

CHAPTER 69

FIRE AND POLICE DEPARTMENT AID

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69.011 QUALIFYING FOR STATE AID.

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

(a) "Commissioner" means the commissioner or director of insurance.

(b) "Municipality" means any home rule charter or statutory city or organized town.

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

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

(e) "Assessed Property Valuation" means latest available assessed value of all property in a taxing jurisdiction, whether the property is subject to taxation, or exempt from ad valorem taxation obtained from information which appears on abstracts filed with the commissioner of revenue or equalized by the state board of equalization.

(f) "Minnesota Aid to Police Premium Report" means a form prescribed by the commissioner for reporting by each fire and casualty insurer of all premiums received upon direct business received by it in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for insuring against the perils contained in auto liability-bodily injury, auto liability-property damage, and auto physical damage as reported in the Minnesota business schedule of the fire and casualty insurance companies annual financial statement which each insurer is required to file with the commissioner in accordance with the governing laws or regulations less return premiums and dividends.

(g) "Peace officer" means any person:

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

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

(3) Who is sworn to enforce the general criminal laws of the state and local ordinances;

(4) Who is licensed by the peace officers standards and training board and is authorized to arrest with a warrant; and

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(5) Who is a member of a local police relief association to which section 69.77 applies or the public employees police and fire fund.

(h) "Full time equivalent number of peace officers providing contract service" means the integral or fractional number of peace officers which would be necessary to provide the contract service if all peace officers providing service were employed on a full time basis as defined by the employing unit and the municipality receiving the contract service.

(i) "Retirement benefits other than a service pension" means any disbursement authorized pursuant to section 424.05, subdivision 3, clauses (2), (3) and (4).

(j) "Municipal clerk, municipal clerk-treasurer or county auditor" means the person who was elected or appointed to the specified position or, in the absence of the person, another person who is designated by the applicable governing body.

Subd. 2. **Clerk to file certificate.** (a) On or before March 1 annually the clerk of each municipality having a duly organized fire department as provided in subdivision 4, clause (1) or the secretary of nonprofit fire fighting corporations having a relief and retirement plan or incorporated firefighter's relief association shall certify that fact and the fire personnel and equipment of the fire department as of the preceding December 31 to the commissioner on a form prescribed by him together with the other facts the commissioner may require. The certification shall be made to the commissioner in duplicate. Each copy of the certificate shall be duly executed and deemed an original. The commissioner shall forward one copy to the auditor of the county wherein the fire department is located and retain one copy.

(b) On or before March 1 annually the clerk of each municipality having a duly organized police department and having a duly incorporated relief association shall certify that fact to the county auditor of the county where the police department is located and to the commissioner on a form prescribed by him together with the other facts the commissioner or auditor may require.

On or before March 1 annually, the clerk of each municipality and the auditor of each county employing one or more police officers as defined in subdivision 1, clause (h), shall certify the number of such police officers to the commissioner on forms prescribed by him. Credit for officers employed less than a full year shall be apportioned. Each full month of employment of a qualifying officer during the calendar year shall entitle the employing municipality or county to credit for one-twelfth of the payment for employment of a police officer for the entire year. For purposes of sections 69.011 to 69.051, employment of a police officer shall commence when the police officer is entered on the payroll of the respective municipal police department or county sheriff's department. No police officer shall be included in the certification of the number of police officers by more than one municipality or county for the same month.

[For text of subs 3 to 5, see M.S.1980]

History: 1981 c 68 s 3,4; 1981 c 224 s 19

69.021 REPORTING PREMIUMS; CALCULATION OF AID.

Subdivision 1. **Minnesota firetown premium report and Minnesota aid to police premium report.** The commissioner of insurance shall, at the time he mails annual statement and tax forms, send blank copies of the Minnesota Firetown Premium Report and when applicable the Minnesota Aid to Police Premium Report to each insurer, including township and farmers mutual insurance companies licensed to write insurance as described in section 69.011, subdivision 1,

clauses (c) and (f) in this state. These reports shall contain space for the insurers name, address, gross premiums less return premiums, dividends, net premiums, certification and other facts the commissioner may require.

