapter 353E as of June 30, 2002, retains that membership for the duration of the person's employment in that position or incumbency in elected office. Except as provided in subdivision 28, the person shall participate as a member until the employee or elected official terminates public employment under subdivision 11a or terminates membership under subdivision 11b.

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

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

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2010, section 353.01, subdivision 6, is amended to read:

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

(b) Governmental subdivision also means the Public Employees Retirement Association, the League of Minnesota Cities, the Association of Metropolitan Municipalities, charter schools formed under section 124D.10, service cooperatives exercising retirement plan participation under section 123A.21, subdivision 5, joint powers boards organized under section 471.59, subdivision 11, paragraph (a), family service collaboratives and children's mental health collaboratives organized under section 471.59, subdivision 11, paragraph (b) or (c), provided that the entities creating the collaboratives are governmental units that otherwise qualify for retirement plan membership, public hospitals owned or operated by, or an integral part of, a governmental subdivision or governmental subdivisions, the Association of Minnesota Counties, the Minnesota Inter-county Association, the Minnesota Municipal Utilities Association, the Metropolitan Airports Commission, the University of Minnesota with respect to police officers covered by the public employees police and fire retirement plan, the Minneapolis Employees

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Retirement Fund for employment initially commenced after June 30, 1979, the Range Association of Municipalities and Schools, soil and water conservation districts, economic development authorities created or operating under sections 469.090 to 469.108, the Port Authority of the city of St. Paul, the Red Wing Port Authority, the Spring Lake Park Fire Department, incorporated, the Lake Johanna Volunteer Fire Department, incorporated, the Red Wing Environmental Learning Center, the Dakota County Agricultural Society, Hennepin Healthcare System, Inc., and the Minneapolis Firefighters Relief Association and Minneapolis Police Relief Association with respect to staff covered by the Public Employees Retirement Association general plan.

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

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

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

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

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. VALIDATION OF PAST RETIREMENT COVERAGE AND CONTRIBUTIONS FOR RED WING PORT AUTHORITY EMPLOYEES.

(a) Retirement coverage by the general employees retirement plan of the Public Employees Retirement Association, allowable service credit, and salary credit for

employees of the Red Wing Port Authority who were so employed after December 31, 1984, and were first so employed before May 1, 2011, who had monthly salary in any month of at least \$325 until June 30, 1988, and who had monthly salary in any month of at least \$425 after June 30, 1988, who were not otherwise excluded under the applicable edition of Minnesota Statutes, section 353.01, subdivision 2b, and who had member deductions taken and transferred in a timely manner to the general employees retirement fund before the effective date of this section are hereby validated.

(b) Notwithstanding any provision of Minnesota Statutes, chapter 353, to the contrary, employee contributions deducted from employees of the Red Wing Port Authority described in paragraph (a) before the effective date of this section and associated employer contributions are valid assets of the general employees retirement fund and are not subject to refund or adjustment for erroneous receipt except as provided in Minnesota Statutes, section 353.32, subdivision 1 or 2; or 353.34, subdivisions 1 and 2.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. **CITY OF DULUTH AND DULUTH AIRPORT AUTHORITY;
CORRECTING ERRONEOUS EMPLOYEE DEDUCTIONS, EMPLOYER
CONTRIBUTIONS, AND ADJUSTING OVERPAID BENEFITS.**

Subdivision 1. **Application.** Notwithstanding any provisions of Minnesota Statutes, section 353.27, subdivisions 7 and 7b, or Minnesota Statutes 2010, chapters 353 and 356, to the contrary, this section establishes the procedures by which the executive director of the Public Employees Retirement Association shall adjust erroneous employee deductions and employer contributions paid on behalf of active employees and former members by the city of Duluth and by the Duluth Airport Authority on amounts determined by the executive director to be invalid salary under Minnesota Statutes, section 353.01, subdivision 10, reported between January 1, 1997, and October 23, 2008, and for adjusting benefits that were paid to former members and their beneficiaries based upon invalid salary amounts.

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

(b) The refund payment for active employees must be sent to the applicable members who are employees of the city of Duluth or who are employees of the Duluth Airport Authority, whichever is applicable.

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

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

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

(2) determine the amount of the overpaid benefits paid from the effective date of the annuity or benefit payment to July 1, 2009;

(3) calculate the amount of employee deductions taken in error on invalid salary, including interest at the rate specified in Minnesota Statutes, section 353.34, subdivision 2, from the date each invalid employee deduction was received through the first day of the month in which the refund under paragraph (b), or action to recover net overpayments under subdivision 4, occurs; and

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

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

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

Subd. 4. **Employer credits and obligations.** (a) The executive director shall provide a credit without interest to the city of Duluth and to the Duluth Airport Authority for the amount of that governmental subdivision's erroneous employer contributions. The credit must first be used to offset the net amount of the overpaid retirement annuities and the disability and survivor benefits that remain after applying the amount of erroneous employee deductions with interest as provided under subdivision 3, paragraph (a), clause (4). The remaining erroneous employer contributions, if any, must be credited against future employer contributions required to be paid by the applicable governmental subdivision. If the overpaid benefits exceed the employer contribution credit, the balance

of the overpaid benefits is the obligation of the city of Duluth or the Duluth Airport Authority, whichever is applicable.

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

Subd. 5. **Treatment of invalid salary amounts in process.** (a) The governing body of the city of Duluth or the Duluth Airport Authority, as applicable, may elect to limit the period of adjustment for amounts determined to be invalid salary to apply to the fiscal year in which the error was reported to, and the salary determined to be invalid by, the Public Employees Retirement Association, and the immediate two preceding fiscal years, by a resolution of the applicable governing body transmitted to the Public Employees Retirement Association executive director within 30 days following the effective date of this section.

(b) If the governing body of the applicable governmental subdivision declines the treatment permitted under paragraph (a) or fails to submit a resolution in a timely manner, the statute of limitations specified in paragraph (a) does not apply.

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

(b) This section is effective for the Duluth Airport Authority the day after the Duluth Airport Authority board of directors and the chief clerical officer of the Duluth Airport Authority timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, for members who are, and former members who were, employees of the Duluth Airport Authority.

ARTICLE 2

TEACHER RETIREMENT COVERAGE

Section 1. Minnesota Statutes 2010, section 354A.011, is amended by adding a subdivision to read:

Subd. 29. **Vesting; vested.** (a) "Vesting" or "vested" means having entitlement to a nonforfeitable annuity or benefit from a coordinated member program administered by a teachers retirement fund association by having credit for sufficient allowable service under paragraph (b) or (c), whichever applies.

(b) For purposes of qualifying for an annuity or a benefit as a coordinated plan member of the St. Paul Teachers Retirement Fund Association, the teacher is vested when the teacher has accrued credit for at least three years of service.

(c) For purposes of qualifying for an annuity or a benefit as a coordinated plan member of the Duluth Teachers Retirement Fund Association:

(1) a teacher who first became a member of the plan before July 1, 2010, is vested when the teacher has accrued at least three years of service; and

(2) a teacher who first became a member of the plan after June 30, 2010, is vested when the teacher has accrued at least five years of service.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2010, section 354A.094, subdivision 3, is amended to read:

Subd. 3. **Qualified part-time teacher program participation requirements.** (a) A teacher in the public schools of a city of the first class who ~~has three years or more allowable service in the applicable retirement fund association~~ is vested, or three who has combined years or more of full-time teaching service in Minnesota public elementary schools, Minnesota secondary schools, and Minnesota State Colleges and Universities system at least equal to the number of years specified for vesting in the applicable first class city teacher plan, may, by agreement with the board of the employing district, be assigned to teaching service within the district in a part-time teaching position. The agreement must be executed before October 1 of the year for which the teacher requests to make retirement contributions under subdivision 4. A copy of the executed agreement must be filed with the executive director of the retirement fund association. If the copy of the executed agreement is filed with the association after October 1 of the year for which the teacher requests to make retirement contributions under subdivision 4, the employing school district shall pay a fine of \$5 for each calendar day that elapsed since the October 1 due date. The association may not accept an executed agreement that is received by the association more than 15 months late. The association may not waive the fine required by this section.

(b) Notwithstanding paragraph (a), if the teacher is also a legislator:

(1) the agreement in paragraph (a) must be executed before March 1 of the school year for which the teacher requests to make retirement contributions under subdivision 4; and

(2) the fines specified in paragraph (a) apply if the employing unit does not file the executed agreement with the executive director of the applicable Teachers Retirement Fund Association by March 1.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2010, section 354A.29, is amended by adding a subdivision to read:

Subd. 7. Eligibility for payment of postretirement adjustments. (a) Annually, after June 30, the board of trustees of the St. Paul Teachers Retirement Fund Association must determine the amount of any postretirement adjustment using the procedures in this subdivision and subdivision 8 or 9, whichever is applicable.

(b) On January 1, each eligible person who has been receiving an annuity or benefit under the articles of incorporation, the bylaws, or this chapter for at least three calendar months as of the end of the last day of the previous calendar year is eligible to receive a postretirement increase as specified in subdivision 8 or 9.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 4. Minnesota Statutes 2010, section 354A.29, is amended by adding a subdivision to read:

Subd. 8. Calculation of postretirement adjustments; transitional provision. (a) For purposes of computing postretirement adjustments for eligible benefit recipients of the St. Paul Teachers Retirement Fund Association, the accrued liability funding ratio based on the actuarial value of assets of the plan as determined by the most recent actuarial valuation prepared under sections 356.214 and 356.215 determines the postretirement increase, as follows:

<u>Funding ratio</u>	<u>Postretirement increase</u>
<u>Less than 80 percent</u>	<u>1 percent</u>
<u>At least 80 percent but less than 90 percent</u>	<u>2 percent</u>

(b) The amount determined under paragraph (a) is the full postretirement increase to be applied as a permanent increase to the regular payment of each eligible member on January 1 of the next calendar year. For any eligible member whose effective date of benefit commencement occurred during the calendar year before the postretirement increase is applied, the full increase amount must be prorated on the basis of whole calendar quarters in benefit payment status in the calendar year prior to the January 1 on which the postretirement increase is applied, calculated to the third decimal place.

(c) If the accrued liability funding ratio based on the actuarial value of assets is at least 90 percent, this subdivision expires and subsequent postretirement increases must be paid as specified in subdivision 9.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 5. Minnesota Statutes 2010, section 354A.29, is amended by adding a subdivision to read:

Subd. 9. Calculation of postretirement adjustments. (a) This subdivision applies if subdivision 8 has expired.

(b) A percentage adjustment must be computed and paid under this subdivision to eligible persons under subdivision 7. This adjustment is determined by reference to the Consumer Price Index for urban wage earners and clerical workers all items index as reported by the Bureau of Labor Statistics within the United States Department of Labor each year as part of the determination of annual cost-of-living adjustments to recipients of federal old-age, survivors, and disability insurance. For calculations of postretirement adjustments under paragraph (c), the term "average third quarter Consumer Price Index value" means the sum of the monthly index values as initially reported by the Bureau of Labor Statistics for the months of July, August, and September, divided by three.

(c) Before January 1 of each year, the executive director must calculate the amount of the postretirement adjustment by dividing the most recent average third quarter index value by the same average third quarter index value from the previous year, subtract one from the resulting quotient, and express the result as a percentage amount, which must be rounded to the nearest one-tenth of one percent.

(d) The amount calculated under paragraph (c) is the full postretirement adjustment to be applied as a permanent increase to the regular payment of each eligible member on January 1 of the next calendar year. For any eligible member whose effective date of benefit commencement occurred during the calendar year before the postretirement adjustment is applied, the full increase amount must be prorated on the basis of whole calendar quarters in benefit payment status in the calendar year prior to the January 1 on which the postretirement adjustment is applied, calculated to the third decimal place.

(e) The adjustment must not be less than zero nor greater than five percent.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 6. Minnesota Statutes 2010, section 354A.31, subdivision 1, is amended to read:

Subdivision 1. **Age and service requirements.** Any coordinated member or former coordinated member of the Duluth Teachers Retirement Fund Association or of the St. Paul Teachers Retirement Fund Association who has ceased to render teaching service for the school district in which the teachers retirement fund association exists, who is vested and who has either attained the age of at least 55 years ~~with not less than three years of~~

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~~allowable service credit or received credit for not less than 30 years of allowable service regardless of age, shall be entitled upon written application to a retirement annuity. Any coordinated member or former coordinated member of the Duluth Teachers Retirement Fund Association who has ceased to render teaching service for the school district in which the teacher retirement fund association exists and who has either attained the age of at least 55 years with not less than three years of allowable service credit if the member became an employee before July 1, 2010, or not less than five years of allowable service credit if the member became an employee after June 30, 2010, or received service credit for not less than 30 years of allowable service regardless of age, shall be entitled upon written application to a retirement annuity.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 7. Minnesota Statutes 2010, section 354A.31, subdivision 5, is amended to read:

Subd. 5. **Unreduced normal retirement annuity.** Upon retirement at normal retirement age ~~with at least three years of service credit~~, a vested coordinated member is entitled to a normal retirement annuity calculated under subdivision 4 or 4a, whichever applies.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 8. Minnesota Statutes 2010, section 354A.31, subdivision 6, is amended to read:

Subd. 6. **Reduced retirement annuity.** This subdivision applies only to a person who first became a coordinated member or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose annuity is higher when calculated using the retirement annuity formula percentage in subdivision 4, paragraph (c), or subdivision 4a, paragraph (c), in conjunction with this subdivision than when calculated under subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), in conjunction with subdivision 7.

(a) Upon retirement at an age before normal retirement age ~~with three years of service credit~~ or prior to age 62 with at least 30 years of service credit, a vested coordinated member shall be entitled to a retirement annuity in an amount equal to the normal retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (c), or subdivision 4a, paragraph (c), reduced by one-quarter of one percent for each month that the coordinated member is under normal retirement age if the coordinated member has less than 30 years of service credit or is under the age of 62 if the coordinated member has at least 30 years of service credit.

(b) Any coordinated member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (c), or subdivision 4a, paragraph (c), without any reduction by reason of early retirement.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 9. Minnesota Statutes 2010, section 354A.35, subdivision 2, is amended to read:

Subd. 2. **Death while eligible to retire; surviving spouse optional annuity.** (a) The surviving spouse of a vested coordinated member who ~~has credit for at least three years of service and~~ dies prior to retirement may elect to receive, instead of a refund with interest under subdivision 1, an annuity equal to the 100 percent joint and survivor annuity the member could have qualified for had the member terminated service on the date of death. The surviving spouse eligible for a surviving spouse benefit under this paragraph may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. A surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for an annuity at any time after the member's death. The member's surviving spouse shall be paid a joint and survivor annuity under section 354A.32 and computed under section 354A.31.

(b) If the member was under age 55 and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the member and surviving spouse on the date of death. The annuity is payable using the full early retirement reduction under section 354A.31, subdivision 6, paragraph (a), to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(c) If ~~the a~~ a vested member was under age 55 ~~and has credit for at least three years of allowable service~~ on the date of death but did not yet qualify for retirement, the surviving spouse may elect to receive the 100 percent joint and survivor annuity based on the age of the member and the survivor at the time of death. The annuity is payable using the full early retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and one-half of the early retirement reduction from age 55 to the date payment begins.

(d) Sections 354A.37, subdivision 2, and 354A.39 apply to a deferred annuity or surviving spouse benefit payable under this section. The benefits are payable for the life of the surviving spouse, or upon expiration of the term certain benefit payment under subdivision 2b.

13.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

13.2 Sec. 10. Minnesota Statutes 2010, section 354A.36, subdivision 1, is amended to read:

13.3 Subdivision 1. **Minimum age, service, and salary requirements.** Any coordinated
13.4 member who ~~has at least three years of allowable service credit~~ is vested, who has an
13.5 average salary of at least \$75 per month, and who has become totally and permanently
13.6 disabled shall be entitled to a disability benefit. If the disabled coordinated member's
13.7 allowable service credit has not been continuous, at least two years of the required
13.8 allowable service shall be required to have been rendered subsequent to the last
13.9 interruption in service.

13.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

13.11 Sec. 11. Minnesota Statutes 2010, section 354A.37, is amended to read:

13.12 **354A.37 REFUNDS; DEFERRED ANNUITY.**

13.13 Subdivision 1. **Eligibility for refund.** Any coordinated member who ceases to
13.14 render teaching service for the school district in which the teachers retirement fund
13.15 association is located shall be entitled to a refund in lieu of any other annuity or benefit
13.16 from the teachers retirement fund association, other than an annuity from a tax shelter
13.17 annuity program and fund as authorized ~~pursuant to~~ under section 354A.021, subdivision
13.18 5. The amount of the refund ~~shall~~ must be calculated ~~pursuant to~~ under subdivision 3. The
13.19 application for the refund ~~shall~~ must not be made prior to 30 days after the cessation of
13.20 teaching services if the coordinated member has not resumed active teaching services for
13.21 the district. Payment of the refund ~~shall~~ must be made within 90 days after receipt of the
13.22 refund application by the board.

13.23 Subd. 2. **Eligibility for deferred retirement annuity.** (a) Any coordinated member
13.24 who ceases to render teaching services for the school district in which the teachers
13.25 retirement fund association is located, with sufficient allowable service credit to meet
13.26 the minimum service requirements specified in section 354A.31, subdivision 1, shall be
13.27 entitled to a deferred retirement annuity in lieu of a refund ~~pursuant to~~ under subdivision
13.28 1. The deferred retirement annuity ~~shall~~ must be computed ~~pursuant to~~ under section
13.29 354A.31 and shall be augmented as provided in this subdivision. The deferred annuity
13.30 ~~shall commence~~ commences upon application after the person on deferred status attains at
13.31 least the minimum age specified in section 354A.31, subdivision 1.

13.32 (b) The monthly annuity amount that had accrued when the member ceased to
13.33 render teaching service must be augmented from the first day of the month following the

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month during which the member ceased to render teaching service to the effective date of retirement. There is no augmentation if this period is less than three months. ~~For a member of the St. Paul Teachers Retirement Fund Association, the rate of augmentation is three percent compounded annually until January 1 of the year following the year in which the former member attains age 55, and five percent compounded annually after that date to the effective date of retirement if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006. For a member of the Duluth Teachers Retirement Fund Association,~~ The rate of augmentation is three percent compounded annually until January 1 of the year following the year in which the former member attains age 55, five percent compounded annually after that date to July 1, 2012, and two percent compounded annually after that date to the effective date of retirement if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually to July 1, 2012, and two percent compounded annually after that date to the effective date of retirement if the employee ~~becomes~~ became an employee after June 30, 2006. If a person has more than one period of uninterrupted service, a separate average salary determined under section 354A.31 must be used for each period, and the monthly annuity amount related to each period must be augmented as provided in this subdivision. The sum of the augmented monthly annuity amounts determines the total deferred annuity payable. If a person repays a refund, the service restored by the repayment must be considered as continuous with the next period of service for which the person has credit with the fund. If a person does not render teaching services in any one fiscal year or more consecutive fiscal years and then resumes teaching service, the formula percentages used from the date of resumption of teaching service are those applicable to new members. The mortality table and interest assumption used to compute the annuity are the table established by the fund to compute other annuities, and the interest assumption under section 356.215 in effect when the member retires. A period of uninterrupted service for the purpose of this subdivision means a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year.

(c) The augmentation provided by this subdivision applies to the benefit provided in section 354A.35, subdivision 2. The augmentation provided by this subdivision does not apply to any period in which a person is on an approved leave of absence from an employer unit.

Subd. 3. Computation of refund amount. ~~A former coordinated member of the St. Paul Teachers Retirement Fund Association who qualifies for a refund under subdivision 1 shall receive a refund equal to the amount of the former coordinated member's accumulated~~

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~~employee contributions with interest at the rate of six percent per annum compounded annually. A former coordinated member of the Duluth Teachers Retirement Fund Association~~ who qualifies for a refund under subdivision 1 shall receive a refund equal to the amount of the former coordinated member's accumulated employee contributions with interest at the rate of six percent per annum compounded annually to July 1, 2010, if the person is a former member of the Duluth Teachers Retirement Fund Association, or to July 1, 2011, if the person is a former member of the St. Paul Teachers Retirement Fund Association, and four percent per annum compounded annually thereafter.

Subd. 4. **Certain refunds at normal retirement age.** Any coordinated member who has attained the normal retirement age with less than ten years of allowable service credit and has terminated active teaching service shall be entitled to a refund in lieu of a proportionate annuity ~~pursuant to~~ under section 356.32. ~~The refund for a member of the St. Paul Teachers Retirement Fund Association shall be equal to the coordinated member's accumulated employee contributions plus interest at the rate of six percent compounded annually. The refund for a member of the Duluth Teachers Retirement Fund Association shall~~ must be equal to the coordinated member's accumulated employee contributions plus interest at the rate of six percent compounded annually to July 1, 2010, if the person is a former member of the Duluth Teachers Retirement Fund Association, or to July 1, 2011, if the person is a former member of the St. Paul Teachers Retirement Fund Association, and four percent per annum compounded annually thereafter.

Subd. 5. **Unclaimed minimal refund amounts; disposition.** If a coordinated member ceases to render teaching services for the school district in which the teachers retirement fund association is located but does not apply for a refund ~~pursuant to~~ under subdivision 1 within five years after the end of the plan year next following the cessation of teaching services and if the amount of the refund that the former coordinated member would have been entitled to ~~pursuant to~~ under subdivision 3 is \$500 or less, then the amount of the refund and any accumulated interest ~~shall~~ must be credited to and become a part of the retirement fund. If the former coordinated member subsequently renders teaching services for the school district in which the teachers retirement fund association is located and the amount of the refund that the former coordinated member would have previously been entitled to ~~pursuant to~~ under subdivision 3 is at least \$5, then the amount of the refund and any accumulated interest ~~shall be~~ must be restored to the member's individual account. If the amount of the refund that the former coordinated member would have previously been entitled to ~~pursuant to~~ under subdivision 3 is at least \$5 and the former coordinated member applies for a refund ~~pursuant to~~ under subdivision 1 or for an annuity ~~pursuant to~~ under sections 354A.31 and 354A.32 or section 356.30, the

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16.1 amount of the refund and any accumulated interest ~~shall~~ must be restored to the member's
16.2 individual account.

16.3 **EFFECTIVE DATE.** This section is effective July 1, 2011.

16.4 Sec. 12. Minnesota Statutes 2010, section 354B.21, subdivision 1, is amended to read:

16.5 Subdivision 1. **Eligibility.** The following persons are eligible to have coverage by
16.6 the individual retirement account plan ~~and to be participants in the~~ or coverage by another
16.7 plan as further specified in this section:

16.8 (1) employees of the board who are employed as faculty in an employment
16.9 classification included in the state university instructional unit or the state college
16.10 instructional unit under section 179A.10, subdivision 2;

16.11 (2) the chancellor and employees of the board in eligible unclassified administrative
16.12 positions;

16.13 (3) the employees in eligible unclassified administrative positions in the state
16.14 universities;

16.15 (4) the employees in eligible unclassified administrative positions in the technical
16.16 colleges; and

16.17 (5) the employees in eligible unclassified administrative positions of the Minnesota
16.18 Office of Higher Education or of the community colleges.

