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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 3323

03/31/2014 Authored by Runbeck

The bill was read for the first time and referred to the Committee on Government Operations

1.1 A bill for an act
1.2 relating to retirement; volunteer firefighters relief associations and the cities
1.3 of Lino Lakes, Circle Pines, and Centerville; providing for the division of
1.4 the Centennial Volunteer Firefighters Relief Association into a residual relief
1.5 association and the Lino Lakes Volunteer Firefighters Relief Association.

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

1.7 Section 1. DIVISION OF CENTENNIAL VOLUNTEER FIREFIGHTERS
1.8 RELIEF ASSOCIATION AUTHORIZED.

1.9 Notwithstanding any provision of Minnesota Statutes, chapter 424A, or sections
1.10 424B.20 and 424B.21, to the contrary, if the city of Lino Lakes withdraws from the joint
1.11 powers agreement establishing the Centennial Fire Department, if the city of Lino Lakes
1.12 establishes a city fire department, if a Lino Lakes Volunteer Firefighters Relief Association
1.13 is established, and if the Lino Lakes Volunteer Firefighters Relief Association includes
1.14 in its membership one or more former members of the Centennial Volunteer Firefighters
1.15 Relief Association, then the Centennial Volunteer Firefighters Relief Association shall
1.16 transfer a proportional share of the accrued liabilities of the relief association, the service
1.17 credit of any transferring firefighters in the relief association, and a proportional share of the
1.18 special fund assets and general fund assets of the relief association as provided in section 2.

1.19 Sec. 2. LIABILITY, SERVICE CREDIT, AND ASSET ALLOCATION
1.20 PROCEDURE.

1.21 (a) The allocation of the accrued liability between the remnant Centennial Volunteer
1.22 Firefighters Relief Association and the new Lino Lakes Volunteer Firefighters Relief
1.23 Association must utilize the following procedure:

2.1 (1) the active service credit of all active members of the relief association as of the
2.2 end of the month preceding the date on which the last of the conditions set forth in section
2.3 1 are met must be determined and expressed in full years for full years completed and as a
2.4 percentage of a full year for full months less than a full year;

2.5 (2) using the results determined under clause (1) and the accrued liability table set
2.6 forth in Minnesota Statutes, section 424A.092, subdivision 2, adjusted for the service
2.7 pension amount per year of service credit in force as of the calculation date, the total dollar
2.8 value of the accrued liability for active members must be determined;

2.9 (3) the amount of the service pension payable to any former relief association
2.10 members who have sufficient service credit to be entitled to receive a service pension
2.11 upon attaining age 50, plus any interest on the deferred service pension amount payable
2.12 until age 50 under Minnesota Statutes, section 424A.02, subdivision 7, and the relief
2.13 association bylaws must be determined;

2.14 (4) the amounts determined under clauses (2) and (3) must be totaled;

2.15 (5) a subtotal of the amount determined under clause (2) for those active firefighters
2.16 transferring from the Centennial Volunteer Firefighters Relief Association to the Lino
2.17 Lakes Volunteer Firefighters Relief Association must be determined;

2.18 (6) the amount determined under clause (5) must be divided by the amount
2.19 determined under clause (4) and the result expressed as a percentage; and

2.20 (7) the percentage determined under clause (6) must be applied to the next regular
2.21 determination of the accrued liability of the Centennial Volunteer Firefighters Relief
2.22 Association under Minnesota Statutes, sections 424A.091 and 424A.092, prepared after
2.23 the effective date of this section, with the resulting accrued liability portion deducted
2.24 from the accrued liability of the Centennial Volunteer Firefighters Relief Association and
2.25 transferred to the Lino Lakes Volunteer Firefighters Relief Association.

2.26 (b) The allocation of the special fund assets of the Centennial Volunteer Firefighters
2.27 Relief Association between the remnant relief association and the new Lino Lakes
2.28 Volunteer Firefighters Relief Association must be determined by applying the percentage
2.29 determined under paragraph (a), clause (6), to the market value of the assets of the
2.30 Centennial Volunteer Firefighters Relief Association as of the date on which the next
2.31 regular determination of the accrued liability of the Centennial Volunteer Firefighters
2.32 Relief Association under Minnesota Statutes, sections 424A.091 and 424A.092, prepared
2.33 after the effective date of this section under paragraph (a), clause (7), the result of which
2.34 is the Lino Lakes Volunteer Firefighters Relief Association share and the balance is the
2.35 remnant Centennial Volunteer Firefighters Relief Association share. The transfer of legal
2.36 and beneficial titles to the special fund assets to be transferred must occur as soon as is

