

2007 - 2009

AGREEMENT

Between the

CITY OF DULUTH

and

CITY OF DULUTH SUPERVISORY ASSOCIATION

ARTICLE 12 - DEFERRED COMPENSATION

12.1. The employer shall allow an employee to participate in any deferred compensation plan of the employee's choice which meets the following criteria:

- a. It has been approved by the deferred compensation commission.
- b. It qualifies under the laws and regulations of the United States, State of Minnesota, Internal Revenue Service.
- c. The employer can accomplish any record keeping, data processing, accounting, or administration of the plan by making a reasonable effort.

The employer shall not do any act to change, alter, amend, or terminate any employee's deferred compensation plan without first giving at least sixty (60) days' written notice of its intention, and completing the processing of any grievance brought concerning the proposed action, unless law, ruling or order of the Internal Revenue Service requires it.

Coinciding with the health plan effective date in Article 13.2, the Employer shall contribute two hundred twenty-nine dollars (\$229) each month, for each employee enrolled in plan 3A hospital-medical insurance, for contribution to a qualifying and approved deferred compensation plan, and/or for contribution to family-dependent hospital medical premium, as designated by the employee during the open enrollment period for insurance selection, or at the time of a life event.

ARTICLE 13 - HOSPITAL-MEDICAL BENEFIT PLAN

13.1. Effective January 1, 2007, the Employer will make available to employees comprehensive hospital-medical benefit Plan 3A.

- a. The Employer agrees to pay for the employees without claimed dependents the entire cost of the premium for single employee hospital-medical benefit Plan 3A.
- b. Effective January 1, 2007, the Employer will deposit the sum of seventy-five dollars (\$75) per month into a flexible benefits spending account and/or a qualifying and approved deferred compensation plan, as designated by the employee for each employee without claimed dependents. The employee may change this designation during the annual open enrollment period for insurance selection, or at the time of a life event. The employer agrees to deposit into the Group Health Fund at the end of each calendar year, any unused balance in each employee's flexible benefits spending account.

- c. After thirty-six (36) months of continuous employment from the date of hire for any permanent full-time employee hired on or after January 1, 2006, the Employer shall make a one time deposit of twelve thousand dollars (\$12,000) into a post employment health care savings plan account established by the employer in the name of the employee. An employee is eligible for one payment only in his or her lifetime under this article. Said funds and accumulated interest shall be made available to the employee as required by law.

2004-2006
AGREEMENT

Between the

CITY OF DULUTH

and

CITY OF DULUTH SUPERVISORY ASSOCIATION

ARTICLE 12 - DEFERRED COMPENSATION

12.1. The employer shall allow an employee to participate in any deferred compensation plan of the employee's choice which meets the following criteria:

- a. It has been approved by the deferred compensation commission.
- b. It qualifies under the laws and regulations of the United States, State of Minnesota, Internal Revenue Service.
- c. The employer can accomplish any record keeping, data processing, accounting, or administration of the plan by making a reasonable effort.

The employer shall not do any act to change, alter, amend, or terminate any employee's deferred compensation plan without first giving at least sixty (60) days' written notice of its intention, and completing the processing of any grievance brought concerning the proposed action, unless law, ruling or order of the Internal Revenue Service requires it.

For each employee who has been continuously employed by the Employer for at least 90 days, the Employer shall contribute two hundred twenty-four dollars (\$224) each month, and an additional five dollars (\$5) per month for each employee enrolled in plan 3 hospital-medical insurance, for contribution to a qualifying and approved deferred compensation plan, and/or for contribution to family-dependent hospital medical premium, as designated by the employee during the open enrollment period for insurance selection, or at the time of a life event.

ARTICLE 13 - HOSPITAL-MEDICAL BENEFIT PLAN

13.1. During the period of this Agreement, the Employer will make available to employees hospital-medical benefit plan coverage containing the same level of benefits as provided under the three hospital-medical benefit plans in effect on 1-1-93. Effective the first of the month following the approval of this agreement, the Employer will also make available to employees the hospital-medical benefit plan, known as Plan 4, the Aware Network Plan.

a. The Employer agrees to pay for the employees without claimed dependents the entire cost of the single employee hospital-medical benefit plan selected by the employee.

b. The employer agrees to hold a two week open enrollment period within 15 days following the approval of this agreement. Effective the first of the month following the end of the open enrollment period, the Employer will deposit fifty dollars (\$50) per month into a flexible benefits spending account for each employee without claimed dependents enrolled in Comprehensive Plan 3. At such time as the Employer becomes eligible to offer employees an approved medical savings type account, the employee may elect to have the fifty dollars (\$50) per month deposited into either a flexible benefits spending account or a medical savings account. The employee may change this designation during the annual open enrollment period for insurance selection, or at the time of a life event.

c. The employer agrees to deposit into the Group Health Fund at the end of each calendar year, any unused balance in each employees flexible benefits spending account.