Subd. 2. **Report of premiums.** Each insurer, including township and farmers mutual insurers where applicable, shall return to the commissioner with its annual financial statement the reports described in subdivision 1 certified by its secretary and president or chief financial officer. The Minnesota Firetown Premium Report shall contain a true and accurate statement of the total premium for all gross direct fire, lightning, and sprinkler leakage insurance of all domestic mutual insurers and the total premiums for all gross direct fire, lightning, sprinkler leakage and extended coverage insurance of all other insurers, less return premiums and dividends received by them on that business written or done during the preceding calendar year upon property located within the state or brought into the state for temporary use. The fire and extended coverage portion of multi-peril and multiple peril package premiums and all other combination premiums shall be determined by applying percentages determined by the commissioner or by rating bureaus recognized by the commissioner. The Minnesota Aid to Police Premium Report shall contain a true and accurate statement of the total premiums, less return premiums and dividends received, on all direct business received by such insurer in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for perils described in section 69.011, subdivision 1, clause (f).

[For text of subs 3 to 5, see M.S.1980]

Subd. 6. **Calculation of apportionment of aid to counties.** With respect to firefighters, one-half of the state aid available shall be distributed to the counties in proportion to their population as shown by the last official statewide federal census. The remaining one-half of the state aid available shall be distributed to the counties in proportion to their assessed property valuation, excluding mineral values.

In the case of incorporated or municipal fire departments furnishing fire protection to cities, towns or townships in other counties as evidenced by valid fire service contracts filed with the commissioner of insurance and county auditor the distribution to the respective counties shall be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments shall be made to subsequent apportionments.

The state aid available in respect to police officers shall not exceed the amount of tax collected and shall be distributed to the counties in proportion to the total number of active police officers, as defined in section 69.011, subdivision 1, clause (g), in each county who are employed either by municipalities maintaining police departments or by the county. Any necessary adjustments shall be made to subsequent apportionments.

Subd. 7. **Apportionment of aid to municipalities and firefighter's relief associations by county auditor.** (1) The county auditor shall apportion the state aid received by him relative to the premiums reported on the Minnesota Firetown Premium Reports filed pursuant to this chapter to each municipality and/or firefighter's relief association certified to him by the commissioner in the same manner that state aid is apportioned to the counties, one-half in proportion to the population and one-half in proportion to the assessed property valuation of the fire towns in the county for which aid is proportioned. Necessary adjustments shall be made to subsequent apportionments.

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In the case of municipalities or independent fire departments qualifying for the aid the county auditor shall calculate the state aid for the municipality or relief association on the basis of the population and the property valuation of the area furnished fire protection service by the fire department as evidenced by duly executed and valid fire service agreements filed with him. If one or more fire departments are furnishing contracted fire service to a city, town or township only the population and valuation of the area served by each fire department shall be considered in calculating the state aid and the fire departments furnishing service shall enter into an agreement apportioning among themselves the percent of the population and the assessed property valuation of each service area. Agreement shall be in writing and filed with the commissioner in duplicate. The commissioner shall forward one copy of the agreement to the county auditor of the county wherein the fire department is located and retain one copy.

In the case of cities of the first and second class the state aid calculated shall be paid directly to the treasurer of the relief association. In the case of all other municipalities and independent fire department relief associations or retirement plans the aid shall be paid to the treasurer of the municipality where the fire department is located and the treasurer of the municipality shall within 30 days transmit the aid to the relief association if the relief association has filed a financial report with the treasurer of the municipality and has met all other statutory provisions pertaining to the aid apportionment.

The county auditor and commissioner are hereby empowered to make rules and regulations to permit the administration of the provisions of this section.

(2) The county auditor shall apportion the state police aid received by him to each municipality and to the county in the following manner:

(a) For all municipalities maintaining police departments and the county, the state aid shall be distributed by the county auditor in proportion to the total number of police officers, as determined pursuant to section 69.011, subdivision 1, clause (g), and subdivision 2, clause (b), employed by each municipality and by the county for 12 calendar months and the proportional or fractional number who were employed less than 12 months;

(b) For each municipality which contracts with the county for police service, a proportionate amount of the state aid distributed to the county based on the full time equivalent number of police officers providing contract service shall be credited against the municipality's contract obligation;

(c) For each municipality which contracts with another municipality for police service, a proportionate amount of the state aid distributed to the municipality providing contract service based on the full time equivalent number of police officers providing contract service on a full time equivalent basis shall be credited against the contract obligation of the municipality receiving contract service;

(d) No municipality entitled to receive police state aid shall be apportioned less police state aid for any year under Laws 1976, Chapter 315, than the amount which was apportioned to it for calendar year 1975 based on premiums reported to the commissioner for calendar year 1974; provided, the amount of police state aid to other municipalities within the county and to the county shall be adjusted in proportion to the total number of police officers in the municipalities and the county, so that the amount of police state aid apportioned shall not exceed the amount of police state aid available for apportionment.

