

SENATE
STATE OF MINNESOTA
EIGHTY-SEVENTH LEGISLATURE

S.F. No. 1419

(SENATE AUTHORS: DIBBLE and Pogemiller)

DATE	D-PG	OFFICIAL STATUS
05/11/2011	1975	Introduction and first reading Referred to State Government Innovation and Veterans See HF14, Art. 6-8 (First Special Session)

1.1 A bill for an act
1.2 relating to retirement; public employees police and fire retirement plan; providing
1.3 for a voluntary consolidation of the Minneapolis Firefighters Relief Association
1.4 and a voluntary consolidation of the Minneapolis Police Relief Association with
1.5 PERA-P&F; amending Minnesota Statutes 2010, sections 353.01, subdivision
1.6 16, by adding subdivisions; 353.65, subdivisions 1, 2, 3; 353.651, subdivision 1;
1.7 353.656, subdivisions 1, 1a, 3, 3a; 353.657, subdivision 1; 423A.02, subdivision
1.8 1b; proposing coding for new law in Minnesota Statutes, chapter 353.

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

1.10 **ARTICLE 1**

1.11 **VOLUNTARY CONSOLIDATION OF THE MINNEAPOLIS**
1.12 **FIREFIGHTERS RELIEF ASSOCIATION**

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

1.15 Subd. 10a. **Base salary; Minneapolis fire.** "Base salary," for a member of the
1.16 public employees police and fire retirement plan who was an active member of the former
1.17 Minneapolis Firefighters Relief Association on the day prior to the effective date of
1.18 consolidation under section 16, is \$.....

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

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

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

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

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

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

2.8 (5) a period of authorized personal, parental, or medical leave of absence without
2.9 pay, including a leave of absence covered under the federal Family Medical Leave Act,
2.10 that does not exceed one year, and for which a member obtained service credit for each
2.11 month in the leave period by payment under section 353.0161 to the fund made in place of
2.12 salary deductions. An employee must return to public service and render a minimum of
2.13 three months of allowable service in order to be eligible to make payment under section
2.14 353.0161 for a subsequent authorized leave of absence without pay. Upon payment, the
2.15 employee must be granted allowable service credit for the purchased period;

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

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

3.1 three months of allowable service subsequent to the layoff in order to receive allowable
3.2 service for a subsequent authorized temporary or seasonal layoff;

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

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4.1 amount of service credit obtainable under this section may not exceed five years unless a
4.2 longer purchase period is required under United States Code, title 38, section 4312. The
4.3 employing unit shall pay interest on all equivalent member and employer contribution
4.4 amounts payable under this clause. Interest must be computed at a rate of 8.5 percent
4.5 compounded annually from the end of each fiscal year of the leave or the break in service
4.6 to the end of the month in which the payment is received. Upon payment, the employee
4.7 must be granted allowable service credit for the purchased period; or

4.8 (9) a period specified under subdivision 40.

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

4.14 (c) For a public employee who has prior service covered by a local police or
4.15 firefighters relief association that has consolidated with the Public Employees Retirement
4.16 Association under chapter 353A or to which section 353.665 applies, and who has elected
4.17 the type of benefit coverage provided by the public employees police and fire fund either
4.18 under section 353A.08 following the consolidation or under section 353.665, subdivision
4.19 4, "~~applicable~~ allowable service" is a period of service credited by the local police or
4.20 firefighters relief association as of the effective date of the consolidation based on law
4.21 and on bylaw provisions governing the relief association on the date of the initiation of
4.22 the consolidation procedure. For an active member who was an active member of the
4.23 former Minneapolis Firefighters Relief Association on the day prior to the effective date
4.24 of consolidation under section 16, "allowable service" is the period of service credited by
4.25 the Minneapolis Firefighters Relief Association as reflected in the transferred records of
4.26 the association up to the effective date of consolidation under section 16 and the period of
4.27 service credited under paragraph (a), clause (1), after the effective date of consolidation
4.28 under section 16.

4.29 (d) No member may receive more than 12 months of allowable service credit in a
4.30 year either for vesting purposes or for benefit calculation purposes.

4.31 (e) MS 2002 [Expired]

4.32 Sec. 3. Minnesota Statutes 2010, section 353.65, subdivision 1, is amended to read:

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

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

5.7 (c) Within the public employees police and fire fund is established a special health
5.8 benefit contribution account. The member contributions in excess of 25 years of service
5.9 under subdivision 2, paragraph (b), must be deposited in the special account.

5.10 Sec. 4. Minnesota Statutes 2010, section 353.65, subdivision 2, is amended to read:

5.11 Subd. 2. **Employee contribution.** (a) For members other than members who were
5.12 active members of the former Minneapolis Firefighters Relief Association on the day prior
5.13 to the effective date of consolidation under section 16, the employee contribution is 9.4
5.14 percent of the salary of the member in calendar year 2010 and is 9.6 percent of the salary
5.15 of the member in each calendar year after 2010. ~~This contribution~~

5.16 (b) For members other than members who were active members of the former
5.17 Minneapolis Firefighters Relief Association on the day prior to the effective date of
5.18 consolidation under section 16, the employee contribution is an amount equal to eight
5.19 percent of the base salary of the member. The employee contribution made by a member
5.20 with at least 25 years of service credit as an active member of the former Minneapolis
5.21 Firefighters Relief Association must be deposited in the special health benefit contribution
5.22 account established under subdivision 1, paragraph (c).