2003
AGREEMENT

Between the

CITY OF DULUTH

and

CITY OF DULUTH SUPERVISORY ASSOCIATION

ARTICLE 12 - DEFERRED COMPENSATION

12.1. The employer shall allow an employee to participate in any deferred compensation plan of the employee's choice which meets the following criteria:

- a. It has been approved by the deferred compensation commission.
- b. It qualifies under the laws and regulations of the United States, State of Minnesota, Internal Revenue Service.
- c. The employer can accomplish any record keeping, data processing, accounting, or administration of the plan by making a reasonable effort.

The employer shall not do any act to change, alter, amend, or terminate any employee's deferred compensation plan without first giving at least sixty (60) days' written notice of its intention, and completing the processing of any grievance brought concerning the proposed action, unless law, ruling or order of the Internal Revenue Service requires it.

For each employee who has been continuously employed by the Employer for at least 90 days, the Employer shall contribute one hundred fifty-eight dollars (\$158) per month, beginning January 1, 2000, and an additional thirty-three dollars (\$33) or one hundred ninety-one dollars (\$191) each month, beginning January 1, 2001, and an additional thirty-three dollars (\$33) or two hundred twenty-four dollars (\$224) each month, beginning January 1, 2002, and an additional five dollars (\$5) per month for each employee enrolled in plan 3 hospital-medical insurance, for either contribution to a qualifying and approved deferred compensation plan, or for contribution to family-dependent hospital medical premium, whichever is designated by the employee during the open window for insurance selection, or at the time of a life event.

ARTICLE 13 - HOSPITAL-MEDICAL BENEFIT PLAN

13.1. During the period of this Agreement, the Employer will make available to employees hospital-medical benefit plan coverage containing the same level of benefits as provided under the three hospital-medical benefit plans in effect on 1-1-93.

- a. The Employer agrees to pay for the employees without claimed dependents the entire cost of the single employee hospital-medical benefit plan selected by the employee.
- b. The Employer agrees to pay the entire premium as the cost of medical insurance for employees eligible for and enrolled in an approved family hospital-medical insurance plan not to exceed the amounts contained in the following chart:

<u>YEAR</u>	<u>FEE FOR SERVICE (PLAN 1)</u>	<u>H.M.P. PLAN (PLAN 2)</u>	<u>COMPREHENSIVE PLAN (PLAN 3)</u>
2000	\$375.00	\$390.00	\$400.00
2001	\$375.00	\$405.00	\$425.00

2002

\$375.00

\$420.00

\$450.00

The Employer shall deduct from each eligible and enrolled employee's salary or wages the amount by which the monthly premium cost of that employee's selected hospital-medical plan family-dependent coverage exceeds the limit on the Employer's contribution that is stated in this paragraph.

c. Premiums shall be established by November 1 of the prior year, to be in effect January 1 of each year for twelve (12) consecutive calendar months.

d. Any employee covered by this agreement who had family health insurance coverage through the Employer for six (6) months or more in 2003, shall receive a five hundred dollar (\$500) health insurance cost of living adjustment upon City Council approval of this agreement.

13.2. Hospital-medical benefit plan coverage shall become effective ninety (90) calendar days from date of hire.

13.3. While an employee is entitled to receive long-term disability income protection pursuant to Article 29 of this Agreement, the Employer shall maintain such hospital-medical benefit plan coverage for such employee as it does for active employees.

13.4. Any proposed change in the hospital-medical benefit plan coverage shall be negotiated with CDSA.

13.5. The Employer shall include the following provisions to its fee-for-services hospital-medical benefit plan, the cost for which shall be paid by the Employer up to the limit set forth in paragraph b. above:

a. The major medical limit is \$1,000,000 per lifetime.

Counseling for diabetes, weight control, and genetics will be covered when provided by qualified medical professionals.

b. One general physical examination per year will be provided for each person otherwise covered by the plan. If required by a physician, additional examinations or other procedures shall be covered.

c. A mandatory ambulatory surgery schedule will be included as per a listing received from the benefit plan service provider. If an employee elects in-patient surgery when not medically necessary, the employee shall pay the difference in cost. If a determination is made by a qualified physician that such surgery should be performed as an in-patient procedure because of medical necessity, such surgery shall be covered as in-patient surgery.

d. A second opinion by a qualified physician shall be required for elective surgery. The employee may, after obtaining a second opinion, elect the surgery whether or not the second physician concurs.

e. Oral contraceptives shall not be covered by the fee-for-service plan or on a reimbursement basis.

2000-2002

AGREEMENT

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CITY OF DULUTH SUPERVISORY ASSOCIATION

ARTICLE 12 - DEFERRED COMPENSATION

12.1. The employer shall allow an employee to participate in any deferred compensation plan of the employee's choice which meets the following criteria:

- a. It has been approved by the deferred compensation commission.
- b. It qualifies under the laws and regulations of the United States, State of Minnesota, Internal Revenue Service.
- c. The employer can accomplish any record keeping, data processing, accounting, or administration of the plan by making a reasonable effort.

The employer shall not do any act to change, alter, amend, or terminate any employee's deferred compensation plan without first giving at least sixty (60) days' written notice of its intention, and completing the processing of any grievance brought concerning the proposed action, unless law, ruling or order of the Internal Revenue Service requires it.