3.1 practicable after the asset transfer amount determination date, with legal title to be held
3.2 by the Lino Lakes Volunteer Firefighters Relief Association, as a Minnesota nonprofit
3.3 corporation, and with beneficial title to be held by the active membership of the Lino
3.4 Lakes Volunteer Firefighters Relief Association. The transferred special assets must, to
3.5 the extent practicable, replicate the portfolio composition of investment securities based
3.6 on the market value of the assets of the last business day on which market values of a
3.7 preponderance of the assets are available. If there are any investment securities without a
3.8 market value on that date, that asset must continue to be held by the Centennial Volunteer
3.9 Firefighters Relief Association in trust for itself and the Lino Lakes Volunteer Firefighters
3.10 Relief Association until the asset can be liquidated for the carrying value of the asset on
3.11 the first of the month preceding the effective date of this section.

3.12 (c) The transfer of special fund assets from the Centennial Volunteer Firefighters
3.13 Relief Association to the Lino Lakes Volunteer Firefighters Relief Association constitutes
3.14 an authorized disbursement from the special fund of the Centennial Volunteer Firefighters
3.15 Relief Association for purposes of Minnesota Statutes, section 424A.05, subdivision 3.

3.16 (d) General fund assets of the Centennial Volunteer Firefighters Relief Association
3.17 must be allocated between the remnant Centennial Volunteer Firefighters Relief
3.18 Association and the Lino Lakes Volunteer Firefighters Relief Association in the proportions
3.19 and in the manner established by the Centennial Volunteer Firefighters Relief Association.

3.20 (e) The service credit of the active firefighters who transfer to the Lino Lakes
3.21 Fire Department as of the date on which the next regular determination of the accrued
3.22 liability of the Centennial Volunteer Firefighters Relief Association under Minnesota
3.23 Statutes, sections 424A.091 and 424A.092, prepared after the effective date of this section
3.24 under paragraph (a), clause (7), transfers to the Lino Lakes Volunteer Firefighters Relief
3.25 Association on the date of the accrued liability and asset transfers. Upon the service
3.26 credit transfer, the remnant Centennial Volunteer Firefighters Relief Association has no
3.27 further liability for service pensions or ancillary benefits with respect to the firefighters
3.28 transferring to the Lino Lakes Fire Department.

3.29 (f) The remnant Centennial Volunteer Firefighters Relief Association and the new
3.30 Lino Lakes Volunteer Firefighters Relief Association are jointly, for a period of six years
3.31 after the transfer of special fund assets, successors in interest to all claims that the prior
3.32 Centennial Volunteer Firefighters Relief Association may have or may assert against any
3.33 person and are the successors in interest that could have been against the Centennial
3.34 Volunteer Firefighters Relief Association. After six years, the Lino Lakes Volunteer
3.35 Firefighters Relief Association is no longer a successor in interest to claims against the
3.36 Centennial Volunteer Firefighters Relief Association.

4.1 (g) The office of the state auditor shall audit the asset transfer under this section,
4.2 with the cost of that audit payable by the two relief associations in proportion to their
4.3 post-transfer assets.

4.4 **Sec. 3. LINO LAKES VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION**
4.5 **SERVICE CREDIT CONTINUATION.**

4.6 (a) Notwithstanding any provision of Minnesota Statutes, chapter 424A, to the
4.7 contrary, this section governs the service credit, vesting, service pension calculation, and
4.8 ancillary benefit calculation of the Lino Lakes Volunteer Firefighters Relief Association if
4.9 sections 1 and 2 become effective upon the occurrence of the local approvals in section 4.

4.10 (b) A firefighter who transfers employment from the Centennial Fire Department to
4.11 the Lino Lakes Fire Department upon the creation of the Lino Lakes Fire Department:

4.12 (1) retains any full and partial years of service credited by the Centennial Volunteer
4.13 Firefighters Relief Association as of the date of the employment transfer, which must be
4.14 credited to the firefighter by the Lino Lakes Volunteer Firefighters Relief Association;

4.15 (2) retains any vesting acquired as of the date of employment transfer; and

4.16 (3) is eligible to have subsequent Lino Lakes Fire Department firefighting service
4.17 recognized as a continuation of firefighting service for additional vesting eligibility.

4.18 **Sec. 4. EFFECTIVE DATE; LOCAL APPROVAL.**

4.19 Sections 1 and 2 are effective the day after the latest date on which the governing
4.20 bodies and the chief clerical officers of the cities of Centerville, Circle Pines, and Lino
4.21 Lakes timely complete their compliance with Minnesota Statutes, section 645.021,
4.22 subdivisions 2 and 3.