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

5.27 Sec. 5. Minnesota Statutes 2010, section 353.65, subdivision 3, is amended to read:

5.28 Subd. 3. **Employer contribution.** (a) With respect to members other than members
5.29 who were active members of the former Minneapolis Firefighters Relief Association
5.30 on the day prior to the effective date of consolidation under section 16, the employer
5.31 contribution is 14.1 percent of the salary of the member in calendar year 2010 and is 14.4
5.32 percent of the salary of the member in each calendar year after 2010. ~~This contribution~~

6.1 (b) With respect to members who were active members of the former Minneapolis
6.2 Firefighters Relief Association on the day prior to the effective date of consolidation under
6.3 section 16, the employer contribution is \$..... per month.

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

6.6 Sec. 6. Minnesota Statutes 2010, section 353.651, subdivision 1, is amended to read:

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

6.12 Sec. 7. **[353.6511] ALTERNATIVE RETIREMENT BENEFIT COVERAGE IN**
6.13 **CERTAIN INSTANCES.**

6.14 Subdivision 1. **Applicability.** The alternative benefit coverage under this section
6.15 applies only to an active member of the public employees police and fire retirement plan
6.16 who was an active member of the former Minneapolis Firefighters Relief Association on
6.17 the day prior to the consolidation effective date under section 16 and who retires after the
6.18 consolidation effective date under section 16.

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

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

<u>years of service</u>	<u>retirement annuity amount</u>
<u>20</u>	<u>42.5 percent of base salary</u>
<u>21</u>	<u>44.5 percent of base salary</u>
<u>22</u>	<u>46.5 percent of base salary</u>
<u>23</u>	<u>48.5 percent of base salary</u>
<u>24</u>	<u>50.5 percent of base salary</u>
<u>25 or more</u>	<u>52.5 percent of base salary</u>

6.33 Subd. 3. **Disability benefit.** A member described in subdivision 1, if the member is
6.34 disabled under section 353.01, subdivision 41 or 46, and has not yet attained the age of 50
6.35 years, is entitled to a disability benefit equal to 51.25 percent of base salary.

7.1 Subd. 4. **Surviving spouse benefit.** A surviving spouse under section 353.01,
7.2 subdivision 20, of a deceased member described in subdivision 1 is entitled to a surviving
7.3 spouse benefit equal to 27.5 percent of base salary.

7.4 Subd. 5. **Surviving dependent child benefit.** A surviving dependent child under
7.5 section 353.01, subdivision 15a, of a deceased member described in subdivision 1 is
7.6 entitled to a surviving child benefit equal to ten percent of base salary.

7.7 Subd. 6. **Surviving family benefit maximum.** The surviving spouse and surviving
7.8 dependent child under subdivisions 4 and 5 are entitled to a combined family benefit under
7.9 subdivisions 4 and 5 of 52.5 percent of base salary.

7.10 Subd. 7. **Health insurance account.** Member contributions made in excess of 25
7.11 years of service credit that are deposited in the separate account under section 353.65,
7.12 subdivision 1, paragraph (c), upon the retirement, disablement, or death of a member
7.13 described in subdivision 1, must be deposited into the postretirement health care savings
7.14 plan under section 352.98, for the reimbursement of health or medical expenses of the
7.15 member or the deceased member's heirs.

7.16 Subd. 8. **Postretirement adjustments.** Retirement annuities, service pensions,
7.17 disability benefits, and survivor benefits are eligible for postretirement adjustments under
7.18 section 356.415.

7.19 Sec. 8. Minnesota Statutes 2010, section 353.656, subdivision 1, is amended to read:

7.20 Subdivision 1. **Duty disability; computation of benefits.** (a) A member of
7.21 the police and fire plan, other than a firefighter covered by section 353.6511, who is
7.22 determined to qualify for duty disability as defined in section 353.01, subdivision 41,
7.23 shall receive disability benefits during the period of such disability in an amount equal to
7.24 60 percent of the average salary as defined in section 353.01, subdivision 17a, plus an
7.25 additional percentage specified under section 356.315, subdivision 6, of that average
7.26 salary for each year of service in excess of 20 years.

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

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

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

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

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

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

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

8.13 (b) A disability benefit payable under paragraph (a) is subject to eligibility review
8.14 under section 353.33, subdivision 6, but the review may be waived if the executive
8.15 director receives a written statement from the association's medical advisor that no
8.16 improvement can be expected in the member's disabling condition that was the basis for
8.17 payment of the benefit under paragraph (a). A member receiving a disability benefit
8.18 under this subdivision who is found to no longer be permanently and totally disabled as
8.19 defined under section 353.01, subdivision 19, but continues to meet the definition for
8.20 receipt of a duty disability under section 353.01, subdivision 41, is subject to subdivision
8.21 1 upon written notice from the association's medical advisor that the person is no longer
8.22 considered permanently and totally disabled.

8.23 (c) If a member approved for disability benefits under this subdivision dies before
8.24 attaining normal retirement age as defined in section 353.01, subdivision 37, paragraph
8.25 (b), or within 60 months of the effective date of the disability, whichever is later,
8.26 the surviving spouse is entitled to receive a survivor benefit under section 353.657,
8.27 subdivision 2, paragraph (a), clause (1), if the death is the direct result of the disabling
8.28 condition for which disability benefits were approved, or section 353.657, subdivision
8.29 2, paragraph (a), clause (2), if the death is not directly related to the disabling condition
8.30 for which benefits were approved under this subdivision.

8.31 (d) If the election of an actuarial equivalent optional annuity is not made at the time
8.32 the permanent and total disability benefit accrues, an election must be made within 90
8.33 days before the member attains normal retirement age as defined under section 353.01,
8.34 subdivision 37, paragraph (b), or having collected total and permanent disability benefits

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9.1 for 60 months, whichever is later. If a member receiving disability benefits who has
9.2 dependent children dies, subdivision 6a, paragraph (c), applies.

