

(i) any procedures determined appropriate for encouraging early involvement of parents or guardians in attempts to improve a pupil's behavior;

(j) any procedures determined appropriate for encouraging early detection of behavioral problems;

(k) any procedures determined appropriate for referring pupils in need of special education services to those services; and

(l) the procedures for consideration of whether there is a need for a further assessment or of whether there is a need for a review of the adequacy of a current individual education plan of a handicapped pupil who is removed from class; and

(m) procedures for detecting and addressing chemical abuse problems of pupils while on the school premises.

Sec. 6. Minnesota Statutes 1986, section 260.161, subdivision 3, is amended to read:

Subd. 3. Peace officers' records of children shall be kept separate from records of persons 18 years of age or older and shall not be open to public inspection or their contents disclosed to the public except by order of the juvenile court or except as required by a written memorandum of understanding adopted under section 3. No photographs of a child taken into custody for any purpose may be taken without the consent of the juvenile court. Any person violating any of the provisions of this subdivision shall be guilty of a misdemeanor.

Approved May 28, 1987

CHAPTER 296—S.F.No. 317

An act relating to retirement; police and salaried firefighters relief associations; authorizing the voluntary consolidation of local relief associations with the public employees police and fire fund; authorizing the individual election of applicable benefit coverage upon consolidation; amending Minnesota Statutes 1986, sections 353.01, subdivisions 2b, 10, and 16; 353.271; 353.64, subdivision 1; and 353.65, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 353 and 356; proposing coding for new law as Minnesota Statutes, chapters 353A and 353B.

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

Section 1. Minnesota Statutes 1986, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. **EXCLUDED EMPLOYEES.** The following persons are excluded from the meaning of "public employee":

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(a) Persons employed for professional services where such service is incidental to regular professional duties.

(b) Election officers.

(c) Independent contractors and their employees.

(d) Patient and inmate help in governmental subdivision charitable, penal and correctional institutions.

(e) Members of boards, commissions, bands and others who serve the governmental subdivision intermittently.

(f) Employees who hold positions of an essentially temporary or seasonal character, provided such employment does not continue for a period in excess of 120 working days in any calendar year. Immediately following the expiration of such 120 working days if such employees continue in public service and earn in excess of \$325 in any one calendar month, the department heads must then report all such employees for membership and must cause employee contributions to be made on behalf of such employees in accordance with section 353.27, subdivision 4, and they shall remain members until termination of public service.

(g) Part-time employees who receive monthly compensation not exceeding \$325, and part-time employees and elected officials whose annual compensation is stipulated in advance to be not more than \$3,900 per year, except that members shall continue their membership until termination of public service.

(h) Persons who first occupy an elected office after March 1, 1978, the compensation for which does not exceed \$325 per month.

(i) Emergency employees who are employed by reason of work caused by fire, flood, storm or similar disaster.

(j) Employees who by virtue of their employment as an officer or employee of a governmental subdivision are required by law to be a member of and to contribute to any other pension, relief or retirement fund established for the benefit of officers and employees of a governmental subdivision, except the state employees retirement fund, the teachers retirement fund, the state patrol retirement fund, the Duluth teachers retirement fund association, the Minneapolis teachers retirement fund association, the St. Paul teachers retirement fund association, the Minneapolis employees retirement fund, the Minnesota state retirement system correctional officers retirement plan or any police or firefighters relief association governed by section 69.77 which has not consolidated with the public employees police and fire fund and for which the employee has not elected coverage by the public employees police and fire fund benefit plan as provided in sections 8 to 17, other than as an act of the legislature has specifically enabled participation by employees of a designated governmental subdivision in a plan supplemental to the public employees retirement associations; ~~provided~~

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~~that~~. This clause shall not prevent a person from being a member of and contributing to the public employees retirement association and also belonging to or contributing to another public pension fund for other service occurring during the same period of time.

(k) Police matrons employed in a police department of any city who are transferred to the jurisdiction of a joint city and county detention and corrections authority.

(l) Chaplains and nuns who have taken a vow of poverty as members of a religious order.

(m) Full-time students who are enrolled and are regularly attending classes at an accredited school, college or university; provided, no person employed full time by a governmental subdivision shall be exempt under this paragraph.

(n) Resident physicians, medical interns and pharmacist interns who are serving in public hospitals.

(o) Appointed or elected officers, paid entirely on a fee basis, and who were not members on June 30, 1971.

(p) Nothing in Laws 1973, chapter 753 shall be interpreted to impair or revoke any option exercised under Laws 1963, chapter 793.

(q) Persons employed in subsidized on-the-job training, work experience or public service employment as enrollees under the federal Comprehensive Employment and Training Act from and after March 30, 1978, unless the person has as of the later of March 30, 1978 or the date of employment sufficient service credit in the retirement fund to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal Comprehensive Training and Employment Act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contributions in addition to the required employee contribution.

(r) Town, city or county assessors elected or appointed pursuant to chapter 273 who do not receive compensation in excess of \$325 per month from any one employing governmental subdivision or who are employed pursuant to an employment contract which sets forth the total compensation to be paid and the length of service, not to exceed three months in duration, required for the performance of the contract and which was entered into in advance of the commencement of employment.

(s) ~~A person~~ Persons holding a part time adult supplementary vocational technical school license who ~~renders~~ render part time teaching service in a vocational technical school if (1) the service is incidental to the person's regular

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nonteaching occupation; and (2) the applicable vocational technical school stipulates annually in advance that the part time teaching service will not exceed 300 hours in a fiscal year; and (3) the part time teaching service actually does not exceed 300 hours in a fiscal year.

(t) ~~A person~~ Persons exempt from licensure pursuant to section 125.031.

Sec. 2. Minnesota Statutes 1986, section 353.01, subdivision 10, is amended to read:

Subd. 10. **SALARY.** "Salary" means the periodical compensation of any public employee, before deductions for deferred compensation or supplemental retirement plans, and also means "wages" and includes net income from fees. Fees paid to district court reporters shall not be considered a salary. Lump sum annual leave payments and severance payments shall not be deemed to be salary. Prior to the time that all sick leave has been used, amounts paid to an employee pursuant to a disability insurance policy or program where the employer paid the premiums shall be considered salary, and after all sick leave has been used, the payment shall not be considered salary. Workers' compensation payments shall not be considered salary. For any public employee who has prior service covered by a local police or firefighters relief association which has consolidated with the public employees police and fire fund and who has elected coverage by the public employees police and fire fund benefit plan as provided in section 15 following the consolidation, the term means the rate of salary upon which member contributions to the special fund of the relief association were made prior to the effective date of the consolidation as specified in the applicable general law, special law, and bylaw provisions governing the relief association as of the date of the initiation of the consolidation procedure and the actual periodical compensation of the public employee after the effective date of the consolidation.

Sec. 3. Minnesota Statutes 1986, section 353.01, subdivision 16, is amended to read:

Subd. 16. **ALLOWABLE SERVICE.** "Allowable service" means:

(1) Service during years of actual membership in the course of which employee contributions were currently made; periods covered by payments in lieu of salary deductions made as provided in section 353.35, and 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.

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

(3) Any period of authorized leave of absence without pay which does not exceed one year, and during or for which a member obtained credit by payments to the fund made in lieu of salary deductions, provided that such payments are

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made in an amount or amounts based on the member's average salary on which deductions were paid (a) for the last six months of public service, or (b) that portion of the last six months while the member was in public service, to apply to the period in either case immediately preceding commencement of such leave of absence; provided, however, that if the employee elects to pay employee contributions for the period of any leave of absence without pay, or for any portion thereof, the employee shall also, as a condition to the exercise of such election, pay to the fund an amount equivalent to both the required employer and additional employer contributions therefor, such payment to be made currently or within one year from the date the leave of absence terminates, unless the employer by appropriate action of its governing body and made a part of its official records, prior to the date of the first payment of such employee contribution, certifies to the association in writing that it will cause to be paid such employer and additional employer contributions from the proceeds of a tax levy made pursuant to section 353.28. Payments under this clause shall include interest at the rate of six percent per annum from the date of the termination of the leave of absence to the date payment is made.

(4) Any period during which a member is on an authorized sick leave of absence, without pay limited to one year, or an authorized temporary layoff.

(5) Any period during which a member is on an authorized leave of absence to enter military service, provided that the member returns to public service upon discharge from military service pursuant to section 192.262, and pays into the fund employee contributions based upon the employee's salary at the date of return from military service. After June 30, 1983 payment must be made within five years of the date of discharge from the military service. The amount of these contributions shall be in accord with the contribution rates and salary limitations, if any, in effect during such leave, plus interest thereon at six percent per annum compounded annually from the date of return to public service to the date payment is made. In such cases the matching employer contribution and additional employer contribution provided in section 353.27, subdivisions 3 and 3a, shall be paid by the department employing such member upon return to public service and the governmental subdivision involved is hereby authorized to appropriate money therefor. Such member shall not receive credit for any voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction or call to active duty.

(6) 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, Minnesota Statutes 1984, chapter 401, and transferred into county service under Minnesota Statutes 1984, section 401.04, allowable service means combined years of allowable service as defined in Minnesota Statutes 1984, section 352.01, subdivision 11, and Minnesota Statutes 1984, section 353.01, subdivision 16, paragraphs (1) to (5).

(7) For any public employee who has prior service covered by a local police or firefighters relief association which has consolidated with the public employ-

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ees police and fire fund, and who has elected coverage by the public employees police and fire fund benefit plan as provided in section 15 following the consolidation, any period of service credited by the local police or firefighters relief association as of the effective date of the consolidation based on the applicable general law, special law, and bylaw provisions governing the relief association as of the date of the initiation of the consolidation procedure.

Sec. 4. Minnesota Statutes 1986, section 353.271, is amended to read:

353.271 PARTICIPATION IN MINNESOTA POSTRETIREMENT INVESTMENT FUND.

Subdivision 1. **AUTHORIZATION.** The public employees retirement association, including the public employees police and fire fund but excluding the various local relief association consolidation accounts, is hereby authorized to participate in the Minnesota postretirement investment fund. There shall be one general participation in the Minnesota postretirement investment fund for all purposes by the public employees retirement association fund and one general participation in the Minnesota postretirement investment fund for all purposes by the public employees police and fire fund.

Subd. 2. **VALUATION OF ASSETS; ADJUSTMENT OF BENEFITS.**

(1) ~~For members retiring,~~ The required reserves for retirement annuities payable as provided in this chapter other than those payable from the various local relief association consolidation accounts, as determined in accordance with the appropriate mortality table adopted by the board of trustees based on the experience of the fund as recommended by the actuary retained by the legislative commission on pensions and retirement, and using the postretirement interest assumption specified in section 356.215, subdivision 4d, shall be transferred to the Minnesota postretirement investment fund as of the date of retirement.

(2) Annuity payments other than those payable from the various local relief association consolidation accounts shall be adjusted in accordance with the provisions of section 11A.18.

(3) Notwithstanding section 356.18, increases in payments pursuant to this section or from the various local relief association consolidation accounts, if applicable, will be made automatically unless the intended recipient files written notice with the public employees retirement association requesting that the increase shall not be made.

Sec. 5. Minnesota Statutes 1986, section 353.64, subdivision 1, is amended to read:

Subdivision 1. **POLICE AND FIRE FUND MEMBERSHIP.** Any person who prior to July 1, 1961, was a member of the police and fire fund, by virtue of being a police officer or firefighter, shall as long as the person remains in either position, be deemed to continue membership in the fund. Any person who was employed by a governmental subdivision as a police officer and was a member

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of the police and fire fund on July 1, 1978 by virtue of being a police officer as defined by this section on that date shall be entitled, if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date, to continue membership in the fund whether or not that person has the power of arrest by warrant after that date. Any person who was employed by a governmental subdivision as a police officer or a firefighter, whichever applies, was an active member of the local police or salaried firefighters relief association located in that governmental subdivision by virtue of that employment as of the effective date of the consolidation as authorized by sections 8 to 17, and has elected coverage by the public employees police and fire fund benefit plan, shall be considered to be a member of the police and fire fund after that date if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date. Any other employee serving on a full-time basis as a police officer or firefighter on or after July 1, 1961, shall become a member of the public employees police and fire fund. Any employee serving on less than a full-time basis as a police officer shall become a member of the public employees police and fire fund only after a resolution is adopted by the governing body of the governmental subdivision employing the person declaring that the position which the person holds is that of a police officer. Any employee serving on less than a full-time basis as a firefighter, other than a volunteer firefighter, shall become a member of the public employees police and fire fund only after a resolution is adopted by the governing body of the governmental subdivision employing the person declaring that the position which the person holds is that of a firefighter. Any police officer or firefighter, other than a volunteer firefighter, employed by a governmental subdivision who by virtue of that employment is required by law to be a member of and to contribute to any other pension, police or firefighter relief, or retirement fund established for the benefit of officers or employees of a governmental subdivision association governed by section 69.77 which has not consolidated with the public employees police and fire fund and for which the employee has not elected coverage by the public employees police and fire fund benefit plan as provided in sections 8 to 17 other than a volunteer firefighters relief association to which sections 69.771 to 69.776 apply shall not be a member of this fund.

Sec. 6. Minnesota Statutes 1986, section 353.65, subdivision 1, is amended to read:

Subdivision 1. There is a special fund known as the "public employees police and fire fund." In that fund there shall be deposited employee contributions, employer contributions and other amounts authorized by law including all employee and employer contributions of members transferred. Within the public employees police and fire fund are accounts for each municipality known as the "local relief association consolidation accounts," which are governed by section 16.

Sec. 7. **[353.659] LOCAL RELIEF ASSOCIATION CONSOLIDATION ACCOUNT BENEFITS.**

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

For any person who has prior service covered by a local police or firefighters relief association which has consolidated with the public employee police and fire fund and who has elected coverage by the public employees police and fire fund benefit plan as provided in section 15 following the consolidation, any retirement benefits payable shall be governed by the applicable provisions of this chapter. For any person who has prior service covered by a local police or firefighters relief association which has consolidated with the public employees police and fire fund and who has not elected coverage by the public employees police and fire fund benefit plan as provided in section 15 following the consolidation, any retirement benefits payable shall be governed by the provisions of sections 18 to 30 which apply to the relief association.

Sec. 8. [353A.01] LEGISLATIVE INTENT AND POLICY.

Subdivision 1. VOLUNTARY CONSOLIDATION AUTHORIZED. It is the intent and policy of the legislature in sections 8 to 17 to authorize, on a voluntary elective basis, any local police or salaried firefighters relief association and the respective municipality to effect the consolidation of the local relief association into the public employees police and fire fund established by chapter 353.