16.19 **EFFECTIVE DATE.** This section is effective July 1, 2011.

16.20 Sec. 13. Minnesota Statutes 2010, section 354B.21, is amended by adding a
16.21 subdivision to read:

16.22 **Subd. 1a. Required notice; counseling.** (a) No later than 90 days before the end of
16.23 any applicable election period specified in this section, the employer must provide to a
16.24 person beginning work in a position subject to this section for which an option to elect
16.25 alternative retirement plan coverage is authorized the following information:

16.26 (1) the default retirement coverage;

16.27 (2) election procedures, if applicable, for electing coverage other than the default
16.28 coverage; and

16.29 (3) the Web site and the telephone number for the plan providing default coverage
16.30 and comparable information for the plan which the person is eligible to elect.

16.31 (b) The election of coverage forms must include a certification statement that the
16.32 employee has received and reviewed materials on the optional coverage and the default
16.33 coverage prior to making the election.

17.1 **EFFECTIVE DATE.** This section is effective July 1, 2011.

17.2 Sec. 14. Minnesota Statutes 2010, section 354B.21, subdivision 2, is amended to read:

17.3 Subd. 2. **Coverage; election.** (a) ~~An eligible persons who were employed by the~~
17.4 ~~Minnesota State Colleges and Universities System on or after June 30, 2009, unless~~
17.5 ~~otherwise~~ person employed by the board has the default coverage specified in subdivision
17.6 3, or other subdivisions of this section, whichever is applicable, and retains that coverage
17.7 for the period of covered employment unless a timely election to change that coverage
17.8 is made as specified in this section, are.

17.9 (b) An eligible person under subdivision 3, paragraph (b) or (c), is authorized to elect
17.10 prospective Teachers Retirement Association plan coverage rather than.

17.11 (c) An eligible person under subdivision 3, paragraph (d), is authorized to elect
17.12 prospective coverage by the plan established by this chapter.

17.13 (d) The election of prospective Teachers Retirement Association plan coverage
17.14 under paragraph (a) must be made within one year of commencing eligible Minnesota
17.15 State Colleges and Universities system employment. If an election is not made within the
17.16 specified election period due to a termination of Minnesota State Colleges and Universities
17.17 system employment, an election may be made within 90 days of returning to eligible
17.18 Minnesota State Colleges and Universities system employment. Except as specified in
17.19 paragraph (f), all elections are irrevocable. Before making an election, the eligible person
17.20 is covered by the plan indicated as default coverage under subdivision 3.

17.21 ~~(b)~~ (e) Except as provided in paragraph ~~(c)~~ (f), a purchase of service credit in the
17.22 Teachers Retirement Association plan for any period or periods of Minnesota State
17.23 Colleges and Universities system employment occurring before the election under
17.24 paragraph (a) this section is prohibited.

17.25 ~~(c)~~ (f) Notwithstanding ~~other paragraphs (a) and (b) in this subdivision,~~ a faculty
17.26 member who is a member of the individual retirement account plan ~~who first achieves~~
17.27 ~~tenure or its equivalent at a Minnesota state college or university after June 30, 2009,~~ may
17.28 elect to transfer retirement coverage ~~under~~ to the teachers retirement plan within one year
17.29 of the faculty member first achieving tenure or its equivalent at a Minnesota state college
17.30 or university. The faculty member electing Teachers Retirement Association coverage
17.31 under this paragraph must purchase service credit in the Teachers Retirement Association
17.32 for the entire period of time covered under the individual retirement account plan and the
17.33 purchase payment amount must be determined under section 356.551. The Teachers
17.34 Retirement Association may charge a faculty member transferring coverage a reasonable
17.35 fee to cover the costs associated with computing the actuarial cost of purchasing service

credit and making the transfer. A faculty member transferring from the individual retirement account plan to the Teachers Retirement Association may use any balances to the credit of the faculty member in the individual retirement account plan, any balances to the credit of the faculty member in the higher education supplemental retirement plan established under chapter 354C, or any source specified in section 356.441, subdivision 1, to purchase the service credit in the Teachers Retirement Association. If the total amount of payments under this paragraph are less than the total purchase payment amount under section 356.551, the payment amounts must be refunded to the applicable source. The retirement coverage transfer and service credit purchase authority under this paragraph expires with respect to any Minnesota State Colleges and Universities System faculty initially hired after June 30, 2014.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 15. Minnesota Statutes 2010, section 354B.21, subdivision 3, is amended to read:

Subd. 3. **Default coverage.** (a) Prior to making an election under subdivision 2, or if an eligible person fails to elect coverage by the plan under subdivision 2 or if the person fails to make a timely election, the ~~following retirement coverage specified in this subdivision applies:~~

~~(1) for employees of the board who are employed in faculty positions in the technical colleges, in the state universities or in the community colleges, the retirement coverage is by the plan established by this chapter;~~

~~(2) for employees of the board who are employed in faculty positions in the technical colleges, the retirement coverage is by the plan established by this chapter unless on June 30, 1997, the employee was a member of the Teachers Retirement Association established under chapter 354 and then the retirement coverage is by the Teachers Retirement Association, or, unless the employee was a member of a first class city teacher retirement fund established under chapter 354A on June 30, 1995, and then the retirement coverage is by the Duluth Teachers Retirement Fund Association if the person was a member of that plan on June 30, 1995, or the Teachers Retirement Association if the person was a member of the former Minneapolis Teachers Retirement Fund Association on June 30, 1995, or the St. Paul Teachers Retirement Fund Association if the person was a member of that plan on June 30, 1995; and~~

~~(3) for employees of the board who are employed in eligible unclassified administrative positions, the retirement coverage is by the plan established by this chapter.~~

~~(b) If an employee fails to correctly certify prior membership in the Teachers Retirement Association to the Minnesota State colleges and Universities system, the~~

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~~system shall not pay interest on employee contributions, employer contributions, and additional employer contributions to the Teachers Retirement Association under section 354.52, subdivision 4.~~

(b) If an eligible person is employed by the board before July 1, 2011, in an eligible unclassified administrative position or in a faculty position in a technical college, community college, or state university, the retirement coverage is by the plan established by this chapter, unless otherwise specified in this section.

(c) An eligible person described in paragraph (b), except that first employment by the board is on or after July 1, 2011, has retirement coverage by the plan established by this chapter if the eligible person has no:

(1) allowable service credit in any plan listed in section 356.30, subdivision 3; or

(2) prior employment covered by the state unclassified employees retirement program under chapter 352D.

(d) An eligible person described in paragraph (c) has retirement coverage by the Teachers Retirement Association if the person has:

(1) prior employment covered by the state unclassified employees retirement program under chapter 352D and has not withdrawn or transferred assets from that account; or

(2) allowable service credit in a plan listed in section 356.30, subdivision 3.

(e) To ensure that coverage is provided by the proper plan, the employee must certify to the board the existence of any service credit in any plan listed in section 356.30, subdivision 3, or whether the person retains a state unclassified employees retirement program account. If an employee fails to correctly certify prior membership in a plan or the existence of an unclassified program account, the Minnesota State Colleges and Universities system and its board shall be held harmless, and notwithstanding any law to the contrary, any resulting cost or financial liability becomes the employee's responsibility.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 16. Minnesota Statutes 2010, section 354B.21, subdivision 3a, is amended to read:

Subd. 3a. ~~**Continuation of Plan coverage in and election; certain instances past service technical college faculty.** For a person with retirement coverage by a first class city teacher retirement fund association instead of the individual retirement account plan under subdivision 3, clause (2), coverage by the applicable retirement fund association continues~~ (a) Notwithstanding subdivision 3, if an employee of the board was employed in a faculty position in a technical college on June 30, 1997, with coverage by the Teachers Retirement Association, the employee retains that coverage. If the employee was a

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technical college faculty member on June 30, 1995, covered by a first class city teacher retirement fund established under chapter 354A, the retirement coverage continues with the Duluth Teachers Retirement Fund Association or the St. Paul Teachers Retirement Fund Association, whichever is applicable. If the person was a technical college faculty member on June 30, 1995, covered by the former Minneapolis Teachers Retirement Fund Association, the Teachers Retirement Association shall provide coverage.

(b) An employee under paragraph (a) who has coverage by a first class city teacher fund association retains that coverage for the duration of the person's employment by the board of Trustees of the Minnesota State Colleges and Universities unless, within 90 days one year of a change in employment within the Minnesota State Colleges and Universities system, the person elects the individual retirement account plan for all future employment by the board of Trustees of the Minnesota State Colleges and Universities. The election is irrevocable.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 17. Minnesota Statutes 2010, section 354B.21, subdivision 5, is amended to read:

Subd. 5. **Payment for certain prior uncovered service.** (a) A person employed in a faculty position or in an eligible unclassified administrative position by the board who was initially excluded from participation in the individual retirement account plan coverage, who was not covered by any other Minnesota public pension plan for that service, and who is subsequently eligible to participate in the individual retirement account plan may make member contributions for that period of prior uncovered teaching employment or eligible unclassified administrative employment with the board.

(b) The member contributions for prior uncovered board service are the amount that the person would have paid if the prior service had been covered employment. The payment must be made to the individual retirement account plan administrator and may be made only by payroll deduction. The payment must be made by the later of:

- (1) 45 days of the start of covered employment; or
- (2) the end of the fiscal year in which covered employment began.

(c) The board must contribute an amount to match any contribution made by a plan participant under this subdivision.

(d) Payments of contributions for prior uncovered board service under this subdivision must be invested in the same manner as the regular contributions made by or on behalf of the plan participant.

EFFECTIVE DATE. This section is effective July 1, 2011.

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21.1 Sec. 18. Minnesota Statutes 2010, section 354B.21, subdivision 6, is amended to read:

21.2 Subd. 6. **Continuation of coverage.** Except as otherwise specified in this section,
21.3 once a person is employed in a position that qualifies for participation in the individual
21.4 retirement account plan and elects to participate in the plan, all subsequent service by the
21.5 person as a faculty member or in an eligible unclassified administrative position employed
21.6 by the board or other employing unit is covered by the individual retirement account plan.

21.7 **EFFECTIVE DATE.** This section is effective July 1, 2011.

21.8 Sec. 19. Minnesota Statutes 2010, section 354B.21, is amended by adding a
21.9 subdivision to read:

21.10 Subd. 7. **Coverage; certain part-time employees.** A person employed in a
21.11 part-time faculty position or in a part-time eligible unclassified administrative position
21.12 who does not meet the definition of covered employment under section 354B.20,
21.13 subdivision 4, because the employment does not meet the threshold required under that
21.14 provision, must certify prior membership in the Teachers Retirement Association to the
21.15 Minnesota State Colleges and Universities system. If the certification is incorrect, the
21.16 employee, and not the employer, is required to pay interest on the employee and employer
21.17 contributions, and, if applicable, on the employer additional contributions to the Teachers
21.18 Retirement Association under section 354.52, subdivision 4.

21.19 **EFFECTIVE DATE.** This section is effective July 1, 2011.

21.20 Sec. 20. Minnesota Statutes 2010, section 356.47, subdivision 3, is amended to read:

21.21 Subd. 3. **Payment.** (a) Beginning one year after the reemployment withholding
21.22 period ends relating to the reemployment that gave rise to the limitation, and the filing of a
21.23 written application, the retired member is entitled to the payment, in a lump sum, of the
21.24 value of the person's amount under subdivision 2, plus annual compound interest. For the
21.25 general state employees retirement plan, the correctional state employees retirement plan,
21.26 the general employees retirement plan of the Public Employees Retirement Association,
21.27 the public employees police and fire retirement plan, the local government correctional
21.28 employees retirement plan, and the teachers retirement plan, the annual interest rate is six
21.29 percent from the date on which the amount was deducted from the retirement annuity to
21.30 the date of payment or until January 1, 2011, whichever is earlier, and no interest after
21.31 January 1, 2011. For the Duluth Teachers Retirement Fund Association, the annual interest
21.32 is six percent from the date on which the amount was deducted from the retirement annuity
21.33 to the date of payment or until June 30, 2010, whichever is earlier, and with no interest

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22.1 accrual after June 30, 2010. For the St. Paul Teachers Retirement Fund Association, the
22.2 annual interest is the rate of six percent from the date that the amount was deducted from
22.3 the retirement annuity to the date of payment or June 30, 2011, whichever is earlier, and
22.4 with no interest accrual after June 30, 2011.

22.5 (b) The written application must be on a form prescribed by the chief administrative
22.6 officer of the applicable retirement plan.

22.7 (c) If the retired member dies before the payment provided for in paragraph (a) is
22.8 made, the amount is payable, upon written application, to the deceased person's surviving
22.9 spouse, or if none, to the deceased person's designated beneficiary, or if none, to the
22.10 deceased person's estate.

22.11 (d) In lieu of the direct payment of the person's amount under subdivision 2, on
22.12 or after the payment date under paragraph (a), if the federal Internal Revenue Code so
22.13 permits, the retired member may elect to have all or any portion of the payment amount
22.14 under this section paid in the form of a direct rollover to an eligible retirement plan as
22.15 defined in section 402(c) of the federal Internal Revenue Code that is specified by the
22.16 retired member. If the retired member dies with a balance remaining payable under this
22.17 section, the surviving spouse of the retired member, or if none, the deceased person's
22.18 designated beneficiary, or if none, the administrator of the deceased person's estate may
22.19 elect a direct rollover under this paragraph.

22.20 **EFFECTIVE DATE.** This section is effective July 1, 2011.

22.21 Sec. 21. **BYLAW AUTHORIZATION.**

22.22 Consistent with the requirements of Minnesota Statutes, section 354A.12,
22.23 subdivision 4, the board of the St. Paul Teachers Retirement Fund Association is
22.24 authorized to revise the bylaws and articles of incorporation so that the requirements of
22.25 this act, where applicable, apply to the basic program.

22.26 **EFFECTIVE DATE.** This section is effective July 1, 2011.

22.27 Sec. 22. **REPEALER.**

22.28 (a) Minnesota Statutes 2010, section 354A.29, subdivision 3, is repealed.

22.29 (b) Minnesota Statutes 2010, sections 354B.21, subdivision 3c; and 354B.32, are
22.30 repealed.

22.31 **EFFECTIVE DATE.** This section is effective July 1, 2011.

ARTICLE 3

ACTUARIAL ASSUMPTION UPDATE

Section 1. Minnesota Statutes 2010, section 356.215, subdivision 8, is amended to read:

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

plan	preretirement interest rate assumption	postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0
State Patrol retirement plan	8.5	6.0
legislators retirement plan	8.5	6.0
elective state officers retirement plan	8.5	6.0
judges retirement plan	8.5	6.0
general public employees retirement plan	8.5	6.0
public employees police and fire retirement plan	8.5	6.0
local government correctional service retirement plan	8.5	6.0
teachers retirement plan	8.5	6.0
Duluth teachers retirement plan	8.5	8.5
St. Paul teachers retirement plan	8.5	8.5
Minneapolis Police Relief Association	6.0	6.0
Fairmont Police Relief Association	5.0	5.0
Minneapolis Fire Department Relief Association	6.0	6.0
Virginia Fire Department Relief Association	5.0	5.0
Bloomington Fire Department Relief Association	6.0	6.0
local monthly benefit volunteer firefighters relief associations	5.0	5.0

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

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5.0%
judges retirement plan	4.0
Minneapolis Police Relief Association	4.0
Fairmont Police Relief Association	3.5

24.1	Minneapolis Fire Department Relief	
24.2	Association	4.0
24.3	Virginia Fire Department Relief Association	3.5
24.4	Bloomington Fire Department Relief	
24.5	Association	4.0
24.6	(2) age-related select and ultimate future salary increase assumption or graded rate	
24.7	future salary increase assumption	
24.8	plan	future salary increase assumption
24.9	general state employees retirement plan	select calculation and
24.10		assumption A
24.11	correctional state employees retirement plan	assumption G <u>D</u>
24.12	State Patrol retirement plan	assumption F <u>C</u>
24.13	public employees police and fire fund retirement plan	assumption B
24.14	local government correctional service retirement plan	assumption F <u>C</u>
24.15	teachers retirement plan	assumption C
24.16	Duluth teachers retirement plan	assumption D <u>A</u>
24.17	St. Paul teachers retirement plan	assumption E <u>B</u>
24.18	The select calculation is: during the	
24.19	designated select period, a designated	
24.20	percentage rate is multiplied by the result of	
24.21	the designated integer minus T, where T is	
24.22	the number of completed years of service,	
24.23	and is added to the applicable future salary	
24.24	increase assumption. The designated select	
24.25	period is five years and the designated	
24.26	integer is five for the general state employees	
24.27	retirement plan. The designated select period	
24.28	is ten years and the designated integer is ten	
24.29	for all other retirement plans covered by	
24.30	this clause. The designated percentage rate	
24.31	is: (1) 0.2 percent for the correctional state	
24.32	employees retirement plan, the State Patrol	
24.33	retirement plan, the public employees police	
24.34	and fire plan , and the local government	
24.35	correctional service <u>retirement</u> plan; (2)	
24.36	0.6 percent for the general state employees	
24.37	retirement plan; and (3) 0.3 percent for the	
24.38	teachers retirement plan, the Duluth Teachers	

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25.1	Retirement Fund Association, and the St.							
25.2	Paul Teachers Retirement Fund Association.							
25.3	The select calculation for the Duluth Teachers							
25.4	Retirement Fund Association is 8.00 percent							
25.5	per year for service years one through seven,							
25.6	7.25 percent per year for service years seven							
25.7	and eight, and 6.50 percent per year for							
25.8	service years eight and nine.							
25.9	The ultimate future salary increase assumption is:							
25.10	age	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u> <u>A</u>	<u>E</u> <u>B</u>	<u>F</u> <u>C</u>	<u>G</u> <u>D</u>
25.11	16	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%
25.12	17	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500
25.13	18	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500
25.14	19	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500
25.15	20	5.75	11.00	5.50	6.90	6.90	7.7500	7.2500
25.16	21	5.75	11.00	5.50	6.90	6.90	7.1454	6.6454
25.17	22	5.75	10.50	5.50	6.90	6.90	7.0725	6.5725
25.18	23	5.75	10.00	5.50	6.85	6.85	7.0544	6.5544
25.19	24	5.75	9.50	5.50	6.80	6.80	7.0363	6.5363
25.20	25	5.75	9.00	5.50	6.75	6.75	7.0000	6.5000
25.21	26	5.75	8.70	5.50	6.70	6.70	7.0000	6.5000
25.22	27	5.75	8.40	5.50	6.65	6.65	7.0000	6.5000
25.23	28	5.75	8.10	5.50	6.60	6.60	7.0000	6.5000
25.24	29	5.75	7.80	5.50	6.55	6.55	7.0000	6.5000
25.25	30	5.75	7.50	5.50	6.50	6.50	7.0000	6.5000
25.26	31	5.75	7.30	5.50	6.45	6.45	7.0000	6.5000
25.27	32	5.75	7.10	5.50	6.40	6.40	7.0000	6.5000
25.28	33	5.75	6.90	5.50	6.35	6.35	7.0000	6.5000
25.29	34	5.75	6.70	5.50	6.30	6.30	7.0000	6.5000
25.30	35	5.75	6.50	5.50	6.25	6.25	7.0000	6.5000
25.31	36	5.75	6.30	5.50	6.20	6.20	6.9019	6.4019
25.32	37	5.75	6.10	5.50	6.15	6.15	6.8074	6.3074
25.33	38	5.75	5.90	5.40	6.10	6.10	6.7125	6.2125
25.34	39	5.75	5.70	5.30	6.05	6.05	6.6054	6.1054
25.35	40	5.75	5.50	5.20	6.00	6.00	6.5000	6.0000
25.36	41	5.75	5.40	5.10	5.90	5.95	6.3540	5.8540
25.37	42	5.75	5.30	5.00	5.80	5.90	6.2087	5.7087
25.38	43	5.65	5.20	4.90	5.70	5.85	6.0622	5.5622
25.39	44	5.55	5.10	4.80	5.60	5.80	5.9048	5.4078
25.40	45	5.45	5.00	4.70	5.50	5.75	5.7500	5.2500
25.41	46	5.35	4.95	4.60	5.40	5.70	5.6940	5.1940
25.42	47	5.25	4.90	4.50	5.30	5.65	5.6375	5.1375

26.1	48	5.15	4.85	4.50	5.20	5.60	5.5822	5.0822
26.2	49	5.05	4.80	4.50	5.10	5.55	5.5404	5.0404
26.3	50	4.95	4.75	4.50	5.00	5.50	5.5000	5.0000
26.4	51	4.85	4.75	4.50	4.90	5.45	5.4384	4.9384
26.5	52	4.75	4.75	4.50	4.80	5.40	5.3776	4.8776
26.6	53	4.65	4.75	4.50	4.70	5.35	5.3167	4.8167
26.7	54	4.55	4.75	4.50	4.60	5.30	5.2826	4.7826
26.8	55	4.45	4.75	4.50	4.50	5.25	5.2500	4.7500
26.9	56	4.35	4.75	4.50	4.40	5.20	5.2500	4.7500
26.10	57	4.25	4.75	4.50	4.30	5.15	5.2500	4.7500
26.11	58	4.25	4.75	4.60	4.20	5.10	5.2500	4.7500
26.12	59	4.25	4.75	4.70	4.10	5.05	5.2500	4.7500
26.13	60	4.25	4.75	4.80	4.00	5.00	5.2500	4.7500
26.14	61	4.25	4.75	4.90	3.90	5.00	5.2500	4.7500
26.15	62	4.25	4.75	5.00	3.80	5.00	5.2500	4.7500
26.16	63	4.25	4.75	5.10	3.70	5.00	5.2500	4.7500
26.17	64	4.25	4.75	5.20	3.60	5.00	5.2500	4.7500
26.18	65	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
26.19	66	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
26.20	67	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
26.21	68	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
26.22	69	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
26.23	70	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
26.24	71	4.25		5.20				

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

26.26	<u>general state employees retirement plan of the</u>	<u>assumption A</u>
26.27	<u>Minnesota State Retirement System</u>	
26.28	<u>general employees retirement plan of the Public</u>	<u>assumption B</u>
26.29	<u>Employees Retirement Association</u>	
26.30	<u>Teachers Retirement Association</u>	<u>assumption C</u>
26.31	<u>public employees police and fire retirement plan</u>	<u>assumption D</u>

