

1.1 moves to amend H.F. No. 215; S.F. No. 106, as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1

1.4 VIRGINIA FIRE DEPARTMENT RELIEF ASSOCIATION MERGER

1.5 Section 1. [353.669] MERGER OF THE VIRGINIA FIRE DEPARTMENT
1.6 RELIEF ASSOCIATION.

1.7 Subdivision 1. Merger authorized. On the effective date of merger, the Virginia
1.8 fire department consolidation account of the Public Employees Retirement Association
1.9 under chapter 353A becomes a part of the public employees police and fire retirement plan
1.10 and fund governed by sections 353.63 to 353.659.

1.11 Subd. 2. Benefit liability transfer. All current and future liabilities of the Virginia
1.12 fire department consolidation account under chapter 353A are liabilities of the public
1.13 employees police and fire retirement plan and fund as of the effective date of merger and
1.14 the accrued benefits of the members of the consolidation account are the obligation of the
1.15 public employees police and fire retirement plan and fund.

1.16 Subd. 3. Transfer of assets; transfer to title assets. On the effective date of merger,
1.17 the assets of the Virginia fire department consolidation account must be transferred to the
1.18 public employees police and fire retirement fund. Upon transfer, the market value of the
1.19 assets of the consolidation account, less any amount of residual assets under subdivision 6,
1.20 are assets of the public employees police and fire fund as of the effective date of merger,
1.21 and the assets, excluding the distribution amount under subdivision 6, become an asset of
1.22 the public employees police and fire retirement fund. The public employees police and
1.23 fire retirement fund also must be credited as an asset with the amount of any receivable
1.24 assets from employer contributions under subdivision 6.

1.25 Subd. 5. Benefits. A person who received a service pension, a disability benefit, or a
1.26 survivor benefit from the Virginia fire department consolidation account for the month

2.1 prior to the effective date of merger and who has not previously elected postretirement
2.2 adjustments under section 356.415, subdivision 1c, rather than the postretirement
2.3 adjustment mechanism of the Virginia Fire Department Relief Association under section
2.4 353A.08, subdivision 1, may elect future postretirement adjustments under section
2.5 356.415, subdivision 1c, or the retention of the former Virginia Fire Department Relief
2.6 Association postretirement adjustment mechanism. The election must be made in writing
2.7 on a form prescribed by the executive director on or before September 1, 2012. Unless
2.8 modified by an election under this subdivision, the benefit plan election by any person or
2.9 on behalf of any person under section 353A.08 remains binding.

2.10 Subd. 6. **Calculation of final funded status; employer contributions.** (a) As of
2.11 the effective date of merger, the approved actuary retained by the Public Employees
2.12 Retirement Association under section 356.214 shall determine the final funded status of the
2.13 former Virginia Fire Department Relief Association special fund. The final funded status is
2.14 the present value of future benefits payable from the Virginia fire department consolidation
2.15 account as of the effective date of merger after subtracting the market value of the
2.16 transferred assets of the Virginia fire department consolidation account as of the effective
2.17 date of merger. The present value of future benefits figure must be calculated using the
2.18 applicable actuarial assumptions for the public employees police and fire retirement plan
2.19 specified in or established under section 356.215. If there is a remainder present value
2.20 of future benefits amount, the city of Virginia shall pay to the public employees police
2.21 and fire retirement fund an amount sufficient, on a level annual dollar basis, to amortize
2.22 the calculated remainder present value of future benefits amount by December 31, 2020.
2.23 Payments shall be made annually on or before December 31, beginning in 2012.

2.24 (b) If there are assets of the former Virginia fire department consolidation account in
2.25 excess of the present value of future benefits as of the effective date of merger, these assets
2.26 shall be credited to an interest bearing suspense account within the public employees
2.27 police and fire retirement fund, shall be used to offset any amount payable under paragraph
2.28 (c) until June 30, 2015, and, after June 30, 2015, paid to the city of Virginia. The suspense
2.29 account must be credited with the same rate of investment return as the public employees
2.30 police and fire retirement fund.