The county auditor and commissioner are hereby empowered to make rules and regulations to permit the administration of the provisions of this section.

[For text of subs 8 and 9, see M.S.1980]

History: 1981 c 68 s 5-8

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69.031 COMMISSIONER OF FINANCE'S WARRANT, APPROPRIATION, PAYMENT AND ADMINISTRATION.

[For text of subds 1 to 4, see M.S.1980]

Subd. 5. **Deposit of state aid.** (1) The municipal treasurer, when the fire state aid is received by him, shall within 30 days after receipt transmit it to the treasurer of the duly incorporated firefighter's relief association if there is one organized and the association has filed a financial report with the municipality; but if there is no relief association organized, or if any association dissolve, be removed, or has heretofore dissolved, or has been removed as trustees of state aid, then the treasurer of the municipality shall keep the money in the municipal treasury as provided for in section 424A.05 and shall be disbursed only for the purposes and in the manner set forth in that section.

(2) The municipal treasurer, upon receipt of the police state aid, shall disburse the police state aid in the following manner:

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

(b) For a municipality in which police retirement coverage is provided by the public employees police and fire fund and all peace officers are members of the fund, the total state aid shall be applied toward the municipality's employer contribution to the public employees police and fire fund pursuant to section 353.65, subdivision 3, and any state aid in excess of the amount required to meet the employer's contribution pursuant to section 353.65, subdivision 3, shall also be contributed to the public employees police and fire fund and credited in the manner to be specified by the board of trustees of the public employees retirement association; or

(c) For a municipality in which both a police relief association exists and police retirement coverage is provided in part by the public employees police and fire fund, the municipality may elect at its option to transmit the total state aid to the treasurer of the relief association as provided in clause (a), to use the total state aid to apply toward the municipality's employer contribution to the public employees police and fire fund subject to all the provisions set forth in clause (b), or to allot the total state aid proportionately to be transmitted to the police relief association as provided in this subdivision and to apply toward the municipality's employer contribution to the public employees police and fire fund subject to the provisions of clause (b) on the basis of the respective number of active full time peace officers, as defined in section 69.011, subdivision 1, clause (g).

(3) The county treasurer, upon receipt of the police state aid for the county, shall apply the total state aid toward the county's employer contribution to the public employees police and fire fund pursuant to section 353.65, subdivision 3, and any state aid in excess of the amount required to meet the employer's contribution pursuant to section 353.65, subdivision 3, shall also be contributed to the public employees police and fire fund and credited in the manner to be specified by the board of trustees of the public employees retirement association.

Subd. 6. **Administration.** The staff of the statistical-tax audit section, insurance division, shall be under the direction of the incumbent senior auditor, who shall be director of the police and fire state aid programs. Under the supervision of the director of the police and fire state aid programs shall be an auditor, a

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senior account clerk, a clerk typist and other personnel and equipment the director may from time to time require to carry out the provisions of the law relating to the collection, apportionment and regulation of the police and fire state aid programs for fire departments, firefighter's relief and pension.

History: 1981 c 68 s 9; 1981 c 224 s 20,21; 1Sp1981 c 4 art 1 s 59

NOTE: Laws 1981, Chapter 68, Section 9 and First Special Session Laws 1981, Chapter 4, Article 1, Section 59 amend section 69.031, subdivision 5, clause (1) to read "424A.08" where "424A.05" appears.

69.051 FINANCIAL REPORT, BOND, EXAMINATION.

Subdivision 1. **Financial report of association.** The secretary and treasurer of each duly incorporated firefighters relief association or police relief association located in any municipality of any class shall annually prepare and sign jointly a detailed financial report of the association's receipts, disbursements and balances in its special and general funds for the preceding calendar year ending December 31, showing for what purpose the money has been paid and expended and any other information the commissioner may require, and, on or before June 30 following, file a copy with the municipality wherein the relief association is located and two copies with the commissioner. The commissioner shall forward one copy to the county auditor of the county wherein the municipality is located. No state aid or tax moneys shall be paid over by the municipality to an association until the report is filed with the municipality. The financial report shall be certified by an independent public accountant who shall give his opinion as to the condition of the funds and comment upon any exception to the report, or in lieu thereof file with the commissioner an audit report prepared by the state auditor. A police or firefighters relief association shall not qualify to receive future state aid pursuant to this chapter until the report is filed with the commissioner and the requirements of this chapter have been complied with.