9.3 Sec. 10. Minnesota Statutes 2010, section 353.656, subdivision 3, is amended to read:

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

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

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

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

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

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

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

9.23 Subd. 3a. **Total and permanent regular disability; computation of benefits.** (a)
9.24 A member of the police and fire plan, other than a firefighter covered by section 353.6511,
9.25 whose disabling condition is determined to be a regular disability under section 353.01,
9.26 subdivision 46, that is also a permanent and total disability as defined in section 353.01,
9.27 subdivision 19, is entitled to receive, for life, a disability benefit in an amount equal to
9.28 45 percent of the average salary as defined in section 353.01, subdivision 17a, plus an
9.29 additional percent specified in section 356.315, subdivision 6, of that average salary for
9.30 each year of service in excess of 15 years.

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

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10.1 payment of the benefit under paragraph (a). A member receiving a disability benefit under
10.2 this subdivision who is found to no longer be permanently and totally disabled as defined
10.3 under section 353.01, subdivision 19, but continues to meet the definition for receipt
10.4 of a regular disability under section 353.01, subdivision 46, is subject to subdivision 3
10.5 upon written notice from the association's medical advisor that the person is no longer
10.6 considered permanently and totally disabled.

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

10.16 Sec. 12. Minnesota Statutes 2010, section 353.657, subdivision 1, is amended to read:

10.17 Subdivision 1. **Generally.** (a) In the event that a member of the police and fire fund,
10.18 other than a firefighter covered by section 353.6511, dies from any cause before retirement
10.19 or before becoming disabled and receiving disability benefits, the association shall grant
10.20 survivor benefits to a surviving spouse, as defined in section 353.01, subdivision 20, and
10.21 to a dependent child or children, as defined in section 353.01, subdivision 15, except
10.22 that if the death is not a line of duty death, the member must be vested under section
10.23 353.01, subdivision 47.

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

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

10.33 Sec. 13. **[353.667] CONSOLIDATION OF THE MINNEAPOLIS**
10.34 **FIREFIGHTERS RELIEF ASSOCIATION.**

11.1 Subdivision 1. **Membership transfer.** On the effective date of consolidation under
11.2 section 16, the active, inactive, and retired members of the Minneapolis Firefighters Relief
11.3 Association are transferred to the public employees police and fire retirement plan, are
11.4 no longer members of the Minneapolis Firefighters Relief Association, and are members
11.5 of the public employees police and fire retirement plan.

11.6 Subd. 2. **Service credit and benefit liability transfer.** (a) Allowable service
11.7 credit and base salary credit of the active members of the Minneapolis Firefighters
11.8 Relief Association, as contained in the records of the Minneapolis Firefighters Relief
11.9 Association through the day before the effective date of consolidation under section 16,
11.10 are transferred to the public employees police and fire retirement plan and is credited as
11.11 provided in section 353.01, subdivisions 10a and 16, paragraph (c), on the effective date
11.12 of consolidation under section 16.

11.13 (b) The liability for the payment of retirement annuities, service pensions, and
11.14 retirement benefits of the Minneapolis Firefighters Relief Association retired members,
11.15 service pensioners, disabilitants, and other retirement benefit recipients as specified
11.16 in the records of the Minneapolis Firefighters Relief Association is transferred to the
11.17 public employees police and fire retirement plan on the effective date of consolidation
11.18 under section 16.

11.19 Subd. 3. **Transfer of records.** On the effective date of consolidation under section
11.20 16, the chief administrative officer of the Minneapolis Firefighters Relief Association
11.21 shall transfer all records and documents relating to the Minneapolis Firefighters Relief
11.22 Association to the executive director of the Public Employees Retirement Association. To
11.23 the extent possible, original copies of all records and documents must be transferred.

11.24 Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On the effective date
11.25 of consolidation under section 16, the chief administrative officer of the Minneapolis
11.26 Firefighters Relief Association shall transfer the entire assets of the special fund of the
11.27 Minneapolis Firefighters Relief Association to the public employees police and fire
11.28 retirement fund. The transfer must include any accounts receivable that are determined by
11.29 the State Board of Investment as being capable of being collected. An amount, in cash,
11.30 must be transferred by the city of Minneapolis equal to the carrying value recognized
11.31 by the relief association of investment securities that are determined to be ineligible or
11.32 inappropriate by the executive director of the State Board of Investment or of accounts
11.33 receivable determined as being incapable of being collected by the executive director of
11.34 the State Board of Investment. Legal and beneficial title to assets that are ineligible or
11.35 inappropriate securities or that are uncollectible accounts receivable are transferred to the
11.36 city of Minneapolis on the effective date of consolidation under section 16. Any accounts

12.1 payable on the effective date of consolidation under section 16 are an obligation of the
12.2 city of Minneapolis.

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

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

12.20 Subd. 5. **Benefits.** The annuities, service pensions, and other retirement benefits
12.21 of or attributable to retired, disabled, deferred, or inactive Minneapolis Firefighters
12.22 Relief Association members who had that status as of the day before the effective date of
12.23 consolidation under section 16 continue after consolidation in the same amount and under
12.24 the same terms as provided in Minnesota Statutes 2010, chapter 423B, except that the base
12.25 monthly salary is governed by section 353.01, subdivision 10a, and the postretirement
12.26 adjustments must be calculated solely under section 353.6511, subdivision 8.

12.27 Subd. 6. **Additional asset transfers.** As of the effective date of consolidation
12.28 under section 16, the approved actuary retained by the Public Employees Retirement
12.29 Association shall calculate the present value of future benefits of the former Minneapolis
12.30 Firefighters Relief Association, and, after subtracting the market value of the transferred
12.31 assets of the former Minneapolis Firefighters Relief Association and the present value
12.32 of the employer contribution under section 353.64, subdivision 3, paragraph (c), shall
12.33 calculate the remainder present value of future benefits amount. Annually, following the
12.34 effective date of consolidation under section 16, the city of Minneapolis shall amortize
12.35 on a level annual dollar basis the remainder present value of future benefits amount by
12.36 December 31, 2025. The amortization payment is payable annually on December 1.