For each employee who has been continuously employed by the Employer for at least 90 days, the Employer shall contribute one hundred fifty-eight dollars (\$158) per month, beginning January 1, 2000, and an additional thirty-three dollars (\$33) or one hundred ninety-one dollars (\$191) each month, beginning January 1, 2001, and an additional thirty-three dollars (\$33) or two hundred twenty-four dollars (\$224) each month, beginning January 1, 2002, and an additional five dollars (\$5) per month for each employee enrolled in plan 3 hospital-medical insurance, for either contribution to a qualifying and approved deferred compensation plan, or for contribution to family-dependent hospital medical premium, whichever is designated by the employee during the open window for insurance selection, or at the time of a life event.

ARTICLE 13 - HOSPITAL-MEDICAL BENEFIT PLAN

13.1. During the period of this Agreement, the Employer will make available to employees hospital-medical benefit plan coverage containing the same level of benefits as provided under the three hospital-medical benefit plans in effect on 1-1-93.

- a. The Employer agrees to pay for the employees without claimed dependents the entire cost of the single employee hospital-medical benefit plan selected by the employee.
- b. The Employer agrees to pay the entire premium as the cost of medical insurance for employees eligible for and enrolled in an approved family hospital-medical insurance plan not to exceed the amounts contained in the following chart:

<u>YEAR</u>	<u>FEE FOR SERVICE (PLAN 1)</u>	<u>H.M.P. PLAN (PLAN 2)</u>	<u>COMPREHENSIVE PLAN (PLAN 3)</u>
2000	\$375.00	\$390.00	\$400.00
2001	\$375.00	\$405.00	\$425.00

1997-1999

AGREEMENT

Between the

CITY OF DULUTH

and

CITY OF DULUTH SUPERVISORY ASSOCIATION

Murphy Exh. 5(e)

Independence Day, Labor Day, Christopher Columbus Day, Veterans' Day, Thanksgiving Day, Friday after Thanksgiving Day and Christmas Day, as such holidays are defined in Minnesota Statutes Annotated, Section 645.44, Subd. 5.

ARTICLE 10 - LONGEVITY AWARD

10.1. In addition to the monthly pay prescribed herein, any employee who has been continuously employed by the City for a number of qualified pay periods, the total of which is not less than eight (8) years, shall receive from and after the beginning of the next pay period following completion of his or her eighth year of service, a monthly longevity award equal to four percent (4%) of his or her monthly pay and any employee who has been continuously employed by the City for a number of qualified pay periods, the total of which is not less than sixteen (16) years, shall receive from and after the beginning of the next pay period an additional monthly longevity award equal to four percent (4%) of his or her monthly pay. Such longevity award shall be computed to the nearest dollar per month. The term "qualified pay period" shall mean any regular minimum period of time at the end of which full-time employees of the City are regularly paid and during which the employee was employed and/or paid by the City for not less than three-fourths (3/4) of the normal working hours of the position he or she then occupied. Any time spent by an employee on leave of absence while on military duty with any military service of the United States shall be considered as time spent in the employment of the City for purposes of determining the number of such employee's qualified pay periods.

ARTICLE 11 - COMPENSATION PERIODS

11.1. All employees shall be paid the correctly calculated portion of the monthly salary every two (2) weeks, and payment for each such two (2) week period shall be made not later than the Friday next following such two (2) week period. The amount of pay for each such two (2) week period shall be determined by multiplying the employee's hourly rate by 75. Upon proper request by an employee, the employer shall, in compliance with law and banking regulations, make direct electronic deposit to the employee's account.

ARTICLE 12 - DEFERRED COMPENSATION

12.1. The employer shall allow an employee to participate in any deferred compensation plan of the employee's choice which meets the following criteria:

- a. It has been approved by the deferred compensation commission.
- b. It qualifies under the laws and regulations of the United States, State of Minnesota, Internal Revenue Service.
- c. The employer can accomplish any record keeping, data processing, accounting, or administration of the plan by making a reasonable effort.

The employer shall not do any act to change, alter, amend, or terminate any employee's deferred compensation plan without first giving at least sixty (60) days' written notice of its

intention, and completing the processing of any grievance brought concerning the proposed action, unless law, ruling or order of the Internal Revenue Service requires it.

For each employee who has been continuously employed by the Employer for at least 90 days, the Employer shall contribute \$75 per month, beginning January 1, 1997, and an additional \$25 each month, beginning January 1, 1998, and an additional \$25 each month, beginning January 1, 1999, for either contribution to a qualifying and approved deferred compensation plan, or for contribution to family-dependent hospital medical premium, whichever is designated by the employee during the open window for insurance selection, or at the time of a life event.