[For text of subds 2 to 4, see M.S.1980]

History: 1981 c 224 s 22

69.29 EXCLUSION FROM MEMBERSHIP.

Each firefighters' relief association may exclude all applicants for membership who are not physically and mentally sound so as to prevent unwarranted risks for the association. Additional requirements for entrance fees and annual dues for membership in the association may from time to time be prescribed in the bylaws of the association. Each firefighters' relief association may exclude from active membership all members who reach 65 years of age regardless of the provisions of sections 197.455 to 197.48. When such members who have reached 65 years of age have been so excluded from active membership in the relief association, they shall be retired and receive a service pension as provided in this chapter.

The St. Paul and Duluth firefighters relief associations shall exclude and the Minneapolis firefighters relief association shall exclude or shall consider as a provisional member of the relief association pursuant to section 356.451, as specified by the city council of the city of Minneapolis, all applicants for membership and all present members who are 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 applicant or member has as of the later of the date of application for membership or March 30, 1978 sufficient service credit in the relief association to meet the minimum vesting requirements for a deferred service pension, or the city of the first class agrees in writing to make the total required employer

contributions on account of that individual from revenue sources other than funds provided under the federal comprehensive employment and training act, or the applicant or member agrees in writing to make the required employer contributions in addition to the member contribution.

History: *1Sp1981 c 4 art 1 s 18*

69.77 POLICE AND FIREFIGHTERS' RELIEF ASSOCIATION GUIDELINES ACT.

Subdivision 1. Notwithstanding any law to the contrary, a municipality may contribute public funds, including any applicable police or fire state aid, or levy property taxes for the support of a police or firefighters' relief association, enumerated in subdivision 1a, however organized, which provides retirement coverage or pays a service pension to a retired police officer or firefighter or a retirement benefit to a surviving dependent of either an active or retired police officer or fire fighter, for the operation and maintenance of the relief association only if the municipality and the relief association comply with the provisions of this section. The commissioner of insurance shall not include any municipality in the apportionment of police or fire state aid to the county auditor pursuant to section 69.021, subdivision 6, nor shall any county auditor include any municipality in the apportionment of police or fire state aid pursuant to section 69.021, subdivision 7, in which there exists a local police or salaried firefighters relief association as enumerated in subdivision 1a which does not comply with the provisions of this section or the provisions of any applicable special law relating to the funding or financing of the association. The commissioner of insurance shall determine if a municipality with a local police or salaried firefighters relief association fails to comply with the provisions of this section or the funding or financing provisions of any applicable special law.

Subd. 1a. The provisions of this section shall apply to the following retirement funds:

(1) Any police pension fund or relief association which is established pursuant to chapter 423;

(2) Any salaried firefighters pension fund or relief association which is established pursuant to chapter 424;

(3) Any pension fund or relief association which is established pursuant to this chapter which has five or more members who receive compensation for services rendered in the employment covered by the pension fund or relief association and which provides for retirement coverage or a service pension based on the compensation paid to members for that service;

(4) Any pension fund or relief association which is established and operates in whole or in part pursuant to special legislation and which provides for retirement coverage or a service pension based on the compensation paid to members for service as police officers or firefighters or which provides for retirement coverage or a service pension to volunteer firefighters based on the compensation paid to or the service pension provided by a pension fund or relief association located in the same municipality for police officers employed by the municipality but not covered by clauses (1), (2) or (3); and

(5) Any governmental subdivision retirement fund established pursuant to any law providing for retirement coverage to police officers or salaried firefighters or a retirement benefit to their dependents and not otherwise described in this subdivision.