13.1 Sec. 14. Minnesota Statutes 2010, section 423A.02, subdivision 1b, is amended to read:

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

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

13.9 (2) all local police or salaried firefighter consolidation accounts governed by chapter
13.10 353A that are certified by the executive director of the public employees retirement
13.11 association as having for the current fiscal year an additional municipal contribution
13.12 amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented
13.13 section 353A.083, subdivision 1, if the effective date of the consolidation preceded May
13.14 24, 1993, and that have implemented section 353A.083, subdivision 2, if the effective date
13.15 of the consolidation preceded June 1, 1995; and

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

13.19 (b) The commissioner shall allocate the state aid on the basis of the proportional share
13.20 of the relief association or consolidation account of the total unfunded actuarial accrued
13.21 liability of all recipient relief associations and consolidation accounts as of December 31,
13.22 1993, for relief associations, and as of June 30, 1994, for consolidation accounts.

13.23 (c) Beginning October 1, 2000, and annually thereafter, the commissioner shall
13.24 allocate the state aid, including any state aid in excess of the limitation in subdivision
13.25 4, on the following basis:

13.26 (1) 64.5 percent to the municipalities to which section 353.665, subdivision
13.27 8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), apply for distribution in
13.28 accordance with paragraph (b) and subject to the limitation in subdivision 4;

13.29 (2) 34.2 percent to the city of Minneapolis to fund any unfunded actuarial accrued
13.30 liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the
13.31 preceding December 31 for the Minneapolis Police Relief Association or the Minneapolis
13.32 Fire Department Relief Association; and

13.33 (3) 1.3 percent to the city of Virginia to fund any unfunded actuarial accrued liability
13.34 in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding
13.35 December 31 for the Virginia Fire Department Relief Association.

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14.1 If there is no unfunded actuarial accrued liability in both the Minneapolis Police
14.2 Relief Association and the Minneapolis Fire Department Relief Association as disclosed
14.3 in the most recent actuarial valuations for the relief associations prepared under sections
14.4 356.215 and 356.216, the commissioner shall allocate that 34.2 percent of the aid as
14.5 follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul
14.6 Teachers Retirement Fund Association, and 30 percent as additional funding to support
14.7 minimum fire state aid for volunteer firefighters relief associations. If there is no unfunded
14.8 actuarial accrued liability in the Virginia Fire Department Relief Association as disclosed
14.9 in the most recent actuarial valuation for the relief association prepared under sections
14.10 356.215 and 356.216, the commissioner shall allocate that 1.3 percent of the aid as
14.11 follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul
14.12 Teachers Retirement Fund Association, and 30 percent as additional funding to support
14.13 minimum fire state aid for volunteer firefighters relief associations. Upon the final
14.14 payment to municipalities required by section 353.665, subdivision 8, paragraph (b),
14.15 or 353A.09, subdivision 5, paragraph (b), the commissioner shall allocate that 64.5
14.16 percent of the aid as follows: 20 percent to the St. Paul Teachers Retirement Fund
14.17 Association, 20 percent to the city of Minneapolis to fund any unfunded actuarial accrued
14.18 liability in the actuarial valuation proposed under sections 356.215 and 356.216 as of the
14.19 preceding December 31 for the Minneapolis Police Relief Association or the Minneapolis
14.20 Firefighters Relief Association, 20 percent for the city of Duluth to pay for any costs
14.21 associated with the police and firefighters pensions, and 40 percent as additional funding to
14.22 support minimum fire state aid for volunteer firefighters relief associations. The allocation
14.23 must be made by the commissioner at the same time and under the same procedures
14.24 as specified in subdivision 3. With respect to the St. Paul Teachers Retirement Fund
14.25 Association, annually, beginning on July 1, 2005, if the applicable teacher's association
14.26 five-year average time-weighted rate of investment return does not equal or exceed the
14.27 performance of a composite portfolio assumed passively managed (indexed) invested ten
14.28 percent in cash equivalents, 60 percent in bonds and similar debt securities, and 30 percent
14.29 in domestic stock calculated using the formula under section 11A.04, clause (11), the aid
14.30 allocation to that retirement fund under this section ceases until the five-year annual rate
14.31 of investment return equals or exceeds the performance of that composite portfolio.

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

15.1 Sec. 15. MINNEAPOLIS FIREFIGHTERS RELIEF ASSOCIATION; SPECIAL
15.2 ACTUARIAL VALUATION PENDING CONSOLIDATION.

15.3 (a) On or before August 1, 2011, the approved actuarial consulting firm retained by
15.4 the Public Employees Retirement Association under Minnesota Statutes, section 356.214,
15.5 shall prepare an alternative actuarial valuation of the Minneapolis Firefighters Relief
15.6 Association under Minnesota Statutes, section 356.215, and the most recent standards for
15.7 actuarial work adopted by the Legislative Commission on Pensions and Retirement as
15.8 of December 31, 2009, using the applicable actuarial assumptions and the applicable
15.9 amortization target date of the public employee police and fire retirement plan.

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

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

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

15.23 Sec. 16. EFFECTIVE DATE; LOCAL APPROVAL.

15.24 Sections 1 to 15 are effective December 31, 2011, if the board of trustees of the
15.25 Minneapolis Firefighters Relief Association approves the article, if the chief administrative
15.26 officer of the Minneapolis Firefighters Relief Association certifies that approval to the
15.27 mayor of the city of Minneapolis and the president of the Minneapolis city council, and if
15.28 the governing body of the city of Minneapolis and the chief clerical officer of Minneapolis
15.29 timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions
15.30 2 and 3, on or before September 30, 2011, or on the first day of the month occurring two
15.31 months after the governing body of the city of Minneapolis and the chief clerical officer of
15.32 Minneapolis timely complete their compliance with Minnesota Statutes, section 645.021,
15.33 subdivisions 2 and 3, if that completion occurs on or after October 1, 2011.