Subd. 2. SAVINGS CLAUSE. A consolidation under sections 1 to 33 does not impair or diminish benefits for an active, deferred, or retired member or a survivor of an active, deferred, or retired member who elects to retain benefits under the relief association plan in existence at the time of a consolidation.

Sec. 9. [353A.02] DEFINITIONS.

Subdivision 1. GENERALLY. When used in sections 8 to 17, each of the following words and phrases shall have the meaning ascribed to it in this section unless the context clearly indicates otherwise.

Subd. 2. ACTIONS PRELIMINARY. "Actions preliminary to consolidation finalization" means those actions undertaken by the commission, the state board, the public employee retirement association, the local police or firefighters relief association, and the municipality following initiation of the consolidation procedure as provided in section 11.

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

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

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

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

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

Subd. 8. COMMISSION. "Commission" means the legislative commission on pensions and retirement established by section 3.85.

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

Subd. 10. EFFECTIVE DATE OF THE CONSOLIDATION. "Effective date of the consolidation" means the date on which the consolidation shall occur as determined under section 13.

Subd. 11. EXISTING RELIEF ASSOCIATION BENEFIT PLAN. "Existing relief association benefit plan" means the benefit plan of the relief association in effect on the day before the initiation of the consolidation procedure as provided in section 11.

Subd. 12. FUND. "Fund" means the public employees police and fire fund established by sections 353.63 to 353.68.

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

Subd. 14. INELIGIBLE INVESTMENTS. "Ineligible investments" means any investment security or other asset held by the relief association at or after the initiation of the consolidation procedure which does not comply with the applicable requirements or limitations of sections 11A.09, 11A.18, 11A.19, 11A.23, and 11A.24.

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Subd. 15. LOCAL POLICE OR FIREFIGHTERS RELIEF ASSOCIATION. “Local police or firefighters relief association” means a relief association governed by section 69.77, including the Duluth firefighters relief association, the Duluth police pension association, the St. Paul fire department relief association, and the St. Paul police relief association, but does not mean the Bloomington fire department relief association or a relief association that is a member of the Minnesota police pension council or the Minnesota professional firefighters pension council.

Subd. 16. LOCAL RELIEF ASSOCIATION CONSOLIDATION ACCOUNTS. “Local relief association consolidation accounts” means the special accounts created within the fund by sections 6, and 16, subdivision 1.

Subd. 17. MAJORITY VOTE. “Majority vote” means:

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

(2) for a relief association that would not have met the definition of a local police or firefighters relief association under section 9, subdivision 15, on January 1, 1987, a number of votes that equals or exceeds 50 percent of the membership of the relief association.

Subd. 18. MEMBERSHIP OF THE RELIEF ASSOCIATION. “Membership of the relief association” means the active, deferred, disabled, and retired members and the survivors of active, deferred, disabled, and retired members of a relief association. Volunteer firefighters or their survivors may not be included in determining the membership of a relief association.

Subd. 19. MINIMUM REQUIRED PROPORTION OF RELIEF ASSOCIATION MEMBERSHIP. “Minimum required proportion of relief association membership” means ten percent of the membership of a local police or firefighters relief association or 30 percent of the membership of a relief association that would not have met the definition of a local police or firefighters relief association under section 9, subdivision 15, on January 1, 1987.

Subd. 20. MINNESOTA POSTRETIREMENT INVESTMENT FUND. “Minnesota postretirement investment fund” means the postretirement adjustment mechanism and investment fund established by section 11A.18.

Subd. 21. OTHER ITEMS OF VALUE. “Other items of value” means any real property, personal property, or interest in real or personal property not evidenced by or appropriately characterized as a security as that term is defined by section 524.1-201, clause (37).

Subd. 22. PENSION PLAN. “Pension plan” means the various aspects of the relationship between a municipality and its police officers or salaried firefighters, whichever applies, who are members of the local police or firefighters relief

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association regarding the retirement benefit coverage provided by the relief association.

Subd. 23. POSTRETIREMENT ADJUSTMENT. "Postretirement adjustment" means any periodic or regular procedure for modifying the amount of a retirement annuity, service pension, disability benefit, or survivor benefit after the start of that annuity, pension, or benefit, including but not limited to modifications of amounts from the Minnesota postretirement investment fund under section 11A.18, subdivision 9, or any benefit escalation or benefit amount modification based on changes in the salaries payable to active police officers or salaried firefighters or changes in a cost-of-living index as provided for in the existing relief association benefit plan.

Subd. 24. PUBLIC EMPLOYEES POLICE AND FIRE FUND BENEFIT PLAN. "Public employees police and fire fund benefit plan" means the provisions of sections 353.63 to 353.68, any general provisions of chapter 353 which may be applicable, any applicable provisions of chapter 11A or 356, any applicable provisions of any rules issued by the board of the public employees retirement association and any applicable amendments in those statutes or rules.

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

Subd. 26. REFERENDUM. "Referendum" means a vote of the total membership of a relief association on the question of the consolidation of the relief association with the fund as provided in section 11 which shall occur upon the initiation of the consolidation and shall be conducted through the use of a mailed secret, written ballot and in accordance with procedures established by the board of trustees of the relief association for the issuance and collection of ballots.

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

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

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

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

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

Subd. 29. STATE BOARD. "State board" means the state board of investment operating under chapter 11A.

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

Sec. 10. [353A.03] VOLUNTARY CONSOLIDATION OPTION. Notwithstanding any provision of law to the contrary, any local police or firefighters relief association, as defined in section 9, subdivision 15, may consolidate with the public employees police and fire fund as provided in sections 8 to 17.

Sec. 11. [353A.04] CONSOLIDATION PROCEDURE.

Subdivision 1. SOURCE OF CONSOLIDATION INITIATION. The consolidation of a relief association may be initiated by the minimum required proportion of the relief association membership.

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

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

Subd. 4. MEMBERSHIP REFERENDUM PROCEDURE. The resolution of the board of trustees setting forth the membership referendum procedure shall provide for a referendum by the membership of the relief association. The referendum must be conducted by a secret ballot in a manner agreeable to the

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chief administrative officer of the relief association and the representative of the municipality on the relief association board who is most senior in rank. The resolution must specify the language of the referendum question, the time and place for the referendum, the procedure for referendum balloting as provided in section 9, subdivision 26, and the form and content of any informational or explanatory materials that may be distributed with the referendum ballot. Approval or disapproval of consolidation shall be determined by majority vote. A ballot must be provided to each active, deferred, or retired member and to the survivors of active, deferred, or retired members. A relief association shall distribute ballots by mail to the last known addresses of members or survivors at least 30 days before the deadline for their return to the association. An active, deferred, disabled, or retired member is entitled to one vote. The survivor or survivors of an active, deferred, disabled, or retired member is entitled to one vote. If there is more than one survivor, the vote must be cast by the eldest survivor if that person is of the age of majority or, if not, by the guardian of the eldest survivor.

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

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

Subd. 7. CERTIFICATION OF APPROVAL. If a consolidation action is approved, the chief administrative officer of the municipality shall notify the executive director of the public employees retirement association, the executive director of the state board, the executive director of the commission, the commissioner of finance, the secretary of state, and the state auditor of the approval. The notification to the state auditor shall also contain a certification by the chief administrative officer of the municipality and by the secretary of the relief association that there was compliance with the procedures set forth in this section in approving that consolidation action and shall include a copy of any relevant documentation.

Subd. 8. FINAL MUNICIPAL APPROVAL. If a consolidation action is approved, the remaining actions preliminary to the finalization of the consolidation provided for in section 12 shall take place and consolidation shall occur pending final approval of the consolidation by the governing body of the municipality. Final action on the question of the approval of the consolidation by the governing body of the municipality shall occur at a public hearing held for that purpose and shall occur within one month of the conclusion of the remaining actions preliminary to the finalization of the consolidation. If the governing body of the municipality upon its final action on the consolidation disapproves

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the consolidation, or the deadline for the municipality to take final action upon the question of consolidation expires, the approvals by the relief association and the municipality to initiate the consolidation shall no longer be effective.

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

Sec. 12. [353A.05] ACTIONS PRELIMINARY TO CONSOLIDATION FINALIZATION.

Subdivision 1. COMMISSION ACTIONS. Upon initiation of consolidation as provided in section 11, the executive director of the commission shall direct the actuary retained by the commission to undertake the preparation of the actuarial calculations necessary to complete the consolidation.

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

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value of the initial postretirement adjustment anticipated by the executive director of the state board as payable after the effective date of the consolidation from the Minnesota postretirement investment fund under section 11A.18.

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

Upon completion of the actuarial calculations required by this subdivision, the actuary retained by the commission shall issue a report in the form of an appropriate summary of the actuarial calculations and shall provide a copy of that report to the executive director of the commission, the executive director of the public employees retirement association, the chief administrative officer of the relief association, the chief administrative officer of the municipality in which the relief association is located, the state auditor, and the legislative auditor.

Subd. 2. STATE BOARD ACTIONS. Upon approval of consolidation by the membership as provided in section 11, the executive director of the state board shall review the existing investment portfolio of the relief association for compliance with the requirements and limitations set forth in sections 11A.09, 11A.14, 11A.18, 11A.23, and 11A.24 and for appropriateness for retention in the light of the established investment objectives of the state board. The executive director of the state board, using any reporting service retained by the state board, shall determine the approximate market value of the existing assets of the relief association upon the effective date of consolidation and the transfer of assets from the relief association to the individual relief association consolidation accounts at market value.

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

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

Subd. 3. FUND ACTIONS. Upon approval of consolidation by the membership as provided in section 11, the executive director of the public employees retirement association shall request from the relief association and the municipality the information necessary to allow the fund to complete the consolidation, which at a minimum shall include the information required to be provided to the executive director of the commission and to the actuary retained by the commission by subdivision 1. The chief administrative officer of the relief

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association and the chief administrative officer of the municipality shall provide the requested information in a timely manner. The data shall be reported on forms or in a manner prescribed by the executive director of the public employees retirement association. The data shall be current as of the date of the approval of the consolidation by the membership and shall thereafter include updated data on a monthly basis following the initial collection of data, also in the manner or on forms prescribed by the executive director of the public employees retirement association. The chief administrative officer of the municipality and the chief administrative officer of the relief association shall certify as to the accuracy of the data reported to the public employees retirement association, and the public employees retirement association may rely on that data without undertaking any affirmative duty to verify the data.

Sec. 13. [353A.06] FINALIZATION OF CONSOLIDATION.

Upon the completion of the applicable actions preliminary to consolidation finalization under section 12, each entity shall report the result of those actions to the relief association and to the municipality. Upon final approval by the municipality as provided in section 11, subdivision 8, the consolidation of the relief association with the public employee police and fire fund shall be scheduled to occur. The consolidation shall be effective as of the date established for consolidation by the board of the public employees retirement association. The effect of the consolidation shall be as provided in sections 14 to 16.

Sec. 14. [353A.07] EFFECT ON ADMINISTRATION.

Subdivision 1. TRANSFER OF ADMINISTRATION. On the effective date of consolidation, the administration of the special fund and the benefit plan of the relief association is transferred to the executive director and the board of trustees of the public employees retirement association.

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

Subd. 3. TRANSFER OF ASSETS. On the effective date of consolidation, the chief administrative officer of the relief association shall effect the transfer of the entire assets of the special fund of the relief association to the fund. The transfer may include any investment securities of the special fund which are not determined to be ineligible or inappropriate by the executive director of the state board under section 12, subdivision 2, at the market value of the investment security as of the effective date of the consolidation. The transfer shall

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include any accounts receivable determined by the executive director of the state board as capable of being collected. The transfer shall also include an amount, in cash, representing any remaining investment security or other asset of the special fund which was liquidated, after defraying any accounts payable.

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

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

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

Subd. 5. COSTS OF CONSOLIDATION. The reasonable and necessary costs arising from the actions of the commission, the state board, and the fund preliminary to consolidation as provided in section 12 shall be paid by the relief association from the special fund as those costs are incurred before the effective date of the consolidation and shall be considered to be authorized administrative expenses of the relief association for section 69.80.

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Subd. 6. POSTCONSOLIDATION BYLAW AMENDMENTS. Following the effective date of consolidation, if the relief association continues in the form of the general fund, the board of the relief association shall adopt the appropriate amendments to its bylaws and articles of incorporation to reflect its change in status and operation. The amendments shall be effective upon filing the applicable amendments with the executive director of the commission and with the state auditor and shall not require municipal ratification as provided in section 69.77, subdivision 2a.

Sec. 15. [353A.08] EFFECT ON BENEFIT COVERAGE.

Subdivision 1. ELECTION OF COVERAGE BY CURRENT RETIREES. Any person who is receiving a service pension, disability benefit, or survivorship benefit shall have the option to elect to have benefit coverage provided under the relevant provisions of the public employees police and fire fund benefit plan or to retain benefit coverage provided under the relief association benefit plan in effect on the effective date of the consolidation. The relevant provisions of the public employees police and fire fund benefit plan for the person electing that benefit coverage shall be limited to participation in the Minnesota postretirement investment fund for any future postretirement adjustments in the amount of the benefit or pension payable as of the effective date of the consolidation, the date as of which pension or benefit payments are to be paid and the termination of a survivor or disability benefit or suspension of a retirement annuity before the death of the person. The survivorship benefit payable on behalf of any service pension or disability benefit recipient who elects benefit coverage provided under the relevant provisions of the public employees police and fire fund benefit plan shall be calculated under the relief association benefit plan in effect on the effective date of the consolidation and shall be subject to participation in the Minnesota postretirement investment fund for any future postretirement adjustments in the amount of the survivorship benefit payable.

By electing the public employees police and fire fund benefit plan, any current service pension or disability benefit recipient who, as of the first January 1 occurring after the effective date of consolidation, has been receiving the pension or benefit for at least 18 months or any survivor benefit recipient who, as of the first January 1 occurring after the effective date of consolidation, has been receiving the benefit on the person's own behalf or in combination with a prior applicable service pension or disability benefit for at least 18 months shall be entitled to receive any adjustment payable from the Minnesota postretirement investment fund under section 11A.18 as of the first January 1 occurring after the effective date of consolidation.

The election by any pension or benefit recipient shall be made on or before the deadline established by the board of the public employees retirement association, which shall be established in a manner which recognizes the number of persons eligible to make the election and the anticipated time required to conduct any required benefit counseling.