26.32		general employees				
26.33		retirement plan of				
26.34		the Public Employees				
26.35		Retirement Association				
26.36	service length	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	
26.37	1	12.03% <u>10.75%</u>	<u>12.25%</u>	<u>12.00%</u>	<u>13.00%</u>	
26.38	2	8.90 <u>8.35</u>	<u>9.15</u>	<u>9.00</u>	<u>11.00</u>	
26.39	3	7.46 <u>7.15</u>	<u>7.75</u>	<u>8.00</u>	<u>9.00</u>	
26.40	4	6.58 <u>6.45</u>	<u>6.85</u>	<u>7.50</u>	<u>8.00</u>	
26.41	5	5.97 <u>5.95</u>	<u>6.25</u>	<u>7.25</u>	<u>6.50</u>	
26.42	6	5.52 <u>5.55</u>	<u>5.75</u>	<u>7.00</u>	<u>6.10</u>	
26.43	7	5.16 <u>5.25</u>	<u>5.45</u>	<u>6.85</u>	<u>5.80</u>	

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27.1	8	4.87 <u>4.95</u>	<u>5.15</u>	<u>6.70</u>	<u>5.60</u>
27.2	9	4.63 <u>4.75</u>	<u>4.85</u>	<u>6.55</u>	<u>5.40</u>
27.3	10	4.42 <u>4.65</u>	<u>4.65</u>	<u>6.40</u>	<u>5.30</u>
27.4	11	4.24 <u>4.45</u>	<u>4.45</u>	<u>6.25</u>	<u>5.20</u>
27.5	12	4.08 <u>4.35</u>	<u>4.35</u>	<u>6.00</u>	<u>5.10</u>
27.6	13	3.94 <u>4.25</u>	<u>4.15</u>	<u>5.75</u>	<u>5.00</u>
27.7	14	3.82 <u>4.05</u>	<u>4.05</u>	<u>5.50</u>	<u>4.90</u>
27.8	15	3.70 <u>3.95</u>	<u>3.95</u>	<u>5.25</u>	<u>4.80</u>
27.9	16	3.60 <u>3.85</u>	<u>3.85</u>	<u>5.00</u>	<u>4.80</u>
27.10	17	3.51 <u>3.75</u>	<u>3.75</u>	<u>4.75</u>	<u>4.80</u>
27.11	18	3.50 <u>3.75</u>	<u>3.75</u>	<u>4.50</u>	<u>4.80</u>
27.12	19	3.50 <u>3.75</u>	<u>3.75</u>	<u>4.25</u>	<u>4.80</u>
27.13	20	3.50 <u>3.75</u>	<u>3.75</u>	<u>4.00</u>	<u>4.80</u>
27.14	21	3.50 <u>3.75</u>	<u>3.75</u>	<u>3.90</u>	<u>4.70</u>
27.15	22	3.50 <u>3.75</u>	<u>3.75</u>	<u>3.80</u>	<u>4.60</u>
27.16	23	3.50 <u>3.75</u>	<u>3.75</u>	<u>3.70</u>	<u>4.50</u>
27.17	24	3.50 <u>3.75</u>	<u>3.75</u>	<u>3.60</u>	<u>4.50</u>
27.18	25	3.50 <u>3.75</u>	<u>3.75</u>	<u>3.50</u>	<u>4.50</u>
27.19	26	3.50 <u>3.75</u>	<u>3.75</u>	<u>3.50</u>	<u>4.50</u>
27.20	27	3.50 <u>3.75</u>	<u>3.75</u>	<u>3.50</u>	<u>4.50</u>
27.21	28	3.50 <u>3.75</u>	<u>3.75</u>	<u>3.50</u>	<u>4.50</u>
27.22	29	3.50 <u>3.75</u>	<u>3.75</u>	<u>3.50</u>	<u>4.50</u>
27.23	30 or more	3.50 <u>3.75</u>	<u>3.75</u>	<u>3.50</u>	<u>4.50</u>

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

27.28	plan	payroll growth assumption
27.29	general state employees retirement plan of the	
27.30	<u>Minnesota State Retirement System</u>	4.50% <u>3.75%</u>
27.31	correctional state employees retirement plan	4.50
27.32	State Patrol retirement plan	4.50
27.33	legislators retirement plan	4.50
27.34	judges retirement plan	4.00
27.35	general employees retirement plan of the Public	
27.36	Employees Retirement Association	4.00 <u>3.75</u>
27.37	public employees police and fire retirement plan	4.50 <u>3.75</u>
27.38	local government correctional service retirement	
27.39	plan	4.50
27.40	teachers retirement plan	4.50 <u>3.75</u>
27.41	Duluth teachers retirement plan	4.50
27.42	St. Paul teachers retirement plan	5.00

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

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

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

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

EFFECTIVE DATE. This section as it relates to the general state employees retirement plan of the Minnesota State Retirement System, the general employees retirement plan of the Public Employees Retirement Association, and the teachers retirement plan is effective retroactively from June 30, 2010, and as it relates to the public employees police and fire retirement plan is effective June 30, 2011.

ARTICLE 4

VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS

Section 1. DEADLINE FOR REPORTS EXTENDED.

Notwithstanding Minnesota Statutes, section 69.051, subdivision 1b, the deadline for reports submitted under Minnesota Statutes, section 69.051, subdivisions 1 and 1a, for 2009 is extended to April 30, 2011. A municipality or relief association does not forfeit its 2010 state aid or any future state aid if 2009 reports are received by the state auditor on or before April 30, 2011.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. WHITE BEAR LAKE; SPECIAL ACTUARIAL WORK AUTHORIZATION.

Notwithstanding any provision to the contrary of Minnesota Statutes, sections 69.771, subdivision 3; 69.773, subdivisions 2, 4, and 5; 356.215; and 356.216, a document styled as an interim valuation at October 19, 2009, of the White Bear Lake Volunteer Fire Department Relief Association prepared by the actuarial consulting firm of Gabriel, Roeder, Smith & Company, as confirmed as to its funded status results by an actuarial valuation as of January 1, 2011, of the White Bear Lake Volunteer Fire Department Relief Association pension plan prepared by the actuarial consulting firm of Gabriel, Roeder, Smith & Company may be considered by the relief association officers, the city of White Bear Lake, and the Office of the State Auditor to be a qualifying actuarial valuation of the special fund of the relief association for the determination of the actuarial condition

of the relief association and the financial requirements of the relief association amounts and the minimum municipal obligation amounts calculated by relief association officers certified to the city of White Bear Lake on or before August 1, 2009, and on or before August 1, 2010, may be considered by the City of White Bear Lake and by the Office of the State Auditor to be properly determined.

EFFECTIVE DATE; LOCAL APPROVAL. This section is effective retroactively from July 31, 2009, if the White Bear Lake city council and the White Bear Lake chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 5

SMALL GROUP RETIREMENT PROVISIONS

Section 1. **PERA-GENERAL; BABBITT AND BUHL SERVICE AND SALARY CREDIT PURCHASE AUTHORIZATION IN CERTAIN CASES.**

(a) An eligible person described in paragraph (b) is eligible to purchase from the general employees retirement plan of the Public Employees Retirement Association allowable service credit and salary credit for the period of uncredited prior employment and salary specified in paragraph (c) by making the payment required under paragraph (d).

(b) An eligible person is a person who:

(1) was born on November 10, 1957;

(2) was employed as a part-time police officer by the city of Buhl from July 1988 until November 1996;

(3) was employed as a part-time police officer by Embarrass Township from March 1992 until August 1997;

(4) was employed as a part-time police officer by the City of Babbitt from April 1992 until September 1992; and

(5) was employed as a full-time police officer by the city of Babbitt since October 4, 1992, and as such is a member of the public employees police and fire retirement plan.

(c) The periods of unreported employment and salary that qualified for coverage by the general employees retirement plan of the Public Employees Retirement Association and eligible for purchase are employment by the city of Buhl from October 1989 until November 1996 and employment by the city of Babbitt as a part-time police officer from April 1992 until September 1992.

(d) The allowable service and salary credit purchase payment amount must be calculated under Minnesota Statutes, section 356.551. Of the total payment amount,

the eligible person is obligated to pay the amount of member contributions that the eligible person would have paid by deduction to the coordinated program of the general employees retirement plan of the Public Employees Retirement Association if made in a timely fashion, plus annual compound interest at the rate of 8.5 percent from the date that the contribution should have been made until the date that the contribution equivalent payment is made. The balance of the total payment amount must be allocated between the city of Buhl and the city of Babbitt on the basis of the additional retirement benefit associated with the applicable period of past unreported eligible employment. The city of Buhl and the city of Babbitt shall make their payments within 30 days of the date on which the executive director of the Public Employees Retirement Association certifies that the eligible person has paid the equivalent member contribution payment and interest. If a city fails to make a timely payment, the executive director shall collect the unpaid amount under Minnesota Statutes, section 353.28.

(e) The eligible person shall provide the executive director of the Public Employees Retirement Association with any necessary documentation of the applicability of this section that the executive director requests.

(f) The authority of the eligible person to make the equivalent member contribution and interest payment under this section expires on the earlier of July 1, 2012, or the date on which the eligible person finally terminates public employment covered by Minnesota Statutes, chapter 353.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. INDEPENDENT SCHOOL DISTRICT NO. 270, HOPKINS; SALARY CREDIT PURCHASE FOR PART-TIME TEACHING PROGRAM SERVICE AUTHORIZED.

(a) An eligible person described in paragraph (b) is entitled, upon application to the executive director of the Teachers Retirement Association, to purchase salary credit from the Teachers Retirement Association for the period of part-time teaching service specified in paragraph (c) if the purchase payment required under paragraph (d) is paid on or before July 1, 2012, or the date of the person's retirement, whichever is earlier.

(b) An eligible person is a person who:

(1) was born on January 20, 1951;

(2) was hired by Independent School District No. 270, Hopkins, as a teacher;

(3) first participated in the qualified part-time teacher association membership program with a properly submitted teacher-school district agreement for the 2007-2008 school year;

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(4) was employed part-time as a teacher by Independent School District No. 270, Hopkins, during the 2008-2009 school year, but the Minnesota Statutes, section 354.66, agreement was not filed with the Teachers Retirement Association until September 20, 2010; and

(5) was employed by Independent School District No. 270, Hopkins, as a part-time teacher under Minnesota Statutes, section 354.66, for the 2009-2010 school year and for the 2010-2011 school year.

(c) The period of part-time teaching service is the period during the 2008-2009 school year during which the eligible person was paid 80 percent of the eligible person's full-time service salary rate for part-time teaching service rendered for Independent School District No. 270, Hopkins.

(d) The total purchase payment amount for the increase in the annual salary credit for the 2008-2009 school year of \$11,090.60 in the employ of Independent School District No. 270, Hopkins, is the service credit purchase payment amount required under Minnesota Statutes, section 356.551. The eligible person shall pay \$609.98 plus compound interest at the annual rate of 8.5 percent from January 31, 2009, until the date of payment. Independent School District No. 270, Hopkins, must pay the balance of the purchase payment amount under Minnesota Statutes, section 356.551, in excess of the eligible person's payment amount. The school district payment is due 30 days after notification by the executive director of the Teachers Retirement Association that the eligible person's payment amount has been received by the association. If the school district fails to make the required payment in a timely manner, the executive director of the Teachers Retirement Association shall notify the commissioner of management and budget and the commissioner of education of that failure and those commissioners shall subtract the unpaid amount from and state aid otherwise payable to the school district.

(e) Upon receipt by the Teachers Retirement Association of the total amount required under paragraph (d), the eligible person shall receive annual salary credit for an additional \$11,090.60 for the 2008-2009 school year.

(f) The salary credit purchase payment authorization under this section expires August 1, 2012.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 6

VOLUNTARY CONSOLIDATION OF THE MINNEAPOLIS
FIREFIGHTERS RELIEF ASSOCIATION

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

Subd. 10a. **Unit value; Minneapolis firefighters.** "Unit value," for a member of the public employees police and fire retirement plan who was a member of the former Minneapolis Firefighters Relief Association on the day prior to the effective date of consolidation under section 19, is \$82.32 for calendar year 2011, \$96.899 for calendar year 2012, \$100.775 for calendar year 2013, \$104.264 for calendar year 2014, \$124.031 for calendar year 2015, and for calendar years after calendar year 2015, the prior year's unit value plus an increase equal to the adjustment percentage determined under section 356.415, subdivision 1c, effective for the January 1 of the calendar year.

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

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

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

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

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

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

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

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

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

(8) a period during which a member is absent from employment by a governmental subdivision by reason of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), if the member returns to public service with the same governmental subdivision upon discharge from service in the uniformed service within the time frames required under United States Code, title 38, section 4312(e), provided that the member did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions. The service must be credited if the member pays into the fund equivalent employee contributions based upon the contribution rate or rates in effect at the time that the uniformed service was performed multiplied by the full and fractional years being purchased and applied to the annual salary rate. The annual salary rate is the average annual salary, excluding overtime pay, during the purchase period that the member would have received if the member had continued to be employed in covered employment rather than to provide uniformed service, or, if the determination of that rate is not reasonably certain, the annual salary rate is the member's average salary

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rate, excluding overtime pay, during the 12-month period of covered employment rendered immediately preceding the period of the uniformed service. Payment of the member equivalent contributions must be made during a period that begins with the date on which the individual returns to public employment and that is three times the length of the military leave period, or within five years of the date of discharge from the military service, whichever is less. If the determined payment period is less than one year, the contributions required under this clause to receive service credit may be made within one year of the discharge date. Payment may not be accepted following 30 days after termination of public service under subdivision 11a. If the member equivalent contributions provided for in this clause are not paid in full, the member's allowable service credit must be prorated by multiplying the full and fractional number of years of uniformed service eligible for purchase by the ratio obtained by dividing the total member contributions received by the total member contributions otherwise required under this clause. The equivalent employer contribution, and, if applicable, the equivalent additional employer contribution must be paid by the governmental subdivision employing the member if the member makes the equivalent employee contributions. The employer payments must be made from funds available to the employing unit, using the employer and additional employer contribution rate or rates in effect at the time that the uniformed service was performed, applied to the same annual salary rate or rates used to compute the equivalent member contribution. The governmental subdivision involved may appropriate money for those payments. The amount of service credit obtainable under this section may not exceed five years unless a longer purchase period is required under United States Code, title 38, section 4312. The employing unit shall pay interest on all equivalent member and employer contribution amounts payable under this clause. Interest must be computed at a rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the break in service to the end of the month in which the payment is received. Upon payment, the employee must be granted allowable service credit for the purchased period; or

(9) a period specified under subdivision 40.

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

(c) For a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the Public Employees Retirement Association under chapter 353A or to which section 353.665 applies, and who has elected

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the type of benefit coverage provided by the public employees police and fire fund either under section 353A.08 following the consolidation or under section 353.665, subdivision 4, "~~applicable~~ allowable service" is a period of service credited by the local police or firefighters relief association as of the effective date of the consolidation based on law and on bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure.

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

(e) MS 2002 [Expired]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subdivision 1. **Age and allowable service requirements.** Upon separation from public service, any police officer or firefighter member, other than a firefighter covered by section 353.6511, who has attained the age of at least 55 years and who is vested

under section 353.01, subdivision 47, is entitled upon application to a retirement annuity, known as the "normal" retirement annuity.

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

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

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

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

<u>completed years of service</u>	<u>retirement annuity amount</u>
<u>15</u>	<u>25.0 units</u>
<u>16</u>	<u>26.6 units</u>
<u>17</u>	<u>28.2 units</u>
<u>18</u>	<u>29.8 units</u>
<u>19</u>	<u>31.4 units</u>
<u>20</u>	<u>35 units</u>
<u>21</u>	<u>36.6 units</u>
<u>22</u>	<u>38.2 units</u>
<u>23</u>	<u>39.8 units</u>
<u>24</u>	<u>41.4 units</u>
<u>25 or more</u>	<u>43.0 units</u>

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

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

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

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

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

38.10 Subd. 7. **Postretirement adjustments.** (a) Effective on the first day of the month
38.11 next following the effective date of the consolidation under section 19, service pensions
38.12 and survivor benefits in force are entitled to be recomputed with the number of units
38.13 specified in subdivision 2, subdivision 4, and subdivision 6. Optional annuities under
38.14 section 423C.05, subdivision 8, also are entitled to be recomputed as the actuarial
38.15 equivalent of the service pensions and survivor benefits with the number of units
38.16 specified in subdivision 2, subdivision 4, and subdivision 6. Retirement annuities, service
38.17 pensions, disability benefits, and survivor benefits after December 31, 2015, are eligible
38.18 for postretirement adjustments under section 356.415, subdivision 1c. The unit value
38.19 for the calculation of a retirement annuity first payable after December 31, 2015, is the
38.20 calendar year 2015 unit value, plus any postretirement adjustment percentage amount
38.21 under section 356.415, subdivision 1c, payable after December 31, 2015, and before the
38.22 date of retirement.

38.23 Subd. 8. **Savings clause; dispute resolution.** In the event of any dispute by or on
38.24 behalf of any former member of the consolidating relief association after the effective date
38.25 of consolidation over the amount of a benefit to which the person may be entitled, the
38.26 proper interpretation of a provision of this article, or the conformity of the provisions of
38.27 this article to the provisions of the benefit plan of the consolidating relief association in
38.28 effective immediately before the date of the consolidation, the dispute shall be submitted
38.29 in writing to the Legislative Commission on Pensions and Retirement by the person
38.30 who is a party to the dispute, by the fraternal organization related to the former relief
38.31 association, or by the executive director of the Public Employees Retirement Association.
38.32 The Legislative Commission on Pensions and Retirement shall review the dispute as
38.33 part of its deliberations on proposed or pending retirement legislation and shall make its
38.34 recommendation on the resolution of the dispute, if any, to the appropriate committees of
38.35 the senate and house of representatives with jurisdiction over public employee pension
38.36 matters in the form of the necessary legislation amending the provisions of this article,

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39.1 which proposed legislation must include retroactivity of any increase in a benefit amount
39.2 to the date on which the benefit subject to dispute accrued or would have accrued.

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

39.4 Subdivision 1. **Duty disability; computation of benefits.** (a) A member of
39.5 the police and fire plan, other than a firefighter covered by section 353.6511, who is
39.6 determined to qualify for duty disability as defined in section 353.01, subdivision 41,
39.7 shall receive disability benefits during the period of such disability in an amount equal to
39.8 60 percent of the average salary as defined in section 353.01, subdivision 17a, plus an
39.9 additional percentage specified under section 356.315, subdivision 6, of that average
39.10 salary for each year of service in excess of 20 years.

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

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

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

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

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

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

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

39.31 (b) A disability benefit payable under paragraph (a) is subject to eligibility review
39.32 under section 353.33, subdivision 6, but the review may be waived if the executive
39.33 director receives a written statement from the association's medical advisor that no
39.34 improvement can be expected in the member's disabling condition that was the basis for

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payment of the benefit under paragraph (a). A member receiving a disability benefit under this subdivision who is found to no longer be permanently and totally disabled as defined under section 353.01, subdivision 19, but continues to meet the definition for receipt of a duty disability under section 353.01, subdivision 41, is subject to subdivision 1 upon written notice from the association's medical advisor that the person is no longer considered permanently and totally disabled.

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

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

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

Subd. 3. **Regular disability benefit.** (a) A member of the police and fire plan, other than a firefighter covered by section 353.6511, who qualifies for a regular disability benefit as defined in section 353.01, subdivision 46, is entitled to receive a disability benefit, after filing a valid application, in an amount equal to 45 percent of the average salary as defined in section 353.01, subdivision 17a.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subdivision 1. **Membership transfer.** On the effective date of consolidation under section 19, 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 the day before the effective date of consolidation under section 19, are transferred to the public employees police and fire retirement plan and is credited as provided in section 353.01, subdivisions 10a and 16, paragraph (c), on the effective date of consolidation under section 19.

(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 the effective date of consolidation under section 19.

Subd. 3. **Transfer of records.** On the effective date of the consolidation under section 19, 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 the effective date of the consolidation under section 19, 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 the effective date of consolidation under section 19. Any accounts payable on the effective date of consolidation under section 19 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 the effective date of consolidation, shall estimate three calendar years of the administrative expenses related to the operation of the account and shall prepay those expenses from the

44.1 account to the financial institution before the effective date of consolidation. After the
44.2 three-year prepayment period, the beneficiaries of the account are responsible for the
44.3 payment of the administrative expenses related to the operation of the account.

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

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

44.21 (d) The Public Employees Retirement Association shall indemnify any former
44.22 fiduciary of the Minneapolis Firefighters Relief Association consistent with the
44.23 provisions of section 356A.11. The indemnification may be effected by the purchase
44.24 by the Public Employees Retirement Association of reasonable fiduciary liability tail
44.25 insurance for the officers and directors of the former Minneapolis Firefighters Relief
44.26 Association. Consistent with section 69.80, the relief association may purchase reasonable
44.27 fiduciary liability tail insurance for its officers and directors prior to the effective date of
44.28 consolidation under section 19.

44.29 (e) Office equipment and other physical assets of the special fund of the Minneapolis
44.30 Firefighters Relief Association that are not needed by the Public Employees Retirement
44.31 Association may be sold by the special fund of the Minneapolis Firefighters Relief
44.32 Association to the general fund of the Minneapolis Firefighters Relief Association or to
44.33 any successor fraternal organization of the Minneapolis Firefighters Relief Association at
44.34 fair market value, with the proceeds of that sale deposited in the public employees police
44.35 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 the day before the effective date of consolidation under section 19 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 the effective date of the consolidation under section 19, 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 the effective date of consolidation under section 19, 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 the year following the effective date of the consolidation. The 2012 payment should be estimated based on the provisions of this legislation. 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, 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 section 16.

(b) The executive director shall cooperate with the Minneapolis firefighters fraternal association to insure 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.

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

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

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

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

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

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

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

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

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

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

If there is no unfunded actuarial accrued liability in both the Minneapolis Police Relief Association and the Minneapolis Fire Department Relief Association as disclosed in the most recent actuarial valuations for the relief associations prepared under sections 356.215 and 356.216, the commissioner shall allocate that 34.2 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighters relief associations. If there is no unfunded actuarial accrued liability in the Virginia Fire Department Relief Association as disclosed in the most recent actuarial valuation for the relief association prepared under sections 356.215 and 356.216, the commissioner shall allocate that 1.3 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighters relief associations. Upon the final payment to municipalities required by section 353.665, subdivision 8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), the commissioner shall allocate that 64.5 percent of the aid as follows: 20 percent to the St. Paul Teachers Retirement Fund Association, 20 percent to the city of Minneapolis to fund any unfunded actuarial accrued liability in the actuarial valuation proposed under sections 356.215 and 356.216 as of the preceding December 31 for the Minneapolis Police Relief Association or the Minneapolis Firefighters Relief Association, 20 percent for the city of Duluth to pay for any costs associated with the police and firefighters pensions, and 40 percent as additional funding to support minimum fire state aid for volunteer firefighters relief associations. The allocation must be made by the commissioner at the same time and under the same procedures

as specified in subdivision 3. With respect to the St. Paul Teachers Retirement Fund Association, annually, beginning on July 1, 2005, if the applicable teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid allocation to that retirement fund under this section ceases until the five-year annual rate of investment return equals or exceeds the performance of that composite portfolio.

