

FILED

CASE TYPE: DECLARATORY JUDGMENT

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF HENNEPIN

FOURTH JUDICIAL DISTRICT

City of Minneapolis, a Minnesota  
municipal corporation,

Court File No. MC95-2169

Plaintiff,

v.

**STIPULATION AND ORDER FOR  
DISMISSAL WITH PREJUDICE**

County of Hennepin, a Minnesota political  
subdivision; Patrick H. O'Connor,  
Hennepin County Taxpayer Services  
Division Manager; Minneapolis Police  
Relief Association; and Minneapolis Fire  
Department Relief Association,

Defendants.

The parties, through their respective counsel, hereby stipulate and agree as follows:

1. The captioned litigation has been fully settled and compromised in accordance with the terms of the Settlement Agreement attached as Exhibit A.
2. By virtue of and pursuant to the terms of the Settlement Agreement, this matter may be, and the same hereby is dismissed in its entirety, with prejudice.
3. Each party shall bear his or its own costs, disbursements and expenses incurred in connection herewith.

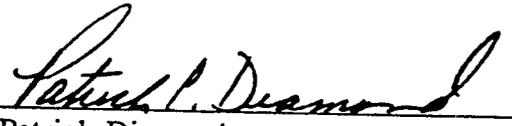
4. The Court may enter the following Order approving the Settlement Agreement and dismissing this litigation, with prejudice.

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PATRICK H. O'CONNOR AND  
HENNEPIN COUNTY

BEST & FLANAGAN  
Professional Limited Liability Partnership

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ATTORNEYS FOR DEFENDANTS  
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ASSOCIATION AND MINNEAPOLIS  
FIRE DEPARTMENT RELIEF  
ASSOCIATION

### ORDER

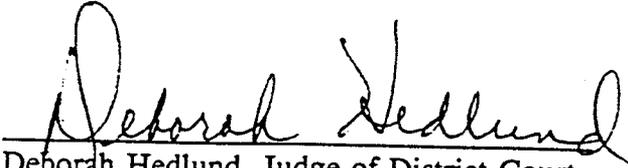
Pursuant to the foregoing stipulation of the parties, the Court hereby makes the following Order:

1. The Settlement Agreement between the parties attached as Exhibit A is hereby approved.
2. The captioned litigation is hereby dismissed in its entirety, with prejudice.
3. Each party shall bear its own costs, disbursements and expenses incurred in connection with said litigation.

LET JUDGMENT BE ENTERED ACCORDINGLY.

BY THE COURT:

Date: 11-2, 1995

  
Deborah Hedlund, Judge of District Court

SETTLEMENT AGREEMENT

Agreement entered into this 7<sup>th</sup> day of September, 1995, between and among: The City of Minneapolis, a municipal corporation under the laws of the State of Minnesota ("City"); Hennepin County, a Minnesota political subdivision of the State of Minnesota; Patrick H. O'Connor, Hennepin County Taxpayer Services Division Manager; the Minneapolis Police Relief Association, an association under the laws of the State of Minnesota ("MPRA"); and the Minneapolis Fire Department Relief Association, an association under the laws of the State of Minnesota ("MFDRA").

RECITALS

WHEREAS, the City as plaintiff commenced litigation against the other parties hereto as defendants, captioned City of Minneapolis v. County of Hennepin, et al. (Hennepin County District Court No. MC95-2169 in order to resolve certain issues concerning pension calculations which arose from certain actions taken by defendants; and

WHEREAS, the parties desire to settle their differences amicably and without further litigation;

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. City's Minimum Obligation and Amount of Bi-Weekly Salary. The Associations shall base pensions in 1995 on the following: (a) the bi-weekly salary of a first-grade firefighter is \$1,876.00 and (b) the bi-weekly salary of a top grade patrol officer is \$1,847.00. The City's minimum obligation for taxes payable in 1996 will be based on

those amounts, as calculated by the Associations' actuary, using actuarial assumptions required by Minn. Stat. § 356.216(b)(2).