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

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

Subd. 3. ELECTION OF COVERAGE BY ACTIVE MEMBERS. Any person who is employed as a police officer or as a firefighter other than a volunteer firefighter, whichever applies, by the municipality and is an active member of the relief association shall have the option to elect to have benefit coverage provided under the relevant provisions of the public employees police and fire fund benefit plan or to retain benefit coverage provided by the relief association benefit plan in effect on the effective date of consolidation. The relevant provisions of the public employee police and fire fund benefit plan for the person electing that benefit coverage shall be the relevant provisions of the public employee police and fire fund benefit plan applicable to retirement annuities, disability benefits, and survivor benefits, including participation in the Minnesota postretirement investment fund, but excluding any provisions governing the purchase of credit for prior service or making payments in lieu of member contribution deductions applicable to any period which occurred before the effective date of consolidation.

An active member shall be eligible to make an election at one of the following times:

(a) on or before the date occurring 180 days after the effective date of consolidation;

(b) after the date on which the active member attains the age of 49 years and six months and before the date on which the active member attains the age of 50 years; or

(c) on the date on which the active member terminates active employment as a police officer or firefighter, whichever applies, with the municipality in which the local relief association subject to consolidation was located.

Subd. 4. IRREVOCABLE ELECTION. Any election made under this section shall be irrevocable once it has been filed. Each election shall be made on a form prescribed by the executive director of the public employees retirement association and shall be filed with the executive director. If the current retiree,

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current benefit recipient, current deferred retiree, or current active member has, as of the effective date of consolidation or the election of benefit coverage, whichever applies, a spouse or other person who has reached the age of majority who under the benefit plan of the relief association would be entitled to receive a survivor benefit upon the death of the person making the election, the election made as provided in this section shall not be considered valid without a statement signed by the potential survivor and accompanying the election form which indicates that the potential survivor has been informed of the election and understands the consequences of the election.

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

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

Subd. 5. RETURNING DISABILITANTS; REEMPLOYED ANNUITANTS. Any person who is receiving a disability benefit from a consolidating local relief association as of the effective date of the consolidation and who recovers sufficiently from that disability following the effective date of the consolidation to allow for a return to active employment as a police officer or firefighter, whichever applies, with the municipality in which the consolidating relief association was located shall retain eligibility to the local relief association benefit plan only and shall not be entitled to elect the public employees police and fire fund benefit plan as an active member, even if the public employees police and fire fund benefit plan was elected as a benefit recipient.

Any person who becomes disabled following the effective date of the consolidation shall be entitled to make a benefit plan coverage election as an active member upon the termination of active employment and commencement of the disability benefit and, upon any return to active service, shall retain benefit plan coverage by the previously selected benefit plan coverage election.

Any person who retired from a consolidating local relief association before the effective date of the consolidation or retires after the effective date of the consolidation, who has elected coverage by the public employees police and fire fund benefit plan and who returns to active employment with an employing unit covered by the public employees retirement association following the effective date of consolidation shall be subject to the provisions of section 353.37, subdivision 1.

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Subd. 6. SPECIAL BENEFIT PROVISIONS. If the benefit plan of the relief association as of the date on which consolidation is initiated provides for special benefit coverage as specified in section 9, subdivision 28, any person who would have otherwise been entitled to that special benefit coverage shall retain entitlement upon consolidation to that special benefit coverage notwithstanding the election which the person makes regarding other aspects of the benefit coverage as provided in subdivision 1, 2, or 3. The special benefit coverage shall continue to be provided by the municipality and, if not provided through a contract with an insurance carrier which is authorized to do business in this state, shall be funded on an actuarial basis using the relevant provisions of section 69.77, with the establishment by the municipality of a special account within the general fund of the municipality for this special benefit coverage, to be managed by the chief administrative officer of the municipality, with disbursements limited to payments of the special benefit or benefits based on the relevant portion of the benefit plan of the relief association which existed as of the date on which consolidation is initiated.

No special account in the general fund of a municipality established to provide special preexisting benefit plan coverage as provided in this subdivision shall be deemed to be a supplemental pension plan under section 356.24 or a local governmental pension plan or fund under section 356.25.

Subd. 7. EFFECT OF COVERAGE BY LOCAL PLAN. A person who, under this section, elects benefit coverage under the relief association benefit plan, or who fails to make a timely election of coverage under the public employees retirement association police and fire fund benefit plan, is a member of the relief association as administered by the public employees retirement association and has a right to benefits under the relief association benefit plan in effect on the effective date of the consolidation.

Subd. 8. COUNSELING. The executive director of the public employees retirement association shall undertake all reasonable efforts to provide any necessary benefit counseling to persons who are entitled to make or who are affected by an election, if benefit counseling is requested by the person.

Sec. 16. [353A.09] EFFECT ON CONTRIBUTIONS AND FUNDING.

Subdivision 1. ESTABLISHMENT OF SPECIAL LOCAL RELIEF ASSOCIATION ACCOUNTS. The board of the public employees retirement association shall establish separate special accounts to be known as the local relief association consolidation account of each municipality that consolidates with the fund. In that account shall be credited the assets of the individual consolidating local relief association upon transfer, member contributions received after consolidation under subdivision 4, municipal contributions received after consolidation under subdivision 5, and a proportionate share of any investment income earned after consolidation by the public employees police and fire fund. From that individual account the transfer of any required reserves to the Minnesota postretirement investment fund on account of persons electing coverage by

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the public employees police and fire benefit plan under subdivisions 2 and 3 and section 353.271, subdivision 2 shall be made, the pension and benefit amounts on account of persons electing coverage by the relief association benefit plan under section 15 shall be paid, the benefit amounts not payable from the Minnesota postretirement investment fund on account of persons electing coverage by the public employees police and fire benefit plan under section 15 shall be paid and any direct administrative expenses related to the special account and the proportional share of the general administrative expenses of the fund shall be paid.

Except as otherwise provided for in this section the liabilities and the assets of each local relief association consolidation account must be considered for all purposes to be separate from the balance of the public employees police and fire fund and shall be subject to separate accounting and separate actuarial valuation, reported as a separate exhibit in any annual financial report or actuarial valuation report of the fund, whichever applies. The executive director of the public employees retirement association shall maintain separate accounting records for each consolidating local relief association and the balance in its account.

Subd. 2. INITIAL ALLOCATION OF ASSETS UPON CONSOLIDATION. As soon as is practicable following the effective date of consolidation, the executive director of the public employees retirement association shall transfer from the individual local relief association consolidation accounts to the Minnesota postretirement investment fund assets of that account equal to the required reserves for service pensions payable to persons electing coverage by the public employees police and fire fund benefit plan under section 15 and any potential survivor benefit payable on account of those persons as determined in accordance with the appropriate mortality table adopted by the board of the public employees retirement association based on the experience of the consolidating relief association or consolidating relief associations as recommended by the actuary retained by the legislative commission on pensions and retirement and using the applicable interest assumption specified in section 356.215, subdivision 4d. A transfer may be made only from the individual account for an electing person's municipality. The executive director may not transfer assets between individual local consolidation accounts, nor may the executive director transfer assets from the public employees retirement association to the Minnesota postretirement fund or to a local consolidation account to cover liabilities of an individual local consolidation account. If there are insufficient assets in a local consolidation account to provide for the transfer of assets to the Minnesota postretirement investment fund or to provide for benefit payments, the municipality shall immediately provide the local consolidation account with the assets necessary to make the transfer or benefit payments.

Subd. 3. SUBSEQUENT POSTRETIREMENT FUND TRANSFERS. Upon the retirement of any person who was entitled to a deferred service pension as of the effective date of consolidation or who was a current active member of the relief association as of the effective date of consolidation and who elects coverage by the public employees police and fire fund benefit plan under section 15,

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the executive director of the public employees retirement association shall transfer from that local relief association consolidation account to the Minnesota postretirement investment fund assets equal to the required reserves for that retirement annuity and any potential survivor benefit payable under section 353.271. The transfer for any person who was a current active member of the relief association as of the effective date of consolidation and elected coverage by the public employees police and fire fund benefit plan and who also has service credit as an employee of another governmental subdivision in the public employees police and fire fund shall be that amount of the total required reserves which bears the same relationship that the service as an active member of the consolidating relief association bears to the total public employees police and fire fund membership. A transfer may be made only from the individual account for an electing person's municipality. The executive director may not transfer assets between individual municipal accounts, nor may the executive director transfer assets from the public employees retirement association to the Minnesota postretirement fund or to a local consolidation account to cover liabilities of an individual local consolidation account. If there are insufficient assets in a local consolidation account to provide for the transfer of assets to the Minnesota postretirement investment fund or to provide for benefit payments, the municipality shall immediately provide the local consolidation account with the assets necessary to make the transfer or benefit payments.

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

(1) if the person has elected coverage by the public employees police and fire fund benefit plan under section 15, the applicable member contribution rate shall be that rate specified in section 353.65, subdivision 2, and the applicable salary rate to which the member contribution rate applies shall be the actual salary of the person, as defined in section 353.01, subdivision 10; and

(2) if the person has not elected coverage by the public employees police and fire fund benefit plan under section 15, the applicable member contribution rate shall be the rate specified in section 69.77, subdivision 2a, or the rate specified in the applicable general law, special law or bylaw provision governing the relief association as of the date of the initiation of consolidation, whichever is greater, and the applicable salary rate to which the member contribution rate applies shall be the salary rate specified in the applicable general law, special law or bylaw provision governing the relief association as of the date of the initiation of consolidation or the actual salary of the person, including overtime pay and any regularly occurring special payments but excluding lump sum annual leave payments, worker's compensation payments and severance payments, whichever salary rate is greater.

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

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

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

(1) on behalf of persons who have elected coverage by the public employees police and fire fund benefit plan under section 15, the applicable regular municipal contribution rate shall be that specified in section 353.65, subdivision 3, and the applicable salary rate to which the regular municipal contribution rate applies shall be that specified in subdivision 4, clause (1); and

(2) on behalf of persons who have not elected coverage by the public employees police and fire fund benefit plan under section 15, the applicable regular municipal contribution rate shall be 12 percent and the applicable salary rate to which the regular municipal contribution rate applies shall be that specified in subdivision 4, clause (2).

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

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

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

(c) Regular municipal contributions shall be made in the manner provided in section 353.28. Additional municipal contributions shall be paid during the calendar year following the annual certification of the amount of the annual additional municipal contribution by the executive director of the public employees retirement association and, if made during the month of January, shall be payable without any interest, or if made after January 31, but before the next following December 31, shall be payable with interest for the period since

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January 1 at a rate which is equal to the preretirement interest rate assumption specified in section 356.215, subdivision 4d, applicable to the fund expressed as a monthly rate and compounded on a monthly basis or if made after December 31 of the year in which the additional municipal contribution is due shall be payable with interest at a rate which is four percent greater than the highest interest rate assumption specified in section 356.215, subdivision 4d, expressed as a monthly rate and compounded monthly from January 1 of the year in which the additional municipal contribution is due until the date on which payment is made.

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

Subd. 7. ACTUARIAL REPORTING. In any actuarial valuation of the fund prepared by the actuary retained by the commission or any supplemental actuarial valuation of the fund prepared by an approved actuary retained by the executive director of the public employees retirement association, there shall be included an exhibit setting forth the actuarial accrued liability, current assets, unfunded actuarial accrued liability, normal cost, amortization requirement, and net actuarial experience gain or loss for the individual local relief association consolidation account and any other relevant items prepared in accordance with the applicable provisions of section 356.215.

Sec. 17. [353A.10] MISCELLANEOUS PROVISIONS.

Subdivision 1. PROHIBITION ON SERVICE CREDIT PURCHASES AND REPAYMENT OF REFUNDS. No member of the public employees retirement association or of the fund who has credit for service rendered before the consolidation as a member of a local police or firefighters relief association which has consolidated with the fund shall be entitled to purchase credit for that prior local relief association service, make payments in lieu of member contribution deductions for that prior local relief association service, or repay any refund of member contributions previously taken.

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

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

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

Subd. 2. COLLECTION OF LATE CONTRIBUTIONS. In the event of a refusal by a municipality in which was located a local police or firefighters relief association which has consolidated with the fund to pay to the fund any amount or amounts due under section 16, subdivisions 2 to 6, the executive director of the public employees retirement association may notify the department of revenue, the department of finance, and the state auditor of the refusal and commence the necessary procedure to collect the amount or amounts due from the amount of any state aid under sections 69.011 to 69.051, amortization state aid under section 423A.02, or supplemental amortization state aid under Laws 1984, chapter 564, section 48, as amended by Laws 1986, chapter 359, section 20, which is payable to the municipality or to certify the amount or amounts due to the county auditor for inclusion in the next tax levy of the municipality or for collection from other revenue available to the municipality, or both.

Subd. 3. LEVY AND BONDING AUTHORITY. A municipality in which was located a local police or firefighters relief association which has consolidated with the fund may issue special obligation bonds of the municipality to defray all or a portion of the principal amounts specified in section 16, subdivisions 2 to 6, or certify to the county auditor an additional special levy in the amount necessary to defray all or a portion of the principal amount specified in section 16, subdivisions 2 to 6, or the annual amount specified in section 16, subdivisions 2 to 6. Notwithstanding any law to the contrary, any additional special levy shall not be included in any limitation concerning rate or amount established by charter or law and shall be a special levy for the purposes of section 275.50, subdivision 5, clause (o) and any municipal bond issued shall not be included in the net debt of the municipality for purposes of any charter or statutory debt limitation nor shall any tax levy for the payment of bond principal or interest be subject to any limitation concerning rate or amount established by charter or law.

Subd. 4. REFUND OF CERTAIN MEMBER CONTRIBUTION AMOUNTS. (a) The following persons shall be entitled to receive a refund of certain member contribution amounts under paragraph (b):

(1) Any person who was an active member of a local police or firefighters relief association upon its consolidation with the fund, who does not elect coverage by the public employees police and fire benefit plan and who commences receipt of a service pension or a disability benefit from the local relief association consolidation account; or

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

(b) The refund of certain member contribution amounts shall be the amount by which any member contributions made to the local relief association consolidation account under section 16, subdivision 4, exceeds the amount of employee or member contributions which would have been payable to the local relief association as provided in the benefit plan in effect on the effective date of consolidation, plus interest at the rate of six percent, compounded quarterly, from the date on which the contribution was made until the date on which the refund is paid.