ARTICLE 2

VOLUNTARY CONSOLIDATION OF THE MINNEAPOLIS POLICE
RELIEF ASSOCIATION

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

Subd. 10b. **Base salary; Minneapolis police.** "Base salary," for a member of the public employees police and fire retirement plan who was an active member of the former Minneapolis Police Relief Association on the day prior to the effective date of consolidation under section 16, is \$.....

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

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

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

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

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

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

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

(6) a periodic, repetitive leave that is offered to all employees of a governmental subdivision. The leave program may not exceed 208 hours per annual normal work cycle as certified to the association by the employer. A participating member obtains service credit by making employee contributions in an amount or amounts based on the member's

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17.1 average salary, excluding overtime pay, that would have been paid if the leave had not been
17.2 taken. The employer shall pay the employer and additional employer contributions on
17.3 behalf of the participating member. The employee and the employer are responsible to pay
17.4 interest on their respective shares at the rate of 8.5 percent a year, compounded annually,
17.5 from the end of the normal cycle until full payment is made. An employer shall also make
17.6 the employer and additional employer contributions, plus 8.5 percent interest, compounded
17.7 annually, on behalf of an employee who makes employee contributions but terminates
17.8 public service. The employee contributions must be made within one year after the end of
17.9 the annual normal working cycle or within 30 days after termination of public service,
17.10 whichever is sooner. The executive director shall prescribe the manner and forms to be
17.11 used by a governmental subdivision in administering a periodic, repetitive leave. Upon
17.12 payment, the member must be granted allowable service credit for the purchased period;

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

17.19 (8) a period during which a member is absent from employment by a governmental
17.20 subdivision by reason of service in the uniformed services, as defined in United States
17.21 Code, title 38, section 4303(13), if the member returns to public service with the same
17.22 governmental subdivision upon discharge from service in the uniformed service within the
17.23 time frames required under United States Code, title 38, section 4312(e), provided that
17.24 the member did not separate from uniformed service with a dishonorable or bad conduct
17.25 discharge or under other than honorable conditions. The service must be credited if the
17.26 member pays into the fund equivalent employee contributions based upon the contribution
17.27 rate or rates in effect at the time that the uniformed service was performed multiplied by
17.28 the full and fractional years being purchased and applied to the annual salary rate. The
17.29 annual salary rate is the average annual salary, excluding overtime pay, during the purchase
17.30 period that the member would have received if the member had continued to be employed
17.31 in covered employment rather than to provide uniformed service, or, if the determination
17.32 of that rate is not reasonably certain, the annual salary rate is the member's average salary
17.33 rate, excluding overtime pay, during the 12-month period of covered employment rendered
17.34 immediately preceding the period of the uniformed service. Payment of the member
17.35 equivalent contributions must be made during a period that begins with the date on which
17.36 the individual returns to public employment and that is three times the length of the

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18.1 military leave period, or within five years of the date of discharge from the military service,
18.2 whichever is less. If the determined payment period is less than one year, the contributions
18.3 required under this clause to receive service credit may be made within one year of the
18.4 discharge date. Payment may not be accepted following 30 days after termination of
18.5 public service under subdivision 11a. If the member equivalent contributions provided for
18.6 in this clause are not paid in full, the member's allowable service credit must be prorated
18.7 by multiplying the full and fractional number of years of uniformed service eligible for
18.8 purchase by the ratio obtained by dividing the total member contributions received by the
18.9 total member contributions otherwise required under this clause. The equivalent employer
18.10 contribution, and, if applicable, the equivalent additional employer contribution must be
18.11 paid by the governmental subdivision employing the member if the member makes the
18.12 equivalent employee contributions. The employer payments must be made from funds
18.13 available to the employing unit, using the employer and additional employer contribution
18.14 rate or rates in effect at the time that the uniformed service was performed, applied to the
18.15 same annual salary rate or rates used to compute the equivalent member contribution. The
18.16 governmental subdivision involved may appropriate money for those payments. The
18.17 amount of service credit obtainable under this section may not exceed five years unless a
18.18 longer purchase period is required under United States Code, title 38, section 4312. The
18.19 employing unit shall pay interest on all equivalent member and employer contribution
18.20 amounts payable under this clause. Interest must be computed at a rate of 8.5 percent
18.21 compounded annually from the end of each fiscal year of the leave or the break in service
18.22 to the end of the month in which the payment is received. Upon payment, the employee
18.23 must be granted allowable service credit for the purchased period; or

18.24 (9) a period specified under subdivision 40.

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

18.30 (c) For a public employee who has prior service covered by a local police or
18.31 firefighters relief association that has consolidated with the Public Employees Retirement
18.32 Association under chapter 353A or to which section 353.665 applies, and who has elected
18.33 the type of benefit coverage provided by the public employees police and fire fund either
18.34 under section 353A.08 following the consolidation or under section 353.665, subdivision
18.35 4, "~~applicable~~ allowable service" is a period of service credited by the local police or
18.36 firefighters relief association as of the effective date of the consolidation based on law

19.1 and on bylaw provisions governing the relief association on the date of the initiation
19.2 of the consolidation procedure.

