

# STATE OF MINNESOTA

## Office of the State Auditor



**Patricia Anderson**  
**State Auditor**

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MANAGEMENT LETTER

**MINNEAPOLIS POLICE RELIEF ASSOCIATION**  
**MINNEAPOLIS, MINNESOTA**

FOR THE YEAR ENDED DECEMBER 31, 2005

## **Description of the Office of the State Auditor**

The Office of the State Auditor serves as a watchdog for Minnesota taxpayers by helping to ensure financial integrity, accountability, and cost-effectiveness in local governments throughout the state.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 250 financial and compliance audits per year and has oversight responsibilities for over 4,300 local units of government throughout the state. The office currently maintains five divisions:

**Audit Practice** - conducts financial and legal compliance audits for local governments;

**Government Information** - collects and analyzes financial information for cities, towns, counties, and special districts;

**Legal/Special Investigations** - provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

**Pension** - monitors investment, financial, and actuarial reporting for over 700 public pension funds; and

**Tax Increment Financing, Investment and Finance** - promotes compliance and accountability in local governments' use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employee's Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**MINNEAPOLIS POLICE RELIEF  
ASSOCIATION  
MINNEAPOLIS, MINNESOTA**

**For the Year Ended December 31, 2005**



**Management Letter**

**Audit Practice Division  
Office of the State Auditor  
State of Minnesota**

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**MINNEAPOLIS POLICE RELIEF ASSOCIATION  
MINNEAPOLIS, MINNESOTA**

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**MINNEAPOLIS POLICE RELIEF ASSOCIATION  
MINNEAPOLIS, MINNESOTA**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**COMPLIANCE**

**PREVIOUSLY REPORTED ITEM NOT RESOLVED**

03-1 Components of Unit Value

Pension benefits for the Minneapolis Police Relief Association (MPRA) are based on a unit value. Minn. Stat. § 423B.01, subd. 20, and the MPRA's Bylaws define a unit as 1/80th of the current monthly salary of a first grade patrol officer.

Following is a schedule of the calculation of per unit value used at December 31, 2005:

Component	Hourly Rate	Number Of Hours	Annually	Monthly	Per Unit
Base wages	\$ 27.75	2088	\$ 57,942.00	\$ 4,828.50	\$ 60.36
Shift differential	1.07	2081.41	2,227.11	185.59	2.32
Clothes/equipment	-	-	772.24	64.35	.80
Longevity	3.26	2088	6,813.14	567.76	7.10
60 hours accumulated comp time	32.08	60	1,924.78	160.40	2.00
Health club dues	-	-	354.60	29.55	.37
Sick leave credit pay	32.08	96	3,079.64	256.64	3.21
Vacation credit pay	31.01	35.8	1,110.12	92.51	1.16
Performance premium (2%)	-	-	1,158.84	96.57	1.21
Holiday pay	32.08	8.69	278.81	23.23	.29
Overtime (@1.5)	48.12	143.85	6,922.21	576.85	7.21
Total			<u>\$ 82,583.51</u>	<u>\$ 6,881.96</u>	<u>\$ 86.02</u>

The sum of the hourly rate for base wages, shift differential, and longevity is the rate used to calculate the unit value for 60 hours of accumulated comp time, sick leave credit pay, holiday pay, and overtime components.

The MPRA's Bylaws identify that the components of salary be included to the extent they are payable under a collective bargaining agreement. Those salary components added after the 1995 Settlement Agreement between the MPRA and the City of Minneapolis should be included at the average amount paid to those top grade patrol officers who received the compensation item. Therefore, actual payroll practices of the

City of Minneapolis have been reviewed to determine that the salary components used by the MPRA in the unit value calculation were not inconsistent with payments to active patrol officers.

The actual payroll practice of the City of Minneapolis, for the 60 hours of accumulated comp time and 96 hours of sick leave--which are the maximum amounts allowed by contract that eligible patrol officers may elect to cash-out each year--are not paid at a rate which includes shift differential. Therefore, neither should the unit value calculation for the MPRA include shift differential in those components. The unit value is overstated by \$.17/unit or approximately \$86 per year per beneficiary at 42 units.