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

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

Subd. 6. ALLOCATION OF STATE AID. Any municipality in which was located a local police or firefighters relief association which has consolidated with the fund shall allocate to meet the municipal contribution and additional municipal contribution requirements as provided in section 16, subdivision 6, an appropriate portion of any fire or police state aid under sections 69.011 to 69.051, any fire insurance premium tax surcharge, any amortization state aid under section 423A.02 or any supplemental amortization state aid under Laws 1984, chapter 564, section 48, as amended by Laws 1986, chapter 359, section 20. State aids for pension purposes referred to in this subdivision that were exclusively for payment to pension funds must continue to be dedicated to that purpose.

Subd. 7. APPLICABILITY OF CHAPTER 353. The provisions of chapter 353 shall govern in all instances where not inconsistent with the provisions of sections 8 to 17 for the administration of each local relief association consolidation account.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 18. [353B.01] LOCAL RELIEF ASSOCIATION BENEFIT PLANS; APPLICATION.

The provisions of this chapter shall govern the benefit coverage and payment of benefits of any person who was a member of a local relief association consolidating with the public employees police and fire fund as provided in sections 8 to 17 and who elects to retain benefit coverage in the local relief association benefit plan as provided in section 15.

Sec. 19. [353B.02] DEFINITIONS.

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

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

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

Subd. 4. COVERED EMPLOYEE. "Covered employee" means a person who elects to retain benefit coverage in the local relief association benefit plan under section 15 and who remains employed in the position of a police officer or firefighter, whichever applies, after the effective date of the consolidation.

Subd. 5. DISABILITY. "Disability" means the inability by virtue of any medically determinable injury or illness to perform the employment duties of a police officer or firefighter, whichever applies, in the municipality in which the consolidating relief association was located.

Subd. 6. FUND. "Fund" means the public employees police and fire fund established by and operating under chapter 353.

Subd. 7. PRIOR SERVICE. "Prior service" means any period of military service rendered in between periods of service as a police officer or firefighter, whichever applies, in the municipality in which the consolidating relief association was located.

Subd. 8. RETIRED MEMBER. "Retired member" means any person who is receiving a service pension or disability benefit following termination of active employment as a police officer or firefighter, whichever applies, in the municipality in which the consolidating relief association was located.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 9. RETIREMENT. "Retirement" means the period following the termination of active employment as a police officer or firefighter, whichever applies, in the municipality in which the consolidating relief association was located and commencement of the payment of a service pension or disability benefit to the person.

Subd. 10. SALARY. (a) "Salary" for benefit computation and contribution purposes means the salary of a first class or first grade firefighter or patrol officer, whichever applies, for the former members of the following consolidating relief associations:

- (1) Anoka police relief association;
- (2) Austin firefighters relief association;
- (3) Austin police relief association;
- (4) Columbia Heights fire department relief association, paid division;
- (5) Columbia Heights police relief association;
- (6) Fairmont police benefit association;
- (7) Faribault fire department relief association;
- (8) Mankato fire department relief association;
- (9) Minneapolis fire department relief association;
- (10) Minneapolis police relief association;
- (11) Richfield fire department relief association;
- (12) Rochester fire department relief association;
- (13) Rochester police relief association;
- (14) St. Cloud fire department relief association;
- (15) St. Cloud police relief association;
- (16) St. Paul fire department relief association;
- (17) South St. Paul firefighters relief association;
- (18) West St. Paul firefighters relief association;
- (19) West St. Paul police relief association; and
- (20) Winona fire department relief association.

(b) "Salary" for benefit computation purposes means the salary of a first grade patrol officer for the second month of the previous fiscal year and for

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contribution purposes means the current salary of a first grade patrol officer, for the former members of the following consolidating relief associations:

- (1) Bloomington police relief association;
- (2) Crystal police relief association;
- (3) Fridley police pension association;
- (4) Richfield police relief association;
- (5) St. Louis Park police relief association; and
- (6) Winona police relief association.

(c) "Salary" for benefit computation purposes means the final salary and for contribution purposes means the current salary for the former members of the following consolidating relief associations:

- (1) Albert Lea firefighters relief association;
- (2) Albert Lea police relief association;
- (3) Buhl police relief association;
- (4) Chisholm firefighters relief association;
- (5) Crookston fire department relief association;
- (6) Crookston police relief association;
- (7) Faribault police benefit association;
- (8) Red Wing police relief association; and
- (9) Virginia fire department relief association.

(d) "Salary" for benefit computation purposes means the average earnings or salary for the final six months of employment before retirement and for contribution purposes means the current salary for the former members of the following consolidating relief associations:

- (1) Chisholm police relief association;
- (2) Hibbing firefighters relief association; and
- (3) Hibbing police relief association.

(e) "Salary" for benefit computation purposes means the greater of the final salary at retirement or the highest salary of a patrol officer and for contribution purposes means the greater of the current salary or the current highest salary of a patrol officer for the former members of the following consolidating relief associations:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(1) Brainerd police benefit association; and

(2) New Ulm police relief association.

(f) "Salary" for benefit computation and contribution purposes means the following for the former members of the consolidating relief associations as indicated:

(1) maximum pay of a firefighter, Duluth firefighters relief association;

(2) salary of a first class patrol officer with 16 years of service, Duluth police pension association;

(3) base salary for the rank currently held, plus longevity pay, pay for eligibility for next higher rank and pay for first aid care, Mankato police benefit association;

(4) average annual salary for highest three paid years for benefit computation purposes and current salary for contribution purposes, Red Wing fire department relief association;

(5) pay of the highest grade full time firefighter, St. Louis Park fire department relief association;

(6) maximum monthly pay of a patrol officer, St. Paul police relief association;

(7) prevailing base pay of rank held at retirement for benefit computation purposes and current salary for contribution purposes, South St. Paul police relief association; and

(8) prevailing pay for rank held for at least six months before retirement for benefit computation purposes and current salary for contribution purposes, Virginia police relief association.

Subd. 11. SALARY BASE. "Salary base" means the salary amount as defined in subdivision 10 to which a specified percentage rate or rates shall be applied in determining a service pension, disability benefit, or survivor benefit.

Subd. 12. YEAR OF ALLOWABLE SERVICE. "Year of allowable service" means any 12 calendar months, not necessarily consecutive, in which a member of a consolidating relief association received compensation for being a police officer or firefighter, whichever applies, from the municipality in which the consolidating relief association was located and was eligible to credit for service.

Sec. 20. [353B.03] COVERAGE AND TERMINATION OF COVERAGE.

Any person who was a member of a consolidating relief association and who is a police officer or firefighter, whichever applies, in the municipality in which the consolidating relief association was located on or after the effective date of consolidation shall be eligible for the applicable benefit coverage provided for in this chapter.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Upon termination of active employment in the position which gave rise to the eligibility of the person for coverage by this chapter, that eligibility for benefit coverage shall terminate.

Sec. 21. [353B.04] ADMINISTRATION.

The benefit coverage under this chapter shall be administered by the public employees retirement association. Unless otherwise specified and where not inconsistent with a provision of this chapter, the provisions of chapter 353 shall govern in the administration of this chapter.

Sec. 22. [353B.05] LOCAL RELIEF ASSOCIATION ACCOUNTS WITHIN FUND.

Subdivision 1. ACCOUNTS. The local relief association consolidation accounts are governed by section 16.

Subd. 2. MEMBER CONTRIBUTION RATES. (a) Except as provided in paragraph (b), the member contribution rate for all consolidating local relief association members shall be eight percent of salary.

(b) The member contribution rate shall be the following for the former members of the consolidating relief associations as indicated:

(1) The federal insurance contribution act percentage amount plus four percent applied to salary equal to or less than the Federal Social Security Act taxable wage base and four percent applied to salary in excess of the Federal Social Security Act taxable wage base, Mankato fire department relief association, and Mankato police benefit associations;

(2) 8.75 percent of salary, New Ulm police relief association; and

(3) 8.25 percent of salary, St. Cloud police relief association.

Subd. 3. ACCOUNT DISBURSEMENT RESTRICTED. A local relief association consolidation account shall be disbursed only for the purposes provided in sections 8 to 17 and this chapter. The amounts necessary to make authorized disbursements from a local relief association consolidation account are annually appropriated.

Sec. 23. [353B.06] TREASURER OF ACCOUNTS; INVESTMENT.

Subdivision 1. TREASURER. The state treasurer is the ex officio treasurer of the accounts as provided in section 353.05.

Subd. 2. INVESTMENT. The assets of the account shall be invested by the state board of investment as provided in section 353.06.

Sec. 24. [353B.07] SERVICE PENSIONS.

Subdivision 1. AGE AND SERVICE ELIGIBILITY REQUIREMENTS.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(a) Except as provided in paragraph (b), upon termination of active employment as a police officer or firefighter, whichever applies, in the city in which the consolidating local relief association was located, a person who was a member of a consolidating local relief association who has attained the age of at least 50 years and who has credit for at least 20 years of allowable service shall be entitled upon application to receive a service pension.

(b) The age and service eligibility requirements upon termination of active employment as a police officer or firefighter, whichever applies, in the city in which the consolidating local relief association was located for entitlement upon application for the receipt of a service pension shall be the following for the former members of the consolidating relief associations as indicated:

(1) attainment of the age of 55 years and the acquisition of credit for at least 20 years of allowable service, Chisholm firefighters relief association and Chisholm police relief association;

(2) attainment of the age of 60 years and the acquisition of credit for at least 20 years of allowable service, Crookston fire department relief association;

(3) attainment of the age of 50 years and the acquisition of credit for at least ten years of allowable service, Crookston police relief association;

(4) attainment of the age of 50 years and the acquisition of credit for at least ten years of allowable service, Fridley police pension association;

(5) attainment of the age of 55 years and the acquisition of credit for at least 20 years of allowable service, Hibbing firefighters relief association and Hibbing police relief association;

(6) attainment of the age of 50 years if first employed before January 1, 1968, or of the age of 55 years if first employed after December 31, 1967, and the acquisition of credit for at least 20 years of allowable service, Richfield fire department relief association;

(7) attainment of the age of 55 years and the acquisition of credit for at least 20 years of allowable service credit, Richfield police relief association;

(8) attainment of the age of 50 years if first employed prior to July 1, 1969, or of the age of 55 years if first employed after June 30, 1969, and the acquisition of credit for at least 20 years of allowable service, Rochester fire department relief association and Rochester police relief association; and

(9) attainment of the age of 55 years and the acquisition of credit for at least 20 years of allowable service, West St. Paul firefighters relief association.

Subd. 2. SERVICE PENSION. The service pension shall be the formula percentage rate or rates specified in subdivision 4 applied to the salary base cited in section 19, subdivision 11.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 3. FORMULA PERCENTAGE RATE. (a) The formula percentage rate shall be 2.333 percent per year of allowable service for each of the first 20 years of allowable service, 1.333 percent per year of allowable service for each year of allowable service in excess of 20 years but not in excess of 27 years, and .5 percent for each year of allowable service in excess of 25 years for the former members of the following consolidating relief associations:

- (1) Rochester fire department relief association;
- (2) Rochester police relief association;
- (3) St. Cloud fire department relief association;
- (4) St. Cloud police relief association;
- (5) St. Louis Park police relief association; and
- (6) Winona police relief association.

(b) The formula percentage rate shall be 2.5 percent per year of allowable service for each of the first 20 years of allowable service for the former members of the following consolidating relief associations:

- (1) Albert Lea police relief association;
- (2) Anoka police relief association;
- (3) Faribault fire department relief association;
- (4) Faribault police benefit association;
- (5) Mankato police benefit association;
- (6) Red Wing police relief association; and
- (7) West St. Paul police relief association.

(c) The formula percentage rate shall be 2.5 percent per year of allowable service for each of the the first 20 years of allowable service and .5 percent per year of allowable service for each year of service in excess of 25 years of allowable service for the former members of the following consolidating relief associations:

- (1) Austin firefighters relief association;
- (2) Austin police relief association;
- (3) South St. Paul firefighters relief association;
- (4) South St. Paul police relief association; and
- (5) Virginia police relief association.

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(d) The formula percentage rate shall be 2.1875 percent per year of allowable service for each of the first 20 years of allowable service and 1.25 percent per year of allowable service for each year of allowable service in excess of 20 years of allowable service but not in excess of 27 years of allowable service for the former members of the following consolidating relief associations:

- (1) Bloomington police relief associations; and
- (2) Columbia Heights police relief association.

(e) The formula percentage rate shall be 2.65 percent per year of allowable service for each of the first 20 years of allowable service and an additional annual benefit of \$120 per year of allowable service in excess of 20 years of allowable service but not in excess of 25 years of allowable service for the former members of the following consolidating relief associations:

- (1) Hibbing firefighters relief association; and
- (2) Hibbing police relief association.