ARTICLE 13 - HOSPITAL-MEDICAL BENEFIT PLAN

13.1. During the period of this Agreement, the Employer will make available to employees hospital-medical benefit plan coverage containing the same level of benefits as provided under the three hospital-medical benefit plans in effect on 1-1-93.

a. The Employer agrees to pay for the employees without claimed dependents the entire cost of the single employee fee-for-service, H.M.P. or comprehensive plan selected by the employee.

b. During, 1997, the Employer agrees to pay for employees the first \$325 of monthly premium cost of hospital-medical benefit plan for employees eligible for, and enrolled in, a family hospital-medical benefit plan offered by the employer, for the plan in which the employee is enrolled. Beginning January 1, 1998, the Employer shall pay \$350 of said monthly premium cost. Beginning January 1, 1999, the Employer shall pay \$375 of said monthly premium cost. Payment shall be made by payroll deduction.

c. Premiums shall be established by November 1 of the prior year, to be in effect January 1 of each year for twelve (12) consecutive calendar months.

13.2. Hospital-medical benefit plan coverage shall become effective ninety (90) calendar days from date of hire.

13.3. While an employee is entitled to receive long-term disability income protection pursuant to Article 29 of this Agreement, the Employer shall maintain such hospital-medical benefit plan coverage for such employee as it does for active employees.

13.4. Any proposed change in the hospital-medical benefit plan coverage shall be negotiated with the Employee Bargaining Unit.

13.5. The Employer shall include the following provisions to its fee-for-services hospital-medical benefit plan, the cost for which shall be paid by the Employer up to the limit set forth in paragraph b. above:

a. The major medical limit is \$1,000,000 per lifetime.

Counseling for diabetes, weight control, and genetics will be covered when provided by qualified medical professionals.

1995-1996
AGREEMENT
Between the
CITY OF DULUTH
and
CITY OF DULUTH SUPERVISORY ASSOCIATION

ARTICLE 11 - COMPENSATION PERIODS

11.1. All employees shall be paid the correctly calculated portion of the monthly salary every two (2) weeks, and payment for each such two (2) week period shall be made not later than the Friday next following such two (2) week period. The amount of pay for each such two (2) week period shall be determined by multiplying the employee's hourly rate by 75. Upon proper request by an employee, the employer shall, in compliance with law and banking regulations, make direct electronic deposit to the employee's account.

ARTICLE 12 - DEFERRED COMPENSATION

12.1. The employer shall allow an employee to participate in any deferred compensation plan of the employee's choice which meets the following criteria:

- a. It has been approved by the deferred compensation commission.
- b. It qualifies under the laws and regulations of the United States, State of Minnesota, Internal Revenue Service.
- c. The employer can accomplish any record keeping, data processing, accounting, or administration of the plan by making a reasonable effort.

The employer shall not do any act to change, alter, amend, or terminate any employee's deferred compensation plan without first giving at least sixty (60) days' written notice of its intention, and completing the processing of any grievance brought concerning the proposed action, unless law, ruling or order of the Internal Revenue Service requires it.

Beginning January 1, 1995, the employer shall contribute \$25 each month to any employee's deferred compensation plan which exists pursuant to this article. Beginning January 1, 1996, the amount of the employer's contribution shall be increased to a sum of \$50 each month.

ARTICLE 13 - HOSPITAL-MEDICAL BENEFIT PLAN

13.1. During the period of this Agreement, the Employer will make available to employees hospital-medical benefit plan coverage containing the same level of benefits as provided under the three hospital-medical benefit plans in effect on 1-1-93.

- a. The Employer agrees to pay for the employees without claimed dependents the entire cost of the single employee fee-for-service, H.M.P. or comprehensive plan selected by the employee.
- b. The employer agrees to pay for employees the first \$300 of monthly premium cost of hospital-medical benefit plan for employees eligible for, and enrolled in, a family hospital-medical benefit plan offered by the employer, for the plan in which the employee is enrolled. Payment shall be made by payroll deduction.
- c. Premiums shall be established by November 1 of the prior year, to be in effect January 1 of each year for twelve (12) consecutive calendar months.

13.2. Hospital-medical benefit plan coverage shall become effective ninety (90) calendar days from date of hire.

1992

(19) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the public employees retirement association and participants in the public employees retirement fund or the public employees police and fire fund on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel; and

(20) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties; provided that a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the public employees retirement association and a participant in the public employees retirement fund or the public employees police and fire fund on the basis of compensation received from public employment activities other than those as a volunteer firefighter.

Subd. 2c. [Repealed, 1989 c 319 art 3 s 26]

Subd. 3. **Head of department.** "Head of department" means the head of any department, institution, office, or branch of service of any governmental subdivision which directly pays salaries out of its revenue or is empowered to authorize the payment of such salaries.

Subd. 4. **Accumulated deductions.** "Accumulated deductions" means the total of the amounts deducted from the salary of a member, exclusive of interest, and the total of the amounts paid by a member in lieu of such deductions and credited to the member's individual account in the retirement fund.

Subd. 5. [Repealed, 1971 c 106 s 40]

Subd. 6. **Governmental subdivision.** "Governmental subdivision" means a county, city, town, school district within this state, or a department or unit of state government, or any public body whose revenues are derived from taxation, fees, assessments or from other sources, but does not mean any municipal housing and redevelopment authority organized under the provisions of sections 469.001 to 469.047; or any port authority organized under sections 469.048 to 469.068; or any hospital district organized or reorganized prior to July 1, 1975, under sections 447.31 to 447.37 or the successor of the district.