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

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

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

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

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

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

Sec. 17. TERMINATION OF THE RELIEF ASSOCIATION.

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

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

49.7 (c) If the Minneapolis Firefighters Relief Association continues the relief association
49.8 as a fraternal organization under paragraph (b), the transfer of relief association assets
49.9 under Minnesota Statutes, section 353.667, subdivision 4, must not include assets of the
49.10 Minneapolis Firefighters Relief Association general fund, which must be retained by
49.11 the fraternal organization for organization purposes other than for pension or retirement
49.12 benefit payment purposes.

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

49.18 (e) If, on the day following approval of this article by the Minneapolis city council,
49.19 the consolidation has been approved by all applicable entities under section 19, the officers
49.20 of the Minneapolis Firefighters Relief Association shall certify to the city of Minneapolis
49.21 and to the Hennepin County auditor the financial requirements of the relief association and
49.22 the minimum municipal obligation under Minnesota Statutes, section 69.77, subdivision 4,
49.23 revised consistent with the actuarial valuation results under Minnesota Statutes, section
49.24 423A.02, subdivision 1b.

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

49.29 Sec. 18. **REPEALER.**

49.30 Minnesota Statutes 2010, sections 423A.021; 423C.01; 423C.02; 423C.03; 423C.04;
49.31 423C.05; 423C.06; 423C.07; 423C.08; 423C.09; 423C.10; 423C.11; 423C.12; 423C.13;
49.32 423C.14; 423C.15; and 423C.16, are repealed.

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

(a) Sections 1 to 16, 17, paragraphs (a) to (d), and 18 are effective December 30, 2011, if the board of trustees of the Minneapolis Firefighters Relief Association approves the article and if a majority of the entire membership of the Minneapolis Firefighters Relief Association approves the article, if the chief administrative officer of the Minneapolis Firefighters Relief Association certifies those approvals to the mayor of the city of Minneapolis and the president of the Minneapolis city council before September 15, 2011, if the board of trustees of the Public Employees Retirement Association approves the article, if the executive director of the Public Employees Retirement Association certifies that approval to the mayor of the city of Minneapolis and the president of the Minneapolis city council, if the governing body of the city of Minneapolis and the chief clerical officer of Minneapolis timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, on or before October 15, 2011, or on the date set by the board of trustees of the Public Employees Retirement Association, in consultation with the mayor of the city of Minneapolis and the executive director of the relief association, at the first regular meeting of the Public Employees Retirement Association board of trustees occurring after Minneapolis city council approval if the governing body of the city of Minneapolis and the chief clerical officer of Minneapolis complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, after October 15, 2011, and if a comparable consolidation relating to the Minneapolis Police Relief Association is approved by all applicable entities under article 7.

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

ARTICLE 7

VOLUNTARY CONSOLIDATION OF THE MINNEAPOLIS POLICE RELIEF ASSOCIATION

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

Subd. 10b. **Unit value; Minneapolis police.** "Unit value," for a member of the public employees police and fire retirement plan who was a member of the former Minneapolis Police Relief Association on the day prior to the effective date of consolidation under section 19, is \$86.71 for calendar year 2011, \$104.651 for calendar year 2012, \$109.011 for calendar year 2013, \$114.825 for calendar year 2014, \$124.031 for calendar year 2015, and for calendar years after calendar year 2015, the prior year's unit value plus an increase equal to the adjustment percentage determined under section 356.415, subdivision 1c, effective for the January 1 of the calendar year.

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

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

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

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

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

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

51.14 (5) a period of authorized personal, parental, or medical leave of absence without
51.15 pay, including a leave of absence covered under the federal Family Medical Leave Act,
51.16 that does not exceed one year, and for which a member obtained service credit for each
51.17 month in the leave period by payment under section 353.0161 to the fund made in place of
51.18 salary deductions. An employee must return to public service and render a minimum of
51.19 three months of allowable service in order to be eligible to make payment under section
51.20 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
51.21 employee must be granted allowable service credit for the purchased period;

51.22 (6) a periodic, repetitive leave that is offered to all employees of a governmental
51.23 subdivision. The leave program may not exceed 208 hours per annual normal work cycle
51.24 as certified to the association by the employer. A participating member obtains service
51.25 credit by making employee contributions in an amount or amounts based on the member's
51.26 average salary, excluding overtime pay, that would have been paid if the leave had not been
51.27 taken. The employer shall pay the employer and additional employer contributions on
51.28 behalf of the participating member. The employee and the employer are responsible to pay
51.29 interest on their respective shares at the rate of 8.5 percent a year, compounded annually,
51.30 from the end of the normal cycle until full payment is made. An employer shall also make
51.31 the employer and additional employer contributions, plus 8.5 percent interest, compounded
51.32 annually, on behalf of an employee who makes employee contributions but terminates
51.33 public service. The employee contributions must be made within one year after the end of
51.34 the annual normal working cycle or within 30 days after termination of public service,
51.35 whichever is sooner. The executive director shall prescribe the manner and forms to be

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used by a governmental subdivision in administering a periodic, repetitive leave. Upon payment, the member must be granted allowable service credit for the purchased period;

(7) an authorized temporary or seasonal layoff under subdivision 12, limited to three months allowable service per authorized temporary or seasonal layoff in one calendar year.

An employee who has received the maximum service credit allowed for an authorized temporary or seasonal layoff must return to public service and must obtain a minimum of three months of allowable service subsequent to the layoff in order to receive allowable service for a subsequent authorized temporary or seasonal layoff;

(8) a period during which a member is absent from employment by a governmental subdivision by reason of service in the uniformed services, as defined in United States Code, title 38, section 4303(13), if the member returns to public service with the same governmental subdivision upon discharge from service in the uniformed service within the time frames required under United States Code, title 38, section 4312(e), provided that the member did not separate from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions. The service must be credited if the member pays into the fund equivalent employee contributions based upon the contribution rate or rates in effect at the time that the uniformed service was performed multiplied by the full and fractional years being purchased and applied to the annual salary rate. The annual salary rate is the average annual salary, excluding overtime pay, during the purchase period that the member would have received if the member had continued to be employed in covered employment rather than to provide uniformed service, or, if the determination of that rate is not reasonably certain, the annual salary rate is the member's average salary rate, excluding overtime pay, during the 12-month period of covered employment rendered immediately preceding the period of the uniformed service. Payment of the member equivalent contributions must be made during a period that begins with the date on which the individual returns to public employment and that is three times the length of the military leave period, or within five years of the date of discharge from the military service, whichever is less. If the determined payment period is less than one year, the contributions required under this clause to receive service credit may be made within one year of the discharge date. Payment may not be accepted following 30 days after termination of public service under subdivision 11a. If the member equivalent contributions provided for in this clause are not paid in full, the member's allowable service credit must be prorated by multiplying the full and fractional number of years of uniformed service eligible for purchase by the ratio obtained by dividing the total member contributions received by the total member contributions otherwise required under this clause. The equivalent employer contribution, and, if applicable, the equivalent additional employer contribution must be

paid by the governmental subdivision employing the member if the member makes the equivalent employee contributions. The employer payments must be made from funds available to the employing unit, using the employer and additional employer contribution rate or rates in effect at the time that the uniformed service was performed, applied to the same annual salary rate or rates used to compute the equivalent member contribution. The governmental subdivision involved may appropriate money for those payments. The amount of service credit obtainable under this section may not exceed five years unless a longer purchase period is required under United States Code, title 38, section 4312. The employing unit shall pay interest on all equivalent member and employer contribution amounts payable under this clause. Interest must be computed at a rate of 8.5 percent compounded annually from the end of each fiscal year of the leave or the break in service to the end of the month in which the payment is received. Upon payment, the employee must be granted allowable service credit for the purchased period; or

(9) a period specified under subdivision 40.

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

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

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

54.1 (e) MS 2002 [Expired]

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

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

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

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

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

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

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

54.24 (b) For members who were active members of the former Minneapolis Police Relief
54.25 Association on the day prior to the effective date of consolidation under section 19, the
54.26 employee contribution is an amount equal to eight percent of the monthly unit value under
54.27 section 353.01, subdivision 10b, multiplied by 80 and expressed as a biweekly amount for
54.28 each member. The employee contribution made by a member with at least 25 years of
54.29 service credit as an active member of the former Minneapolis Police Relief Association
54.30 must be deposited in the postretirement health care savings account established under
54.31 352.98.

54.32 (c) Contributions under this section must be made by deduction from salary in
54.33 the manner provided in subdivision 4. Where any portion of a member's salary is paid

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55.1 from other than public funds, the member's employee contribution is based on the total
55.2 salary received from all sources.

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

55.4 Subd. 3. **Employer contribution.** (a) With respect to members other than members
55.5 who were active members of the former Minneapolis Police Relief Association on the day
55.6 prior to the effective date of consolidation under section 19, the employer contribution is
55.7 14.1 percent of the salary of the member in calendar year 2010 and is 14.4 percent of the
55.8 salary of the member in each calendar year after 2010. ~~This contribution~~

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

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

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

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

55.21 Sec. 8. **[353.6512] ALTERNATIVE RETIREMENT BENEFIT COVERAGE IN**
55.22 **CERTAIN INSTANCES.**

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

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

55.31 (b) The member, upon application, if the person is at least age 50 and has credit for
55.32 at least 20 years of allowable service, is entitled to a normal retirement annuity. The

normal retirement annuity is the following amount based on the service credit of the retiring member as a Minneapolis police officer:

<u>years of service</u>	<u>retirement annuity amount</u>
<u>20</u>	<u>35 units</u>
<u>21</u>	<u>36.6 units</u>
<u>22</u>	<u>38.2 units</u>
<u>23</u>	<u>39.8 units</u>
<u>24</u>	<u>41.4 units</u>
<u>25 or more</u>	<u>43.0 units</u>

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

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

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

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

Subd. 7. **Postretirement adjustments.** Retirement annuities, service pensions, disability benefits, and survivor benefits after December 31, 2015, are eligible for postretirement adjustments under section 356.415, subdivision 1c. The unit value for the calculation of a retirement annuity first payable after December 31, 2015, is the calendar year 2015 unit value, plus any postretirement adjustment percentage amount under section 356.415, subdivision 1c, payable after December 31, 2015, and before the date of retirement.

Subd. 8. **Savings clause; dispute resolution.** In the event of any dispute by or on behalf of any former member of the 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 this article, or the conformity of the provisions of this article to the provisions of the benefit plan of the consolidating relief association in effect immediately before the date of the consolidation, 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, by the fraternal organization related to the former relief association, or by the executive director of the Public Employees Retirement Association.

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57.1 The Legislative Commission on Pensions and Retirement shall review the dispute as
57.2 part of its deliberations on proposed or pending retirement legislation and shall make its
57.3 recommendation on the resolution of the dispute, if any, to the appropriate committees of
57.4 the senate and house of representatives with jurisdiction over public employee pension
57.5 matters in the form of the necessary legislation amending the provisions of this article,
57.6 which proposed legislation must include retroactivity of any increase in a benefit amount
57.7 to the date on which the benefit subject to dispute accrued or would have accrued.

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

57.9 Subdivision 1. **Duty disability; computation of benefits.** (a) A member of the
57.10 police and fire plan, other than a police officer covered by section 353.6512, who is
57.11 determined to qualify for duty disability as defined in section 353.01, subdivision 41,
57.12 shall receive disability benefits during the period of such disability in an amount equal to
57.13 60 percent of the average salary as defined in section 353.01, subdivision 17a, plus an
57.14 additional percentage specified under section 356.315, subdivision 6, of that average
57.15 salary for each year of service in excess of 20 years.

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

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

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

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

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

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

57.29 Subd. 1a. **Total and permanent duty disability; computation of benefits.** (a) A
57.30 member of the police and fire plan, other than a police officer covered by section 353.6512,
57.31 whose disabling condition is determined to be a duty disability that is also a permanent
57.32 and total disability as defined in section 353.01, subdivision 19, is entitled to receive, for
57.33 life, disability benefits in an amount equal to 60 percent of the average salary as defined in

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section 353.01, subdivision 17a, plus an additional percent specified in section 356.315, subdivision 6, of that average salary for each year of service in excess of 20 years.

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

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

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

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

Subd. 3. **Regular disability benefit.** (a) A member of the police and fire plan, other than a police officer covered by section 353.6512, who qualifies for a regular disability benefit as defined in section 353.01, subdivision 46, is entitled to receive a disability benefit, after filing a valid application, in an amount equal to 45 percent of the average salary as defined in section 353.01, subdivision 17a.

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

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

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

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

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

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

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

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

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

(c) A member approved for disability benefits under this subdivision may elect to receive a normal disability benefit or an actuarial equivalent optional annuity. If the election of an actuarial equivalent optional annuity is not made at the time the total and permanent disability benefit accrues, an election must be made within 90 days before the member attains normal retirement age as defined in section 353.01, subdivision 37,

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paragraph (b), or having collected disability benefits for 60 months, whichever is later. No surviving spouse benefits are payable if the member dies during the period in which a normal total and permanent disability benefit is being paid. If a member receiving disability benefits who has dependent children dies, subdivision 6a, paragraph (c), applies.

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

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

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

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

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

Subdivision 1. **Membership transfer.** On the effective date of consolidation under section 19, 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 the day before the effective date of consolidation under section 19, are transferred to the public employees police and fire retirement plan and is credited as provided in section

61.1 353.01, subdivisions 10b and 16, paragraph (c), on the effective date of consolidation
61.2 under section 19.

61.3 (b) The liability for the payment of retirement annuities, service pensions, and
61.4 retirement and surviving spouse benefits of the Minneapolis Police Relief Association
61.5 retired members, service pensioners, disabilitants, surviving spouses, and other retirement
61.6 benefit recipients as specified in the records of the Minneapolis Police Relief Association
61.7 is transferred to the public employees police and fire retirement plan on the effective date
61.8 of consolidation under section 19.

61.9 Subd. 3. **Transfer of records.** On the effective date of the consolidation under
61.10 section 19, the chief administrative officer of the Minneapolis Police Relief Association
61.11 shall transfer all records and documents relating to the special fund of the Minneapolis
61.12 Police Relief Association to the executive director of the Public Employees Retirement
61.13 Association. To the extent possible, original copies of all records and documents must
61.14 be transferred.

61.15 Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On the effective date
61.16 of the consolidation under section 19, the chief administrative officer of the Minneapolis
61.17 Police Relief Association shall transfer the entire assets of the special fund of the
61.18 Minneapolis Police Relief Association other than the health insurance account to the
61.19 public employees police and fire retirement fund at market value. Unless ineligible
61.20 or inappropriate, the transfer must be in the form of investment securities and must
61.21 include any accounts receivable that are determined by the State Board of Investment as
61.22 being capable of being collected. An amount, in cash, must be transferred by the city of
61.23 Minneapolis equal to the market value recognized by the relief association of investment
61.24 securities that are determined by the executive director of the State Board of Investment
61.25 not to be in compliance with the requirements and limitations set forth in sections
61.26 11A.09, 11A.14, 11A.23, and 11A.24 or not to be appropriate for retention in light of
61.27 the established investment objectives of the State Board of Investment or of accounts
61.28 receivable determined by the executive director of the State Board of Investment as being
61.29 incapable of being collected. Legal and beneficial title to assets that are determined
61.30 noncompliant or inappropriate securities or that are uncollectible accounts receivable are
61.31 transferred to the city of Minneapolis on the effective date of consolidation under section
61.32 19. Any accounts payable on the effective date of consolidation under section 19 are an
61.33 obligation of the public employees police and fire retirement fund and reduce the asset
61.34 value for purposes of subdivision 6. The transferred assets must be deposited in the public
61.35 employees police and fire retirement fund. The amount of the health insurance account as
61.36 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 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 the effective date of consolidation, 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 the effective date of consolidation. 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 the effective date of consolidation under section 19.

(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 the day before the effective date of consolidation under section 19 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 the effective date of the consolidation under section 19, 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 (b), shall calculate the remainder present value of future benefits amount. Annually, following the effective date of consolidation under section 19, 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 the year following the effective date of the consolidation. The 2012 payment should be estimated based on the provisions of this legislation. 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, 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 section 16.

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

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

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

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

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

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

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

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

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

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

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

If there is no unfunded actuarial accrued liability in both the Minneapolis Police Relief Association and the Minneapolis Fire Department Relief Association as disclosed in the most recent actuarial valuations for the relief associations prepared under sections 356.215 and 356.216, the commissioner shall allocate that 34.2 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighters relief associations. If there is no unfunded actuarial accrued liability in the Virginia Fire Department Relief Association as disclosed in the most recent actuarial valuation for the relief association prepared under sections 356.215 and 356.216, the commissioner shall allocate that 1.3 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighters relief associations. Upon the final payment to municipalities required by section 353.665, subdivision 8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), the commissioner shall allocate that 64.5 percent of the aid as follows: 20 percent to the St. Paul Teachers Retirement Fund Association, 20 percent to the city of Minneapolis to fund any unfunded actuarial accrued liability in the actuarial valuation proposed under sections 356.215 and 356.216 as of the preceding December 31 for the Minneapolis Police Relief Association or the Minneapolis Firefighters Relief Association, 20 percent for the city of Duluth to pay for any costs associated with the police and firefighters pensions, and 40 percent as additional funding to support minimum fire state aid for volunteer firefighters relief associations. The allocation must be made by the commissioner at the same time and under the same procedures

as specified in subdivision 3. With respect to the St. Paul Teachers Retirement Fund Association, annually, beginning on July 1, 2005, if the applicable teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid allocation to that retirement fund under this section ceases until the five-year annual rate of investment return equals or exceeds the performance of that composite portfolio.

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

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

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

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

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

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

Sec. 17. TERMINATION OF THE RELIEF ASSOCIATION.

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

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

(c) If the Minneapolis Police Relief Association continues the relief association as a fraternal organization under paragraph (b), the transfer of relief association assets under Minnesota Statutes, section 353.668, subdivision 4, must not include assets of the Minneapolis Police Relief Association general fund, which must be retained by the fraternal organization for organization purposes other than for pension or retirement benefit payment purposes.

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

(e) If, on the day following approval of this article by the Minneapolis city council, the consolidation has been approved by all applicable entities under section 19, the officers of the Minneapolis Police Relief Association shall certify to the city of Minneapolis and to the Hennepin County auditor the financial requirements of the relief association and the minimum municipal obligation under Minnesota Statutes, section 69.77, subdivision 4, revised consistent with the actuarial valuation results under Minnesota Statutes, section 423A.02, subdivision 1b.

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

Sec. 18. REPEALER.

Minnesota Statutes 2010, sections 423B.01; 423B.03; 423B.04; 423B.05; 423B.06; 423B.07; 423B.08; 423B.09; 423B.10; 423B.11; 423B.12; 423B.13; 423B.14; 423B.15; 423B.151; 423B.16; 423B.17; 423B.18; 423B.19; 423B.20; 423B.21; and 423B.23, are repealed.

Sec. 19. EFFECTIVE DATE; LOCAL APPROVAL.

(a) Sections 1 to 16, 17, paragraphs (a) to (d), and 18 are effective December 30, 2011, if the board of trustees of the Minneapolis Police Relief Association approves the article and if a majority of the entire membership of the Minneapolis Police Relief Association approves the article, if the chief administrative officer of the Minneapolis Police Relief Association certifies those approvals to the mayor of the city of Minneapolis and the president of the Minneapolis city council before September 15, 2011, if the board of trustees of the Public Employees Retirement Association approves the article, if the executive director of the Public Employees Retirement Association certifies that approval to the mayor of the city of Minneapolis and the president of the Minneapolis city council, if the governing body of the city of Minneapolis and the chief clerical officer of Minneapolis timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, on or before October 15, 2011, or on the date set by the board of trustees of the Public Employees Retirement Association, in consultation with the mayor of the city of Minneapolis and the executive director of the relief association, at the first regular meeting of the Public Employees Retirement Association board of trustees occurring after Minneapolis city council approval if the governing body of the city of Minneapolis and the chief clerical officer of Minneapolis complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, after October 15, 2011, and if a comparable consolidation relating to the Minneapolis Firefighters Relief Association is approved by all applicable entities under article 7.

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

ARTICLE 8

CONFORMING CHANGES

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

6.67 PUBLIC ACCOUNTANTS; REPORT OF POSSIBLE MISCONDUCT.

Whenever a public accountant in the course of auditing the books and affairs of a political subdivision or a local public pension plan governed by section 69.77, sections 69.771 to 69.775, or chapter 354A, ~~423B, 423C,~~ or 424A, discovers evidence pointing to nonfeasance, misfeasance, or malfeasance, on the part of an officer or employee in the conduct of duties and affairs, the public accountant shall promptly make a report of such discovery to the state auditor and the county attorney of the county in which the governmental unit is situated and the public accountant shall also furnish a copy of the report of audit upon completion to said officers. The county attorney shall act on such

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69.1 report in the same manner as required by law for reports made to the county attorney
69.2 by the state auditor.

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

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

69.6 (a) of a state

69.7 (1) agency,

69.8 (2) board,

69.9 (3) commission, or

69.10 (4) department,

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

69.12 (b) of the governing body of a

69.13 (1) school district however organized,

69.14 (2) unorganized territory,

69.15 (3) county,

69.16 (4) statutory or home rule charter city,

69.17 (5) town, or

69.18 (6) other public body;

69.19 (c) of any

69.20 (1) committee,

69.21 (2) subcommittee,

69.22 (3) board,

69.23 (4) department, or

69.24 (5) commission,

69.25 of a public body; and

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

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

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

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

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

69.31 Subd. 8. **Continuation of coverage.** (a) A former employee of an employer
69.32 participating in the program who is receiving a public pension disability benefit or an
69.33 annuity or has met the age and service requirements necessary to receive an annuity
69.34 under chapter 353, 353C, 354, 354A, 356, or 423, ~~423A, 424~~, or Minnesota Statutes

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2008, chapter 422A, and the former employee's dependents, are eligible to participate in the program. This participation is at the person's expense unless a collective bargaining agreement or personnel policy provides otherwise. Premiums for these participants must be established by the commissioner.

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

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

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

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

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

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

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

(1) the Bloomington Firefighters Relief Association;

(2) the Fairmont Police Relief Association; and

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

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

~~(5) (3)~~ (3) the Virginia Fire Department Relief Association.

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

Subd. 4. **Relief association financial requirements; minimum municipal**

obligation. (a) The officers of the relief association shall determine the financial requirements of the relief association and minimum obligation of the municipality for the following calendar year in accordance with the requirements of this subdivision. The financial requirements of the relief association and the minimum obligation of the municipality must be determined on or before the submission date established by the municipality under subdivision 5.