(f) The formula percentage rate or rates shall be the following for the former members of the consolidating relief associations as indicated:

(1) 2.5 percent per year of allowable service for each of the first 20 years of allowable service, one percent per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, and 1.5 percent per year of allowable service in excess of 25 years of allowable service, Albert Lea firefighters relief association;

(2) the greater of 2.5 percent per year of allowable service for each of the first 20 years of allowable service applied to the final salary base, or two percent per year of allowable service for each of the first 20 years of allowable service applied to top grade patrol officer's salary base, Brainerd police relief association;

(3) 4.25 percent per year of allowable service for each of the first 20 years of allowable service and an additional benefit of \$10 per month per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, Buhl police relief association;

(4) 2.5 percent per year of allowable service for each of the first 20 years of allowable service and an additional benefit of \$5 per month per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, Chisholm firefighters relief association;

(5) 2.5 percent per year of allowable service for each of the first 20 years of allowable service and an additional benefit of \$5 per month per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service and .5 percent per year of allowable service in excess of 25 years of allowable service, Chisholm police relief association;

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(6) 2.1875 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service and 1.75 percent per year of allowable service in excess of 25 years of allowable service, Columbia Heights fire department relief association, paid division;

(7) 2.5 percent per year of allowable service for each year of the first 20 years of allowable service and 1.5 percent per year of allowable service rendered after attaining the age of 60 years, Crookston fire department relief association;

(8) 2.5 percent per year of allowable service for each year of the first 30 years of allowable service, Crookston police relief association;

(9) 2.25 percent per year of allowable service for each year of the first 20 years of allowable service and 1.25 percent per year of allowable service in excess of 20 years of allowable service, but not more than 27 years of service, Crystal police relief association;

(10) 1.99063 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent for the 21st year of allowable service, and 2.5 percent per year of allowable service in excess of 21 years of allowable service but not more than 25 years of allowable service, Duluth firefighters relief association;

(11) 1.9875 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent for the 21st year of allowable service, and 2.5 percent per year of allowable service in excess of 21 years of allowable service but not more than 25 years of allowable service, Duluth police relief association;

(12) 2.5 percent per year of allowable service for each year of the first 20 years of allowable service, and two percent per year of allowable service in excess of 20 years but not more than 25 years of allowable service and not to include any year of allowable service rendered after attaining the age of 55 years, Fairmont police benefit association;

(13) two percent per year of allowable service for each year of the first ten years of allowable service, 2.67 percent per year of allowable service in excess of ten years of allowable service but not more than 20 years of allowable service and 1.3333 percent per year of allowable service in excess of 20 years of service but not more than 27 years of allowable service, Fridley police pension association;

(14) 2.5 percent per year of allowable service for each year of the first 20 years of allowable service and an additional annual amount of \$30 per year of allowable service in excess of 20 years of allowable service but not more than 30 years of allowable service, Mankato fire department relief association;

(15) 2.0625 percent per year of allowable service for each year of the first 20

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years of allowable service, 1.25 percent per year of allowable service in excess of 20 years of allowable service but not more than 24 years of allowable service and five percent for the 25th year of allowable service, Minneapolis fire department relief association;

(16) 2.125 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent per year of allowable service in excess of 20 years of allowable service but not more than 24 years of allowable service, and five percent for the 25th year of allowable service, Minneapolis police relief association;

(17) the greater of 2.5 percent per year of allowable service for each of the first 20 years of allowable service applied to the final salary base, or two percent per year of allowable service for each of the first 20 years of allowable service applied to highest patrol officer's salary base plus .5 percent of the final salary base per year of allowable service for each of the first three years of allowable service in excess of 20 years of allowable service, New Ulm police relief association;

(18) two percent per year of allowable service for each of the first 25 years of allowable service and 1.5 percent per year of allowable service in excess of 25 years of allowable service, Red Wing fire department relief association;

(19) 2.55 percent per year of allowable service for each of the first 20 years of allowable service, Richfield fire department relief association;

(20) 2.4 percent per year of allowable service for each of the first 20 years of allowable service and 1.3333 percent per year of allowable service in excess of 20 years of allowable service but not more than 27 years of allowable service, Richfield police relief association;

(21) for a former member with less than 20 years of allowable service on June 16, 1985, 2.6 percent, and for a former member with 20 or more years of allowable service on June 16, 1985, 2.6175 percent for each of the first 20 years of allowable service and, for each former member, one percent for each year of allowable service in excess of 20 years, but no more than 30 years, St. Louis Park fire department relief association;

(22) 1.9375 percent per year of allowable service for each of the first 20 years of allowable service, 2.25 percent per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, and .5 percent per year of allowable service in excess of 25 years of allowable service, St. Paul fire department relief association;

(23) two percent per year of allowable service for each of the first 25 years of allowable service and .5 percent per year of allowable service in excess of 25 years of allowable service, St. Paul police relief association;

(24) 2.25 percent per year of allowable service for each of the first 20 years

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of allowable service and one percent per year of allowable service in excess of 20 years but not more than 25 years of allowable service and .5 percent per year of allowable service in excess of 25 years, Virginia fire department relief association;

(25) two percent per year of allowable service for each of the first 20 years of allowable service, one percent per year of allowable service in excess of 20 years but not more than 24 years of allowable service, three percent for the 25th year of allowable service and one percent per year of allowable service in excess of 25 years of allowable service but not more than 30 years of allowable service, West St. Paul firefighters relief association; and

(26) 2.333 percent for each of the first 20 years of allowable service, 1.333 percent for each year of allowable service in excess of 20 years but no more than 28 years, and .5 percent for each year of allowable service in excess of 25 years, Winona fire department relief association.

Subd. 4. APPLICATION. The application for a service pension shall be made in writing on a form prescribed by the executive director of the public employees retirement association by the person entitled to the service pension, or by a person authorized to act on the behalf of that person, and shall be accompanied by appropriate substantiation in writing of the age of the person entitled to the service pension.

Subd. 5. ACCRUAL. A service pension governed by this section shall accrue as provided in section 353.29, subdivision 7.

Subd. 6. PAYMENT. Payment of a service pension governed by this section shall be made in accordance with section 353.29, subdivision 8.

Subd. 7. REEMPLOYMENT OF SERVICE PENSIONER. The reemployment of a person receiving a service pension governed by this section by the municipality in which the consolidating local relief association was located or any governmental subdivision as that term is defined in section 353.01, subdivision 6, shall not effect the amount of the service pension.

Sec. 25. [353B.08] DISABILITY BENEFITS.

Subdivision 1. DUTY DISABILITY ELIGIBILITY REQUIREMENTS. (a) For any former member of a consolidating relief association, upon termination of active employment as a police officer or firefighter, whichever applies, in the municipality in which the consolidating local relief association was located, any person who was a member of a consolidating local relief association who is not entitled to a service pension, who becomes disabled from an injury or illness arising out of or in the course of the line of duty shall be entitled upon application to receive a duty disability benefit.

(b) The additional requirement of the acquisition of credit for at least one month of allowable service credit shall apply for former members of the Winona fire department relief association.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 2. NONDUTY DISABILITY ELIGIBILITY REQUIREMENTS. (a) For any former member of a consolidating relief association, upon termination of active employment as a police officer or firefighter, whichever applies, in the municipality in which the consolidating local relief association was located, any person who was a member of a consolidating local relief association, who is not entitled to a service pension, who becomes disabled from an injury or illness which does not arise out of or does not occur in the course of the line of duty shall be entitled upon application to receive a nonduty disability benefit.

(b) The following additional requirement shall apply for the former members of the consolidating relief associations as indicated:

(1) the acquisition of credit for at least ten years of allowable service credit, Chisholm firefighters relief association; and

(2) the acquisition of credit for at least one month of allowable service credit, Winona fire department relief association.

Subd. 2a. CLASSES OF DISABILITIES IN CERTAIN INSTANCES. (a) Except as specified in paragraph (b), there shall be no classes of disabilities or disability benefits for former members of consolidating relief associations.

(b) The classes for disabilities and disability benefits shall be the following for the former members of the consolidating relief associations as indicated:

(1) A first class disability shall be a total inability to engage in any gainful employment resulting from any medically determinable injury or illness, a second class disability shall be an inability to engage in any gainful employment resulting from any medically determinable injury or illness which is greater than a 50 percent inability and less than a total inability, and a third class disability shall be an inability to engage in any gainful employment resulting from any medically determinable injury or illness which is less than a 50 percent inability but is an inability to perform the duties of a firefighter in the municipality, Hibbing firefighters relief association; and

(2) A disability shall be an inability to perform the duties of a firefighter in the municipality resulting from any medically determinable injury or illness, with a first class disability additionally requiring an inability to perform any manual labor, a second class disability additionally encompassing a disability less severe than a first class disability allowing for the performance of light manual labor or office work and a third class disability additionally encompassing a disability less severe than a second class disability allowing for the performance of manual labor which is less strenuous or demanding than light manual labor, Minneapolis fire department relief association.

Subd. 3. APPLICATION. Every claim or demand for a disability benefit shall be initiated by a written application on a form prescribed by the executive director of the public employees retirement association which shall be accompanied by medical evidence to support the claimed disability.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 4. MEDICAL EVIDENCE; BENEFIT ELIGIBILITY; DETERMINATION. The medical basis for the claimed disability and the eligibility for a disability benefit shall be evaluated by the medical advisor for the public employees retirement association. If the submitted medical evidence is not conclusive to establish the claimed disability and eligibility for a disability benefit, the medical advisor shall notify the executive director of the public employees retirement association of that situation and the executive director shall undertake referral of the applicant to the applicable medical consultants for examination and medical recommendation. The recommendation of the medical advisor and that of any medical consultants shall be reviewed by the executive director. If there is sufficient evidence of the claimed disability and eligibility for a disability benefit, the executive director of the public employees retirement association shall grant the person the disability benefit. An appeal of any adverse determination may be made to the board of the public employees retirement association.

Subd. 5. BENEFIT ACCRUAL. The benefit shall accrue from the first day of the month next following the commencement of the disability or the first day of the month next following the date on which any sick leave, annual leave or salary continuation payments cease.

Subd. 6. DUTY DISABILITY BENEFIT AMOUNT. (a) The duty disability benefit shall be an amount equal to the service pension amount to which the person would have been entitled if the person had credit for the greater of actual years of allowable service or 20 years of allowable service, had attained the minimum age for the receipt of a service pension and had applied for a service pension rather than a disability benefit for the former members of the following consolidating relief associations:

- (1) Albert Lea firefighters relief association;
- (2) Albert Lea police relief association;
- (3) Anoka police relief association;
- (4) Austin police relief association;
- (5) Buhl police relief association;
- (6) Chisholm police relief association;
- (7) Duluth police relief association;
- (8) Faribault fire department relief association;
- (9) Mankato police benefit association;
- (10) Minneapolis police relief association;
- (11) New Ulm police relief association;

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(12) Red Wing police relief association;

(13) St. Paul police relief association;

(14) South St. Paul police relief association; and

(15) Virginia police relief association.

(b) The duty disability benefit shall be an amount equal to 48 percent of the salary base for the former members of the following consolidating relief associations:

(1) Fridley police pension association;

(2) Richfield police relief association;

(3) Rochester fire department relief association;

(4) Rochester police relief association;

(5) St. Cloud fire department relief association;

(6) St. Cloud police relief association;

(7) St. Louis Park police relief association; and

(8) Winona police relief association.

(c) The duty disability benefit shall be an amount equal to 50 percent of the salary base for the former members of the following consolidating relief associations:

(1) Austin firefighters relief association;

(2) Crookston fire department relief association;

(3) Fairmont police benefit association;

(4) Mankato fire department relief association;

(5) Richfield fire department relief association;

(6) South St. Paul firefighters relief association; and

(7) Virginia fire department relief association.

(d) The duty disability benefit shall be an amount equal to 45 percent of the salary base for the former members of the following consolidating relief associations:

(1) Bloomington police relief association; and

(2) Crystal police relief association.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(e) The duty disability benefit shall be an amount equal to 40 percent of the salary base for the former members of the following consolidating relief associations:

- (1) West St. Paul firefighters relief association; and
- (2) West St. Paul police relief association.

(f) The duty disability benefit shall be the following for the former members of the consolidating relief associations as indicated:

(1) 40 percent of the top salary for a patrol officer, Brainerd police relief association;

(2) \$100 per month, Chisholm firefighters relief association;

(3) 37.5 percent of the salary base if the person has credit for less than ten years of allowable service, 43.75 percent of the salary base if the person has credit for more than nine years but less than 15 years of allowable service and 50 percent of the salary base if the person has credit for more than 14 years of allowable service credit, Columbia Heights fire department relief association, paid division;

(4) 43.75 percent of the salary base, Columbia Heights police relief association;

(5) 25 percent of the salary base if the person has credit for less than 12 years of allowable service and an additional amount equal to 2.5 percent of the salary base per year if allowable service for each year of allowable service in excess of 11 years of allowable service, not more than 50 percent, Crookston police relief association;

(6) 51.0625 percent of the salary base, Duluth firefighters relief association;

(7) 12.5 percent of the salary base if the person has credit for less than six years of allowable service, 2.5 percent of the salary base per year of allowable service if the person has more than five years of allowable service, but not more than 50 percent of the salary base, Faribault police benefit association;

(8) the dollar amount which equals the benefit which would be payable under chapter 176 for a comparable benefit which qualifies for a worker's compensation benefit for a first class disability, 75 percent of the amount payable in the event of a first class disability for a second class disability and 50 percent of the amount payable in the event of a first class disability for a third class disability, Hibbing firefighters relief association;

(9) \$120 per month, Hibbing police relief association;

(10) 51.25 percent of the salary base for a first class disability, 41.25 percent of the salary base for a second class disability, and 31.25 percent of the salary base for a third class disability, Minneapolis fire department relief association;

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(11) 40 percent of the salary base if the person has credit for less than 20 years of allowable service and two percent of the salary base per year of allowable service if the person has more than 19 years of allowable service, but not more than 50 percent, Red Wing fire department relief association;

(12) 50 percent of the salary base if the person has credit for less than 20 years of allowable service and an amount equal to the service pension amount to which the person would have been entitled based on the applicable amount of allowable service if the person had attained the minimum age for the receipt of a service pension and had applied for a service pension rather than a disability benefit and if the person has credit for at least 20 years of allowable service, St. Louis Park fire department relief association;

(13) 50 percent of the salary base if the person is not able to perform the duties of any other gainful employment, 39.375 percent of the salary base if the person is only able to perform the duties of light manual labor or office employment and 33.75 percent of the salary base if the person is able to perform the duties of other manual labor, St. Paul fire department relief association; and

(14) 42.667 percent of the salary base, Winona fire department relief association.

Subd. 7. NONDUTY DISABILITY BENEFIT AMOUNT. (a) Except as specified in paragraph (b) or (c), the nonduty disability benefit shall be an amount equal to the amount of the duty disability benefit.

(b) The nonduty disability benefit shall be the following for the former members of the consolidating relief associations as indicated:

(1) of the salary of a top patrol officer, 30 percent if the person has credit for less than ten years of allowable service and 40 percent if the person has credit for ten or more years of allowable service, Brainerd police benefit association;

(2) a percentage of the salary base ranging from 39.8125 percent to 51.0625 percent as determined by the executive director of the public employees retirement association based on the severity of the circumstances and the extent of disability of the person, applied in a uniform manner and reflective to the extent practicable or determinable to the past administrative practices of the board of the consolidating relief association before the effective date of the consolidation, Duluth firefighters relief association;

(3) two percent of the salary base per year of allowable service but in total not less than ten percent of the salary base and not more than 40 percent of the salary base, Red Wing fire department relief association;

(4) two percent of the salary base per year of allowable service but in total not more than 40 percent of the salary base, St. Paul police relief association; and

(5) 35 percent of the salary base, Virginia fire department relief association.

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(c) No nonduty benefit shall be payable from the Crookston fire department relief association.

Subd. 8. WORKERS' COMPENSATION OFFSET. (a) Except as specified in paragraph (b) and except to the extent that section 423A.14 applies, there shall be no reduction in the amount of any disability benefit by virtue of the receipt of any workers' compensation benefit or amount under chapter 176.