Subd. 7. **Member.** "Member" means a person who accepts employment as a "public employee" and is not covered by the plan established in chapter 353D. A person who is a member remains a member while performing services as a public employee and while on an authorized leave of absence or an authorized temporary layoff; provided, however, (1) that any elected public officer or any person appointed to fill a vacancy in an elective office shall have the right to exercise an option to become a member by filing application for membership, but the option to become a member, once exercised, may not be withdrawn during the incumbency of the person in office; and (2) that any member who is appointed by the governor to be a state department head and elects pursuant to section 352.021, subdivision 3, not to be covered by the Minnesota state retirement system, shall remain a member of the public employees retirement association. Membership in the retirement association of any person shall terminate upon the person ceasing to be a "public employee."

Subd. 8. **Association.** "Association" means the public employees retirement association.

Subd. 9. [Repealed, 1957 c 935 s 27]

Subd. 10. **Salary.** (a) "Salary" means the periodical compensation of a public employee, before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs, and also means "wages" and includes net income from fees. Fees paid to district court reporters are not salary. Unused annual or sick leave payments, in lump-sum or periodic payments, are not salary. Severance payments, workers' compensation payments, and all payments in lieu of any employer-paid group insurance coverage, including the difference between single-

and family rates that Before the time that a disability insurance ary, and, after all sic

(b) Except as paid to volunteer an subdivisions 35 and

(c) For a public fighters relief associ association and who fund benefit plan up the rate of salary up association were ma law and by bylaw pr tion of the consolida lic employee after th

Subd. 11. **Publi** of a governmental s

Subd. 11a. **Terri** when an officer or defined in subdivisic the temporary layoff subdivision.

Subd. 12. **MS 1**

Subd. 12. **Tem** absence, means a su months in any calen denced by appropria tion.

Subd. 13. [Repe

Subd. 14. **Actua** annuity or benefit ha determined as of a g ate mortality table a as recommended by retirement and usir assumption specifie

Subd. 15. **Depe** of a deceased memb long as the child sub institution. "Depenc the member's lifetin child who is the sub two years after death to be the adopted cl conditions of age an dates from the decre 23 who had submit institution but was d basis. The board of regarding eligibility may not continue a

Subd. 16. **Allow** actual membership i covered by payment

and family rates that may be paid to a member with single coverage, are not salary. Before the time that all sick leave has been used, amounts paid to an employee under a disability insurance policy or program where the employer paid the premiums are salary, and, after all sick leave has been used, the payment is not salary.

(b) Except as provided in sections 353.86 or 353.87, compensation of any kind paid to volunteer ambulance service personnel or volunteer firefighters, as defined in subdivisions 35 and 36, is not salary.

(c) For a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the public employees retirement association and who has elected coverage under the public employees police and fire fund benefit plan under section 353A.08 following the consolidation, "salary" means the rate of salary upon which member contributions to the special fund of the relief association were made prior to the effective date of the consolidation as specified by law and by bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure and the actual periodical compensation of the public employee after the effective date of the consolidation.

Subd. 11. **Public service.** "Public service" means service as an officer or employee of a governmental subdivision.

Subd. 11a. **Termination of public service.** "Termination of public service" occurs when an officer or employee terminates employment or is on temporary layoff as defined in subdivision 12 and does not within 30 days of termination or expiration of the temporary layoff return to nontemporary employment in the same governmental subdivision.

Subd. 12. MS 1949 [Repealed, 1953 c 78 s 18]

Subd. 12. **Temporary layoff.** "Temporary layoff" including seasonal leave of absence, means a suspension of public employment for a period not exceeding three months in any calendar year, by action of the employing governmental subdivision evidenced by appropriate record of the employer and promptly transmitted to the association.

Subd. 13. [Repealed, 1963 c 641 s 38]

Subd. 14. **Actuarial equivalent.** "Actuarial equivalent" means the condition of one annuity or benefit having an equal actuarial present value as another annuity or benefit, determined as of a given date with each actuarial present value based on the appropriate mortality table adopted by the board of trustees based on the experience of the fund as recommended by the actuary retained by the legislative commission on pensions and retirement and using the applicable preretirement or postretirement interest rate assumption specified in section 356.215, subdivision 4d.

Subd. 15. **Dependent child.** "Dependent child" means a natural or adopted child of a deceased member who is unmarried, and under the age of 18, or age 18 to 23, so long as the child submits evidence of full-time enrollment in an accredited educational institution. "Dependent child" also includes a child of the member conceived during the member's lifetime and born after the member's death. It also means a dependent child who is the subject of adoption proceedings filed by a member, and who within two years after death of the member, by judgment and decree duly entered, is adjudged to be the adopted child of the deceased member; subject, however, to the qualifying conditions of age and dependency under this subdivision. The dependency of the child dates from the decree of adoption. "Dependent child" also includes a child age 18 to 23 who had submitted evidence of full-time enrollment in an accredited educational institution but was determined to be medically unable to continue school on a full-time basis. The board of trustees shall adopt written procedures to make determinations regarding eligibility based on a student being medically unable to continue school, and may not continue a benefit for medical reasons for a period greater than one year.