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

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

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

(2) for the Bloomington Fire Department Relief Association, the Fairmont Police Relief Association, and the Virginia Fire Department Relief Association, to the dollar amount of normal cost determined under clause (1) must be added an amount equal to the dollar amount of the administrative expenses of the special fund of the association if more than one fund is maintained by the association, or of the association if only one fund is maintained, for the most recent year, multiplied by the factor of 1.035. The administrative expenses are those authorized under section 69.80. ~~No amount of administrative expenses~~

~~under this clause are to be included in the financial requirements of the Minneapolis Firefighters Relief Association or the Minneapolis Police Relief Association; and~~
(3) to the dollar amount of normal cost and expenses determined under clauses (1) and (2) must be added an amount equal to the level annual dollar amount which is sufficient to amortize the unfunded actuarial accrued liability as determined from the actuarial valuation or survey of the fund, using an interest assumption set at the applicable rate specified in section 356.215, subdivision 8, by that fund's amortization date as specified in paragraph (d).

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

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

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

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

plan	preretirement interest rate assumption	postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0

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73.1	State Patrol retirement plan	8.5	6.0
73.2	legislators retirement plan	8.5	6.0
73.3	elective state officers retirement plan	8.5	6.0
73.4	judges retirement plan	8.5	6.0
73.5	general public employees retirement plan	8.5	6.0
73.6	public employees police and fire retirement plan	8.5	6.0
73.7	local government correctional service retirement		
73.8	plan	8.5	6.0
73.9	teachers retirement plan	8.5	6.0
73.10	Duluth teachers retirement plan	8.5	8.5
73.11	St. Paul teachers retirement plan	8.5	8.5
73.12	Minneapolis Police Relief Association	6.0	6.0
73.13	Fairmont Police Relief Association	5.0	5.0
73.14	Minneapolis Fire Department Relief Association	6.0	6.0
73.15	Virginia Fire Department Relief Association	5.0	5.0
73.16	Bloomington Fire Department Relief Association	6.0	6.0
73.17	local monthly benefit volunteer firefighters relief		
73.18	associations	5.0	5.0

73.19 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
73.20 single rate future salary increase assumption, the applicable following modified single
73.21 rate future salary increase assumption, or the applicable following graded rate future
73.22 salary increase assumption:

73.23 (1) single rate future salary increase assumption

73.24		future salary
73.25	plan	increase assumption
73.26	legislators retirement plan	5.0%
73.27	judges retirement plan	4.0
73.28	Minneapolis Police Relief Association	4.0
73.29	Fairmont Police Relief Association	3.5
73.30	Minneapolis Fire Department Relief	
73.31	Association	4.0
73.32	Virginia Fire Department Relief Association	3.5
73.33	Bloomington Fire Department Relief	
73.34	Association	4.0

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

73.37		future salary
73.38	plan	increase assumption
73.39	general state employees retirement plan	select calculation and
73.40		assumption A
73.41	correctional state employees retirement plan	assumption G
73.42	State Patrol retirement plan	assumption F

74.1	public employees police and fire fund retirement plan	assumption B
74.2	local government correctional service retirement plan	assumption F
74.3	teachers retirement plan	assumption C
74.4	Duluth teachers retirement plan	assumption D
74.5	St. Paul teachers retirement plan	assumption E

74.6 The select calculation is: during the

74.7 designated select period, a designated

74.8 percentage rate is multiplied by the result

74.9 of the designated integer minus T, where

74.10 T is the number of completed years of

74.11 service, and is added to the applicable

74.12 future salary increase assumption. The

74.13 designated select period is five years and the

74.14 designated integer is five for the general state

74.15 employees retirement plan. The designated

74.16 select period is ten years and the designated

74.17 integer is ten for all other retirement plans

74.18 covered by this clause. The designated

74.19 percentage rate is: (1) 0.2 percent for the

74.20 correctional state employees retirement plan,

74.21 the State Patrol retirement plan, the public

74.22 employees police and fire plan, and the local

74.23 government correctional service plan; (2)

74.24 0.6 percent for the general state employees

74.25 retirement plan; and (3) 0.3 percent for the

74.26 teachers retirement plan, the Duluth Teachers

74.27 Retirement Fund Association, and the St.

74.28 Paul Teachers Retirement Fund Association.

74.29 The select calculation for the Duluth Teachers

74.30 Retirement Fund Association is 8.00 percent

74.31 per year for service years one through seven,

74.32 7.25 percent per year for service years seven

74.33 and eight, and 6.50 percent per year for

74.34 service years eight and nine.

74.35 The ultimate future salary increase assumption is:

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75.1	age	A	B	C	D	E	F	G
75.2	16	5.95%	11.00%	7.70%	8.00%	6.90%	7.7500%	7.2500%
75.3	17	5.90	11.00	7.65	8.00	6.90	7.7500	7.2500
75.4	18	5.85	11.00	7.60	8.00	6.90	7.7500	7.2500
75.5	19	5.80	11.00	7.55	8.00	6.90	7.7500	7.2500
75.6	20	5.75	11.00	5.50	6.90	6.90	7.7500	7.2500
75.7	21	5.75	11.00	5.50	6.90	6.90	7.1454	6.6454
75.8	22	5.75	10.50	5.50	6.90	6.90	7.0725	6.5725
75.9	23	5.75	10.00	5.50	6.85	6.85	7.0544	6.5544
75.10	24	5.75	9.50	5.50	6.80	6.80	7.0363	6.5363
75.11	25	5.75	9.00	5.50	6.75	6.75	7.0000	6.5000
75.12	26	5.75	8.70	5.50	6.70	6.70	7.0000	6.5000
75.13	27	5.75	8.40	5.50	6.65	6.65	7.0000	6.5000
75.14	28	5.75	8.10	5.50	6.60	6.60	7.0000	6.5000
75.15	29	5.75	7.80	5.50	6.55	6.55	7.0000	6.5000
75.16	30	5.75	7.50	5.50	6.50	6.50	7.0000	6.5000
75.17	31	5.75	7.30	5.50	6.45	6.45	7.0000	6.5000
75.18	32	5.75	7.10	5.50	6.40	6.40	7.0000	6.5000
75.19	33	5.75	6.90	5.50	6.35	6.35	7.0000	6.5000
75.20	34	5.75	6.70	5.50	6.30	6.30	7.0000	6.5000
75.21	35	5.75	6.50	5.50	6.25	6.25	7.0000	6.5000
75.22	36	5.75	6.30	5.50	6.20	6.20	6.9019	6.4019
75.23	37	5.75	6.10	5.50	6.15	6.15	6.8074	6.3074
75.24	38	5.75	5.90	5.40	6.10	6.10	6.7125	6.2125
75.25	39	5.75	5.70	5.30	6.05	6.05	6.6054	6.1054
75.26	40	5.75	5.50	5.20	6.00	6.00	6.5000	6.0000
75.27	41	5.75	5.40	5.10	5.90	5.95	6.3540	5.8540
75.28	42	5.75	5.30	5.00	5.80	5.90	6.2087	5.7087
75.29	43	5.65	5.20	4.90	5.70	5.85	6.0622	5.5622
75.30	44	5.55	5.10	4.80	5.60	5.80	5.9048	5.4078
75.31	45	5.45	5.00	4.70	5.50	5.75	5.7500	5.2500
75.32	46	5.35	4.95	4.60	5.40	5.70	5.6940	5.1940
75.33	47	5.25	4.90	4.50	5.30	5.65	5.6375	5.1375
75.34	48	5.15	4.85	4.50	5.20	5.60	5.5822	5.0822
75.35	49	5.05	4.80	4.50	5.10	5.55	5.5404	5.0404
75.36	50	4.95	4.75	4.50	5.00	5.50	5.5000	5.0000
75.37	51	4.85	4.75	4.50	4.90	5.45	5.4384	4.9384
75.38	52	4.75	4.75	4.50	4.80	5.40	5.3776	4.8776
75.39	53	4.65	4.75	4.50	4.70	5.35	5.3167	4.8167
75.40	54	4.55	4.75	4.50	4.60	5.30	5.2826	4.7826
75.41	55	4.45	4.75	4.50	4.50	5.25	5.2500	4.7500
75.42	56	4.35	4.75	4.50	4.40	5.20	5.2500	4.7500
75.43	57	4.25	4.75	4.50	4.30	5.15	5.2500	4.7500

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76.1	58	4.25	4.75	4.60	4.20	5.10	5.2500	4.7500
76.2	59	4.25	4.75	4.70	4.10	5.05	5.2500	4.7500
76.3	60	4.25	4.75	4.80	4.00	5.00	5.2500	4.7500
76.4	61	4.25	4.75	4.90	3.90	5.00	5.2500	4.7500
76.5	62	4.25	4.75	5.00	3.80	5.00	5.2500	4.7500
76.6	63	4.25	4.75	5.10	3.70	5.00	5.2500	4.7500
76.7	64	4.25	4.75	5.20	3.60	5.00	5.2500	4.7500
76.8	65	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
76.9	66	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
76.10	67	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
76.11	68	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
76.12	69	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
76.13	70	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
76.14	71	4.25		5.20				
76.15	(3) service-related ultimate future salary increase assumption							
76.16	general employees retirement plan of the Public							
76.17	Employees Retirement Association							
76.18	service length							
76.18	1		12.03%					
76.19	2		8.90					
76.20	3		7.46					
76.21	4		6.58					
76.22	5		5.97					
76.23	6		5.52					
76.24	7		5.16					
76.25	8		4.87					
76.26	9		4.63					
76.27	10		4.42					
76.28	11		4.24					
76.29	12		4.08					
76.30	13		3.94					
76.31	14		3.82					
76.32	15		3.70					
76.33	16		3.60					
76.34	17		3.51					
76.35	18		3.50					
76.36	19		3.50					
76.37	20		3.50					
76.38	21		3.50					
76.39	22		3.50					
76.40	23		3.50					
76.41	24		3.50					
76.42	25		3.50					
76.43	26		3.50					

77.1	27	3.50
77.2	28	3.50
77.3	29	3.50
77.4	30 or more	3.50

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

77.9		payroll growth
77.10	plan	assumption
77.11	general state employees retirement plan	4.50%
77.12	correctional state employees retirement plan	4.50
77.13	State Patrol retirement plan	4.50
77.14	legislators retirement plan	4.50
77.15	judges retirement plan	4.00
77.16	general employees retirement plan of the Public	
77.17	Employees Retirement Association	4.00
77.18	public employees police and fire retirement plan	4.50
77.19	local government correctional service retirement	
77.20	plan	4.50
77.21	teachers retirement plan	4.50
77.22	Duluth teachers retirement plan	4.50
77.23	St. Paul teachers retirement plan	5.00

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

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

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

77.32 **356.216 CONTENTS OF ACTUARIAL VALUATIONS FOR LOCAL POLICE**
77.33 **AND FIRE FUNDS.**

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

- 77.37 (1) in calculating normal cost and other requirements, if required to be expressed as
77.38 a level percentage of covered payroll, the salaries used in computing covered payroll must

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be the maximum rate of salary on which retirement and survivorship credits and amounts of benefits are determined and from which any member contributions are calculated and deducted;

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

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

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

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

(i) for active members:

1. retirement benefits;
2. disability benefits;
3. refund liability due to death or withdrawal;
4. survivors' benefits;

(ii) for deferred annuitants' benefits;

(iii) for former members without vested rights;

(iv) for annuitants;

1. retirement annuities;

- 79.1 2. disability annuities;
- 79.2 3. surviving spouses' annuities;
- 79.3 4. surviving children's annuities;

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

79.6 (6) actuarial valuations are due by the first day of the seventh month after the end of
79.7 the fiscal year which the actuarial valuation covers.

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

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

79.16 ~~(2) in calculating the applicable portions of the actuarial valuation, an annual~~
79.17 ~~preretirement interest assumption of six percent, an annual postretirement interest~~
79.18 ~~assumption of six percent, and an annual salary increase assumption of four percent must~~
79.19 ~~be used.~~

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

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

- 79.23 (1) the legislators retirement plan, established by chapter 3A;
- 79.24 (2) the general state employees retirement plan of the Minnesota State Retirement
79.25 System, established by chapter 352;
- 79.26 (3) the correctional state employees retirement plan of the Minnesota State
79.27 Retirement System, established by chapter 352;
- 79.28 (4) the State Patrol retirement plan, established by chapter 352B;
- 79.29 (5) the elective state officers retirement plan, established by chapter 352C;
- 79.30 (6) the unclassified state employees retirement program, established by chapter
79.31 352D;
- 79.32 (7) the general employees retirement plan of the Public Employees Retirement
79.33 Association, established by chapter 353, including the MERF division of the Public
79.34 Employees Retirement Association;

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80.1 (8) the public employees police and fire plan of the Public Employees Retirement
80.2 Association, established by chapter 353;

80.3 (9) the public employees defined contribution plan, established by chapter 353D;

80.4 (10) the local government correctional service retirement plan of the Public
80.5 Employees Retirement Association, established by chapter 353E;

80.6 (11) the voluntary statewide lump-sum volunteer firefighter retirement plan,
80.7 established by chapter 353G;

80.8 (12) the Teachers Retirement Association, established by chapter 354;

80.9 (13) the Duluth Teachers Retirement Fund Association, established by chapter 354A;

80.10 (14) the St. Paul Teachers Retirement Fund Association, established by chapter
80.11 354A;

80.12 (15) the individual retirement account plan, established by chapter 354B;

80.13 (16) the higher education supplemental retirement plan, established by chapter
80.14 354C; and

80.15 ~~(17) the Minneapolis Police Relief Association, established by chapter 423B;~~

80.16 ~~(18) the Minneapolis Firefighters Relief Association, established by chapter 423C;~~

80.17 ~~and~~

80.18 ~~(19)~~ (17) the judges retirement fund, established by chapter 490.

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

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

80.22 (1) the general state employees retirement plan of the Minnesota State Retirement
80.23 System established under chapter 352;

80.24 (2) the correctional state employees retirement plan of the Minnesota State
80.25 Retirement System established under chapter 352;

80.26 (3) the State Patrol retirement plan established under chapter 352B;

80.27 (4) the legislators retirement plan established under chapter 3A;

80.28 (5) the judges retirement plan established under chapter 490;

80.29 (6) the general employees retirement plan of the Public Employees Retirement
80.30 Association established under chapter 353, including the MERF division of the Public
80.31 Employees Retirement Association;

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

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

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81.1 (9) the Duluth Teachers Retirement Fund Association established under chapter
81.2 354A;

81.3 (10) the St. Paul Teachers Retirement Fund Association established under chapter
81.4 354A; and

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

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

81.7 ~~(13)~~ (11) the local government correctional service retirement plan of the Public
81.8 Employees Retirement Association established under chapter 353E.

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

81.10 Subd. 3. **Benefit increase for certain relief association members.** Notwithstanding
81.11 any law to the contrary, any member of a local police or salaried firefighters' relief
81.12 association located in a municipality which has not adopted a municipal resolution
81.13 retaining the local relief association ~~pursuant to~~ under subdivision 1, ~~except the city of~~
81.14 ~~Minneapolis~~, shall be entitled to receive, after the effective date for the modification of
81.15 pension coverage for newly employed personnel, a retirement annuity in addition to the
81.16 service pension to which the member may be eligible upon retirement. The additional
81.17 retirement annuity ~~shall be~~ is payable for the life of the retired member. The additional
81.18 retirement annuity ~~shall be~~ is equal to one-half of one percent of the salary upon which the
81.19 service pension is calculated payable on the date of termination of active service per year
81.20 of service credit acquired in excess of 25 years of service credit. The retirement annuity
81.21 under this subdivision ~~shall~~ is not be subject to any postretirement increases granted
81.22 ~~pursuant to~~ under increases in the salary payable to a certain employment category or in
81.23 the salaries payable to active members or be in any other manner escalated or increased
81.24 after retirement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

83.4 **609B.460 FORMER MINNEAPOLIS POLICE RELIEF ASSOCIATION**
83.5 **PENSION SERVICE PENSIONER; FELONS NOT ENTITLED TO PENSION**
83.6 **DURING INCARCERATION.**

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

83.12 Sec. 14. **EFFECTIVE DATE.**

83.13 (a) This article is effective with respect to the Minneapolis Firefighters Relief
83.14 Association on the date on which the article relating to the Minneapolis Firefighters Relief
83.15 Association is effective.

83.16 (b) This article is effective with respect to the Minneapolis Police Relief Association
83.17 on the date on which the article relating to the Minneapolis Police Relief Association is
83.18 effective.

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ARTICLE 1	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION	Page.Ln 2.2
ARTICLE 2	TEACHER RETIREMENT COVERAGE	Page.Ln 7.26
ARTICLE 3	ACTUARIAL ASSUMPTION UPDATE	Page.Ln 23.1
ARTICLE 4	VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS	Page.Ln 28.13
ARTICLE 5	SMALL GROUP RETIREMENT PROVISIONS	Page.Ln 29.10
	VOLUNTARY CONSOLIDATION OF THE MINNEAPOLIS	
ARTICLE 6	FIREFIGHTERS RELIEF ASSOCIATION	Page.Ln 32.1
	VOLUNTARY CONSOLIDATION OF THE MINNEAPOLIS	
ARTICLE 7	POLICE RELIEF ASSOCIATION	Page.Ln 50.23
ARTICLE 8	CONFORMING CHANGES	Page.Ln 68.23

**354A.29 ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION
POSTRETIREMENT ADJUSTMENT.**

Subd. 3. **Postretirement adjustment.** (a) The postretirement adjustment described in this section must be determined by the executive director of the St. Paul Teachers Retirement Fund Association and approved by the board annually.

(b) On January 1, each eligible person who has been receiving an annuity or benefit under the articles of incorporation, the bylaws, or this chapter for at least three calendar months as of the end of the last day of the previous calendar year is eligible to receive a postretirement increase as further specified in this subdivision.

(c) A percentage adjustment must be computed and paid under this subdivision to eligible persons under paragraph (b). This adjustment is determined by reference to the Consumer Price Index for urban wage earners and clerical workers all items index as reported by the Bureau of Labor Statistics within the United States Department of Labor each year as part of the determination of annual cost-of-living adjustments to recipients of federal old-age, survivors, and disability insurance. For calculations of the cost-of-living adjustment under paragraph (d), the term "average third quarter Consumer Price Index value" means the sum of the monthly index values as initially reported by the Bureau of Labor Statistics for the months of July, August, and September, divided by 3.

(d) Before January 1 of each year, the executive director must calculate the amount of the cost-of-living adjustment by dividing the most recent average third quarter index value by the same average third quarter index value from the previous year, subtract one from the resulting quotient, and express the result as a percentage amount, which must be rounded to the nearest one-tenth of one percent.

(e) The amount calculated under paragraph (d) is the full cost-of-living adjustment to be applied as a permanent increase to the regular payment of each eligible member on January 1 of the next calendar year. For any eligible member whose effective date of benefit commencement occurred during the calendar year before the cost-of-living adjustment is applied, the full increase amount must be prorated on the basis of whole calendar quarters in benefit payment status in the calendar year prior to the January 1 on which the cost-of-living adjustment is applied, calculated to the third decimal place.

(f) The adjustment may not be less than zero, nor greater than five percent.

354B.21 COVERAGE.

Subd. 3c. **Election of TRA coverage in certain instances.** (a) A person who was employed as a teacher by a technical college before July 1, 1995, and who has retirement coverage for that technical college teacher employment by a first class city teacher retirement fund association under chapter 354A may elect to have future higher education system teacher employment retirement coverage by the Teachers Retirement Association governed by chapter 354.

(b) The election to transfer prospective retirement coverage under paragraph (a) must be made by the technical college teacher by October 1, 1995, or within 90 days of initially being employed by the higher education system, whichever is later. The election must be made in writing on a form prescribed by the executive director of the Teachers Retirement Association. The election, once filed with the executive director of the Teachers Retirement Association, is irrevocable.

(c) An election to transfer prospective retirement coverage under paragraph (a) does not affect prior allowable service credit under section 354A.011, subdivision 4. The transfer of prospective retirement coverage does not make the person eligible for a refund of member contributions during the course of the person's employment by the higher education system.

354B.32 TRANSFER OF FUNDS TO IRAP.

(a) A participant in the individual retirement account plan established in this chapter who has less than ten years of allowable service under the Teachers Retirement Association or a teachers retirement fund association, whichever applies, may elect to transfer an amount equal to the participant's accumulated member contributions to the Teachers Retirement Association or the applicable teachers retirement fund association, plus compound interest at the rate of six percent per annum, to the individual retirement account plan. The transfers are irrevocable fund-to-fund transfers, and, in no event, may the participant receive direct payment of the money transferred before the termination of employment. If a participant elects the contribution transfer, all of the

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participant's allowable and formula service credit in the Teachers Retirement Association or the teachers retirement fund association associated with the transferred amount is forfeited.

(b) The executive director of the Teachers Retirement Association and the chief administrative officers of the teachers retirement fund associations, in cooperation with the chancellor of the Minnesota State Colleges and Universities system, shall notify participants who are eligible to transfer of their right to transfer and the amount that they are eligible to transfer, and shall, upon request, provide forms to implement the transfer. The chancellor of the Minnesota State Colleges and Universities system shall assist the Teachers Retirement Association and the teachers retirement fund associations in developing transfer forms and in implementing the transfers.

(c) Authority to elect a transfer under this section expires on July 1, 2004.

423A.021 DEFINED POSTRETIREMENT BENEFITS.

Subdivision 1. **Pension unit increase.** For a salaried firefighters relief association in a city of the first class with a population greater than 300,000, when the actuarial value of assets of the special fund first exceeds 110 percent of the actuarial accrued liabilities, according to an annual actuarial valuation occurring after July 1, 2008, and performed in accordance with sections 356.215 and 356.216, each service pensioner, joint survivor annuitant, and surviving spouse member is entitled to a permanent benefit increase. The revised benefit is an increase of one unit for a service pensioner, not to exceed 43 units, an increase from 22 to 23 units for a surviving spouse benefit, and an increase from 42.3 to 43.2 units for unmarried service pensioners. The association shall pay the increased benefit beginning January 1 of the year following the year for which the valuation was prepared. If adding an additional unit results in raising total units past the maximum, a partial unit may be added to reach the maximum. For joint survivor annuities, this subdivision authorizes a benefit increase actuarially equivalent to one unit.

Subd. 2. **Unit precedence.** The additional benefit provided for in subdivision 1 shall take precedence over any other benefit provided when the fund reaches 110 percent funding. In preparing the actuarial valuation under sections 356.215 and 356.216, the actuary for the fund shall first account for the benefit provided in subdivision 1 in determining the plan's funded ratio. No other benefit payments may be made by the association until the actuarial impact of the benefit provided for in subdivision 1 has been determined and factored into the funding ratio.