2.31 (c) If, after the effective date of merger, the postretirement or preretirement interest
2.32 rate actuarial assumption applicable to the public employees police and fire retirement plan
2.33 under section 356.215, subdivision 8, is modified from the rates specified in Minnesota
2.34 Statutes 2010, section 356.215, subdivision 8, the remainder present value of future
2.35 benefits amount calculation under paragraph (a), updated for the passage of time, must be

3.1 revised and the amortization contribution by the city of Virginia for the balance of the
3.2 amortization period must be redetermined and certified to the city of Virginia.

3.3 Sec. 2. **TERMINATION OF THE VIRGINIA FIRE DEPARTMENT RELIEF**
3.4 **ASSOCIATION.**

3.5 On the effective date of merger, the Virginia fire department consolidation account
3.6 ceases to exist.

3.7 Sec. 3. **REPEALER.**

3.8 Laws 1953, chapter 399, as amended by Laws 1961, chapter 420, section 1, Laws
3.9 1961, chapter 420, section 2, Laws 1961, chapter 420, section 3, Laws 1961, chapter 420,
3.10 section 4, Laws 1961, chapter 420, section 5, Laws 1961, chapter 420, section 6, Laws
3.11 1963, chapter 407, section 1, Laws 1965, chapter 546, section 1, Laws 1965, chapter 546,
3.12 section 2, Laws 1965, chapter 546, section 3, Laws 1969, chapter 578, section 1, Laws
3.13 1969, chapter 578, section 2, Laws 1969, chapter 578, section 3; Laws 1961, chapter
3.14 420, as amended by Laws 1963, chapter 407, section 1, Laws 1965, chapter 546, section
3.15 1, Laws 1965, chapter 546, section 2, Laws 1965, chapter 546, section 3, Laws 1969,
3.16 chapter 578, section 1, Laws 1969, chapter 578, section 2; Laws 1963, chapter 407, as
3.17 amended by Laws 1969, chapter 578, section 2; Laws 1965, chapter 546, as amended by
3.18 Laws 1969, chapter 578, section 1; Laws 1969, chapter 578; Laws 1974, chapter 183, as
3.19 amended by Laws 1991, chapter 62, section 1; Laws 1982, chapter 574, section 1; Laws
3.20 1982, chapter 578, article 1, section 14; Laws 1983, chapter 69, section 1; Laws 1984,
3.21 chapter 547, section 27; Laws 1987, chapter 372, article 2, section 14; Laws 1988, chapter
3.22 709, article 8, sections 1; and 2; Laws 1991, chapter 62, sections 1; and 2; and Laws
3.23 1992, chapter 465, section 1, are repealed.

3.24 Sec. 4. **EFFECTIVE DATE.**

3.25 Sections 1 to 3 are effective as of June 29, 2012, which is the effective date of merger.

3.26 **ARTICLE 2**

3.27 **RELIEF ASSOCIATION MERGER CONFORMING CHANGES**

3.28 Section 1. Minnesota Statutes 2011 Supplement, section 69.77, subdivision 1a, is
3.29 amended to read:

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

3.32 (1) the Bloomington Firefighters Relief Association; and

4.1 (2) the Fairmont Police Relief Association; ~~and~~
4.2 ~~(3) the Virginia Fire Department Relief Association.~~

4.3 Sec. 2. Minnesota Statutes 2011 Supplement, section 69.77, subdivision 4, is amended
4.4 to read:

4.5 Subd. 4. **Relief association financial requirements; minimum municipal**
4.6 **obligation.** (a) The officers of the relief association shall determine the financial
4.7 requirements of the relief association and minimum obligation of the municipality for
4.8 the following calendar year in accordance with the requirements of this subdivision.
4.9 The financial requirements of the relief association and the minimum obligation of the
4.10 municipality must be determined on or before the submission date established by the
4.11 municipality under subdivision 5.