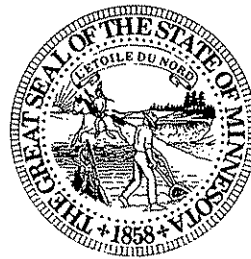
Subd. 16. **Allowable service.** (a) "Allowable service" means service during years of actual membership in the course of which employee contributions were made, periods covered by payments in lieu of salary deductions under section 353.35, and service in

MINNESOTA STATUTES 1993 SUPPLEMENT

Volume 6, Chapters 300 to 364
Insert in back of Minnesota Statutes 1992, Volume 6

Printed by the Revisor of Statutes. Embraces laws of a
general and permanent nature enacted at the
1993 Regular Session and 1993 First Special
Session of the 78th Legislature

COMPILED, EDITED, AND PUBLISHED BY
the Revisor of Statutes



OFFICIAL PUBLICATION
OF THE
STATE OF MINNESOTA

1993

retirement fund or the public employees police and fire fund on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel; and

(16) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties; provided that a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the public employees retirement association and a participant in the public employees retirement fund or the public employees police and fire fund on the basis of compensation received from public employment activities other than those as a volunteer firefighter.

Subd. 2c. [Repealed, 1989 c 319 art 3 s 26]

Subd. 3. **Head of department.** "Head of department" means the head of any department, institution, office, or branch of service of any governmental subdivision which directly pays salaries out of its revenue or is empowered to authorize the payment of such salaries.

Subd. 4. **Accumulated deductions.** "Accumulated deductions" means the total of the amounts deducted from the salary of a member, exclusive of interest, and the total of the amounts paid by a member in lieu of such deductions and credited to the member's individual account in the retirement fund.

Subd. 5. [Repealed, 1971 c 106 s 40]

Subd. 6. **Governmental subdivision.** (a) "Governmental subdivision" means a county, city, town, school district within this state, or a department or unit of state government, or any public body whose revenues are derived from taxation, fees, assessments or from other sources.

(b) Governmental subdivision also means the public employees retirement association, the league of Minnesota cities, the association of metropolitan municipalities, public hospitals owned or operated by, or an integral part of, a governmental subdivision or governmental subdivisions, the association of Minnesota counties, the metropolitan intercounty association, the Minnesota municipal utilities association, the metropolitan airports commission, and the Minneapolis employees retirement fund for employment initially commenced after June 30, 1979, the range association of municipalities and schools, soil and water conservation districts, and economic development authorities created or operating under sections 469.090 to 469.108.

(c) Governmental subdivision does not mean any municipal housing and redevelopment authority organized under the provisions of sections 469.001 to 469.047; or any port authority organized under sections 469.048 to 469.068; or any hospital district organized or reorganized prior to July 1, 1975, under sections 447.31 to 447.37 or the successor of the district, nor the Minneapolis community development agency.

Subd. 7. **Member.** "Member" means a person who accepts employment as a "public employee" under subdivision 2, is an employee under subdivision 2a, and is not covered by the plan established in chapter 353D. A person who is a member remains a member while performing services as a public employee and while on an authorized leave of absence or an authorized temporary layoff.

Subd. 7a. **Former member.** "Former member" means a member of the association who terminates public service under subdivision 11a or membership under subdivision 11b.

Subd. 8. **Association.** "Association" means the public employees retirement association.

Subd. 9. [Repealed, 1957 c 935 s 27]

Subd. 10. **Salary.** (a) "Salary" means:

(1) periodic compensation of a public employee, before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs, and also means "wages" and includes net income from fees; and

(2) for a public employee who has prior service covered by a local police or fire-

fighters' relief association that has consolidated with the public employees retirement association and who has elected coverage under the public employees police and fire fund benefit plan under section 353A.08 following the consolidation, "salary" means the rate of salary upon which member contributions to the special fund of the relief association were made prior to the effective date of the consolidation as specified by law and by bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure and the actual periodic compensation of the public employee after the effective date of consolidation.

(b) Salary does not mean:

(1) fees paid to district court reporters, unused annual or sick leave payments, in lump-sum or periodic payments, severance payments, reimbursement of expenses, lump-sum settlements not attached to a specific earnings period, or workers' compensation payments;

(2) employer-paid amounts used by an employee toward the cost of insurance coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or any payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage and certain amounts determined by the executive director to be ineligible;

(3) the amount equal to that which the employing governmental subdivision would otherwise pay toward single or family insurance coverage for a covered employee when, through a contract or agreement with some but not all employees, the employer:

(i) discontinues, or for new hires does not provide, payment toward the cost of the employee's selected insurance coverages under a group plan offered by the employer;

(ii) makes the employee solely responsible for all contributions toward the cost of the employee's selected insurance coverages under a group plan offered by the employer, including any amount the employer makes toward other employees' selected insurance coverages under a group plan offered by the employer; and

(iii) provides increased salary rates for employees who do not have any employer-paid group insurance coverages; and

(4) except as provided in section 353.86 or 353.87, compensation of any kind paid to volunteer ambulance service personnel or volunteer firefighters, as defined in subdivisions 35 and 36.