Subd. 3. **Excess investment income.** For a salaried firefighters relief association in a city of the first class with a population greater than 300,000 that no longer is entitled to state general fund aid pursuant to section 423A.02, the association shall apply any assets that constitute excess investment income to the payment of a supplemental postretirement benefit to an eligible member notwithstanding any other limitation of law. Any amount of excess investment income not otherwise used for the payment of a supplemental postretirement benefit to an eligible member shall be applied to reduce the municipality's property tax levy to the association in the year following the payment of the postretirement benefit. A supplemental postretirement benefit is a lump sum payment equal to the monthly benefit provided to the benefit recipient in the month prior to payment of the supplemental postretirement benefit. A supplemental postretirement benefit payable under this section is in lieu of any benefit payable under section 423C.06, subdivision 2. No supplemental postretirement benefit is payable under this section if a benefit is payable under section 423C.06, subdivision 3.

423B.01 MINNEAPOLIS POLICE RELIEF ASSOCIATION; DEFINITIONS.

Subdivision 1. **Terms.** For purposes of sections 423B.01 to 423B.18, unless the context clearly indicates otherwise, each of the terms defined in this section has the indicated meaning.

Subd. 2. **Active member.** "Active member" means a person who was hired and duly appointed by the city of Minneapolis before May 1, 1959, as a police stenographer, police clerk, police telephone operator, police radio operator, or police mechanic or before June 15, 1980, as a police officer, police matron, or assistant police matron, who is regularly entered on the payroll of the police department, and who serves on active duty.

Subd. 3. **Active member percentage.** The "active member percentage" is the total number of units accrued by active members of the association divided by the sum of the total number of units to which eligible members are entitled and active members of the association have accrued.

Subd. 4. **Age.** "Age" means a person's age at the person's latest birthday.

Subd. 5. **Annual postretirement payment.** "Annual postretirement payment" means the payment of a lump-sum postretirement benefit under section 423B.15 to an eligible member on June 1 following the determination date in any year.

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Subd. 6. **Association.** "Association" means the Minneapolis Police Relief Association.

Subd. 7. **City.** "City" means the city of Minneapolis.

Subd. 8. **Determination date.** "Determination date" means December 31 of each year.

Subd. 9. **Disability.** "Disability" means a physical or mental incapacity of an active member to perform the duties of the person's position in the service of the police department.

Subd. 10. **Discharge.** "Discharge" means a complete separation from service in the police department.

Subd. 11. **Eligible member.** "Eligible member" means a person, including a service pensioner, a disability pensioner, a survivor, or dependent of a deceased active member, service pensioner, or disability pensioner, who received a pension or benefit from the relief association during the 12 months before the determination date.

Subd. 12. **Excess investment income.** "Excess investment income" means the amount, if any, by which the average time weighted total rate of return earned by the fund in the most recent prior five fiscal years has exceeded the actual average percentage increase in the current monthly salary of a first grade patrol officer in the most recent prior five fiscal years plus two percent, and must be expressed as a dollar amount. The amount may not exceed one percent of the total assets of the fund, except when the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102 percent of its actuarial accrued liabilities, in which case the amount must not exceed 1-1/2 percent of the total assets of the fund, and does not exist unless the yearly average percentage increase of the time weighted total rate of return of the fund for the previous five years exceeds by two percent the yearly average percentage increase in monthly salary of a first grade patrol officer during the previous five calendar years.

Subd. 13. **Fund.** "Fund" means the special fund of the relief association.

Subd. 14. **Net excess asset amount payment.** "Net excess asset amount payment" means the payment of an additional postretirement payment under section 423B.151 to an eligible member on June 1 following the determination date in the given year.

Subd. 15. **Net total excess asset amount.** "Net total excess asset amount" is the total excess asset amount stated in dollars and multiplied by the quantity one minus the active member percentage.

Subd. 16. **Retired member.** "Retired member" means a former active member who has terminated active service in the police department and who is entitled to receive a pension or benefit under sections 423B.01 to 423B.18, as amended, or any predecessor law.

Subd. 17. **Surviving spouse member.** "Surviving spouse member" means the person who was the legally married spouse of the member, who was residing with the decedent, and who was married while or before the time the decedent was an active member and was on the payroll of the police department, and who, in case the deceased member was a pensioner or deferred pensioner, was legally married to the member at least one year before the decedent's termination of active service with the police department. The term does not include the surviving spouse who has deserted a member or who has not been dependent upon the member for support, nor does it include the surviving common law spouse of a member.

Subd. 18. **Time weighted total rate of return.** "Time weighted total rate of return" means the percentage amount determined by using the formula or formulas established by the State Board of Investment under section 11A.04, clause (11), and in effect on January 1, 1987.

Subd. 19. **Total excess asset amount.** (a) "Total excess asset amount" means the difference, if positive, expressed in dollars, between the fund's market value of assets after any deductions required by section 423B.15, subdivision 2, and 110 percent of the actuarial accrued liabilities based on the actuarial valuation indicated in paragraph (b).

(b) The total excess asset amount in paragraph (a) exists if the actuarial liability funding ratio, according to the most recent annual actuarial valuation for the fund prepared in accordance with sections 69.77, 356.215, and 356.216, with adjustments required by section 423B.15, subdivision 2, equals or exceeds 110 percent.

Subd. 20. **Unit.** "Unit" means 1/80 of the current monthly salary of a first grade patrol officer.

Subd. 21. **Actuarial equivalent or actuarially equivalent.** "Actuarial equivalent" or "actuarially equivalent" means the condition of one annuity or benefit having an equal actuarial present value as another annuity or benefit, determined as of a given date at a specified age with each actuarial present value based on the appropriate mortality table adopted by the board of directors based on the experience of the fund and approved by the actuary retained under section 356.214 and using the applicable preretirement or postretirement interest rate assumptions specified in section 356.216.

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Subd. 22. **Covered salary.** "Salary" is subject to the limitations of section 356.611.

423B.03 LEAVE OF ABSENCE; CONTINUATION OF MEMBERSHIP.

Subdivision 1. **Leave of absence.** A member of the police department who is an active member of the police relief association of the city of Minneapolis and who after January 1, 1969, is elected to a public office of the city may apply for and must be granted a leave of absence from the police department during the time the person is an incumbent of the elective public office of the city.

Subd. 2. **Continuation of membership.** Upon obtaining a leave of absence provided in subdivision 1, a member with ten or more years of service in the police department and the police relief association has the option to continue active membership in the police relief association of the city of Minneapolis. This option applies to future service as well as past service. The member desiring to exercise this option must make application to the governing body of the association, must designate the period of service for which the person desires coverage, and must pay the employee contribution to the police relief association to the same extent that the member would have paid had the person been on active duty with the police department during that period.

Subd. 3. **No simultaneous coverage.** A payment into the pension fund as provided in subdivision 2 may not be made or accepted and pension credit may not be allowed for any period of time for which the member pays into or earns pension credit from any other Minnesota pension plan for public employees.

Subd. 4. **Waiver of other rights.** A qualified member who exercises the option provided in subdivision 2 and is at that time a contributing member of another retirement fund or relief association by whatever name known, organized under any other law, and supported in whole or in part by the taxes on the same city, shall waive all benefits from the other retirement fund or relief association, for concurrent time, and shall be entitled to receive a refund of the net accumulated contributions made by the member to the other retirement fund or relief association, with interest, regardless of the provision of any law, rule, bylaw, or other action permitting or requiring membership in the other retirement fund or relief association, however organized.

423B.04 RELIEF ASSOCIATION AND RETIREMENT FUND.

Subdivision 1. **Relief association.** The active and retired members of the police department of the city of Minneapolis and their surviving spouses shall maintain the Minneapolis Police Relief Association.

Subd. 2. **Pension fund.** This association shall create, maintain, and administer a police officer's pension fund for the benefit of its members, and their survivors and beneficiaries. The sources of revenue of the fund are governed by section 423B.06. The authorized disbursements from the fund are governed by section 423B.07.

Subd. 3. **Membership.** All members as defined in section 423B.01 are members of the Minneapolis Police Relief Association.

Subd. 4. **Management of relief association and fund.** The board created in section 423B.05 shall manage and control the fund.

423B.05 INCORPORATION, GOVERNMENT BY BOARD.

Subdivision 1. **Members, terms, elections.** (a) The association must be incorporated. It must be governed by a board of nine members. The Minneapolis City Council shall appoint two persons to serve as members. Those members must be appointed for a term of two years. All city appointments are effective from January 1 in the odd-numbered years through December 31 in the even-numbered years. The other members of the board must be elected by the members of the association. Board members elected from the active membership have a term of five years. Board members elected from the retired or surviving spouse membership must have a term of three years. An elective member of the board holds office until the person's successor is elected and has qualified. A vacancy in the office of an elective member of the board must be filled by a special election called for that purpose. There are three classes of board members, consisting of a class comprised of active board members, a class comprised of retired board members, and a class comprised of surviving spouse board members. Active members of the relief association may only vote for active board member positions. Retired members of the relief association may only vote for retired board member positions. Surviving spouse members of the relief association may only vote for the surviving spouse board member positions. Once established, a retired board member position and a surviving spouse board member position must remain as such.

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(b) In 1994, for the election for board member seat G, the board member position must be filled by a surviving spouse member. In 1995, for the regular election for board member seat C, previously held by an active member, the board member position must be filled by a retired member. In 1999, for the regular election for board member seat B, previously held by an active member, the board member position must be filled by a retired member.

(c) The following sets forth the schedule for the election of the seven elected board member positions on the Minneapolis Police Relief Association Board:

Year	Active board member position five-year term	Retired board member position three-year term	Surviving spouse board member position three-year term
1992		seat C	
1993	seat A	seat E	
1994	seat B	seat F	seat G
1995		seats C and D	
1996		seat E	
1997		seat F	seat G
1998	seat A	seats C and D	
1999		seats B and E	
2000		seat F	seat G
2001		seats C and D	
2002		seats B and E	
2003	seat A	seat F	seat G
2004		seats C and D	
2005		seats B and E	
2006		seat F	seat G
2007		seats C and D	
2008	seat A	seats B and E	
2009		seat F	seat G
2010		seats C and D	

(d) As long as there remains at least one active member on active duty with the Minneapolis Police Department, there must be a member of the board of directors from the active ranks in accordance with the election procedures outlined in this section.

Subd. 2. **Articles of incorporation.** The affairs of the association must be regulated by its articles of incorporation and bylaws.

Subd. 3. **Continuation of board.** Notwithstanding the provisions of section 423A.01, subdivision 2, or any other law, the board of trustees and its successors established under subdivision 1 shall continue to govern the association until there are no more than 225 members of the police pension fund. The fund thereafter must become a trust fund in accordance with section 423A.01, subdivision 2.

Subd. 4. **Right to participate by mail-in ballot.** Active members, retired members, and surviving spouse members of the relief association have the right to participate in the election of board members of the association by mail-in ballot.

Subd. 5. **Mail-in referendum on voting by mail.** (a) The board of the association is authorized to submit the following question in a binding member referendum to be conducted by mail:

"Shall the bylaws of the Minneapolis police relief association be amended to allow future proposed amendments to the bylaws of the relief association to be approved by a vote of relief association members by mail?"

Yes

No"

(b) The board of the relief association shall conduct the referendum by mailing a printed copy of the referendum question and of the ballot to all active members, retired members, and

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surviving spouse members in accordance with the voting procedures that the board of the relief association used in the most recent board election prior to March 1, 2001.

(c) Before submitting the referendum question to a vote by the relief association membership, the relief association board shall solicit the opinions of relief association members for the question and against the question. The solicitation for member comments must be included in the next regular relief association communication to relief association members following the proposal of the bylaw amendment and on the Web site of the relief association. The comment period continues for 30 days. The executive director of the relief association shall prepare a summary of the comments of relief association members for and against the question in a fair and impartial manner. A draft of the summary document must be placed on the Web site of the relief association for five days. If a relief association board member challenges the objectivity of the draft summary, the draft summary must be reviewed by a neutral third party. The neutral third party must be an accredited professional mediator. The relief association executive director shall include the recommendations of the neutral third party in the final summary document. The written summary prepared by the relief association executive director must be included with the question and the ballot mailed to relief association members.

(d) Balloting procedures must be designed to maintain secrecy as to the identity of voting members. The receipt of returned ballots and the counting of those ballots must be conducted by an accounting firm designated by the relief association board to perform those functions.

(e) For adoption, the question must receive favorable votes from two-thirds of the relief association members who return ballots on the question.

(f) If the question in paragraph (a) is approved in the referendum, future bylaw amendments must be conducted in the same manner as provided in this subdivision.

423B.06 SOURCE OF FUNDS.

Subdivision 1. **Sources.** The fund is derived from the following sources:

- (1) gifts provided to the fund;
- (2) rewards received by members of the Minneapolis Police Department;
- (3) money coming into the hands of members of the Minneapolis Police Department in their official capacity and remaining unclaimed for six months;
- (4) proceeds from sales of property coming into the hands of members of the Minneapolis Police Department in their official capacity and remaining unclaimed for six months, upon sale by the chief of police of the city;
- (5) an amount equal to the minimum percentage specified in section 69.77, subdivision 3, of the salary of a first grade patrol officer deducted from the monthly salary of each active member;
- (6) all money derived from taxation as provided by sections 69.77, subdivisions 4, 5, 6, 7, and 8; and 423A.01, subdivision 2;
- (7) all money received from the state amortization aid programs under section 423A.02, to fund the unfunded actuarial accrued liability of the association;
- (8) all money received from the state under chapter 69, as state police aid;
- (9) all money provided by the state for the association in addition to clauses (7) and (8);
- (10) all money derived from taxation by the municipality for the support of the association and the payment of pensions; and
- (11) money from the investment of, earnings on, and interest on the assets of the fund.

Subd. 1a. **Sales of unclaimed property.** The chief of police of the city shall sell property coming into the hands of members of the Minneapolis Police Department in their official capacity and remaining unclaimed for six months.

Subd. 2. **Continuation of assets.** Assets remaining in the fund at the close of a fiscal year continue.

Subd. 3. **Tax levy limits inapplicable.** (a) The amount of tax levies required under sections 69.77, and 423A.01, subdivision 2, must not be included as a part of the general tax levy for city purposes or in the calculation of any limitation of any percent of the assessed valuation upon which taxes are required to be extended.

(b) Any appropriation made to the fund from a city tax levy must not be considered a part of the cost of government as defined in the charter of the city.

Subd. 4. **Impact on other laws.** No provision of Laws 1992, chapter 471, may be construed as reducing the amount or rate of contribution to the association by the municipality or a member of the association from the minimum contributions prescribed by section 69.77.

Subd. 5. **Tax levy.** Notwithstanding any provision of section 69.77 to the contrary, if in any year after the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102

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percent of the actuarial accrued liabilities of the fund and subsequently the actuarial value of assets are less than 100 percent of the actuarial accrued liabilities, the city of Minneapolis is not required to levy a property tax to amortize any unfunded actuarial accrued liability unless the fund experiences two successive years when the actuarial value of assets are less than 100 percent of the actuarial accrued liabilities according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216.

423B.07 AUTHORIZED FUND DISBURSEMENTS.

The police pension fund may be used only for the payment of:

- (1) service, disability, or dependency pensions;
- (2) notwithstanding a contrary provision of section 69.80, the salaries of the elected members of the board of trustees in an amount not to exceed three units;
- (3) expenses of officers and employees of the association in connection with the protection of the fund;
- (4) expenses of operating and maintaining the association, including the administrative expenses related to the administration of the insurance plan authorized in section 423B.08; and
- (5) other expenses authorized by section 69.80, or other applicable law.

423B.08 INSURANCE PLAN.

The board of the association may adopt a hospital and medical insurance plan for pension and benefit recipients, to be funded by the participating pension and benefit recipients. A pensioner or surviving spouse may authorize, in writing, a deduction from the person's pension or benefit for the insurance plan adopted by the association board.

423B.09 RELIEF ASSOCIATION SERVICE PENSIONS AND DISABILITY PENSIONS.

Subdivision 1. **Minneapolis police; persons entitled to receive pensions.** The association shall grant pensions payable from the police pension fund in monthly installments to persons entitled to pensions in the manner and for the following purposes.

(a) An active member or a deferred pensioner who has performed duty as a member of the police department of the city for five years or more, upon written application after retiring from duty and reaching at least age 50, is entitled to be paid monthly for life a service pension. Active members, deferred members, and service pensioners are entitled to a service pension according to the following schedule:

A	B	
5 years	8.5 units	9.0 units
6 years	10.1 units	10.6 units
7 years	11.7 units	12.2 units
8 years	13.3 units	13.8 units
9 years	14.9 units	15.4 units
10 years	16.5 units	17.0 units
11 years	18.1 units	18.6 units
12 years	19.7 units	20.2 units
13 years	21.3 units	21.8 units
14 years	22.9 units	23.4 units
15 years	24.5 units	25.0 units
16 years	26.1 units	26.6 units
17 years	27.7 units	28.2 units
18 years	29.3 units	29.8 units
19 years	30.9 units	31.4 units
20 years	34.5 units	35.0 units
21 years	36.1 units	36.6 units

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22 years	37.7 units	38.2 units
23 years	39.3 units	39.8 units
24 years	40.9 units	41.4 units
25 years	42.5 units	43.0 units

Column A is applicable until December 31, 2005, and applies retroactively to January 1, 2005, for a service pensioner who retired before January 1, 2005. Column B applies on and after January 1, 2006.

Fractional years of service may not be used in computing pensions.

(b) An active member who after five years' service but less than 20 years' service with the police department of the city, becomes superannuated so as to be permanently unable to perform the person's assigned duties, is entitled to be paid monthly for life a superannuation pension equal to four units for five years of service and an additional two units for each full year of service over five years and less than 20 years.

(c) An active member who is not eligible for a service pension and who, while a member of the police department of the city, becomes diseased or sustains an injury while in the service that permanently unfits the member for the performance of police duties is entitled to be paid monthly for life a pension equal to 34 units while so disabled.

Subd. 2. **Death refund.** No refund of member contributions is payable upon separation from service. If an active member dies leaving no surviving spouse or children entitled to survivor benefits, the member's heirs, executors, or administrators are entitled to a refund of \$100 for each completed year of service.

Subd. 3. **Service in military forces, effect.** (a) An applicant for a pension under subdivision 1, paragraph (a) or (b), who, after becoming an active member has served in the military forces of the United States in a war or national defense emergency after January 1, 1940, and thereafter returned honorably discharged from military service and resumed active membership in the association, is entitled to have the period that the applicant spent in military service counted in computing periods of service required for benefits under this section, but the total credit for military service involving service rendered after June 1, 1963, may not exceed six years.

(b) During the period of military service or defense emergency service, the person is not considered to be an active member of the association and is not entitled to any pension provided by subdivision 1, paragraphs (b) and (c).

(c) If the member does not return to employment in the police department of the city within one year from the time peace is declared or within one year from the termination of the period of emergency, whichever is later, the provisions of this subdivision do not apply.

(d) The provisions of this subdivision apply notwithstanding the provisions of the veteran's preference law or any other law, rule, or bylaw providing for credit for military service in computing the pensions for members of the Minneapolis Police Relief Association.

Subd. 4. **Certificate of physicians required.** (a) No member is entitled to a pension under subdivision 1, paragraph (b) or (c), except upon the certificate of two or more physicians, surgeons, chiropractors, licensed psychologists, or a combination of experts chosen by the governing board. This certificate must set forth the cause, nature, and extent of the disability, disease, or injury of the member.

(b) No active member may be awarded, granted, or paid a disability pension under subdivision 1, paragraph (c), unless the certificate states that the disability, disease, or injury was incurred or sustained by the member while in the service of the police department of the city. The certificate must be filed with the secretary of the association.

Subd. 5. **Member convicted of felony.** A member who has been convicted of a felony is not entitled to any pension during the period of incarceration in a penal institution as a punishment for the commission of a felony.

Subd. 6. **Optional annuities.** A member who is retired or disabled on the effective date of Laws 1997, chapter 233, article 4, section 6, may elect an optional retirement annuity within 60 days of the effective date of Laws 1997, chapter 233, article 4, section 6, instead of the normal retirement annuity. A member who retires or becomes disabled after the effective date of Laws 1997, chapter 233, article 4, section 6, may elect an optional retirement annuity prior to the receipt of any benefits. The optional retirement annuity may be a 50 percent, a 75 percent, or a 100 percent joint and survivor annuity without reinstatement in the event of the designated beneficiary predeceasing the member or a 50 percent, a 75 percent, or a 100 percent joint and survivor annuity with reinstatement in the event of the designated beneficiary predeceasing the member. Optional retirement annuity forms must be actuarially equivalent to the service pension

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and automatic survivor coverage otherwise payable to the retiring member and the member's beneficiaries. A member may only designate the member's spouse as the recipient of a joint and survivor annuity and no benefit or annuity may be paid to a person who does not meet the definition of a surviving spouse member under section 423B.01, subdivision 17. Once selected, the optional annuity is irrevocable.

Subd. 7. **Additional unit.** The additional half units provided to members by subdivision 1 must also be provided under the same terms and at the same time as applicable under subdivision 1 to members who selected a joint annuity option under subdivision 6 and must be in an amount that is actuarially equivalent to the service pension and the automatic survivor coverage for that additional unit.

423B.10 SURVIVOR BENEFITS.

Subdivision 1. **Entitlement; benefit amount.** (a) The surviving spouse of a deceased service pensioner, disability pensioner, deferred pensioner, superannuation pensioner, or active member, who was the legally married spouse of the decedent, residing with the decedent, and who was married while or before the time the decedent was on the payroll of the police department, and who, if the deceased member was a service or deferred pensioner, was legally married to the member for a period of at least one year before retirement from the police department, is entitled to a surviving spouse benefit. The surviving spouse benefit is equal to 23 units per month beginning on January 1, 2006, if the person is the surviving spouse of a deceased active member or disabilitant. The surviving spouse benefit is equal to eight units per month, plus an additional one unit for each year of service to the credit of the decedent in excess of five years, to a maximum of 23 units per month beginning on January 1, 2006, if the person is the surviving spouse of a deceased service pensioner, deferred pensioner, or superannuation pensioner. The surviving spouse benefit is payable for the life of the surviving spouse.

(b) A surviving child of a deceased service pensioner, disability pensioner, deferred pensioner, superannuation pensioner, or active member, who was living while the decedent was an active member of the police department or was born within nine months after the decedent terminated active service in the police department, is entitled to a surviving child benefit. The surviving child benefit is equal to eight units per month if the person is the surviving child of a deceased active member or disabilitant. The surviving child benefit is equal to two units per month, plus an additional four-tenths of one unit per month for each year of service to the credit of the decedent in excess of five years, to a maximum of eight units, if the person is the surviving child of a deceased service pensioner, deferred pensioner, or superannuation pensioner. The surviving child benefit is payable until the person attains age 18, or, if in full-time attendance during the normal school year, in a school approved by the board of directors, until the person receives a bachelor's degree or attains the age of 22 years, whichever occurs first. In the event of the death of both parents leaving a surviving child or children entitled to a surviving child benefit as determined in this paragraph, the surviving child is, or the surviving children are, entitled to a surviving child benefit in such sums as determined by the board of directors to be necessary for the care and education of such surviving child or children, but not to exceed the family maximum benefit per month, to the children of any one family.