(b) The amount of any disability benefit payable shall be reduced by the amount of any workers' compensation benefit or amount received or receivable under chapter 176 for the former members of the following consolidating relief associations:

- (1) Crookston fire department relief association;
- (2) Red Wing police relief association; and
- (3) West St. Paul police relief association.

Subd. 9. OTHER BENEFIT OFFSETS. (a) Except as specified in paragraph (b) and except to the extent that section 423A.14 applies, there shall be no reduction in the amount of any disability benefit by virtue of any gainful compensation engaged in following the commencement of the disability benefit.

(b) The amount of any disability benefit payable shall be reduced by the amount by which the benefit and income from any gainful employment exceeds 120 percent of the salary base for the former members of the West St. Paul firefighters relief association.

Subd. 10. OTHER DISABILITY BENEFIT COVERAGE. (a) For former members of the Buhl police relief association, a disabled member shall be entitled to a short term disability benefit of \$8 per day for a maximum of 26 weeks, during which period no duty or nonduty disability benefit shall be payable.

(b) For former members of the Crookston police relief association, an additional benefit of \$25 per month for each child of the disabled person who has not attained the age of 18 years and who is actually dependent on the disabled person shall be payable, but in combination with the disability benefit payable as provided in subdivision 6 or 7, the total benefit shall not exceed 50 percent of the salary base.

Subd. 11. SUBSEQUENT MEDICAL REEXAMINATIONS. Periodically, upon the recommendation of the medical adviser appointed as provided in section 353.33, subdivision 6a, based on the medical nature of the initial qualifying disability and its potential for improvement or recovery, the executive director of the public employees retirement association shall have a former member of a consolidating relief association who is receiving a disability benefit reexamined and reevaluated for continued entitlement to a disability benefit. If, upon the recommendation of the medical adviser, the executive director determines that the person is no longer entitled to receive a disability benefit, the

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disability benefit shall be discontinued effective as of the first day of the second month following that determination and the person shall be considered for reemployment as a police officer or a firefighter, whichever applies, by the municipality in which the consolidating relief association was located.

Subd. 12. RETURN TO SERVICE. If a former member of a consolidating relief association who was receiving a disability benefit returns to active employment by a governmental subdivision, the disability benefit shall terminate, the person shall return to the appropriate active member status and shall retain any service credit rendered before the receipt of the disability benefit.

Subd. 13. RECOMPUTATION OF DISABILITY BENEFIT. (a) Except as additionally provided in paragraph (b), a disability benefit shall be recomputed as a service pension as provided in section 423A.11.

(b) A disability benefit shall be subject to the following recomputation as a service pension for the former members of the consolidating relief associations as indicated:

(1) for a person with 15 or more years of allowable service, the disability benefit shall be recomputed as a service pension upon the person attaining the age of 50 years based on credited allowable service, assuming a minimum of 20 years of service, Columbia Heights fire department relief association, paid division;

(2) for a person with more than 21 years of allowable service, the disability benefit shall be recomputed as a service pension upon the person attaining the age of 50 years based on credited allowable service, Crystal police relief association; and

(3) for a person with sufficient allowable service to result in a service pension amount greater than 40 percent of the salary base, the disability benefit shall be recomputed as a service pension upon the person attaining the age of 50 years based on credited allowable service, St. Paul police relief association.

Sec. 26. [353B.09] REFUND.

Subdivision 1. ENTITLEMENT. A former member of a consolidating relief association who terminates active employment as a police officer or firefighter, whichever applies, by the municipality in which the consolidating relief association is located, to whom no other benefit is payable and who is not reemployed by that or another governmental subdivision within a period of 30 days following the termination of employment shall be entitled to receive a refund.

Subd. 2. REFUND AMOUNT. (a) Except as provided in paragraph (b), (c), or (d), the refund payable to a person entitled as provided in subdivision 1 shall be the total amount of accumulated member contributions, without interest.

(b) The refund payable to a person entitled as provided in subdivision 1 shall be 75 percent of the total amount of accumulated member contributions, without interest, for the former members of the following consolidating relief associations:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

- (1) Bloomington police relief association;
- (2) Fridley police pension association;
- (3) Richfield police relief association;
- (4) Rochester fire department relief association;
- (5) Rochester police relief association;
- (6) St. Cloud police relief association;
- (7) St. Louis Park police relief association;
- (8) Winona fire department relief association; and
- (9) Winona police relief association.

(c) The refund payable to a person entitled as provided in subdivision 1 shall be \$500 plus \$100 per full year of allowable service in excess of five years of allowable service if the member terminates with at least five years of allowable service but less than 20 years of allowable service, for the former members of the Minneapolis police relief association.

(d) No refund shall be payable for the former members of the following consolidating relief associations:

- (1) Duluth firefighters relief association;
- (2) Duluth police pension association;
- (3) Minneapolis fire department relief association;
- (4) St. Paul fire department relief association; and
- (5) St. Paul police relief association.

Sec. 27. [353B.10] DEFERRED SERVICE PENSION.

Subdivision 1. ENTITLEMENT. (a) Except as specified in paragraph (b), any former member of a consolidating relief association who has terminated active employment, who has acquired sufficient allowable service credit but who has not attained the age applicable to that former member specified in section 24, subdivision 1, may, in lieu of any refund to which the person may be entitled, leave the amount of any accumulated member contributions in the local relief association consolidation account and thereby be entitled to a deferred service pension upon or after attaining the specified age.

(b) Any former member who has terminated active employment, may, in lieu of any refund to which the person may be entitled, leave the amount of any accumulated member contributions in the local relief association consolidation account and thereby be entitled to a deferred service pension upon or after attaining the applicable specified age if the person has acquired the amount of allowable service credit as indicated for the former members of the following consolidating relief associations:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(1) at least 20 years of allowable service if the member terminated active employment before attaining the age of 50 years, deferred until the attainment of the age of 50 years, or at least ten years of allowable service but less than 20 years of allowable service if the member terminated active employment before attaining the age of 57 years, deferred until the attainment of the age of 57 years, Albert Lea police relief association;

(2) any period of allowable service, deferred until the attainment of the age of 50 years if first employed before January 1, 1968, or until the attainment of the age of 55 years if first employed after December 31, 1967, Richfield fire department relief association;

(3) any period of allowable service, deferred to the age of 55 years, Richfield police relief association;

(4) at least ten years of allowable service, deferred until the latter of the attainment of the age of 50 years or the first day of the month following the date on which the person would have acquired 20 years of allowable service credit assuming continuous future service, St. Louis Park fire department relief association and St. Louis Park police relief association; and

(5) at least ten years of allowable service, deferred until the attainment of the age of 50 years, West St. Paul police relief association.

Subd. 2. DEFERRED SERVICE PENSION AMOUNT. (a) Except as specified in paragraph (b), the deferred service pension shall be in the amount calculated as provided in section 24.

(b) The deferred service pension shall be the following for the former members of the consolidating relief associations as indicated:

(1) for a deferred service pension based on at least ten years of allowable service but less than 20 years of allowable service, 2.5 percent of the salary base per year of allowable service, Albert Lea police relief association;

(2) the amount calculated as provided in section 24, but not more than 50 percent of the salary base, Crystal police relief association;

(3) 2.5 percent per year of allowable service of the salary base, but not to exceed 50 percent of the salary base, Richfield fire department relief association;

(4) the amount calculated as provided in section 24, but not more than 54.6667 percent of the salary base, if the person had at least 20 years of allowable service credit, or 2.3333 percent of the salary base per year of allowable service, but not more than 46.6667 percent of the salary base, if the person had less than 20 years of allowable service credit, and if the person dies before attaining the age of 55 years with less than 20 years of allowable service credit, no survivor benefits shall be payable but a refund as provided in section 26 shall be payable, Richfield police relief association;

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(5) the amount calculated as provided in section 24, but not more than 53.3333 percent of the salary base, St. Cloud fire department relief association and St. Cloud police relief association;

(6) the amount calculated as provided in section 24, but not more than 56 percent of the salary base, if the person had at least 20 years of allowable service credit or 2.3333 percent of the salary base per year of allowable service, but not more than 46.6667 percent of the salary base, if the person has less than 20 years of allowable service credit, St. Louis Park police relief association;

(7) for each of the first 20 years of allowable service credit, .5 percent of the salary base per year of allowable service for each year of allowable service rendered before October 1, 1965, and two percent of the salary base per year of allowable service for each year of allowable service rendered after September 30, 1965, and for each year of allowable service in excess of 20 years, one percent of the salary base per year of allowable service, but not more than 52 percent of the salary base, West St. Paul firefighters relief associations;

(8) the amount calculated as provided in section 24, but not more than 50.6667 percent of the salary base, Winona fire department relief association; and

(9) the amount calculated as provided in section 24, but not more than 53.3333 percent of the salary base, Winona police relief association.

Subd. 3. AUGMENTATION. The deferred service pension shall not be augmented as provided in section 353.34, subdivision 3.

Sec. 28. [353B.11] SURVIVOR BENEFITS.

Subdivision 1. ELIGIBILITY; SURVIVING SPOUSE BENEFIT. (a) Except as specified in paragraph (b), (c), (d), (e), or (f), the person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was legally married to the member for at least one year before the separation from active service if the deceased member was a deceased, deferred, or retired member and who was residing with the member at the time of the death of the deceased member shall be entitled to receive a surviving spouse benefit.

(b) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was legally married to the member at the time of separation from active service if the deceased member was a deceased deferred or retired member and who was residing with the member at the time of the death of the member shall be entitled to receive a surviving spouse benefit in the case of former members of the following consolidating relief associations:

(1) Albert Lea police relief association;

(2) Anoka police relief association;

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

- (3) Austin firefighters relief association;
- (4) Austin police relief association;
- (5) Brainerd police benefit association;
- (6) Columbia Heights police relief association;
- (7) Crookston fire department relief association;
- (8) Crookston police relief association;
- (9) Fairmont police benefit association;
- (10) Faribault police benefit association;
- (11) Mankato fire department relief association;
- (12) Red Wing police relief association;
- (13) South St. Paul police relief association;
- (14) Virginia fire department relief association;
- (15) Virginia police relief association; and
- (16) West St. Paul police relief association.

(c) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, and who was legally married to the member at the time of separation from active service if the deceased member was a deceased deferred or retired member shall be entitled to receive a surviving spouse benefit in the case of former members of the following consolidating relief associations:

- (1) Chisholm police relief association;
- (2) Hibbing police relief association;
- (3) Mankato police benefit association; and
- (4) New Ulm police relief association.

(d) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was legally married to the member for at least one year before the separation from active service if the deceased member was the recipient of a service pension or was entitled to a deferred service pension and who was residing with the member at the time of the death of the deceased member in the case of former members of the Minneapolis fire department relief association.

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(e) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was legally married to the member for at least three years before the separation from active service if the deceased member was a deceased, retired, or deferred member and who was residing with the member at the time of the death of the member shall be entitled to receive a surviving spouse benefit in the case of former members of the South St. Paul firefighters relief association.

(f) The person who survives a deceased active, deferred, or retired member who was legally married to the member at the time of the death of the deceased member, who was legally married to the member for at least one year before the separation from active service if the deceased member was a deceased, deferred, or retired member and who had not deserted the member at the time of the death of the deceased member shall be entitled to receive a surviving spouse benefit in the case of former members of the St. Paul police relief association.

Subd. 2. ELIGIBILITY; SURVIVING CHILD BENEFIT. (a) Except as specified in paragraph (b), (c), (d), (e), (f), or (g), the person who survives a deceased active, deferred, or retired member, who is the child of the deceased member and who is younger than age 18 at the time of the death of the deceased member shall be entitled to receive a surviving child benefit.

(b) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member, and who is younger than age 18 if the person is not a full-time student or age 22 if the person is a full-time student shall be entitled to receive a surviving child benefit in the case of former members of the following consolidating relief associations:

- (1) Buhl police relief association;
- (2) Columbia Heights fire department relief association, paid division;
- (3) Duluth firefighters relief association;
- (4) Duluth police pension association;
- (5) Minneapolis fire department relief association;
- (6) Minneapolis police relief association; and
- (7) St. Paul fire department relief association.

(c) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member and who is younger than age 16 shall be entitled to receive a surviving child benefit in the case of former members of the following consolidating relief associations:

- (1) Chisholm police relief association; and

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(2) Hibbing police relief association.

(d) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member and who is younger than age 19 shall be entitled to receive a surviving child benefit in the case of former members of the Albert Lea firefighters relief association.

(e) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member and who is younger than age 18 if the person is not a full-time student or age 21 if the person is a full-time student shall be entitled to receive a surviving child benefit in the case of former members of the Crookston police relief association.

(f) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member, who was dependent on the deceased member and who is younger than age 18 shall be entitled to receive a surviving child benefit in the case of former members of the Red Wing police relief association.

(g) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member and who is younger than age 18 if the person is not a full time student or age 23 if the person is a full-time student shall be entitled to receive a surviving child benefit in the case of former members of the St. Paul police relief association.

Subd. 3. AMOUNT; SURVIVING SPOUSE BENEFIT. (a) The surviving spouse benefit shall be 30 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Albert Lea firefighters relief association;
- (2) Albert Lea police relief association;
- (3) Anoka police relief association;
- (4) Austin firefighters relief association;
- (5) Austin police relief association;
- (6) Brainerd police benefit association;
- (7) Crookston police relief association;
- (8) Faribault fire department relief association; and
- (9) West St. Paul firefighters relief association.

(b) The surviving spouse benefit shall be 25 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Chisholm police relief association;

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

- (2) Duluth firefighters relief association;
- (3) Duluth police pension association;
- (4) Fairmont police benefit association;
- (5) Red Wing fire department relief association;
- (6) South St. Paul police relief association; and
- (7) West St. Paul police relief association.

(c) The surviving spouse benefit shall be 24 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Fridley police pension association;
- (2) Richfield police relief association;
- (3) Rochester fire department relief association;
- (4) Rochester police relief association;
- (5) Winona fire department relief association; and
- (6) Winona police relief association.

(d) The surviving spouse benefit shall be 40 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Columbia Heights fire department relief association, paid division;
- (2) New Ulm police relief association; and
- (3) Richfield fire department relief association.

(e) The surviving spouse benefit shall be \$250 per month for the former members of the following consolidating relief associations:

- (1) Hibbing firefighters relief association; and
- (2) Hibbing police relief association.

(f) The surviving spouse benefit shall be 23.75 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Crystal police relief associations; and
- (2) Minneapolis police relief association.

(g) The surviving spouse benefit shall be 32 percent of the salary base for the former members of the following consolidating relief associations:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(1) St. Cloud fire department relief association; and

(2) St. Cloud police relief association.