4.12 (b) The financial requirements of the relief association for the following calendar
4.13 year must be based on the most recent actuarial valuation or survey of the special fund of
4.14 the association if more than one fund is maintained by the association, or of the association,
4.15 if only one fund is maintained, prepared in accordance with sections 356.215, subdivisions
4.16 4 to 15, and 356.216, as required under subdivision 10. If an actuarial estimate is prepared
4.17 by the actuary of the relief association as part of obtaining a modification of the benefit
4.18 plan of the relief association and the modification is implemented, the actuarial estimate
4.19 must be used in calculating the subsequent financial requirements of the relief association.

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

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

4.33 (2) for the Bloomington Fire Department Relief Association; and the Fairmont
4.34 Police Relief Association, ~~and the Virginia Fire Department Relief Association,~~ to the
4.35 dollar amount of normal cost determined under clause (1) must be added an amount equal

5.1 to the dollar amount of the administrative expenses of the special fund of the association
 5.2 if more than one fund is maintained by the association, or of the association if only one
 5.3 fund is maintained, for the most recent year, multiplied by the factor of 1.035. The
 5.4 administrative expenses are those authorized under section 69.80; and

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

5.11 (d) ~~The Virginia Fire Department Relief Association special fund amortization date~~
 5.12 ~~is December 31, 2010.~~ The Fairmont Police Relief Association special fund amortization
 5.13 date is December 31, 2020. The Bloomington Fire Department Relief Association
 5.14 special fund amortization date is determined under section 356.216, clause (2). The
 5.15 amortization date specified in this paragraph supersedes any amortization date specified in
 5.16 any applicable special law.

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

5.28 Sec. 3. Minnesota Statutes 2011 Supplement, section 356.215, subdivision 8, is
 5.29 amended to read:

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

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

6.1	correctional state employees retirement plan	8.5	6.0
6.2	State Patrol retirement plan	8.5	6.0
6.3	legislators retirement plan	8.5	6.0
6.4	elective state officers retirement plan	8.5	6.0
6.5	judges retirement plan	8.5	6.0
6.6	general public employees retirement plan	8.5	6.0
6.7	public employees police and fire retirement plan	8.5	6.0
6.8	local government correctional service		
6.9	retirement plan	8.5	6.0
6.10	teachers retirement plan	8.5	6.0
6.11	Duluth teachers retirement plan	8.5	8.5
6.12	St. Paul teachers retirement plan	8.5	8.5
6.13	Fairmont Police Relief Association	5.0	5.0
6.14	Virginia Fire Department Relief Association	5.0	5.0
6.15	Bloomington Fire Department Relief		
6.16	Association	6.0	6.0
6.17	local monthly benefit volunteer firefighters		
6.18	relief associations	5.0	5.0

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

6.23 (1) single rate future salary increase assumption

6.24	plan	future salary increase assumption
6.25	legislators retirement plan	5.0%
6.26	judges retirement plan	4.0
6.27	Fairmont Police Relief Association	3.5
6.28	Virginia Fire Department Relief Association	3.5
6.29	Bloomington Fire Department Relief	
6.30	Association	4.0

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

6.33	plan	future salary increase assumption
6.34	correctional state employees retirement plan	assumption D
6.35	State Patrol retirement plan	assumption C
6.36	local government correctional service retirement plan	assumption C
6.37	Duluth teachers retirement plan	assumption A
6.38	St. Paul teachers retirement plan	assumption B

6.39 The select calculation is: during the
6.40 designated select period, a designated
6.41 percentage rate is multiplied by the result of

7.1 the designated integer minus T, where T is
 7.2 the number of completed years of service,
 7.3 and is added to the applicable future salary
 7.4 increase assumption. The designated select
 7.5 period is five years and the designated
 7.6 integer is five for the general state employees
 7.7 retirement plan. The designated select period
 7.8 is ten years and the designated integer is ten
 7.9 for all other retirement plans covered by
 7.10 this clause. The designated percentage rate
 7.11 is: (1) 0.2 percent for the correctional state
 7.12 employees retirement plan, the State Patrol
 7.13 retirement plan, and the local government
 7.14 correctional service retirement plan; (2)
 7.15 0.6 percent for the general state employees
 7.16 retirement plan; and (3) 0.3 percent for the
 7.17 teachers retirement plan, the Duluth Teachers
 7.18 Retirement Fund Association, and the St.
 7.19 Paul Teachers Retirement Fund Association.
 7.20 The select calculation for the Duluth Teachers
 7.21 Retirement Fund Association is 8.00 percent
 7.22 per year for service years one through seven,
 7.23 7.25 percent per year for service years seven
 7.24 and eight, and 6.50 percent per year for
 7.25 service years eight and nine.