(c) The surviving spouse and surviving child benefits are subject to a family maximum benefit. The family maximum benefit is 41 units per month.

(d) A surviving spouse who is otherwise not qualified may receive a benefit if the surviving spouse was married to the decedent for a period of five years and was residing with the decedent at the time of death. The surviving spouse benefit is the same as that provided in paragraph (a), except that if the surviving spouse is younger than the decedent, the surviving spouse benefit must be actuarially equivalent to a surviving spouse benefit that would have been paid to the member's spouse had the member been married to a person of the same age or a greater age than the member's age before retirement.

(e) For any surviving spouse who began receiving survivor benefits before January 1, 2005, the half-unit increase under paragraph (a) is effective retroactive to January 1, 2005.

Subd. 2. **Survivor benefit coverage for a member convicted of a felony.** The surviving spouse or a surviving child of a deceased member who was convicted of a felony may not be deprived of a survivor benefit by reason of the conviction unless the person was a party to the commission of the felony. For a member who is receiving a pension at the time of conviction,

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a survivor who was not a party to the commission of the felony remains entitled to receive the survivor benefit provided for in subdivision 1, in the event of the member's death.

423B.11 TEMPORARY DISABILITY BENEFITS.

(a) An active member who becomes disabled from performing duties as an active member of the police department of the city by reason of sickness or accident, who is off the payroll of the police department, and who has exhausted all accumulated vacation, overtime, and sick leave credits due to the member, is entitled to receive from the association temporary disability benefits in an amount as the bylaws of the association provide during the disability period. The temporary disability benefits may not extend beyond a six-month period except when an active member is disabled because of an injury sustained while on duty and then benefits may extend for an indefinite time during the existence of the disability. The bylaws may provide that an active member must have completed a minimum number of years of service in order to be entitled to temporary disability benefits. Before temporary disability benefits may be paid or allowed, notice of the disability and application for benefits on account of the disability must be made to the secretary of the association within 90 days after the sickness or disability.

(b) The bylaws may provide that an active member's periods of disability up to one year may be included in computing the member's total years of service for pension entitlement and benefit calculation purposes.

423B.12 MANDATORY RETIREMENT; CONSEQUENCE OF CONTINUED ACTIVE MEMBERSHIP.

Subject only to the provisions of section 423.075, an active member must retire upon attaining age 65, and upon attaining age 65 must cease to be an active member of the association. An active member who knowingly fails or refuses to comply with this section thereby renders the person and the person's survivors ineligible for any pension or benefits provided under sections 423B.01 to 423B.18, as amended. A person who has ceased to be an active member of the association or has knowingly failed or refused to retire, is entitled only for the refund in an amount equal to \$100 per year of service credit, payable in a lump sum.

423B.13 HEALTH AND WELFARE BENEFIT.

Notwithstanding any law to the contrary, a person who, after July 1, 1980, retires on a service pension with at least 20 years of service or a permanent disability benefit from the relief association is entitled on January 1, 1981, or upon the date of retirement, whichever occurs later, to receive a monthly health and welfare benefit. The monthly health and welfare benefit is an amount equal to one unit. The monthly health and welfare benefit is payable to the retired member unless the retired member designates in writing that the amount be paid to an insurance carrier to defray the cost of any health or welfare related insurance coverage.

423B.14 HEALTH INSURANCE ACCOUNT.

(a) Notwithstanding any law to the contrary, contributions of active members of the relief association with at least 25 years of service made after the 25th year of service must be deposited in a separate account and used to pay the future health insurance costs of the individual member upon that member's retirement.

(b) A member who retires with at least 25 years of service is entitled to receive periodic distributions from the remaining balance in the member's health insurance account, in the amount and with the frequency specified by the retiring member in conformance with rules adopted by the board of trustees for this purpose.

423B.15 INVESTMENT RELATED POSTRETIREMENT ADJUSTMENTS.

Subdivision 1. **Annual postretirement payment authorized.** Notwithstanding the provisions of chapter 69, or any other law to the contrary, the relief association may provide annual postretirement payments to eligible members under this section.

Subd. 2. **Determination of excess investment income.** The board of trustees of the relief association shall determine by May 1 of each year whether or not the fund has excess investment income. The amount of excess investment income, if any, must be stated as a dollar amount and reported by the chief administrative officer of the relief association to the mayor and governing body of the city, the state auditor, the commissioner of management and budget, and the executive

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director of the Legislative Commission on Pensions and Retirement. The dollar amount of excess investment income up to one percent of the assets of the fund, except when the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102 percent of its actuarial accrued liabilities in which case the amount may not exceed 1-1/2 percent of the assets of the fund, must be applied for the purpose specified in subdivision 3. Excess investment income must not be considered as income to or assets of the fund for actuarial valuations of the fund for that year under sections 69.77, 356.215, and 356.216 and the provisions of this section except to offset the annual postretirement payment. Additional investment income is any realized or unrealized investment income other than the excess investment income and must be included in the actuarial valuations performed under sections 69.77, 356.215, and 356.216 and the provisions of this section.

Subd. 3. **Amount of annual postretirement payment.** (a) The amount determined under subdivision 2 must be applied in accordance with this subdivision. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is less than 102 percent of its total actuarial liabilities, the relief association shall apply the first one-half of excess investment income to the payment of an annual postretirement payment as specified in this subdivision and the second one-half of excess investment income up to one-half of one percent of the assets of the fund must be applied to reduce the state amortization state aid or supplementary amortization state aid payments otherwise due to the relief association under section 423A.02 for the current calendar year. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is less than 102 percent funded and other conditions are met, the relief association shall pay an annual postretirement payment to all eligible members in an amount not to exceed one-half of one percent of the assets of the fund. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102 percent of its actuarial accrued liabilities, the relief association shall pay an annual postretirement payment to all eligible members in an amount not to exceed 1-1/2 percent of the assets of the fund. Payment of the annual postretirement payment must be in a lump sum amount on June 1 following the determination date in any year. Payment of the annual postretirement payment may be made only if the average time weighted total rate of return for the most recent prior five years exceeds by two percent the actual average percentage increase in the current monthly salary of a top grade patrol officer in the most recent prior five fiscal years. The total amount of all payments to members may not exceed the amount determined under this subdivision. Payment to each eligible member must be calculated by dividing the total number of pension units to which eligible members are entitled into the excess investment income available for distribution to members, and then multiplying that result by the number of units to which each eligible member is entitled to determine each eligible member's annual postretirement payment. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is less than 102 percent of its actuarial accrued liabilities, payment to each eligible member may not exceed an amount equal to the total monthly benefit that the eligible member was entitled to in the prior year under the terms of the benefit plan of the relief association or each eligible member's proportionate share of the excess investment income, whichever is less. When the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102 percent of its actuarial accrued liabilities, payment to each eligible member must not exceed the member's proportionate share of 1-1/2 percent of the assets of the fund.

(b) A person who received a pension or benefit for the entire 12 months before the determination date is eligible for a full annual postretirement payment. A person who received a pension or benefit for less than 12 months before the determination date is eligible for a prorated annual postretirement payment.

Subd. 4. **Annual postretirement payment in the event of death.** In the event an eligible member dies after the determination date and before the payment of the annual postretirement payment, the chief administrative officer of the relief association shall pay that eligible member's estate the amount of the postretirement payment to which the eligible member was entitled.

Subd. 5. **Report on annual postretirement payment.** The chief administrative officer of the relief association shall prepare a report on the amount of all postretirement payments made under this section and the manner in which those payments were determined. That report must be submitted to the state auditor, the executive director of the Legislative Commission on Pensions and Retirement, and the city clerk of the city.

Subd. 6. **No guarantee of annual postretirement payment.** No provision of or payment made under this section may be interpreted or relied upon by any member of the relief association

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to guarantee or entitle a member to annual postretirement payments for a period when no excess investment income is earned by the fund. If the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is less than 102 percent of its actuarial accrued liabilities, the distribution of assets under this section must not exceed one-half of one percent.

Subd. 7. **Annual actuarial valuation date.** Notwithstanding any provision of section 69.77, subdivision 10, 356.215, or 356.216 to the contrary, the annual actuarial valuation of the fund must be completed by May 1 of each year.

423B.151 EXCESS ASSET AMOUNT PAYMENT.

Subdivision 1. **Determination of net total excess amount.** The board of the association shall determine by May 1 of each year whether the fund has a total excess asset amount for that year. If a total excess asset amount exists for the given year, the net total excess asset amount shall be determined. The total excess asset amount and net total excess asset amount shall be reported to the chief administrative officer of the association, the mayor and governing body of the city, the state auditor, the commissioner of management and budget, and the executive director of the legislative commission on pensions and retirement. The portion of the net excess asset amount which is distributed under this section must not be considered as income to or assets of the fund for actuarial valuations of the fund for that year under sections 69.77, 356.215, 356.216, and Laws 2000, chapter 461, except to offset the amount distributed.

Subd. 2. **Total available for payment.** Twenty percent of the net total excess asset amount determined under subdivision 1 is available for excess asset amount payments under subdivision 3.

Subd. 3. **Net excess asset amount payments.** Except as limited under subdivision 4, the net excess asset amount payment to an eligible member is equal to the amount determined under subdivision 2 multiplied by the units applicable to the eligible member and divided by the total units of all eligible members.

Subd. 4. **Entitlement; priority.** A person who is an eligible member for the entire 12 months before the determination date is eligible for a full excess asset amount payment under subdivision 2. A person who is an eligible member for less than 12 months before the determination date is eligible for a prorated excess asset amount payment. If an eligible member dies after the determination date and before the excess asset amount payment commences, the association must pay the eligible member's excess asset amount payment to the eligible member's surviving spouse or, if no surviving spouse, to the member's estate.

Subd. 5. **Payment method.** The excess asset amount payments determined under this section commence on June 1 following the determination date. These amounts may be paid as a lump sum, disbursed to the eligible members in 12 equal monthly installments, or any other manner which the board shall determine.

Subd. 6. **No guarantee of annual residual investment payment.** No provision of Laws 2000, chapter 461, may be interpreted or relied upon by any member of the association to guarantee or entitle a member to a net excess asset amount payment relating to any year in which there is no net total excess asset amount.

423B.16 SUIT FOR BENEFITS; BONDS.

No person may sue for any pensions or benefits provided from the special fund of the relief association under sections 423B.01 to 423B.18, as amended, unless the person applying for a pension or benefit first posts a bond from a surety company competent to undertake the business in a sufficient amount to defray the expense of the governing board of defending the action. In the event that the governing board is sustained, the portion of the bond necessary to defray these expenses is forfeited to the relief association.

423B.17 PAYMENTS EXEMPT FROM PROCESS.

The provisions of section 356.401 apply to the Minneapolis Police Relief Association.

423B.18 DISPOSITION OF ASSETS UPON CONCLUSION OF BENEFIT PAYMENTS.

Upon the death of the last benefit recipient and the certification by the chief administrative officer of the city of Minneapolis to the state auditor of the absence of any remaining person with

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a benefit entitlement, the assets of the relief association or trust fund, whichever applies, reverts to the city and may be used by the city only for law enforcement expenditure purposes.

423B.19 CITY OF MINNEAPOLIS; NORMAL COST CONTRIBUTION ADJUSTMENT.

Notwithstanding section 69.77, 356.215, 356.216, or any other law to the contrary, the required city contributions toward the association's normal cost, as determined by the actuary, are reduced below that otherwise payable by the full amount of active member contributions required by law to be directed to the association's health insurance escrow account rather than to the special fund.

423B.20 SUSPENSION OF NORMAL COST CONTRIBUTIONS.

Notwithstanding the provisions of section 69.77 or any other law to the contrary, if a total excess asset amount exists, as defined in section 423B.01, subdivision 19, the city is not required to make a contribution to the fund for the normal cost of active members.

423B.21 CHANGE IN AMORTIZATION PERIOD.

Subdivision 1. **Amortization treatment.** Notwithstanding section 69.77, subdivision 4; 356.215; 356.216; or any other law to the contrary, if the actuarial report for the association indicates an unfunded actuarial accrued liability after the fund has first achieved 100 percent funding, the unfunded obligation is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later. If subsequent actuarial valuations determine a net actuarial experience loss incurred during the year which ended as of the day before the most recent actuarial valuation date, any unfunded liability due to that loss is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later.

Subd. 2. **Limitation.** Notwithstanding subdivision 1, the amortization period may not exceed the average life expectancy of the remaining members.

423B.23 RECOMPUTATION OF DISABLED BENEFIT PROHIBITED.

Notwithstanding section 423A.11, the Board of Directors of the Minneapolis Police Relief Association shall not recompute the disability benefit of a member who became permanently disabled as the result of a service-related disease or injury. Any prior recomputation of a disabled member's service-related disability pension must be revoked upon the member's request and upon the member's signed and sworn agreement to waive any right to a recomputation of that benefit in the future. Non-service-related disability pension benefits that were recomputed as full 25-year service pensions remain in effect.

423C.01 MINNEAPOLIS FIREFIGHTERS RELIEF ASSOCIATION; DEFINITIONS.

Subdivision 1. **Terms.** For purposes of this chapter, unless the context clearly indicates otherwise, the terms defined in this section have the meanings given them.

Subd. 2. **Active member.** "Active member" means a person who was hired and duly appointed by the city of Minneapolis before June 15, 1980, as a firefighter who is regularly entered on the fire department payroll and who serves on active duty.

Subd. 3. **Active member percentage.** "Active member percentage" means the total number of units accrued by active members divided by the sum of the total number of units to which eligible members are entitled and active members have accrued.

Subd. 4. **Actuarial equivalent or actuarially equivalent.** "Actuarial equivalent" or "actuarially equivalent" means the condition of one annuity or benefit having an equal actuarial present value as another annuity or benefit determined as of a given date at a specified age with each actuarial present value based on the appropriate mortality table adopted by the board based on the experience of the special fund and approved by the actuary retained under section 356.214 and using the applicable preretirement or postretirement interest rate assumptions specified in section 356.216.

Subd. 5. **Age.** "Age" means a person's age at the person's latest birthday.

Subd. 6. **Annual postretirement adjustment.** "Annual postretirement adjustment" means the payment of a lump-sum, postretirement benefit pursuant to section 423C.06, subdivision 1, to an eligible member on June 1 following the determination date in any year.

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Subd. 7. **Association.** "Association" means the Minneapolis Firefighters Relief Association.

Subd. 8. **Board.** "Board" means the board established in section 423C.03 to govern the association.

Subd. 9. **City.** "City" means the city of Minneapolis.

Subd. 10. **Deferred member.** "Deferred member" means a person who served on active duty and was regularly entered on the fire department payroll and separated from active service prior to attaining 50 years of age and is entitled to receive a service pension upon reaching age 50 under the law existing at the time the member separated from active service for at least five years.

Subd. 11. **Dependent.** "Dependent" means:

(1) a biological or adopted child of a deceased, active, or retired member who is unmarried and under the age of 18;

(2) a biological or adopted child of a deceased, active, or retired member who is between the ages of 18 and 22 and is enrolled full time at an accredited educational institution approved by the board; or

(3) a biological child of an active or retired member conceived during the active or retired member's lifetime and born after the active or retired member's death.

Subd. 12. **Determination date.** "Determination date" means December 31 of each year.

Subd. 13. **Disability.** "Disability" has the meaning specified in the bylaws of the relief association on April 1, 2001.

Subd. 14. **Discharge.** "Discharge" means a complete separation from and termination of active service as a member of the fire department.

Subd. 15. **Eligible member.** "Eligible member" means:

(1) for purposes of section 423C.06, subdivision 1, a person, including a service pensioner, a disability pensioner, a survivor, or dependent of a deceased active member, service pensioner, or disability pensioner, who received a pension or benefit from the relief association during the 12 months before the determination date. A person who received a pension or benefit for the entire 12 months before the determination date is eligible for a full annual postretirement payment. A person who received a pension or benefit for less than 12 months before the determination date is eligible for a prorated annual postretirement payment; and

(2) for purposes of section 423C.06, subdivision 4, a person who receives a service, survivor, or disability pension payable from the special fund of the association.

Subd. 16. **Enrolled full time.** "Enrolled full time" means the situation of an individual who is in full-time attendance as a student at an educational institution, as determined by the board of trustees of the relief association in light of the standards and practices of the school involved. A person who is paid by the person's employer while attending school at the request of that employer may not be considered to be a full-time student. A person may be considered a full-time student during a period of up to four months of nonattendance during any 12-month period if the person shows to the satisfaction of the board of trustees that the person intends to continue in full-time school attendance immediately upon the conclusion of the nonattendance period.

Subd. 17. **Excess investment income.** "Excess investment income" means the amount, if any, by which the average time-weighted total rate of return earned by the special fund in the most recent prior five fiscal years has exceeded the actual average percentage increase in the current monthly salary of a first grade firefighter in the most recent prior five fiscal years plus two percent. The excess investment income must be expressed as a dollar amount and may not exceed one percent of the total assets of the special fund, except when the actuarial value of assets of the special fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102 percent of its actuarial accrued liabilities, in which case the amount must not exceed 1.5 percent of the assets of the special fund.

Subd. 18. **Fire department.** "Fire department" means the Minneapolis Fire Department.

Subd. 19. **Fund.** "Fund" means the special fund of the relief association.

Subd. 20. **Net excess asset amount payment.** "Net excess asset amount payment" means the payment of an additional postretirement payment under section 423C.06, subdivision 4, to an eligible member on June 1 following the determination date in the given year.

Subd. 21. **Net total excess asset amount.** "Net total excess asset amount" means the total excess asset amount stated in dollars and multiplied by one minus the active member percentage.

Subd. 22. **Period of service.** "Period of service" means:

(1) any service rendered by a firefighter for any calendar month when the member receives salary from which deductions are made, deposited, and credited to the special fund. Leaves of absence of more than 90 days, except those granted because of disability due to sickness or accident or to enable a member to accept an appointive position in the fire department, shall be excluded in computing a member's period of service;

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(2) any period in which the member, after entering the fire department, leaves to enter the military forces of the United States in a time of war or national emergency and subsequently receives an honorable discharge from the military or leaves to render fire prevention services to the United States government in a time of war or national emergency, provided the member who serves either applies for reinstatement in or resumes active duty in the fire department within six months. During any period of military or fire prevention service, the individual shall not be considered an active member. Any period of service a member qualifies for under this clause is limited as follows:

(i) credit shall be granted for service rendered subsequent to July 1, 1961, but the credit shall not exceed six calendar years;

(ii) no credit shall be granted for service rendered subsequent to July 1, 1961, if the period of service rendered prior to July 1, 1961, equals or exceeds six calendar years; and

(iii) if the period of service prior to July 1, 1961, is less than six calendar years, credit for service subsequent to July 1, 1961, shall be added to the prior service, but in no case shall total service credit exceed six calendar years.

Subd. 23. **Retired member.** "Retired member" means a former active member who has terminated active service with the fire department and is entitled to receive a pension or benefit under this chapter or any predecessor law.

Subd. 24. **Relief association.** "Relief association" means the Minneapolis Firefighters Relief Association.

Subd. 25. **Surviving spouse member.** "Surviving spouse member" means a person who was:

(1) legally married to, and residing with, an active, deferred, or retired member both during the time the member was regularly entered on the payroll and serving on active duty in the fire department and at the time of the member's death; and

(2) in the event the person was married to a retired or deferred member, married to that retired or deferred member for at least one year prior to the member's discharge from the fire department.

Subd. 26. **Time-weighted total rate of return.** "Time-weighted total rate of return" means the percentage amount determined by using the formula or formulas established by the state board of investment under section 11A.04, clause (11), and in effect on January 1, 1987.

Subd. 27. **Total excess asset amount.** (a) "Total excess asset amount" means the difference, if positive, expressed in dollars, between the special fund's market value of assets after any deductions required by section 423C.06, subdivision 3, and 110 percent of the actuarial accrued liabilities based on the actuarial valuation indicated in paragraph (b).

(b) The total excess asset amount in paragraph (a) exists if the actuarial liability funding ratio, according to the most recent annual actuarial valuation of the special fund prepared in accordance with sections 69.77, 356.215, and 356.216, with adjustments required by section 423C.06, subdivision 3, equals or exceeds 110 percent.

Subd. 28. **Unit.** "Unit" means 1/80 of the maximum monthly salary of a first grade firefighter on the first day of the month in which the pension benefits provided by this chapter are paid.

Subd. 29. **Covered salary.** "Salary" is subject to the limitations of section 356.611.

423C.02 MINNEAPOLIS FIREFIGHTERS RELIEF ASSOCIATION.

Subdivision 1. **Creation.** The active and retired members of the fire department and their surviving spouses shall maintain the association. The association shall be duly incorporated under chapter 317A. The corporation shall have perpetual corporate existence. The association shall create, maintain, and administer those funds and accounts as set forth in section 423C.04 for the benefit of its members, surviving spouses, and dependents. The sources of revenue for each fund and account are governed by section 423C.04. The authorized disbursements from each fund and account are governed by sections 423C.04, 423C.05, and 423C.06.

Subd. 2. **Membership.** Active members, deferred members, retired members, and surviving spouse members as defined in section 423C.01 are members of the association.

Subd. 3. **Management of association.** The board created in section 423C.03 shall manage, control, and operate the association, including the funds and accounts set forth in section 423C.04, according to this chapter, other applicable law, and the association's articles of incorporation and its bylaws. Notwithstanding section 423A.01, subdivision 2, or any other law to the contrary, the board shall continue to govern the association until there are fewer than 100 members receiving benefits under this chapter. Thereafter, the special fund shall become a trust fund according to section 423A.01, subdivision 2.

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Subd. 4. **Disposition of assets upon conclusion of benefit payments.** Upon the death of the last benefit recipient and the certification by the chief administrative officer of the city to the state auditor of the absence of any remaining person entitled to a benefit under this chapter, all assets of the association or trust fund, whichever applies, shall revert to the city. The city shall only use these assets for firefighting expenditure purposes.

423C.03 BOARD MEMBERSHIP; ELECTIONS; DUTIES; COMPENSATION; BOND; MEETINGS; POWERS.

Subdivision 1. **Board composition and elections.** The board shall consist of two persons appointed by the city and the number of other members specified in the association bylaws, but not to exceed ten, who must be selected by the members. Elections for active and retired positions on the board shall be conducted pursuant to the association's bylaws.