In the 2003 audit, we recommended the MPRA review and analyze components of unit value. The MPRA and its legal counsel have reviewed its methods and calculations of monthly salary used to calculate unit value and have concluded they are proper and reasonable. They obtained payroll data from the City of Minneapolis and formulated a methodology for annualizing and calculating overtime hours for those top grade patrol officers who retired during the year and for accumulating averages, which were then used to calculate average hours for certain components of pay, including vacation credit pay, overtime, and holiday pay. The MPRA also adjusted the rate used for vacation credit pay calculations to include base wages and longevity, but not shift differential.

We continue to recommend the unit value be corrected. The City of Minneapolis and the MPRA should agree on the methodology for determining relevant hours and averages for the components of pay to be included in the unit value calculation. The actual payroll practice of the City of Minneapolis for these and any other components of salary used by the MPRA as the basis for calculating the unit value for pension benefits should be followed to ensure consistency.

Client's Response:

*The MPRA continues to believe that the unit value calculation should include the shift differential amount for the 60 hours of accumulated comp time and 96 hours of sick leave. Since the 1995 Settlement Agreement, the unit value has been calculated in the same manner. The basis for the MPRA's position is set forth in the Board's Findings of Fact, Conclusions and Determination that were adopted by the MPRA Board of Directors on September 30, 2004, that are attached hereto ("the Findings"). (See pages 6 to 14.) In 2004, the Board spent considerable time, money and effort to review each item of compensation. The Board continues to take this very seriously.*

*The MPRA believes that it has accurately calculated the unit value as set forth in the Findings. Based on the fact the 1995 Settlement Agreement included shift differential in the amounts attributable to the 60 hours of accumulated comp time and 96 hours of sick leave, the MPRA believes it has appropriately established the unit value by including*

*shift differential in these components for nearly a decade. We also believe the MPRA's basis used for calculations for accumulated comp time and sick leave are provided in the Collective Bargaining Agreement ("CBA"). The MPRA does not believe the City of Minneapolis has any lawful authority to determine the unit value. Under State law, the MPRA Board controls, governs and administers the plan, not the City of Minneapolis. The MPRA believes that it has used the actual payroll practices of the City to compute the unit value for new items of compensation added to the CBA after April 15, 1995.*

*The MPRA understands that it owes a fiduciary duty to the taxpayers as well as to the fund's beneficiaries. The MPRA Board determines the monthly salary of a top grade patrol officer and the monetary value of each component pursuant to the law and the terms of the CBA and has restated the value of a "unit" based on the changing terms of the Collective Bargaining Agreement. The Board does not seek to maximize the benefits to members. Rather, it sets the amount in accordance with law.*

#### PREVIOUSLY REPORTED ITEM RESOLVED

##### **Use of Special Fund for Political Activity (04-1)**

Minn. Stat. §§ 423B.07 and 69.80 establish authorized administrative expenses that may be paid from the special pension trust account. Expenses for production of the MPRA monthly newsletter are charged to the special pension trust account. At times, this newsletter solicited contributions to specific candidates for political office. Costs associated with solicitation of political contributions are not authorized administrative expenses pursuant to Minn. Stat. §§ 423B.07 and 69.80.

##### **Resolution**

The MPRA Board of Directors determined to repay the special pension trust account from the political account an amount equal to production costs of the seven monthly newsletters where political disclosures took place. In the future, the MPRA will ensure that communications relating to the political fund are paid for appropriately.

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PATRICIA ANDERSON  
STATE AUDITOR

## REPORT ON LEGAL COMPLIANCE

Board of Directors  
Minneapolis Police Relief Association

We have audited the basic financial statements of the Minneapolis Police Relief Association as of and for the year ended December 31, 2005, and have issued our report thereon dated July 27, 2006.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Government* contains three categories of compliance to be tested in audits of relief associations: deposits and investments, conflicts of interest, and relief associations. Our study included all of the listed categories.

In addition, we reviewed for compliance with other statutes, bylaws, and administrative rules that we deemed necessary. This review did not include all possible regulatory provisions which may be applicable and was not intended to provide assurance of full compliance with all regulatory provisions.

The results of our tests indicate that, for the items tested, the Minneapolis Police Relief Association complied with the material terms and conditions of applicable legal provisions, except as described in the Schedule of Findings and Recommendations as item 03-1.

This report is intended solely for the information and use of the Association's Board of Directors and management and is not intended to be, and should not be, used by anyone other than those specified parties.