The following formula shall be used for determining the bi-weekly salary for pension purposes for the period 1996 through 1998. The adjustment in the future for MFDRA is as follows:

- 1/1/96 \$1,876 bi-weekly salary of a first grade firefighter plus a bi-weekly portion of one-third (1/3) of the average of all overtime up to 136 hours per year worked in excess of FLSA overtime amounts by firefighters with 25 years or more of service in 1995 plus a bi-weekly portion of an additional one-third (1/3) of the maximum sick leave buy-back benefit available per year to first grade firefighters x [1 + percentage by which the salary of a first grade firefighter (see definition at paragraph 2 below) is increased in current year of labor agreement].
- 1/1/97 Prior year (1996) salary determination plus a bi-weekly portion of an additional one-third (1/3) of the average of all overtime up to 136 hours per year worked in excess of FLSA overtime amounts by firefighters with 25 years or more of service plus a bi-weekly portion of an additional one-third (1/3) of the maximum sick leave buy-back benefit available per year to a first grade firefighter x [1 + percentage by which the salary of a first grade firefighter (see definition at paragraph 2 below) is increased in current year of labor agreement].
- 1/1/98 Prior year (1997) salary determination plus a bi-weekly portion of the average of all overtime up to 136 hours per year worked in excess of FLSA overtime amounts by firefighters with 25 years or more of service x [1 + percentage by which the salary of a first grade firefighter (see definition at paragraph 2 below) is increased in current year of labor agreement].

The adjustment in the future for MPRA would be follows:

- 1/1/96 \$1,847 bi-weekly salary of a top grade patrol officer plus a bi-weekly portion of 20 hours of accumulated compensatory time per year plus a bi-weekly portion of an additional one-third (1/3) of the maximum sick leave buy-back benefit available per year to top grade patrol officers x [1 + percentage by which the salary of a top grade patrol officer (see definition at paragraph 2 below) is increased in current year of labor agreement].

- 1/1/97 Prior year (1996) salary determination plus a bi-weekly portion of 20 additional hours of accumulated compensatory time per year plus a bi-weekly portion of an additional one-third (1/3) of the maximum sick leave buy-back benefit available per year to top grade patrol officers x [1 + percentage by which the salary of a top grade patrol officer (see definition at paragraph 2 below) is increased in current year of labor agreement].
- 1/1/98 Prior year (1997) salary determination plus a bi-weekly portion of 20 additional hours of accumulated compensatory time per year x [1 + percentage by which the salary of a top grade patrol officer (see definition at paragraph 2 below) is increased in current year of labor agreement].

MFDR and MPRA shall immediately seek to obtain a new actuarial report to incorporate the change in the definition of salary outlined above for the 1996 tax year and shall incorporate appropriate changes in their 1996 levy requests.

2. Definition of Salary. The MFDR and MPRA shall amend their respective by-laws to define the term "salary", which amendment shall require City approval. The purpose of defining the term by amendment to the by-laws is to prevent future differences of opinion on the elements of compensation to be included in salary. The term "salary" shall include the following elements of compensation, to the extent they are payable under a collective bargaining agreement:

For MFDR: (a) base wages, including the FLSA overtime attributable to the regularly scheduled work period; (b) selection premium; (c) the uniform and professional allowance paid to firefighters; (d) longevity payments; (e) an average of overtime actually worked in excess of FLSA overtime amounts by firefighters with 25 years or more of service, up to a maximum of 136 hours, in the immediately preceding year; (f) the maximum sick leave buy-back benefit available to first grade firefighters. Salary shall not include severance payments, workers' compensation payments, and employer-paid amounts used by

employees toward the cost of health and medical insurance coverage. Any new item of compensation granted to first grade firefighters in the collective bargaining process after April 15, 1995, may be included in salary by action of the MFDRA, provided that at least 50 percent of all first grade firefighters are eligible to receive the new compensation item. The amount to be included in salary for any such new compensation item shall be the average amount paid to those first grade firefighters who received the compensation item.