Subd. 2. **Board officers.** The officers of the association shall consist of a president, one or more vice-presidents, an executive secretary, a treasurer, an assistant executive secretary, and an assistant treasurer. Only elected members of the board are eligible to be officers. Officers shall have those duties and responsibilities as set forth in this chapter, other applicable law, and the association's bylaws. Officers shall be compensated as provided in subdivision 3. All officers shall be elected in even years at the association's annual meeting. Officers shall hold their office for a term of two years unless they are removed from the board before their two-year term expires.

Subd. 3. **Compensation of officers and board members.** (a) Notwithstanding any other law to the contrary, the association may provide for salaries to its officers and board members as specified in this subdivision.

(b) If the executive secretary is not an active member, the executive secretary may receive a salary to be set by the board, subject to the limitations stated in paragraph (d). If the executive secretary is an active member, the executive secretary may receive a salary not exceeding 50 percent of the maximum salary of a first grade firefighter.

(c) The president may receive a salary not exceeding ten percent of the maximum salary of a first grade firefighter, and all other elected members of the board, other than the executive secretary, may receive a salary not exceeding 2.5 percent of the maximum salary of a first grade firefighter.

(d) If the executive secretary is not an active member, the executive secretary's salary may not exceed the highest salary currently received by the executive director of the Minnesota State Retirement System, the Public Employees Retirement Association, or the Teachers Retirement Association.

Subd. 4. **Bond for executive secretary and treasurer.** (a) The executive secretary and the treasurer must furnish to the relief association a corporate bond for the faithful performance of the duties of that office in an amount as the board of trustees from time to time may determine, subject to the minimum amount specified in section 69.051, subdivision 2.

(b) The relief association must pay the premiums on these bonds from the special fund of the relief association.

Subd. 5. **Meetings.** Each December, the board shall hold an annual meeting. All other meetings of the board shall be held as provided in the association's articles or bylaws. Board members may participate in a board meeting by any means of communication through which the trustee, other board members participating, and all other board members physically present at the meeting may simultaneously hear each other during the meeting. Participating in a meeting by these means is the same thing as being physically present at the meeting.

Subd. 6. **Additional board powers.** (a) In addition to the powers granted the board by this chapter, chapter 317A, other applicable state and federal law, and its articles and bylaws, the board shall authorize and create a board of examiners.

(b) The board of examiners shall investigate and report on all applications for disability pensions and make recommendations as to the amount to be paid to each applicant; investigate and report on all disability pensioners and make recommendations as to the amount of pension to be paid to them, from year to year; and investigate and report on all applications for service pensions and claims for relief. This board shall consist of at least three members of the board of the relief association.

423C.04 ASSOCIATION FUNDS AND ACCOUNTS.

Subdivision 1. **Duties.** The association shall create, maintain, and administer the funds and accounts in this section. The association shall have full and permanent charge and the responsibility for the proper management and control of all funds that may come into its

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possession under this section. The sources of revenue and authorized disbursements of each fund and account are governed by this section.

Subd. 2. **Special fund; purpose and sources of revenue.** (a) The special fund may only be used to pay for defined and contingent benefits as set forth in sections 423C.05 and 423C.06; compensation for officers and board members as set forth in section 423C.03, subdivision 3; expenses of officers and employees of the association in connection with the protection of the special fund; and expenses of operating, administering, and maintaining the association as authorized by this chapter, section 69.80, or other applicable law.

(b) The special fund is derived from the following sources:

(1) receipts from the state, including, but not limited to, any fire state aid, any fire insurance premium surcharge amount, or any additional amortization state aid;

(2) all money derived from taxation by the city under section 69.77 for the support of the association and for the payment of benefits set forth in sections 423C.05 and 423C.06;

(3) an amount equal to the minimum percentage specified in section 69.77, subdivision 3, of the salary of a first grade firefighter deducted from the monthly salary of each active member; and

(4) the proceeds of the investment of special fund assets.

Subd. 3. **General fund.** The general fund is separate and distinct from the special fund. The general fund may, consistent with applicable law, be expended for those purposes deemed appropriate by the relief association. The city finance officer shall deduct from each active member's biweekly payroll check a sum equal to one-half of one percent of the maximum biweekly salary of a first grade firefighter. This sum shall be forwarded to the association's treasurer and deposited in the general fund. The general fund shall also consist of receipts from private sources, such as gifts, charges, fund-raising projects, and dues paid by members; investment of, earnings on, and interest of the general fund; and all other sources. Money received from other sources may also be deposited in the general fund.

Subd. 4. **Health insurance accounts.** Notwithstanding any law to the contrary, special fund contributions of active members of the association with at least 25 years of service made after the 25th year of service must be deposited in a separate account and used to pay health care costs of the individual member upon retirement. The board shall adopt rules regarding the frequency and amounts of distributions from these accounts. A member with an account established pursuant to this section is entitled, upon retirement or disability, to receive periodic distributions from the account, in the amount and with the frequency specified by the member consistent with the board's rules.

423C.05 DEFINED BENEFITS.

Subdivision 1. **Duties.** The association is authorized to and shall pay the benefits in this section to its members in accordance with this section. All benefits authorized in this section shall be paid from the association's special fund.

Subd. 2. **Service pension.** (a) A member who has performed duty for the fire department for five years or more, upon written application after retiring from duty and reaching at least age 50, is entitled to be paid monthly for life a service pension under paragraph (b).

(b) The amount of the service pension is as follows:

Length of allowable service credit	Number of units
5 years	8.0 units
6 years	9.6 units
7 years	11.2 units
8 years	12.8 units
9 years	14.4 units
10 years	16.0 units
11 years	17.6 units
12 years	19.2 units
13 years	20.8 units
14 years	22.4 units

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15 years	24.0 units
16 years	25.6 units
17 years	27.2 units
18 years	28.8 units
19 years	30.4 units
20 years	34.0 units
21 years	35.6 units
22 years	37.2 units
23 years	38.8 units
24 years	40.4 units
25 years or more	42.0 units

(c) A member entitled to a benefit under this subdivision may elect to have it paid as an optional retirement annuity pursuant to the conditions set forth in subdivision 8. A member receiving a benefit pursuant to subdivision 5 or 6 shall not simultaneously be entitled to a benefit under this subdivision.

Subd. 3. **Calculation of service pension for deferred members.** An association member who has performed services for the fire department for five years or more but has not reached the age of 50 years shall be eligible to retire from the department, without forfeiting service pension rights. The member shall, upon application, be placed on the association's deferred pension roll. The association shall, upon board approval, pay the pension of any member on the deferred pension roll who has attained 50 years of age from the date the application is approved. The pension shall be paid in accordance with the schedule in subdivision 2. Any person making this application waives all other rights, claims, or demands against the association for any cause that may have arisen from or that may be attributable to the person's service in the fire department. A member entitled to a benefit under this subdivision may elect to have the benefit paid as an optional retirement annuity pursuant to the conditions set forth in subdivision 7.

Subd. 4. **Temporary disability pension.** (a) An active member who, by sickness or accident, becomes temporarily disabled from performing firefighter duties for the fire department is entitled to a temporary disability pension.

(b) No allowance for disability may be made unless notice of the disability and an application for benefits is made by or on behalf of the disabled member within 90 days after the beginning of the disability. This application must include a certificate from a qualified expert setting forth the cause, nature, and extent of the disability. This certificate must also conclude that the disability was incurred or sustained while the member was in the service of the fire department.

(c) The board shall utilize the board of examiners established under section 423C.03, subdivision 6, to investigate and report on an application for benefits under this section and to make recommendations as to eligibility and the benefit amount to be paid.

(d) A member entitled to a disability pension must receive benefits in the amount and manner determined by the board.

Subd. 5. **Service-related permanent disability pension.** An active member who becomes permanently disabled as the result of a service-related disease or injury is, upon application and approval of the board, entitled to a pension of 41 units or in the amount determined under subdivision 8. The application for service-related permanent disability must include a certificate from a qualified expert setting forth the permanent nature of the disability or disease and that it was service related.

Subd. 6. **Non-service-related permanent disability pension.** An active member who, by reason of sickness or accident, becomes permanently disabled and unable to perform firefighter duties for the fire department due to non-service-related disease or injury is entitled to a permanent disability pension. No allowance for disability may be made unless notice of the disability and an application for benefits is made by or on behalf of the disabled member within 90 days after the beginning of the disability. This application must include a certificate from a qualified medical professional setting forth the cause, nature, and extent of the disability. A member who is entitled to a disability pension under this subdivision must receive benefits in the amount and manner determined by the board, not to exceed 41 units.

Subd. 6a. **Qualified expert.** A qualified expert includes a licensed physician or chiropractor, or in the case of mental impairment, includes a licensed psychologist.

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Subd. 7. **Surviving spouse and dependent pensions.** Notwithstanding any other law to the contrary, when a service pensioner, disability pensioner, deferred pensioner, or active member of the association dies, recipient beneficiaries are entitled to a pension or pensions, as follows:

(1) to a surviving spouse, a pension of 22 units per month;

(2) a surviving spouse of a deceased service pensioner, disability pensioner, or deferred pensioner who is otherwise not qualified for a pension may receive a benefit if the surviving spouse was legally married to the decedent for a period of two years and was residing with the decedent at the time of death. The surviving spouse benefit provided in this clause is the same as that provided to those who meet the definition of surviving spouse under section 423C.01, subdivision 25, except that if the surviving spouse is younger than the decedent, the surviving spouse benefit must be actuarially equivalent to a surviving spouse benefit that would have been paid to the member's spouse had the member been married to a person of the same or greater age than the member's age prior to retirement. A benefit paid in this circumstance may be less than 17 units notwithstanding the minimum set out in this subdivision;

(3) to each dependent, if the dependent's other parent is living, a pension not to exceed eight units per month. Dependents between the ages of 18 and 22 may continue to receive a pension upon board determination that the dependent complies with the requirements of section 423C.01, subdivision 11, and applicable association bylaws, except that if the dependent marries before the age of 22 years the pension shall cease as of the date of the marriage. The board shall make the final determination with respect to eligibility for benefits and compliance with section 423C.01, subdivision 11;

(4) each dependent of a deceased member after the death of the dependent's other parent, or in the event the other parent predeceases the member, is entitled to receive a pension in the amount the board deems necessary to properly support each dependent until the dependent reaches the age of not less than 16 and not more than 18 years. Dependents between the ages of 18 and 22 may be entitled to continue receiving a pension upon board determination that the dependent complies with the requirements of section 423C.01, subdivision 11, and applicable association bylaws, except that if the dependent marries before the age of 22 years the pension shall cease as of the date of the marriage. The board shall make the final determination with respect to eligibility for benefits and compliance; and

(5) the total pension payable to a surviving spouse and all dependents of a deceased member shall in no event exceed 42 units per month.

Subd. 8. **Optional retirement annuity election.** A member of the association who retires under subdivision 2 or becomes disabled under subdivision 6 may elect an optional retirement annuity prior to the receipt of any benefits. The optional retirement annuity may be a 50 percent, 75 percent, or 100 percent joint survivor annuity without reinstatement in the event the designated beneficiary predeceases the member or a joint and survivor annuity with reinstatement in the event the member predeceases the designated beneficiary. An optional retirement annuity must be actuarially equivalent to the service pension and automatic survivor coverage otherwise payable to the retired member and the member's beneficiaries. Once selected, the optional annuity is irrevocable.

Subd. 9. **Alternative service pension for unmarried member.** A retired member submitting an application for a service pension who was not legally married on September 1, 1997, and remained unmarried on October 25, 2001, may, if the member had obtained 25 years of service credit on or before October 25, 2001, select a service pension of 42.3 units in lieu of a service pension under subdivision 2.

423C.06 INVESTMENT-RELATED POSTRETIREMENT ADJUSTMENTS.

Subdivision 1. **Annual adjustments.** Notwithstanding the provisions of chapter 69, or any other law to the contrary, the association may provide annual postretirement payments to eligible members under this section. No provision of or payment made under this section may be interpreted or relied upon by any member of the association to guarantee or entitle a member to annual postretirement adjustments for any period when the requirements in this section have not been met.

Subd. 2. **Actuarial assets of special fund less than 102 percent.** (a) When the actuarial assets of the special fund in any year are less than 102 percent of its accrued liabilities according to the most recent annual actuarial valuation of the special fund prepared in accordance with sections 356.215 and 356.216, investment-related postretirement adjustments shall be determined and paid pursuant to this subdivision. Payment of the annual postretirement adjustment may be made only if there is excess investment income.

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(b) The board shall determine by May 1 of each year whether or not the special fund has excess investment income. The amount of excess investment income, if any, must be stated as a dollar amount and reported by the executive secretary to the mayor and governing body of the city, the state auditor, the commissioner of management and budget, and the executive director of the Legislative Commission on Pensions and Retirement. The dollar amount of excess investment income up to one percent of the assets of the special fund must be applied for the purpose specified in paragraph (c). Excess investment income must not be considered as income to or assets of the special fund for actuarial valuations of the special fund for that year under this section and sections 69.77, 356.215, and 356.216, except to offset the annual postretirement adjustment. Additional investment income is any realized or unrealized investment income other than the excess investment income and must be included in the actuarial valuations performed under this section and sections 69.77, 356.215, and 356.216.

(c) The amount determined under paragraph (b) must be applied as follows: the association shall apply the first one-half of one percent of assets that constitute excess investment income to the payment of an annual postretirement adjustment to eligible members and the second one-half of one percent of assets which constitute excess investment income shall be applied to reduce the state amortization state aid or supplementary amortization state aid payments otherwise due the association under section 423A.02 for the current calendar year. The amounts of all payments to eligible members shall not exceed one-half of one percent of the assets of the fund. The amount of each eligible member's postretirement adjustment shall be calculated by dividing the total number of units to which eligible members are entitled into the excess investment income available for distribution to eligible members, and then multiplying that result by the number of units to which each eligible member is entitled. If this amount exceeds the total monthly benefit that the eligible member was entitled to in the prior year under the terms of this chapter, the association shall pay the eligible member the lesser amount. Payment of the annual postretirement adjustment must be in a lump-sum amount on June 1 following the determination date in any year. In the event an eligible member dies prior to the payment of the annual postretirement adjustment, the executive secretary shall pay the eligible member's estate the amount to which the member was entitled.

Subd. 3. Actuarial assets of special fund 102 percent or more. (a) When the actuarial assets of the special fund in any year are 102 percent or more of its accrued liabilities according to the most recent annual actuarial valuation of the special fund prepared in accordance with sections 356.215 and 356.216, an investment-related postretirement adjustment shall be determined and paid pursuant to this subdivision. Payment of the annual postretirement adjustment may only be made if there is excess investment income.

(b) The board shall determine by May 1 of each year whether or not the special fund has excess investment income. The amount of excess investment income, if any, must be stated as a dollar amount and reported by the executive secretary to the mayor and governing body of the city, the state auditor, the commissioner of management and budget, and the executive director of the Legislative Commission on Pensions and Retirement. The dollar amount of excess investment income up to 1-1/2 percent of the assets of the fund must be applied for the purpose specified in paragraph (c). Excess investment income must not be considered as income to or assets of the special fund for actuarial valuations of the special fund for that year under this section and sections 69.77, 356.215, and 356.216, except to offset the annual postretirement adjustment. Additional investment income is any realized or unrealized investment income other than the excess investment income and must be included in the actuarial valuations performed under this section and sections 69.77, 356.215, and 356.216.

(c) The amount determined under paragraph (b) must be applied as follows: the association shall apply the 1-1/2 percent of assets that constitute excess investment income to the payment of an annual postretirement adjustment to eligible members. The amount of each eligible member's postretirement adjustment shall be calculated by dividing the total number of units to which eligible members are entitled into the excess investment income available for distribution to eligible members, and then multiplying that result by the number of units to which each eligible member is entitled. Payment of the annual postretirement adjustment must be in a lump-sum amount on June 1 following the determination date in any year. In the event an eligible member dies prior to the payment of the annual postretirement adjustment, the executive secretary shall pay the eligible member's estate the amount to which the member was entitled.

Subd. 4. Actuarial assets of special fund 110 percent or more. (a) When the actuarial assets of the special fund in any year are 110 percent or more of its accrued liabilities according to the most recent annual actuarial valuation of the special fund prepared in accordance with sections 356.215 and 356.216, an investment-related postretirement adjustment shall be determined and paid pursuant to this subdivision. Payment of the annual postretirement adjustment may be made only if a total excess asset amount exists.

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(b) The board shall determine by May 1 of each year whether the special fund has a total excess asset amount for that year. If a total excess asset amount exists for the given year, the net total asset amount shall be determined. The executive secretary shall report the total excess asset amount and net total excess asset amount to the mayor and governing body of the city, the state auditor, the commissioner of management and budget, and the executive director of the Legislative Commission on Pensions and Retirement. The portion of the net excess asset amount which is distributed under this subdivision shall not be considered income to or assets of the special fund for actuarial valuations of the special fund for that year under sections 69.77, 356.215, and 356.216, and Laws 2000, chapter 461, except to offset the amount distributed.

(c) Twenty percent of the net total excess asset amount determined under paragraph (b) is available for excess asset amount payments under paragraph (d).

(d) Except as limited under paragraph (e), the net excess asset amount payment to an eligible member is equal to the amount determined under paragraph (c) multiplied by the units applicable to the eligible member and divided by the total units of all eligible members.

(e) A member who is an eligible member for the entire 12 months before the determination date is eligible for a full excess asset amount payment pursuant to paragraph (d). A member who is an eligible member for less than 12 months before the determination date is eligible for a prorated excess asset amount payment. If an eligible member dies before the determination date and before the excess asset amount payment commences, the association shall pay the eligible member's excess asset amount payment to the eligible member's surviving spouse or, if no surviving spouse, to the eligible member's estate.

(f) The excess asset amount payments determined under this subdivision commence on June 1 following the determination date. The board may disburse payments to eligible members in a lump sum, 12 monthly installments, or any other manner that the board determines.

Subd. 5. **Report on annual postretirement adjustments.** The executive secretary shall submit a report on the amount of all postretirement adjustments made under this section and the manner in which those payments were determined to the state auditor, the executive director of the Legislative Commission on Pensions and Retirement, and the city clerk.

Subd. 6. **City tax levy.** If in any year after the actuarial value of special fund assets, according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216, is greater than 102 percent of the actuarial accrued liabilities of the special fund and subsequently the actuarial value of assets is less than 100 percent of the actuarial accrued liabilities according to the most recent annual actuarial valuation prepared according to sections 356.215 and 356.216, the city of Minneapolis is not required to levy a property tax to fund any deficit unless the fund has two successive years when the actuarial value of assets is less than 100 percent of the actuarial accrued liabilities according to the most recent annual actuarial valuation prepared according to sections 356.215 and 356.216.

423C.07 ACTUARIAL VALUATION DATE.

Notwithstanding section 69.77, subdivision 10, 356.215, or 356.216, the annual actuarial valuation of the association must be completed by May 1 of each year.

423C.08 MEMBER CONTRIBUTION REFUND TO BENEFICIARY UPON DEATH.

If an active, deferred, or retired member of the 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. The refund shall be an amount equal to the member contributions to the credit of the decedent, plus interest on those contributions at an annual compounded 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.

423C.09 PAYMENTS EXEMPT FROM PROCESS.

The provisions of section 356.401 apply to the Minneapolis Firefighters Relief Association.

423C.10 LAW GOVERNING PENSIONS AND BENEFITS.

A service pension or other retirement benefit for or on behalf of a member of the Minneapolis Firefighters Relief Association must be calculated under the laws, articles of

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incorporation, or relief association bylaws in effect on the day that the active member terminated active employment in the Minneapolis Fire Department as a firefighter.

423C.11 WORKERS' COMPENSATION ACT NOT AFFECTED.

This chapter shall not be construed as abridging, repealing, or amending the laws of this state relating to the provisions of the law commonly known as the Workers' Compensation Act.

423C.12 RIGHT TO REDUCE PENSIONS.

The relief association has the right and retains the right to reduce the amount of pensions and benefits paid from its special fund and to reduce and otherwise adjust those pensions and benefits. For any pension or benefit that was reduced, the relief association has the right and retains the right to increase or otherwise adjust these pensions or benefits within the limits of this chapter.

423C.13 FINANCE DIRECTOR TO FILE REPORT WITH THE REVENUE COMMISSIONER.

(a) On or before March 1 each year, the Minneapolis finance director shall file with the county auditor and the commissioner of revenue a certificate stating that the Minneapolis Firefighters Relief Association exists and including any other information that the commissioner or auditor may require.

(b) The commissioner of revenue shall provide the Minneapolis finance director with the necessary documents for the city of Minneapolis and the Minneapolis Firefighters Relief Association to carry out its duties and to receive the benefits of sections 69.011 to 69.051, 297I.05, and 297I.10.

423C.14 STATE AUDITOR TO EXAMINE BOOKS.

(a) The state auditor, annually, shall examine the books and accounts of the secretary and of the treasurer of the Minneapolis Firefighters Relief Association.

(b) If the state auditor finds that any money in the special fund of the relief association was expended for purposes that were not authorized by this chapter, the state auditor shall report that to the governor, who shall then direct the commissioner of management and budget not to issue any further warrants to the relief association until the state auditor reports that the money which was unlawfully expended has been replaced. The governor additionally may take such further action as the emergency may demand.

423C.15 ACTUARIAL PROVISIONS.

Subdivision 1. **City normal cost contribution adjustment.** Notwithstanding sections 69.77, 356.215, and 356.216, or other law to the contrary, the required city contributions toward the association's normal cost, as determined by the actuary, are reduced below that otherwise payable by the full amount of active member contributions required by law to be directed to the association's health insurance escrow account rather than to the special fund.

Subd. 2. **Suspension of normal cost contributions.** Notwithstanding the provisions of section 69.77, or any other law to the contrary, if a total excess asset amount exists, as defined in section 423C.01, subdivision 27, paragraph (a), the city is not required to make a contribution to the fund for the normal cost of active members.

Subd. 3. **Amortization treatment.** Notwithstanding section 69.77, subdivision 4, 356.215, 356.216, or any other law to the contrary, if the actuarial report for the Minneapolis Firefighters Relief Association indicates an unfunded actuarial accrued liability, the unfunded obligation is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later. If subsequent actuarial valuations determine a net actuarial experience loss incurred during the year which ended as of the day before the most recent actuarial valuation date, any unfunded liability due to that loss is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later.

Subd. 4. **Limitation.** Notwithstanding subdivision 3, the amortization period may not exceed the average life expectancy of the remaining members.

423C.16 RECOMPUTATION OF DISABLED BENEFIT PROHIBITED.

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Notwithstanding section 423A.11, the Board of Trustees of the Minneapolis Firefighters Relief Association shall not recompute the disability benefit of a member who became permanently disabled as the result of a service-related disease or injury. Any prior recomputation of a disabled member's service-related disability pension shall be revoked upon the member's request and upon the member's signed and sworn agreement to waive any right to a recomputation of the benefit in the future. Non-service-related disability pension benefits that were recomputed at full 25-year service pensions shall remain in effect.