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Subd. 2. The penalty provided for in subdivision 1 shall not apply to a relief association enumerated in subdivision 1a if the following requirements are met:

(1) Each member of the relief association pays into the special fund of the association during a year of covered service, a contribution for retirement coverage including survivorship benefits of not less than eight percent of the maximum rate of salary upon which retirement coverage is credited and service pension and retirement benefit amounts are determined. The member contributions shall be made by payroll deduction from the salary of the member by the municipality, and shall be transmitted by the municipality to the relief association as soon as practical. The relief association shall deposit the member contribution to the credit of the special fund of the relief association, provided that to avoid undue increase in the amount of employee contributions in any one year, any increase in the amount of contributions required by this section may be spread over several years with the approval of the municipality, but the increase in rate of contribution in each year shall not be less than one percent until the appropriate levels of required employee contributions have been reached. The member contribution requirement specified in this clause shall not apply to any members who are volunteer firefighters unless the governing body of the municipality did not approve this member contribution exemption following the consideration by the municipal governing body of the first actuarial survey filed with the municipality following January 1, 1970.

(2) The officers of the relief association determine the financial requirements of the relief association and minimum obligation of the municipality for the following calendar year in accordance with the requirements of this clause. The financial requirements of the relief association and the minimum obligation of the municipality shall be determined on or before the submission date established by the municipality pursuant to clause (3).

The financial requirements of the relief association for the following calendar year shall be based on the most recent actuarial valuation or survey prepared in accordance with sections 356.215, subdivision 4 and 356.216, whether or not the actuarial valuation or survey was prepared at a greater frequency than minimally required pursuant to clause (8). In the event that an updated actuarial valuation or an actuarial estimate is prepared by the actuary of the relief association as part of obtaining a modification of the benefit plan of the relief association and the modification is implemented, the updated actuarial valuation or actuarial estimate shall be used in calculating the financial requirements of the relief association.

If the relief association has an unfunded accrued liability as reported in the most recent actuarial valuation or survey, the total of the amounts calculated pursuant to clauses (a) and (b) shall constitute the financial requirements of the relief association for the following year. If the relief association does not have an unfunded accrued liability as reported in the most recent actuarial valuation or survey the amount calculated pursuant to subclause (a) shall constitute the financial requirements of the relief association for the following year.

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

(b) To the dollar amount of normal cost thus determined shall be added an amount equal to the level annual dollar amount which is sufficient to amortize the

unfunded accrued liability by December 31, 2010, as determined from the actuarial valuation or survey of the fund, using an interest assumption set at the rate specified in section 356.215, subdivision 4, clause (4). The amortization date specified in this subclause shall apply to all local police or salaried firefighters relief associations and shall supersede any amortization date specified in any applicable special law.

The minimum obligation of the municipality shall be an amount equal to the financial requirements of the relief association reduced by the estimated amount of member contributions from covered salary anticipated for the following calendar year and the estimated amounts from the applicable state aid program established pursuant to sections 69.011 to 69.051 anticipated as receivable by the relief association after any allocation pursuant to section 69.031, subdivision 5, clause (2), subclause (b) or Laws 1980, Chapter 607, Article XV, Section 4, Subdivision 2, and from the local police and salaried firefighters' relief association amortization aid program established pursuant to section 423A.02 anticipated for the following calendar year.

(3) The officers of the relief association shall submit determination of the financial requirements of the relief association and of the minimum obligation of the municipality to the governing body on or before the date established by the municipality which shall not be earlier than August 1 and shall not be later than September 1 of each year. The governing body of the municipality shall ascertain whether or not the determinations were prepared in accordance with law.

(4) The municipality shall provide for and shall pay each year at least the amount of the minimum obligation of the municipality to the relief association. If there is any deficiency in the municipal payment to meet the minimum obligation of the municipality as of the end of any calendar year, the amount of the deficiency shall be added to the minimum obligation of the municipality for the following year calculated pursuant to clause (2) and shall include interest at the rate of six percent per annum compounded from the date that the municipality was required to make payment pursuant to this clause until the date that the municipality actually makes the required payment.

(5) The municipality shall provide in the annual municipal budget for at least the minimum obligation of the municipality calculated pursuant to clause (2). The municipality may levy taxes for the payment of the minimum obligation of the municipality without any limitation as to rate or amount and irrespective of limitations imposed by other provisions of law upon the rate or amount of taxation when the balance of the special fund or any fund of the relief association has attained a specified minimum asset level. In addition, any taxes levied pursuant to this section shall not cause the amount or rate of other taxes levied in that year or to be levied in a subsequent year by the municipality which are subject to a limitation as to rate or amount to be reduced. If the municipality does not include the full amount of the minimum obligation of the municipality in the levy that the municipality certified to the county auditor in any year, the officers of the relief association shall certify the amount of any deficiency to the county auditor. Upon verifying the existence of any deficiency in the levy certified by the municipality, the county auditor shall spread a levy over the taxable property of the municipality in the amount of the deficiency certified to by the officers of the relief association.