(h) The surviving spouse benefit shall be one-half of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, for the former members of the following consolidating relief associations:

(1) Virginia fire department relief association; and

(2) Virginia police relief association.

(i) The surviving spouse benefit shall be the following for the former members of the consolidating relief associations as indicated:

(1) 25.625 percent of the salary base, Bloomington police relief association;

(2) 72.25 percent of the salary base, Buhl police relief association;

(3) 50 percent of the service pension which the active member would have received based on allowable service credit to the date of death and prospective service from the date of death until the date on which the person would have attained the normal retirement age, 50 percent of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or \$175 per month if the deceased member was receiving a service pension or disability benefit as of the date of death, Chisholm firefighters relief association;

(4) two-thirds of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, Columbia Heights police relief association;

(5) the greater of \$300 per month or one-half of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Crookston fire department relief association;

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(6) \$100 per month, Faribault police benefit association;

(7) 60 percent of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Mankato fire department relief association;

(8) \$175 per month, Mankato police benefit association;

(9) 26.25 percent of the salary base, Minneapolis fire department relief association;

(10) equal to the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Red Wing police relief association;

(11) 40 percent of the salary base for a surviving spouse of a deceased active member, disabled member, or retired or deferred member with at least 20 years of allowable service, or the prorated portion of 40 percent of the salary base that bears the same relationship to 40 percent that the deceased member's years of allowable service bear to 20 years of allowable service for the surviving spouse of a deceased retired or deferred member with at least ten but less than 20 years of allowable service, St. Louis Park fire department relief association;

(12) 26.6667 percent of the salary base, St. Louis Park police relief association;

(13) 27.5 percent of the salary base, St. Paul fire department relief association;

(14) 20 percent of the salary base, St. Paul police relief association; and

(15) 27 percent of the salary base, South St. Paul firefighters relief association.

Subd. 4. AMOUNT; SURVIVING CHILD BENEFIT. (a) The surviving child benefit shall be eight percent of the salary base for the former members of the following consolidating relief associations:

(1) Fridley police pension association;

(2) Red Wing fire department relief association;

(3) Richfield police relief association;

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(4) Rochester fire department relief association;

(5) Rochester police relief association;

(6) St. Cloud police relief association;

(7) St. Louis Park police relief association;

(8) South St. Paul firefighters relief association;

(9) Winona fire department relief association; and

(10) Winona police relief association.

(b) The surviving child benefit shall be \$25 per month for the former members of the following consolidating relief associations:

(1) Anoka police relief association;

(2) Austin firefighters relief association;

(3) Austin police relief association;

(4) Faribault police benefit association;

(5) Hibbing firefighters relief association;

(6) Mankato police benefit association;

(7) South St. Paul police relief association; and

(8) Virginia fire department relief association.

(c) The surviving child benefit shall be ten percent of the salary base for the former members of the following consolidating relief associations:

(1) Albert Lea police relief association;

(2) Crookston police relief association;

(3) Duluth firefighters relief association;

(4) Duluth police pension association;

(5) Faribault fire department relief association; and

(6) Minneapolis fire department relief association.

(d) The surviving child benefit shall be five percent of the salary base for the former members of the following consolidating relief associations:

(1) Columbia Heights fire department relief association, paid division;

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(2) St. Paul police relief association; and

(3) West St. Paul firefighters relief associations.

(e) The surviving child benefit shall be \$15 per month for the former members of the following consolidating relief associations:

(1) Crookston fire department relief association;

(2) Hibbing police relief association; and

(3) West St. Paul police relief association.

(f) The surviving child benefit shall be 7.5 percent of the salary base for the former members of the following consolidating relief associations:

(1) Bloomington police relief association;

(2) Crystal police relief association; and

(3) Minneapolis police relief association.

(g) The surviving child benefit shall be the following for the former members of the consolidating relief associations as indicated:

(1) ten percent of the salary base if a surviving spouse benefit is also payable, that amount between ten percent of the salary base and 50 percent of the salary base as determined by the executive director of the public employees retirement association, based on the financial circumstances and need of the surviving child or surviving children, applied in a uniform manner, reflective to the extent practicable or determinable to the past administrative practices of the board of the consolidating relief association before the effective date of the consolidation if there is a surviving spouse but no surviving spouse benefit is also payable on account of the remarriage of the surviving spouse, or 50 percent of the salary base, payable in equal shares for more than one surviving child, if there is no surviving spouse, Albert Lea firefighters relief association;

(2) four percent of the salary base, Brainerd police benefit association;

(3) \$125 per month if a surviving spouse benefit is also payable or an amount equal to the surviving spouse benefit, payable in equal shares if there is more than one surviving child, if no surviving spouse benefit is payable, Buhl police relief association;

(4) \$15 per month, Chisholm firefighters relief association;

(5) \$125 per month, Chisholm police relief association;

(6) \$50 per month, Columbia Heights police relief association;

(7) 6.25 percent of the salary base, Fairmont police benefit association;

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(8) 12.5 percent of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Mankato fire department relief association;

(9) \$25 per month if a surviving spouse benefit is also payable or an amount equal to the surviving spouse benefit, payable in equal shares if there is more than one surviving child, New Ulm police relief association;

(10) in an amount determined by the executive director of the public employees retirement association based on the financial circumstances and need of the surviving child or surviving children, applied in a uniform manner, reflective to the extent practicable or determinable to the past administrative practices of the board of the consolidating relief association before the effective date of the consolidation and not more than the largest surviving child benefit amount prescribed for any other actual or potential consolidating relief association as provided in this section, Red Wing police relief association;

(11) five percent of the salary base if a surviving spouse benefit is also payable or 15 percent of the salary base if no surviving spouse benefit is payable, Richfield fire department relief association;

(12) 5.3334 percent of the salary base, St. Cloud fire department relief association;

(13) five percent of the salary base if a surviving spouse benefit is also payable or 15 percent of the salary base if no surviving spouse benefit is also payable for the surviving child or children of a deceased active member, disabled member, or retired or deferred member with at least 20 years of active service, or the prorated portion of five percent of the salary base if a surviving spouse benefit is also payable or 15 percent of the salary base if no surviving spouse benefit is also payable that bears the same relationship to five or 15 percent that the deceased member's years of allowable service bear to 20 years of allowable service for the surviving child or children of a deceased retired or deferred member with at least ten but less than 20 years of allowable service, St. Louis Park fire department relief association;

(14) ten percent of the salary base, St. Paul fire department relief association; and

(15) \$50 per month, Virginia police relief association.

Subd. 5. SURVIVOR BENEFIT MAXIMUM. (a) No surviving children or surviving family maximum shall be applicable to former members of the following consolidating relief associations:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

- (1) Buhl police relief association;
- (2) Chisholm firefighters relief association;
- (3) Chisholm police relief association;
- (4) Hibbing firefighters relief association;
- (5) Mankato police benefit association;
- (6) New Ulm police relief association;
- (7) Red Wing fire department relief association;
- (8) Red Wing police relief association;
- (9) St. Paul police relief association; and
- (10) South St. Paul police relief association.

(b) The surviving children maximum shall be 24 percent of the salary base, if a surviving spouse benefit is also payable or 48 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the following consolidating relief associations:

- (1) Fridley police pension association;
- (2) Richfield police relief association;
- (3) Rochester fire department relief association;
- (4) Rochester police relief association;
- (5) Winona fire department relief association; and
- (6) Winona police relief association.

(c) The surviving family maximum shall be 50 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Anoka police relief association;
- (2) Austin firefighters relief association;
- (3) Austin police relief association;
- (4) Duluth firefighters relief association;
- (5) Richfield fire department relief association; and
- (6) St. Louis Park fire department relief association.

(d) The surviving family maximum shall be an amount equal to the service pension which a retiring member would have received based on 20 years of allowable service credit if the member had attained the age of at least 50 years in the case of an active member, or of the service pension which the deferred

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member would have been receiving if the service pension had commenced as of the date of death in the case of a deferred member, or of the service pension or disability benefit which the deceased member was receiving as of the date of death, for the former members of the following consolidating relief associations:

- (1) Columbia Heights police relief association;
- (2) Virginia fire department relief association; and
- (3) Virginia police relief association.

(e) The surviving children maximum shall be 25 percent of the salary base, if a surviving spouse benefit is also payable or 50 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the following consolidating relief associations:

- (1) Duluth police pension association; and
- (2) Fairmont police benefit association.

(f) The surviving children maximum shall be 22.5 percent of the salary base, if a surviving spouse benefit is also payable or 45 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the following consolidating relief associations:

- (1) Bloomington police relief association; and
- (2) Crystal police relief association.

(g) The surviving children maximum shall be 16 percent of the salary base, if a surviving spouse benefit is also payable or 48 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the following consolidating relief associations:

- (1) St. Cloud fire department relief association; and
- (2) St. Cloud police relief association.

(h) The surviving children maximum shall be 20 percent of the salary base, if a surviving spouse benefit is also payable or 50 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the following consolidating relief associations:

- (1) Albert Lea firefighters relief association;
- (2) Albert Lea police relief association; and
- (3) Faribault fire department relief association.

(i) The surviving family maximum shall be the following for the former members of the consolidating relief associations:

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(1) \$450 per month, Crookston police relief association;

(2) 80 percent of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, Mankato fire department relief association; and

(3) 57.5 percent of the salary base, St. Paul fire department relief association.

(i) The surviving child maximum shall be the following for the former members of the consolidating relief associations:

(1) 20 percent of the top salary payable to a patrol officer, Brainerd police benefit association;

(2) ten percent of the salary base, if a surviving spouse benefit is also payable or 15 percent of the salary base, if no surviving spouse benefit is also payable, Columbia Heights fire department relief association, paid division;

(3) \$105 per month if a surviving spouse benefit is also payable or \$90 per month if no surviving spouse benefit is also payable, Crookston fire department relief association;

(4) \$125 per month, Faribault police benefit association;

(5) \$30 per month if a surviving spouse benefit is also payable or \$180 per month if no surviving spouse benefit is also payable, Hibbing police relief association;

(6) 25 percent of the salary base, if a surviving spouse benefit is also payable or 51.25 percent of the salary base, if no surviving spouse benefit is also payable, Minneapolis fire department relief association;

(7) 17.5 percent of the salary base, if a surviving spouse benefit is also payable or 40 percent of the salary base, if no surviving spouse benefit is also payable, Minneapolis police relief association;

(8) 24 percent of the salary base, St. Louis Park police relief association;

(9) 23 percent of the salary base, if a surviving spouse benefit is also payable or 50 percent of the salary base, if no surviving spouse benefit is also payable, South St. Paul firefighters relief association;

(10) ten percent of the salary base, West St. Paul firefighters relief association; and

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(11) \$30 per month if a surviving spouse benefit is also payable or \$75 per month if no surviving spouse benefit is also payable, West St. Paul police relief association.

Subd. 6. DISCONTINUATION; SURVIVING SPOUSE BENEFIT. (a) Except as specified in paragraph (b) or (c), a surviving spouse benefit shall terminate upon the death or the subsequent marriage of the person entitled to receive or receiving a surviving spouse benefit.

(b) A surviving spouse benefit shall terminate upon the subsequent marriage of the person entitled to receive or receiving a surviving spouse benefit but shall recommence at the appropriate amount without any retroactive payments in the event of the termination of the subsequent marriage for any reason for the former members of the following consolidating relief associations:

- (1) Albert Lea firefighters relief association;
- (2) Albert Lea police relief association;
- (3) Duluth firefighters relief association;
- (4) Duluth police pension association;
- (5) Minneapolis fire department relief association;
- (6) St. Paul fire department relief association; and
- (7) St. Paul police relief association.

(c) A surviving spouse benefit shall terminate only upon the death of the person entitled to receive or receiving a surviving spouse benefit for the former members of the following consolidating relief associations:

- (1) Mankato fire department relief association;
- (2) South St. Paul firefighters relief association;
- (3) South St. Paul police relief association;
- (4) West St. Paul firefighters relief association; and
- (5) Winona fire department relief association.

Subd. 7. DISCONTINUATION; SURVIVING CHILD BENEFIT. A surviving child benefit shall terminate upon the loss of eligible surviving child status by the person previously entitled to receive or receiving a surviving child benefit.

Subd. 8. OTHER DEATH BENEFIT COVERAGE. Any lump sum death benefit or funeral benefit provided for in the governing benefit plan documents shall be considered to be special benefit coverage governed by section 15, subdi-

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vision 6, for the former members of the following consolidating relief associations:

- (1) Crookston fire department relief association;
- (2) Hibbing firefighters relief association;
- (3) Mankato fire department relief association;
- (4) Red Wing fire department relief association; and
- (5) Richfield fire department relief association.

Sec. 29. [353B.12] POSTRETIREMENT BENEFIT ADJUSTMENTS.

Subdivision 1. SERVICE PENSION. (a) Except as specified in paragraph (b), (c), (d), or (e), any service pension payable to a former member of a consolidating relief association shall be increased annually by the same percentage that the salary base has increased.

(b) The amount of any service pension other than any additional benefit on one-half of one percent of the salary base per year of allowable service for allowable service in excess of 25 years of service shall be increased annually by the same percentage that the salary base has increased for former members of the following consolidating relief associations:

- (1) Austin firefighters relief association;
- (2) Austin police relief association;
- (3) Columbia Heights fire department relief association, paid division;
- (4) Columbia Heights police relief association;
- (5) St. Paul fire department relief association;
- (6) St. Paul police relief association;
- (7) South St. Paul firefighters relief association;
- (8) South St. Paul police relief association;
- (9) Virginia police relief association;
- (10) Winona fire department relief association; and
- (11) Winona police relief association.

(c) The amount of any service pension other than any additional benefit on one-half of one percent of the salary base per year of allowable service for allowable service in excess of 25 years of service shall be increased annually by the same percentage that the salary base has increased for former members employed before July 1, 1969, and by one-half of the dollar amount of the increase payable to former members employed before July 1, 1969, for former

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members employed after June 30, 1969, of the following consolidating relief associations:

(1) Rochester fire department relief association; and

(2) Rochester police relief association.

(d) The amount of any service pension shall not be subject to any annual postretirement adjustment for former members of the following consolidating relief associations:

(1) Crookston fire department relief association; and

(2) Crookston police relief association.