7.26 The ultimate future salary increase assumption is:

7.27 age	A	B	C	D
7.28 16	8.00%	6.90%	7.7500%	7.2500%
7.29 17	8.00	6.90	7.7500	7.2500
7.30 18	8.00	6.90	7.7500	7.2500
7.31 19	8.00	6.90	7.7500	7.2500
7.32 20	6.90	6.90	7.7500	7.2500
7.33 21	6.90	6.90	7.1454	6.6454
7.34 22	6.90	6.90	7.0725	6.5725
7.35 23	6.85	6.85	7.0544	6.5544
7.36 24	6.80	6.80	7.0363	6.5363
7.37 25	6.75	6.75	7.0000	6.5000
7.38 26	6.70	6.70	7.0000	6.5000

8.1	27	6.65	6.65	7.0000	6.5000
8.2	28	6.60	6.60	7.0000	6.5000
8.3	29	6.55	6.55	7.0000	6.5000
8.4	30	6.50	6.50	7.0000	6.5000
8.5	31	6.45	6.45	7.0000	6.5000
8.6	32	6.40	6.40	7.0000	6.5000
8.7	33	6.35	6.35	7.0000	6.5000
8.8	34	6.30	6.30	7.0000	6.5000
8.9	35	6.25	6.25	7.0000	6.5000
8.10	36	6.20	6.20	6.9019	6.4019
8.11	37	6.15	6.15	6.8074	6.3074
8.12	38	6.10	6.10	6.7125	6.2125
8.13	39	6.05	6.05	6.6054	6.1054
8.14	40	6.00	6.00	6.5000	6.0000
8.15	41	5.90	5.95	6.3540	5.8540
8.16	42	5.80	5.90	6.2087	5.7087
8.17	43	5.70	5.85	6.0622	5.5622
8.18	44	5.60	5.80	5.9048	5.4078
8.19	45	5.50	5.75	5.7500	5.2500
8.20	46	5.40	5.70	5.6940	5.1940
8.21	47	5.30	5.65	5.6375	5.1375
8.22	48	5.20	5.60	5.5822	5.0822
8.23	49	5.10	5.55	5.5404	5.0404
8.24	50	5.00	5.50	5.5000	5.0000
8.25	51	4.90	5.45	5.4384	4.9384
8.26	52	4.80	5.40	5.3776	4.8776
8.27	53	4.70	5.35	5.3167	4.8167
8.28	54	4.60	5.30	5.2826	4.7826
8.29	55	4.50	5.25	5.2500	4.7500
8.30	56	4.40	5.20	5.2500	4.7500
8.31	57	4.30	5.15	5.2500	4.7500
8.32	58	4.20	5.10	5.2500	4.7500
8.33	59	4.10	5.05	5.2500	4.7500
8.34	60	4.00	5.00	5.2500	4.7500
8.35	61	3.90	5.00	5.2500	4.7500
8.36	62	3.80	5.00	5.2500	4.7500
8.37	63	3.70	5.00	5.2500	4.7500
8.38	64	3.60	5.00	5.2500	4.7500
8.39	65	3.50	5.00	5.2500	4.7500
8.40	66	3.50	5.00	5.2500	4.7500
8.41	67	3.50	5.00	5.2500	4.7500
8.42	68	3.50	5.00	5.2500	4.7500