(6) Any sums of money paid by the municipality to the relief association in excess of the minimum obligation of the municipality in any year shall be used to amortize any unfunded liabilities of the relief association.

(7) The funds of the association shall be invested in securities which are proper investments pursuant to section 11A.24, except that up to \$10,000 may be invested in the stock of any one corporation in any account of such small size that the three percent stock limitation specified in section 11A.24, subdivision 5 would necessitate a lesser investment. Securities held by the association before July 1, 1971, which do not meet the requirements of this paragraph may be retained after that date if they were proper investments for the association on April 28, 1969. The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify funds for investment by the state board under the provisions of section 11A.17, provided that there be no limit to the amount which may be invested in the income share account, in the bond account, or in the fixed-return account, and that up to 20 percent of that portion of the assets of the association invested in the Minnesota supplemental investment fund may be invested in the growth share account.

(8) The association shall procure an actuarial valuation showing the condition of the special fund of the relief association pursuant to sections 356.215 and 356.216 as of December 31 as of every even numbered year. The association shall also procure a quadrennial experience study pursuant to sections 356.215 and 356.216, as of December 31, 1978, and shall procure a quadrennial experience study every four years thereafter. A copy of the actuarial survey and the quadrennial experience study shall be filed with the director of the legislative reference library, the governing body of the municipality in which the association is organized, the executive secretary of the legislative commission on pensions and retirement, and the commissioner of insurance, not later than June 1 of the following year.

Subd. 2a. Any amendment to the bylaws or articles of incorporation of a relief association which increases or otherwise affects the retirement coverage provided by or the service pensions or retirement benefits payable from any police or firefighters relief association enumerated in subdivision 1a shall not be effective until it is ratified by the municipality in which the relief association is located. The officers of the relief association shall not seek municipal ratification prior to obtaining either an updated actuarial valuation including the proposed amendment or an estimate of the expected actuarial impact of the proposed amendment prepared by the actuary of the relief association and submitting that actuarial valuation or estimate to the clerk of the municipality.

[For text of subd 3, see M.S.1980]

History: 1981 c 208 s 7; 1981 c 224 s 23-26

69.772 RELIEF ASSOCIATIONS PAYING LUMP SUM SERVICE PENSIONS.

[For text of subd 1, see M.S.1980]

Subd. 2. **Determination of accrued liability.** Each firefighters' relief association which pays a service pension when a retiring firefighter meets the minimum requirements for entitlement to a service pension specified in section 424A.02 and which in its articles of incorporation or bylaws requires service credit for a period of service less than 20 years of active service for a totally nonforfeitable service pension as provided in section 424A.09 shall determine the accrued liability of the special fund of the firefighters' relief association relative to each active or deferred member of the relief association, calculated individually using the following table:

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| Cumulative Year | Accrued Liability |
|--------------------|---------------------------|
| 1 | \$35 |
| 2 | 71 |
| 3 | 110 |
| 4 | 150 |
| 5 | 192 |
| 6 | 236 |
| 7 | 283 |
| 8 | 332 |
| 9 | 383 |
| 10 | 437 |
| 11 | 494 |
| 12 | 553 |
| 13 | 616 |
| 14 | 681 |
| 15 | 750 |
| 16 and thereafter | 50 additional per year |

Each firefighters' relief association which pays a service pension when a retiring firefighter meets the minimum requirements for entitlement to a service pension specified in section 424A.02 and which in its articles of incorporation or bylaws requires service credit for a period of service of at least 20 years of active service for a totally nonforfeitable service pension shall determine the accrued liability of the special fund of the firefighters' relief association relative to each active or deferred member of the relief association, calculated individually using the following table:

| Cumulative Year | Accrued Liability |
|--------------------|---------------------------|
| 1 | \$30 |
| 2 | 62 |
| 3 | 95 |
| 4 | 130 |
| 5 | 167 |
| 6 | 205 |
| 7 | 246 |
| 8 | 288 |
| 9 | 333 |
| 10 | 380 |
| 11 | 429 |
| 12 | 481 |
| 13 | 535 |
| 14 | 592 |
| 15 | 652 |
| 16 | 714 |
| 17 | 780 |
| 18 | 849 |
| 19 | 922 |
| 20 | 1000 |
| 21 and thereafter | 50 additional per year |