Subd. 11. Public service. "Public service" means service as an officer or employee of a governmental subdivision.

Subd. 11a. Termination of public service. "Termination of public service" occurs when a member resigns or is dismissed from public service by the employing governmental subdivision, as evidenced by appropriate written record transmitted to the association, and does not within 30 days of resignation or dismissal return to a nontemporary employment position in the same governmental subdivision.

Subd. 11b. Termination of membership. "Termination of membership" occurs:

(1) upon termination of public service under subdivision 11a;

(2) when a member who is a part-time employee is excluded from membership as a full-time student under subdivision 2b, clause (9);

(3) when a member does not return to work within 30 days of the expiration of an authorized temporary layoff under subdivision 12 or an authorized leave of absence under subdivision 31. If the employee subsequently returns to a position in the same governmental subdivision, the employee shall not again be required to earn a salary in excess of \$425 per month, unless the employee has taken a refund of accumulated employee deductions plus interest under section 353.34, subdivision 1; or

(4) when a person files a written election to discontinue employee deductions under section 353.27, subdivision 7, paragraph (a), clause (1).

Subd. 12. Authorized temporary layoff. "Authorized temporary layoff," including seasonal leave of absence, means a suspension of public service authorized by the

Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:

(1) the periodic compensation of a public employee, before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs, and also means "wages" and includes net income from fees;

(2) for a public employee who is covered by a supplemental retirement plan under section 356.24, subdivision 1, clause (8), (9), or (10), which require all plan contributions be made by the employer, the contribution to the applicable supplemental retirement plan when an agreement between the parties establishes that the contribution will either result in a mandatory reduction of employees' wages through payroll withholdings, or be made in lieu of an amount that would otherwise be paid as wages; and

(3) for a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the Public Employees Retirement Association or to which section 353.665 applies and who has elected coverage either under the public employees police and fire fund benefit plan under section 353A.08 following the consolidation or under section 353.665, subdivision 4, the rate of salary upon which member contributions to the special fund of the relief association were made prior to the effective date of the consolidation as specified by law and by bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure and the actual periodic compensation of the public employee after the effective date of consolidation.

(b) Salary does not mean:

(1) the fees paid to district court reporters, unused annual vacation or sick leave payments, in lump-sum or periodic payments, severance payments, reimbursement of expenses, lump-sum settlements not attached to a specific earnings period, or workers' compensation payments;

(2) employer-paid amounts used by an employee toward the cost of insurance coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or any payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage and certain amounts determined by the executive director to be ineligible;

(3) the amount equal to that which the employing governmental subdivision would otherwise pay toward single or family insurance coverage for a covered employee when, through a contract or agreement with some but not all employees, the employer:

(i) discontinues, or for new hires does not provide, payment toward the cost of the employee's selected insurance coverages under a group plan offered by the employer;

(ii) makes the employee solely responsible for all contributions toward the cost of the employee's selected insurance coverages under a group plan offered by the employer, including any amount the employer makes toward other employees' selected insurance

coverages under a group plan offered by the employer; and

(iii) provides increased salary rates for employees who do not have any employer-paid group insurance coverages;

(4) except as provided in section 353.86 or 353.87, compensation of any kind paid to volunteer ambulance service personnel or volunteer firefighters, as defined in subdivision 35 or 36;

(5) the amount of compensation that exceeds the limitation provided in section 356.611; and

(6) amounts paid by a federal or state grant for which the grant specifically prohibits grant proceeds from being used to make pension plan contributions, unless the contributions to the plan are made from sources other than the federal or state grant.

(c) Amounts provided to an employee by the employer through a grievance proceeding or a legal settlement are salary only if the settlement is reviewed by the executive director and the amounts are determined by the executive director to be consistent with paragraph (a) and prior determinations.

calculating the amount of benefits payable, but service as determined on a fractional basis must not be used in determining the length of service required for eligibility for benefits.

Subd. 12. **Actuarial equivalent.** "Actuarial equivalent" means the condition of one annuity or benefit having an equal actuarial present value as another annuity or benefit, determined as of a given date at a specified age with each actuarial present value based on the appropriate mortality table adopted by the board of directors based on the experience of the fund as recommended by the actuary retained under section 356.214, and approved under section 356.215, subdivision 18, and using the applicable preretirement or postretirement interest rate assumption specified in section 356.215, subdivision 8.

Subd. 13. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means wages, or other periodic compensation, paid to an employee before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs.

(b) "Salary" does not include:

- (1) lump-sum sick leave payments;
- (2) severance payments;
- (3) lump-sum annual leave payments and overtime payments made at the time of separation from state service;
- (4) payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to an employee with single coverage;
- (5) payments made as an employer-paid fringe benefit;
- (6) workers' compensation payments;
- (7) employer contributions to a deferred compensation or tax sheltered annuity program; and
- (8) amounts contributed under a benevolent vacation and sick leave donation program.

(c) Amounts provided to an employee by the employer through a grievance proceeding or a legal settlement are salary only if the settlement is reviewed by the executive director and the amounts are determined by the executive director to be consistent with paragraph (a) and prior determinations.