For MPRA: (a) base wages; (b) shift differential; (c) the uniform and professional allowance paid to patrol officers; (d) longevity payments; (e) 60 hours of accumulated compensatory time; (f) work-out program payments; and (g) the maximum sick leave buy-back benefit available to top grade patrol officers. Salary shall not include severance payments, workers' compensation payments, and employer-paid amounts used by employees toward the cost of health and medical insurance coverage, and canine maintenance fees. Any new item of compensation granted to top grade patrol officers in the collective bargaining process after April 15, 1995, may be included in salary by action of the MPRA, provided that at least 50 percent of all top grade patrol officers are eligible to receive the new compensation item. The amount to be included in salary for any such new compensation item shall be the average amount paid to those top grade patrol officers who received the compensation item.

For the years 1995 through 1998, the method of determining salary specified by paragraph 1 of this settlement agreement supersedes any definition of salary in the association by-laws.

3. Dismissal of Lawsuit. The parties shall jointly request that the Court approve this settlement and, upon adoption and approval of the by-law amendments required by this Settlement Agreement, to stipulate to dismiss the present action with prejudice.

4. Transition for Retired Members. No member of MFDRA or MPRA who under the terms of this settlement has retired or who retires by December 31, 1995, would have his or her benefit levels reduced until January 1, 1999; provided, however, that neither will such a member receive any increases in his or her benefit levels during the period 1995 through 1998, except as provided by paragraph 1. Members retiring after December 31, 1995, will receive benefits as outlined in paragraph 1.

5. Future Collaboration. The parties anticipate that this Settlement Agreement will result in a graduated increase in pension benefits for retired members of MFDRA and MPRA, without resulting in any increase in the City's funding obligations toward either the MFDRA or MPRA for the next three years. If for any reason (e.g., reduction in state insurance aid funding or negative investment performance of the fund) the City's funding obligation to MFDRA or MPRA is increased prior to January 1, 1999, the MFDRA and MPRA agree to cooperate and work with the City in a collaborative effort to resolve the funding issues.

6. Escrow Account. The escrow account established to hold certain disputed contributions of members shall be disbursed consistent with this Agreement, and the account closed.

7. No Admission of Liability. This Settlement Agreement does not contain and is not intended to imply any admission of liability or wrong-doing by any party.

8. No Costs Awarded. Each party agrees to bear its own costs and attorneys fees, and no costs or fees are to be awarded to any party.

9. Final Approval. This Agreement becomes effective after execution by all parties and approval by the City Council, the Boards of Trustees of the MFDRA and MPRA, and the Court.

CITY OF MINNEAPOLIS

By *Alan Boyle Belter*  
Its \_\_\_\_\_

By *Alan Boyle Belter*  
Its ASST. CITY CLERK

By *John Mair*  
Its \_\_\_\_\_

CITY ATTORNEY

*Surell Brady*  
Surell Brady

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MINNEAPOLIS POLICE RELIEF ASSOCIATION

By *R. Bridgeman*  
Its Secretary

MINNEAPOLIS FIRE DEPARTMENT RELIEF ASSOCIATION

By *W.C. Elinum*  
Its \_\_\_\_\_

BEST & FLANAGAN  
Professional Limited Liability Partnership

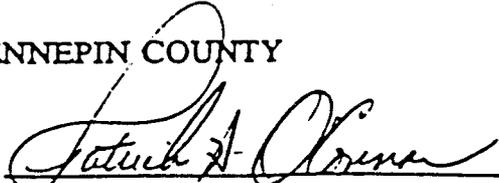
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KLAUSNER & COHEN, P.A.

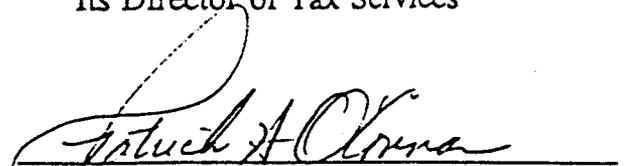
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HENNEPIN COUNTY

By



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Its Director of Tax Services

  
Patrick H. O'Connor

HENNEPIN COUNTY ATTORNEY

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