(e) The amount of the annual postretirement adjustment shall be the following for the former members of the consolidating relief associations as indicated:

(1) the amount of any service pension other than any additional benefit of one-half of one percent of the salary base per year of allowable service for allowable service in excess of 25 years of service shall be increased annually by the same percentage that the salary of a top grade firefighter has increased, Albert Lea firefighters relief association;

(2) the amount of any service pension shall be increased by the amount of any positive difference between the service pension payable for the month before the effective date of a postretirement increase and the amount equal to 50 percent of the salary of a first class patrol officer on the effective date of a postretirement increase, Albert Lea police relief association;

(3) for a service pension calculated using the top salary of a patrol officer, the service pension shall be increased by an amount equal to the percentage that the top salary of a patrol officer has increased, Brainerd police benefit association;

(4) the amount of any service pension shall be increased by 3.5 percent annually if there is any increase in the salary base, Buhl police relief association;

(5) the amount of any service pension shall be increased by three percent annually if there is any increase in the salary base, Chisholm firefighters relief association;

(6) the amount of any service pension other than any additional benefit of one-half of one percent of the salary base per year of allowable service for allowable service in excess of 25 years of service shall be increased by three percent annually, Chisholm police relief association;

(7) the amount of any service pension shall be increased by an amount equal to one-half of the percentage that the salary base has increased, Faribault police benefit association;

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(8) the amount of any service pension based on at least 20 years of allowable service shall be increased by the same percentage that the salary base has increased and the amount of any service pension based on less than 20 years of allowable service shall be increased by the percentage that the salary base has increased or by three percent, whichever is less, annually, Fridley police pension association;

(9) the amount of any service pension shall be increased by one-half of the dollar amount of any increase in the salary base, Hibbing police relief association;

(10) for a service pension calculated using the salary of the highest salaried patrol officer, the service pension other than any additional benefit of one-half of one percent of final salary for the first three years of allowable service in excess of 20 years of allowable service shall be increased by the same percentage that the salary of the highest salaried patrol officer has increased, New Ulm police relief association;

(11) the amount of any service pension other than any additional benefit of one-half of one percent of the salary base per year of allowable service for allowable service in excess of 25 years of allowable service shall be increased by the same percentage that the consumer price index for all items for urban wage earners published by the federal Department of Labor, Bureau of Labor Statistics, has increased over the previous 12-month period, Red Wing fire department relief association;

(12) the amount of any service pension shall be increased by the same percentage that the consumer price index for all items for urban wage earners published by the federal Department of Labor, Bureau of Labor Statistics, has increased over the previous 12-month period, Red Wing police relief association;

(13) the amount of any service pension other than any additional benefit of one-half of one percent of the salary base per year of allowable service for allowable service in excess of 25 years of allowable service shall be increased by the same percentage that the salary base has increased or by 3.5 percent, whichever is less, annually, Virginia fire department relief association; and

(14) the amount of any service pension payable to a person who has attained the age of at least 55 years shall be increased by the same percentage that the salary base has increased or by 3.5 percent, whichever is less, annually, West St. Paul police relief association.

Subd. 2. DEFERRED SERVICE PENSION. (a) Except as specified in paragraph (b), any deferred service pension payable to a former member of a consolidating relief association shall be credited annually with an increase of the same percentage or amount that a service pension is to be increased as provided in subdivision 1. The amount of any postretirement increases credited during the period of deferral shall be added to the amount of the service pension

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payable as of the date of the termination of employment as a police officer or firefighter, whichever applies, and payable as of the date of the initial service pension payment as provided in section 27.

(b) Any deferred service pension shall not be subject to any postretirement adjustment for former members of the following consolidating relief associations:

- (1) Crookston fire department relief association; and
- (2) Crookston police relief association.

Subd. 3. DISABILITY BENEFIT. (a) Except as specified in paragraph (b), (c), and (d), any disability benefit payable to a former member of a consolidating relief association shall be increased annually by the same percentage or amount that a service pension is to be increased as provided in subdivision 1.

(b) The amount of any disability benefit shall not be subject to any annual postretirement adjustment for former members of the following consolidating relief associations:

- (1) Crookston fire department relief association;
- (2) Crookston police relief association; and
- (3) Hibbing firefighters relief association.

(c) The amount of any disability benefit shall be increased annually by the same percentage that the salary of the position which the disabled person held at the time of the disability has increased over the previous 12-month period for former members of the Columbia Heights police relief association.

(d) The amount of any disability benefit shall be increased annually by the amount of any positive difference between the disability benefit payable for the month before the effective date of a postretirement increase and the amount equal to 50 percent of the salary of a first class patrol officer on the effective date of a postretirement increase for former members of the Albert Lea police relief association.

Subd. 4. SURVIVING SPOUSE BENEFIT. (a) Except as specified in paragraph (b), (c), and (d), any surviving spouse benefit payable on behalf of a deceased former member of a consolidating relief association shall be increased annually by the same percentage or amount that a service pension is to be increased as provided in subdivision 1.

(b) The amount of any surviving spouse benefit shall not be subject to any annual postretirement adjustment for former members of the following consolidating relief associations:

- (1) Buhl police relief association;

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- (2) Chisholm firefighters relief association;
- (3) Chisholm police relief association;
- (4) Crookston fire department relief association;
- (5) Crookston police relief association;
- (6) Faribault police benefit association;
- (7) Hibbing firefighters relief association;
- (8) Hibbing police relief association; and
- (9) Mankato police benefit association.

(c) The amount of any surviving spouse benefit shall be increased annually by the percentage that the salary base has increased over the previous 12-month period for former members of the West St. Paul police relief association.

(d) The amount of any surviving spouse benefit shall be increased annually by the amount of any positive difference between the surviving spouse benefit payable for the month before the effective date of a postretirement increase and the amount equal to 30 percent of the salary of a first class patrol officer on the effective date of a postretirement increase for former members of the Albert Lea police relief association.

Subd. 5. SURVIVING CHILD BENEFIT. (a) Except as specified in paragraph (b), (c), and (d), any surviving child benefit payable on behalf of a former member of a consolidating relief association shall be increased annually by the same percentage or amount that a service pension is to be increased as provided in subdivision 1.

(b) The amount of any surviving child benefit shall not be subject to any annual postretirement adjustment for former members of the following consolidating relief associations:

- (1) Anoka police relief association;
- (2) Austin firefighters relief association;
- (3) Austin police relief association;
- (4) Buhl police relief association;
- (5) Chisholm firefighters relief association;
- (6) Chisholm police relief association;
- (7) Columbia Heights police relief association;
- (8) Crookston fire department relief association;

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- (9) Crookston police relief association;
- (10) Faribault police benefit association;
- (11) Hibbing firefighters relief association;
- (12) Hibbing police relief association;
- (13) Mankato police benefit association;
- (14) Red Wing police relief association;
- (15) South St. Paul police relief association;
- (16) Virginia fire department relief association;
- (17) Virginia police relief association; and
- (18) West St. Paul police relief association.

(c) The amount of any surviving child benefit shall be subject to an annual postretirement adjustment only if no surviving spouse benefit is also payable and the annual adjustment shall be the same percentage or amount that a service pension is to be increased as provided in subdivision 1 for former members of the New Ulm police relief association.

(d) The amount of any surviving child benefit shall be increased annually by the amount of any positive difference between the surviving child benefit payable for the month before the effective date of a postretirement increase and the amount equal to ten percent of the salary of a first class patrol officer on the effective date of a postretirement increase for former members of the Albert Lea police relief association.

Subd. 6. FAMILY MAXIMUM BENEFIT. (a) Except as specified in paragraph (b), any family maximum benefit payable on behalf of a former member of a consolidating relief association shall be increased as provided for its component surviving spouse or surviving child benefits.

(b) The amount of any family maximum benefit shall be increased annually by the amount of any positive difference between the family maximum benefit payable for the month before the effective date of a postretirement increase and the amount equal to 50 percent of the salary of a first class patrol officer on the effective date of a postretirement increase for former members of the Albert Lea police relief association.

Subd. 7. EFFECTIVE DATE FOR POSTRETIREMENT INCREASES. Any postretirement increases as provided in this section shall occur once per calendar year. If the postretirement increase is based on the increase in a base salary amount, the postretirement increase shall be payable as of the first of the month next following the effective date of the triggering salary increase. If more than one salary increase occurs in a calendar year, only one postretirement

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increase shall take effect in that calendar year and the next succeeding postretirement increase shall take into account any additional salary increases which occurred since the immediately previous postretirement increase and shall occur on the date occurring 12 months after the date of the immediately previous postretirement increase or the first of the month next following the effective date of any triggering salary increase in that calendar year, whichever occurs first. If the increase in the base salary amount upon which the postretirement increase is based includes retroactive payments to an earlier date, the applicable postretirement increase may also be payable retroactive to that date. If the postretirement increase is based on the consumer price index or is a set annual percentage amount, the postretirement increase shall be payable as of the first day of February.

Sec. 30. **[353B.13] OTHER BENEFIT COVERAGE.**

(a) A person who is a former member of the New Ulm police relief association, who retired from the New Ulm police department after October 15, 1985, and who is receiving a service pension after the effective date of consolidation as provided in section 13, shall be entitled to receive a supplemental benefit of \$80 per month for each month following the date of retirement until the last day of the month in which the person attains the age of 65 years.

(b) The payment of the premiums for medical and dental insurance coverage and the payment of a lump sum amount at retirement for former members of the St. Cloud fire department relief association and the payment of the premiums for medical insurance coverage and the payment of a lump sum amount at retirement for former members of the St. Cloud police relief association as provided for in the governing benefit plan documents shall be considered to be special benefit coverage governed by section 15, subdivision 6.

(c) A person who is a former member of the St. Paul fire department relief association who is unable to perform normally assigned fire department service due to a medically determinable physical or mental illness or injury and who is removed from the fire department payroll, upon application, until recovery, or for a period of 90 days or for a period of 150 days upon a showing of need and a medical report indicating a reasonable prognosis for recovery due to the extended period, whichever occurs first, shall be entitled to a sick relief benefit for each day of that inability, payable monthly, in an amount of 1.5625 percent of the salary base per day.

Sec. 31. **[353B.14] DISPUTE OVER BENEFIT AMOUNTS OR PLAN PROVISIONS.**

In the event of any dispute by or on behalf of any former member of a consolidating relief association after the effective date of consolidation over the amount of a benefit to which the person may be entitled, the proper interpretation of a provision of sections 18 to 31, or the conformity of the provisions of sections 18 to 31 to the provisions of the benefit plan of the consolidating relief association in effect immediately before the date on which the consolidation

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process was initiated, the dispute shall be submitted in writing to the legislative commission on pensions and retirement by the person who is a party to the dispute or by the executive director of the public employees retirement association. The legislative commission on pensions and retirement shall review the dispute as part of its deliberations on proposed or pending retirement legislation and shall make its recommendation on the resolution of the dispute, if any, to the appropriate committees of the senate and house of representatives with jurisdiction over public employee pension matters in the form of the necessary legislation amending the provisions of sections 18 to 31, which legislation shall include retroactivity of any increase in a benefit amount or any omitted benefit amount to the date on which the benefit subject to dispute accrued or would have accrued.

Sec. 32. [356.615] LIMITATION ON USE OF PUBLIC PENSION PLAN ASSETS.

(a) Money held by or credited to a public pension plan as assets, including employer and employee contributions, state aid, appropriations from the state or a governmental subdivision, and accrued earnings on investments, constitutes a dedicated fund. The dedicated fund may be used exclusively to pay retirement annuities, service pensions, disability benefits, survivor benefits, refunds of contributions, or other benefits provided under the benefit plan document or documents governing the public pension plan and to pay reasonable administrative expenses approved by the governing board of the public pension plan or by another appropriate authority. No assets of a public pension plan may be loaned or transferred to the state or a governmental subdivision or be used to fund an unfunded actuarial accrued liability in another public pension plan or fund, whether or not the plan providing the assets consolidates or has consolidated with the plan receiving the assets. Nothing in this section prohibits a public pension plan or the state board of investment from investing assets of a plan as authorized by law, including the investment of the assets of public pension plans by the state board of investment in a commingled investment fund.

(b) A public pension plan for purposes of this section means a pension plan or fund specified in section 356.20, subdivision 2, or 356.30, subdivision 3, or a retirement or pension plan or fund, including a supplemental retirement plan or fund, established, maintained, or supported by a governmental subdivision or public body whose revenues are derived from taxation, fees, assessments, or other public sources.

Sec. 33. TRANSITIONAL PROVISION.

Before the August 1 which occurs immediately after the effective date of sections 8 to 17, the commission shall consider and adopt any necessary amendments and additions to the standards for actuarial work required under section 3.85, subdivision 11, to appropriately provide for the preparation of any actuarial calculations or valuations required as provided in sections 12, subdivision 1; 15, subdivision 6; and 16, subdivision 8.

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Sec. 34. EFFECTIVE DATE.

Sections 1 to 33 are effective the day following final enactment.

Approved May 28, 1987

CHAPTER 297—S.F.No. 397

An act relating to elections; setting times for changing election precincts and redistricting certain election districts; amending Minnesota Statutes 1986, sections 204B.14, subdivision 3; and 375.025, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 204B.

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

Section 1. [204B.135] REDISTRICTING OF ELECTION DISTRICTS.

Subdivision 1. CITIES WITH WARDS. A city that elects its council members by wards may not redistrict those wards in a year ending in one or before the legislature has been redistricted in a year ending in two. The wards must be redistricted within 45 days after the legislature has been redistricted or by May 10 in the year ending in two, whichever is first.

Subd. 2. OTHER ELECTION DISTRICTS. For purposes of this subdivision, "local government election district" means a county district, park and recreation district, school district, or soil and water conservation district. Local government election districts, other than city wards covered by subdivision 1, may not be redistricted until precinct boundaries are re-established under section 204B.14, subdivision 3, paragraph (c) or by May 10 in a year ending in two, whichever comes first. Election districts covered by this subdivision must be redistricted within 65 days of the time when the legislature has been redistricted or by June 1 in the year ending in two, whichever comes first.

Sec. 2. Minnesota Statutes 1986, section 204B.14, subdivision 3, is amended to read:

Subd. 3. BOUNDARY CHANGES; PROHIBITIONS; EXCEPTION. Notwithstanding other law or charter provisions to the contrary, during the period from January 1 in any year ending in seven to January 1 in any the time when the legislature has been redistricted in a year ending in two, no changes may be made in the boundaries of any election precinct except as provided in this subdivision.

(a) If a city annexes an unincorporated area located in the same county as the city and adjacent to the corporate boundary, the annexed area may be included in an election precinct immediately adjacent to it.

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