19.3 (d) No member may receive more than 12 months of allowable service credit in a
19.4 year either for vesting purposes or for benefit calculation purposes. For an active member
19.5 who was an active member of the former Minneapolis Police Relief Association on the
19.6 day prior to the effective date of consolidation under section 16, "allowable service" is the
19.7 period of service credited by the Minneapolis Police Relief Association as reflected in
19.8 the transferred records of the association up to the effective date of consolidation under
19.9 section 16 and the period of service credited under paragraph (a), clause (1), after the
19.10 effective date of consolidation under section 16.

19.11 (e) MS 2002 [Expired]

19.12 Sec. 3. Minnesota Statutes 2010, section 353.65, subdivision 1, is amended to read:

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

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

19.22 (c) Within the public employees police and fire fund is established a special health
19.23 benefit contribution account. The member contributions in excess of 25 years of service
19.24 under subdivision 2, paragraph (b), must be deposited in the special account.

19.25 Sec. 4. Minnesota Statutes 2010, section 353.65, subdivision 2, is amended to read:

19.26 Subd. 2. **Employee contribution.** (a) For members other than members who were
19.27 active members of the former Minneapolis Police Relief Association on the day prior to
19.28 the effective date of consolidation under section 16, the employee contribution is 9.4
19.29 percent of the salary of the member in calendar year 2010 and is 9.6 percent of the salary
19.30 of the member in each calendar year after 2010. ~~This contribution~~

19.31 (b) For members other than members who were active members of the former
19.32 Minneapolis Police Relief Association on the day prior to the effective date of
19.33 consolidation under section 16, the employee contribution is an amount equal to eight
19.34 percent of the base salary of the member. The employee contribution made by a member

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20.1 with at least 25 years of service credit as an active member of the former Minneapolis
20.2 Police Relief Association must be deposited in the special health benefit contribution
20.3 account established under subdivision 1, paragraph (c).

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

20.8 Sec. 5. Minnesota Statutes 2010, section 353.65, subdivision 3, is amended to read:

20.9 Subd. 3. **Employer contribution.** (a) With respect to members other than members
20.10 who were active members of the former Minneapolis Police Relief Association on the day
20.11 prior to the effective date of consolidation under section 16, the employer contribution is
20.12 14.1 percent of the salary of the member in calendar year 2010 and is 14.4 percent of the
20.13 salary of the member in each calendar year after 2010. ~~This contribution~~

20.14 (b) With respect to members who were active members of the former Minneapolis
20.15 Police Relief Association on the day prior to the effective date of consolidation under
20.16 section 16, the employer contribution is \$..... per month.

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

20.19 Sec. 6. Minnesota Statutes 2010, section 353.651, subdivision 1, is amended to read:

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

20.25 Sec. 7. **[353.6512] ALTERNATIVE RETIREMENT BENEFIT COVERAGE IN**
20.26 **CERTAIN INSTANCES.**

20.27 Subdivision 1. **Applicability.** The alternative benefit coverage under this section
20.28 applies only to an active member of the public employees police and fire retirement plan
20.29 who was an active member of the former Minneapolis Police Relief Association on the
20.30 day prior to the consolidation effective date under section 16 and who retires after the
20.31 consolidation effective date under section 16.

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

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

21.8	<u>years of service</u>	<u>retirement annuity amount</u>
21.9	<u>20</u>	<u>45.00 percent of base salary</u>
21.10	<u>21</u>	<u>47.00 percent of base salary</u>
21.11	<u>22</u>	<u>49.00 percent of base salary</u>
21.12	<u>23</u>	<u>51.00 percent of base salary</u>
21.13	<u>24</u>	<u>53.00 percent of base salary</u>
21.14	<u>25 or more</u>	<u>55.00 percent of base salary</u>

21.15 Subd. 3. Disability benefit. A member described in subdivision 1, if the member is
21.16 disabled under section 353.01, subdivision 41 or 46, and has not yet attained the age of 50
21.17 years, is entitled to a disability benefit equal to 43.25 percent of base salary.

21.18 Subd. 4. Surviving spouse benefit. A surviving spouse under section 353.01,
21.19 subdivision 20, of a deceased member described in subdivision 1 is entitled to a surviving
21.20 spouse benefit equal to 30 percent of base salary.

21.21 Subd. 5. Surviving dependent child benefit. A surviving dependent child under
21.22 section 353.01, subdivision 15a, of a deceased member described in subdivision 1 is
21.23 entitled to a surviving child benefit equal to 11.25 percent of base salary.

21.24 Subd. 6. Surviving family benefit maximum. The surviving spouse and surviving
21.25 dependent child under subdivisions 4 and 5 are entitled to a combined family benefit under
21.26 subdivisions 4 and 5 of 53 percent of base salary.

21.27 Subd. 7. Health insurance account. Member contributions made in excess of 25
21.28 years of service credit that are deposited in the separate account under section 353.65,
21.29 subdivision 1, paragraph (c), upon the retirement, disablement, or death of a member
21.30 described in subdivision 1, must be deposited into the postretirement health care savings
21.31 plan under section 352.98, for the reimbursement of health or medical expenses of the
21.32 member or the deceased member's heirs.

21.33 Subd. 8. Postretirement adjustments. Retirement annuities, service pensions,
21.34 disability benefits, and survivor benefits are eligible for postretirement adjustments under
21.35 section 356.415.

21.36 Sec. 8. Minnesota Statutes 2010, section 353.656, subdivision 1, is amended to read:

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22.1 Subdivision 1. **Duty disability; computation of benefits.** (a) A member of the
22.2 police and fire plan, other than a police officer covered by section 353.6512, who is
22.3 determined to qualify for duty disability as defined in section 353.01, subdivision 41,
22.4 shall receive disability benefits during the period of such disability in an amount equal to
22.5 60 percent of the average salary as defined in section 353.01, subdivision 17a, plus an
22.6 additional percentage specified under section 356.315, subdivision 6, of that average
22.7 salary for each year of service in excess of 20 years.