9.1	69	3.50	5.00	5.2500	4.7500
9.2	70	3.50	5.00	5.2500	4.7500
9.3	(3) service-related ultimate future salary increase assumption				
9.4	general state employees retirement plan of the				assumption A
9.5	Minnesota State Retirement System				
9.6	general employees retirement plan of the Public				assumption B
9.7	Employees Retirement Association				
9.8	Teachers Retirement Association				assumption C
9.9	public employees police and fire retirement plan				assumption D
9.10	service				
9.11	length	A	B	C	D
9.12	1	10.75%	12.25%	12.00%	13.00%
9.13	2	8.35	9.15	9.00	11.00
9.14	3	7.15	7.75	8.00	9.00
9.15	4	6.45	6.85	7.50	8.00
9.16	5	5.95	6.25	7.25	6.50
9.17	6	5.55	5.75	7.00	6.10
9.18	7	5.25	5.45	6.85	5.80
9.19	8	4.95	5.15	6.70	5.60
9.20	9	4.75	4.85	6.55	5.40
9.21	10	4.65	4.65	6.40	5.30
9.22	11	4.45	4.45	6.25	5.20
9.23	12	4.35	4.35	6.00	5.10
9.24	13	4.25	4.15	5.75	5.00
9.25	14	4.05	4.05	5.50	4.90
9.26	15	3.95	3.95	5.25	4.80
9.27	16	3.85	3.85	5.00	4.80
9.28	17	3.75	3.75	4.75	4.80
9.29	18	3.75	3.75	4.50	4.80
9.30	19	3.75	3.75	4.25	4.80
9.31	20	3.75	3.75	4.00	4.80
9.32	21	3.75	3.75	3.90	4.70
9.33	22	3.75	3.75	3.80	4.60
9.34	23	3.75	3.75	3.70	4.50
9.35	24	3.75	3.75	3.60	4.50
9.36	25	3.75	3.75	3.50	4.50
9.37	26	3.75	3.75	3.50	4.50
9.38	27	3.75	3.75	3.50	4.50
9.39	28	3.75	3.75	3.50	4.50
9.40	29	3.75	3.75	3.50	4.50
9.41	30 or more	3.75	3.75	3.50	4.50

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

10.5	plan	payroll growth assumption
10.6	general state employees retirement plan of the	
10.7	Minnesota State Retirement System	3.75%
10.8	correctional state employees retirement plan	4.50
10.9	State Patrol retirement plan	4.50
10.10	legislators retirement plan	4.50
10.11	judges retirement plan	4.00
10.12	general employees retirement plan of the Public	
10.13	Employees Retirement Association	3.75
10.14	public employees police and fire retirement plan	3.75
10.15	local government correctional service retirement plan	4.50
10.16	teachers retirement plan	3.75
10.17	Duluth teachers retirement plan	4.50
10.18	St. Paul teachers retirement plan	5.00

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

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

10.26 **Sec. 4. EFFECTIVE DATE.**

10.27 Sections 1 to 3 are effective on the effective date of article 1, section 4."

10.28 Delete the title and insert:

10.29 "A bill for an act
 10.30 relating to retirement; Virginia Fire Department Relief Association; merging
 10.31 the relief association with the Public Employees Police and Fire Retirement
 10.32 Plan and Fund; amending Minnesota Statutes 2011 Supplement, sections 69.77,
 10.33 subdivisions 1a, 4; 356.215, subdivision 8; proposing coding for new law in
 10.34 Minnesota Statutes, chapter 353; repealing Laws 1953, chapter 399, as amended;
 10.35 Laws 1961, chapter 420, as amended; Laws 1963, chapter 407, as amended;
 10.36 Laws 1965, chapter 546, as amended; Laws 1969, chapter 578; Laws 1974,
 10.37 chapter 183, as amended; Laws 1982, chapter 574, section 1; Laws 1982, chapter
 10.38 578, article 1, section 14; Laws 1983, chapter 69, section 1; Laws 1984, chapter
 10.39 547, section 27; Laws 1987, chapter 372, article 2, section 14; Laws 1988,
 10.40 chapter 709, article 8, sections 1; 2; Laws 1991, chapter 62, sections 1; 2; Laws
 10.41 1992, chapter 465, section 1."