Subd. 13a. **Reduced salary during period of workers' compensation.** An employee on leave of absence receiving temporary workers' compensation payments and a reduced salary or no salary from the employer who is entitled to allowable service credit for the period of absence, may make payment to the fund for the difference between salary received, if any, and the salary the employee would normally receive if not on leave of absence during the period. The employee shall pay an amount equal to the

Murphy Exh. 9

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various benefit increases and related modification authority statement; amending Minnesota 2.01, subdivision 13; 352B.02, subdivision 1a; 353.65, subdivision 7; 353.651, subdivision 4; 4.094, subdivision 4; 354A.12, subdivision 1; 354A.31, subdivision 4, and by adding 4B.07, subdivisions 1 and 2; 354B.08, subdivision 1; 356.611; 356.865, subdivision 3; adding a subdivision; and 422A.09, subdivision 3 coding for new law in Minnesota Statutes, for new law as Minnesota Statutes, chapters 3A.10, subdivision 2; 352.021, subdivision B.02; Laws 1969, chapter 1088; Laws 1971, Laws 1978, chapters 562, section 32, and 753; and Laws 1981, chapter 224, sections 250 and

RE OF THE STATE OF MINNESOTA:

LE 1

EMPLOYEE PENSION PLAN
3D MODIFICATIONS

FULL-TIME WORK.

allowable service credit under chapter 354.66 or under the option of returning to full-time work the full employer contribution to the 4.66, subdivision 4, or 354A.094, subdivision 4, if the employer decides not to make the full contribution after July 1, 1995, it must notify any person in writing within 30 days of the time of this notice who wishes to return to full-time employment of intent to return to full-time employment from the employer, and must return to full-time employment by the next school year.

HEALTH INSURANCE.

who:

system, the technical college system, or successor system employing state uni-

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versity, technical college, or community college faculty, with at least ten years of combined service credit in a system under the jurisdiction of the higher education board;

(2) was employed on a full-time basis immediately preceding retirement as a state university, technical college, or community college faculty member or as an unclassified administrator in one of those systems;

(3) begins drawing an annuity from the teachers retirement association or from a first class city teacher plan; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than \$35,000 in a calendar year from employment after retirement in the system from which the person retired.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the employer and the employee. The employer may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The employer shall determine the time of year the employee shall work.

(c) For a person eligible under paragraphs (a) and (b), the employing board shall make the same employer contribution for hospital, medical, and dental benefits as would be made if the person were employed full time.

(d) For work under paragraph (a), a person must receive a percentage of the person's salary at the time of retirement that is equal to the percentage of time the person works compared to full-time work.

(e) If a collective bargaining agreement covering a person provides for an early retirement incentive that is based on age, the incentive provided to the person must be based on the person's age at the time employment under this section ends. However, the salary used to determine the amount of the incentive must be the salary that would have been paid if the person had been employed full time for the year immediately preceding the time employment under this section ends.

Sec. 3. Minnesota Statutes 1994, section 352.01, subdivision 13, is amended to read:

Subd. 13. SALARY. "Salary" means the periodical wages, or other periodic compensation, paid to any an employee before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs. It also means wages and includes net income from fees. Lump sum sick leave payments, severance payments, lump sum annual leave payments and overtime payments made at the time of separation from state service, payments in lieu of any employer-paid group insurance coverage, including the difference

New language is indicated by underline, deletions by ~~strikeout~~.

between single and family rates that may be paid to an employee with single coverage, and payments made as an employer-paid fringe benefit and, workers' compensation payments, employer contributions to a deferred compensation or tax sheltered annuity program, and amounts contributed under a benevolent vacation and sick leave donation program are not salary.

Sec. 4. Minnesota Statutes 1994, section 354.445, is amended to read:

354.445 NO ANNUITY REDUCTION.

(a) The annuity reduction provisions of section 354.44, subdivision 5, do not apply to a person who:

(1) retires from the state university system, technical college system, or the community college system, or from a successor system employing state university, technical college, or community college faculty, with at least ten years of combined service credit in the system from which the person retires a system under the jurisdiction of the higher education board;

(2) was employed on a full-time basis immediately preceding retirement as a state university, technical college, or community college faculty member or as an unclassified administrator in one of these systems;

(3) begins drawing an annuity from the teachers retirement association; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than \$35,000 in a calendar year from employment after retirement in the system from which the person retired.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the employer and the employee. The employer may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The employer shall determine the time of year the employee shall work.

(c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and (b) may not earn further service credit in the teachers retirement association and is not eligible to participate in the individual retirement account plan or the supplemental retirement plan established in chapter 354B as a result of service under this section. No employer or employee contribution to any of these plans may be made on behalf of such a person.

(d) For a person eligible under paragraphs (a) and (b) who earns more than \$35,000 in a calendar year from employment after retirement in the system from which the person retired, the annuity reduction provisions of section 354.44, subdivision 5, apply only to income over \$35,000.

Sec. 5. Minnesota Statutes 1994, section 354.66, subdivision 4, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.