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

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

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

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

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

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

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

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

23.1 1 upon written notice from the association's medical advisor that the person is no longer
23.2 considered permanently and totally disabled.

23.3 (c) If a member approved for disability benefits under this subdivision dies before
23.4 attaining normal retirement age as defined in section 353.01, subdivision 37, paragraph
23.5 (b), or within 60 months of the effective date of the disability, whichever is later,
23.6 the surviving spouse is entitled to receive a survivor benefit under section 353.657,
23.7 subdivision 2, paragraph (a), clause (1), if the death is the direct result of the disabling
23.8 condition for which disability benefits were approved, or section 353.657, subdivision
23.9 2, paragraph (a), clause (2), if the death is not directly related to the disabling condition
23.10 for which benefits were approved under this subdivision.

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

23.17 Sec. 10. Minnesota Statutes 2010, section 353.656, subdivision 3, is amended to read:

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

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

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

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

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

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

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

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

24.3 (a) A member of the police and fire plan, other than a police officer covered by section
24.4 353.6512, whose disabling condition is determined to be a regular disability under section
24.5 353.01, subdivision 46, that is also a permanent and total disability as defined in section
24.6 353.01, subdivision 19, is entitled to receive, for life, a disability benefit in an amount
24.7 equal to 45 percent of the average salary as defined in section 353.01, subdivision 17a,
24.8 plus an additional percent specified in section 356.315, subdivision 6, of that average
24.9 salary for each year of service in excess of 15 years.

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

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

24.29 Sec. 12. Minnesota Statutes 2010, section 353.657, subdivision 1, is amended to read:

24.30 Subdivision 1. **Generally.** (a) In the event that a member of the police and fire
24.31 fund, other than a police officer covered by section 353.6512, dies from any cause
24.32 before retirement or before becoming disabled and receiving disability benefits, the
24.33 association shall grant survivor benefits to a surviving spouse, as defined in section
24.34 353.01, subdivision 20, and to a dependent child or children, as defined in section 353.01,

25.1 subdivision 15, except that if the death is not a line of duty death, the member must be
25.2 vested under section 353.01, subdivision 47.

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

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

25.12 Sec. 13. **[353.668] CONSOLIDATION OF THE MINNEAPOLIS POLICE**
25.13 **RELIEF ASSOCIATION.**

25.14 Subdivision 1. **Membership transfer.** On the effective date of consolidation under
25.15 section 16, the active, inactive, and retired members of the Minneapolis Police Relief
25.16 Association are transferred to the public employees police and fire retirement plan, are no
25.17 longer members of the Minneapolis Police Relief Association, and are members of the
25.18 public employees police and fire retirement plan.

25.19 Subd. 2. **Service credit and benefit liability transfer.** (a) Allowable service credit
25.20 and base salary credit of the active members of the Minneapolis Police Relief Association,
25.21 as contained in the records of the Minneapolis Police Relief Association through the
25.22 day before the effective date of consolidation under section 16, are transferred to the
25.23 public employees police and fire retirement plan and is credited as provided in section
25.24 353.01, subdivisions 10a and 16, paragraph (c), on the effective date of consolidation
25.25 under section 16.

25.26 (b) The liability for the payment of retirement annuities, service pensions, and
25.27 retirement benefits of the Minneapolis Police Relief Association retired members, service
25.28 pensioners, disabilitants, and other retirement benefit recipients as specified in the records
25.29 of the Minneapolis Police Relief Association is transferred to the public employees police
25.30 and fire retirement plan on the effective date of consolidation under section 16.

25.31 Subd. 3. **Transfer of records.** On the effective date of the consolidation under
25.32 section 16, the chief administrative officer of the Minneapolis Police Relief Association
25.33 shall transfer all records and documents relating to the Minneapolis Police Relief
25.34 Association to the executive director of the Public Employees Retirement Association. To
25.35 the extent possible, original copies of all records and documents must be transferred.

26.1 Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On the effective date
26.2 of the consolidation under section 16, the chief administrative officer of the Minneapolis
26.3 Police Relief Association shall transfer the entire assets of the special fund of the
26.4 Minneapolis Police Relief Association to the public employees police and fire retirement
26.5 fund. The transfer must include any accounts receivable that are determined by the
26.6 State Board of Investment as being capable of being collected. An amount, in cash,
26.7 must be transferred by the city of Minneapolis equal to the carrying value recognized
26.8 by the relief association of investment securities that are determined to be ineligible or
26.9 inappropriate by the executive director of the State Board of Investment or of accounts
26.10 receivable determined as being incapable of being collected by the executive director of
26.11 the State Board of Investment. Legal and beneficial title to assets that are ineligible or
26.12 inappropriate securities or that are uncollectible accounts receivable are transferred to the
26.13 city of Minneapolis on the effective date of consolidation under section 16. Any accounts
26.14 payable on the effective date of consolidation under section 16 are an obligation of the
26.15 city of Minneapolis.

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

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

26.32 Subd. 5. **Benefits.** The annuities, service pensions, and other retirement benefits
26.33 of or attributable to retired, disabled, deferred, or inactive Minneapolis Police Relief
26.34 Association members who had that status as of the day before the effective date of
26.35 consolidation under section 16 continue after consolidation in the same amount and under
26.36 the same terms as provided in Minnesota Statutes 2010, chapter 423B, except that the base

27.1 monthly salary is governed by section 353.01, subdivision 10b, and the postretirement
27.2 adjustments must be calculated solely under section 353.6512, subdivision 8.