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The accrued liability of the special fund for each active or deferred member of the relief association shall be determined as the multiple or portion of the accrued liability amounts corresponding to the cumulative years of active service with the fire department to which the relief association is affiliated to the credit of the member as set forth in the applicable table that the lump sum service pension amount currently provided for in the articles of incorporation or the bylaws of the relief association bears to a lump sum service pension of \$50 per year of service. If a member has fractional service as of December 31, the figure for service credit to be used for the determination of accrued liability pursuant to this section shall be rounded up to the nearest full year of service credit. The total accrued liability of the special fund of the relief association as of December 31 shall be the sum of the accrued liability attributable to each active or deferred member of the relief association.

Subd. 2a. Determination of accrued liability for recipients of installment payments. Each firefighters' relief association which pays a lump sum service pension in installment payments to a retired firefighter pursuant to section 424A.02, subdivision 8, shall determine the accrued liability of the special fund of the firefighters' relief association relative to each retired member receiving a lump sum service pension in installment payments calculated individually as the sum of each future installment payment discounted at an interest rate of five percent, compounded annually, from the date the installment payment is scheduled to be paid to December 31. The sum of the accrued liability attributable to each retired member of the relief association receiving a lump sum service pension in installment payments shall be the total additional accrued liability of the special fund of the relief association as of December 31, and shall be added to the accrued liability of the special fund of the relief association calculated pursuant to subdivision 2 for purposes of calculating the financial requirements of the relief association and the minimum obligation of the municipality pursuant to subdivision 3.

To the extent that the commissioner of insurance deems it to be necessary or practical, the commissioner may specify and issue procedures, forms or mathematical tables for use in performing the calculations required pursuant to this subdivision.

[For text of subs 3 to 6, see M.S.1980]

History: 1981 c 224 s 27,28

69.773 RELIEF ASSOCIATIONS PAYING MONTHLY SERVICE PENSIONS.

[For text of subd 1, see M.S.1980]

Subd. 2. Determination of actuarial condition and funding costs. Each relief association to which this section applies shall procure an actuarial valuation showing the condition of the special fund of the relief association as of December 31, 1978 and at least as of December 31 every four years thereafter. The valuation shall be prepared in accordance with the provisions of section 356.216, except that the figure for normal cost shall be expressed as a level dollar amount, and the amortization contribution shall be the level dollar amount calculated to amortize any current unfunded accrued liability by at least the date of full funding specified

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in subdivision 4, clause (b). Each valuation shall be filed with the governing body of the municipality in which the relief association is located and with the commissioner of insurance, not later than June 1 of the year next following the date as of which the actuarial valuation is prepared. Any relief association which is operating under a special law which requires that actuarial valuations be procured at least every four years and be prepared in accordance with applicable actuarial standards set forth in statute may continue to have actuarial valuations made according to the time schedule set forth in the special legislation subject to the provisions of subdivision 3. The relief association shall also procure a quadrennial experience study pursuant to section 356.216 to accompany the actuarial valuation every four years. With the permission of the commissioner of insurance, a relief association may have their quadrennial experience study prepared by a qualified actuary jointly with the experience studies of other relief associations and reported to the commissioner as part of a joint report by the qualified actuary not later than December 1 of the year next following the date as of which the actuarial valuation is prepared.

[For text of subs 3 to 6, see M.S.1980]

History: 1981 c 224 s 29

69.775 INVESTMENTS.

The special fund assets of the relief associations governed by sections 69.771 to 69.776 shall be invested in securities which are proper investments pursuant to section 11A.24, except that up to five percent of the special fund assets, or a minimum of \$10,000, may be invested in the stock of any one corporation. Securities held by the associations before January 1, 1972, which do not meet the requirements of this section may be retained after that date if they were proper investments for the association on May 14, 1971. The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify funds for investment by the state board under the provisions of section 11A.17, provided that there be no limit to the amount which may be invested in the income share account, in the bond account, or in the fixed-return account, and that up to 20 percent of that portion of the assets of the association invested in the Minnesota supplemental investment fund may be invested in the growth share account.

History: 1981 c 208 s 8