27.3 Subd. 6. **Additional asset transfers.** As of the effective date of the consolidation
27.4 under section 16, the approved actuary retained by the Public Employees Retirement
27.5 Association shall calculate the present value of future benefits of the former Minneapolis
27.6 Police Relief Association, and, after subtracting the market value of the transferred
27.7 assets of the former Minneapolis Police Relief Association and the present value of the
27.8 employer contribution under section 353.64, subdivision 3, paragraph (c), shall calculate
27.9 the remainder present value of future benefits amount. Annually, following the effective
27.10 date of consolidation under section 16, the city of Minneapolis shall amortize on a level
27.11 annual dollar basis the remainder present value of future benefits amount by December 31,
27.12 2020. The amortization payment is payable annually on December 1.

27.13 Sec. 14. Minnesota Statutes 2010, section 423A.02, subdivision 1b, is amended to read:

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

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

27.21 (2) all local police or salaried firefighter consolidation accounts governed by chapter
27.22 353A that are certified by the executive director of the public employees retirement
27.23 association as having for the current fiscal year an additional municipal contribution
27.24 amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented
27.25 section 353A.083, subdivision 1, if the effective date of the consolidation preceded May
27.26 24, 1993, and that have implemented section 353A.083, subdivision 2, if the effective date
27.27 of the consolidation preceded June 1, 1995; and

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

27.31 (b) The commissioner shall allocate the state aid on the basis of the proportional share
27.32 of the relief association or consolidation account of the total unfunded actuarial accrued
27.33 liability of all recipient relief associations and consolidation accounts as of December 31,
27.34 1993, for relief associations, and as of June 30, 1994, for consolidation accounts.

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28.1 (c) Beginning October 1, 2000, and annually thereafter, the commissioner shall
28.2 allocate the state aid, including any state aid in excess of the limitation in subdivision
28.3 4, on the following basis:

28.4 (1) 64.5 percent to the municipalities to which section 353.665, subdivision
28.5 8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), apply for distribution in
28.6 accordance with paragraph (b) and subject to the limitation in subdivision 4;

28.7 (2) 34.2 percent to the city of Minneapolis to fund any unfunded actuarial accrued
28.8 liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the
28.9 preceding December 31 for the Minneapolis Police Relief Association or the Minneapolis
28.10 Fire Department Relief Association; and

28.11 (3) 1.3 percent to the city of Virginia to fund any unfunded actuarial accrued liability
28.12 in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding
28.13 December 31 for the Virginia Fire Department Relief Association.

28.14 If there is no unfunded actuarial accrued liability in both the Minneapolis Police
28.15 Relief Association and the Minneapolis Fire Department Relief Association as disclosed
28.16 in the most recent actuarial valuations for the relief associations prepared under sections
28.17 356.215 and 356.216, the commissioner shall allocate that 34.2 percent of the aid as
28.18 follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul
28.19 Teachers Retirement Fund Association, and 30 percent as additional funding to support
28.20 minimum fire state aid for volunteer firefighters relief associations. If there is no unfunded
28.21 actuarial accrued liability in the Virginia Fire Department Relief Association as disclosed
28.22 in the most recent actuarial valuation for the relief association prepared under sections
28.23 356.215 and 356.216, the commissioner shall allocate that 1.3 percent of the aid as
28.24 follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul
28.25 Teachers Retirement Fund Association, and 30 percent as additional funding to support
28.26 minimum fire state aid for volunteer firefighters relief associations. Upon the final
28.27 payment to municipalities required by section 353.665, subdivision 8, paragraph (b),
28.28 or 353A.09, subdivision 5, paragraph (b), the commissioner shall allocate that 64.5
28.29 percent of the aid as follows: 20 percent to the St. Paul Teachers Retirement Fund
28.30 Association, 20 percent to the city of Minneapolis to fund any unfunded actuarial accrued
28.31 liability in the actuarial valuation proposed under sections 356.215 and 356.216 as of the
28.32 preceding December 31 for the Minneapolis Police Relief Association or the Minneapolis
28.33 Firefighters Relief Association, 20 percent for the city of Duluth to pay for any costs
28.34 associated with the police and firefighters pensions, and 40 percent as additional funding to
28.35 support minimum fire state aid for volunteer firefighters relief associations. The allocation
28.36 must be made by the commissioner at the same time and under the same procedures

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

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

29.12 **Sec. 15. MINNEAPOLIS POLICE RELIEF ASSOCIATION; SPECIAL**
29.13 **ACTUARIAL VALUATION PENDING CONSOLIDATION.**

29.14 (a) On or before August 1, 2011, the approved actuarial consulting firm retained
29.15 by the Public Employees Retirement Association under Minnesota Statutes, section
29.16 356.214, shall prepare an alternative actuarial valuation of the Minneapolis Police Relief
29.17 Association under Minnesota Statutes, section 356.215, and the most recent standards for
29.18 actuarial work adopted by the Legislative Commission on Pensions and Retirement as
29.19 of December 31, 2009, using the applicable actuarial assumptions and the applicable
29.20 amortization target date of the public employee police and fire retirement plan.

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

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

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

29.33 **Sec. 16. EFFECTIVE DATE; LOCAL APPROVAL.**

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30.1 Sections 1 to 15 are effective December 31, 2011, if the board of trustees of the
30.2 Minneapolis Police Relief Association approves the article, if the chief administrative
30.3 officer of the Minneapolis Police Relief Association certifies that approval to the mayor
30.4 of the city of Minneapolis and the president of the Minneapolis city council, and if the
30.5 governing body of the city of Minneapolis and the chief clerical officer of Minneapolis
30.6 timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions
30.7 2 and 3, on or before September 30, 2011, or on the first day of the month occurring two
30.8 months after the governing body of the city of Minneapolis and the chief clerical officer of
30.9 Minneapolis timely complete their compliance with Minnesota Statutes, section 645.021,
30.10 subdivisions 2 and 3, if that completion occurs on or after October 1, 2011.