*/s/Pat Anderson*

PATRICIA ANDERSON  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

End of Fieldwork: July 27, 2006

**FINDINGS, CONCLUSIONS, AND DETERMINATION  
OF THE MINNEAPOLIS POLICE RELIEF ASSOCIATION  
RELATING TO OCTOBER 15, 2004, UNIT VALUE, AS AMENDED**

**FINDINGS**

1. The Minneapolis Police Relief Association (“MPRA”) Board of Directors is required to administer the pension fund pursuant to the laws governing the MPRA, including specifically the laws to determine pension benefits payable to recipient beneficiaries and salary contribution amounts from active members. See Minn. Stat. Chapters 317A and 423B.
2. The monthly benefit of an MPRA member or benefit recipient is based on the number of “units” to which the member or beneficiary is entitled. A “unit” means “one-eightieth of the current monthly salary of a first grade patrol officer.” See definition of “Unit”, Minn. Stat. § 423B.01, subd. 20.
3. Since 1953, MPRA members and beneficiaries have had a unique pension plan design called the “escalator clause.” The definition of “unit” forms that basis of the escalator clause. The escalator clause is designed to ensure that the pay raises that working patrol officers receive are reflected in the pensions of retirees. In essence, the pensions of retirees are tied to the wages of active police officers.
4. In 1987, the Office of the Minnesota Attorney General issued an opinion to the MPRA addressing the authority of the MPRA to make determinations as to what items of compensation could be included in the definition of salary.
5. Since 1987, the MPRA has engaged members of the law firm of Rice, Michels & Walther, LLP (“RMW”) to assist it determining how to calculate the “current monthly salary of a top grade patrol officer” which is a necessary component of the definition of “unit” in Minn. Stat. 423B.01. subd. 20.
6. The MPRA Board determines the “monthly salary of a top grade patrol officer” in the manner described below. First, the Board examines the Collective Bargaining Agreement (“CBA”) between the Police Officers Federation of Minneapolis (“POFM”) and the City of Minneapolis (“City”) to determine what components of compensation are to be considered part of the current monthly salary of a patrol officer. Then the monetary value of each component is determined pursuant to the terms of the CBA and relevant payroll data from the Police Department. All components are converted from hourly, bi-weekly or annual amounts to monthly amounts. The sum of the monthly amounts for each component constitutes the “monthly salary”. The statutory definition of a “unit” constitutes one-eightieth of the monthly salary. The amount that the MPRA determines

as the monthly salary is then divided by 80 to determine the unit value. The monthly pension benefit payable is then calculated by multiplying the unit value times the number of units payable to an eligible member.

7. The MPRA Board of Directors has regularly restated the value of a “unit” based on the changing terms of the CBA.
8. In 1994, the City of Minneapolis initiated a lawsuit against the MPRA and the Hennepin County Auditor (“Hennepin County”) contesting the MPRA’s authority to include certain items of compensation in the salary of a first grade patrol officer for the purposes of calculating monthly retirement benefits. The City specifically challenged the MPRA’s inclusion of 2,088 hours of shift differential pay, 96 hours for the Sick Leave Credit Pay Plan and 60 hours for the Comp Time Compensation Plan in the definition of salary for determining the monthly salary of a first grade patrol officer and the value of a unit. (See *City of Minneapolis v. County of Hennepin, Minneapolis Police Relief Association and the Minneapolis Firefighters’ Relief Association*, Fourth Judicial District, Case No. MC-95-2169.)
9. The City, Hennepin County and the MPRA entered into a settlement agreement dated September 15, 1995 (the “1995 Settlement Agreement”) to resolve the litigation. The 1995 Settlement Agreement resolved how the MPRA was to determine the value of the shift differential, the amount of sick leave credit pay, and the amount of the comp time compensation. The Parties agreed that as to each of these items, the maximum amount payable would be included in the definition of salary. Thereafter, shift differential was to be paid based on 2,088 hours per year. The value of the Sick Leave Credit Pay Plan was established as 96 hours times an hourly rate consisting of base wages, longevity pay and shift differential. The Comp Time Compensation Plan was set at 60 hours using the same hourly rate as the Sick Leave Credit Pay Plan. The 1995 Agreement also established a mechanism for determining how to include any “new items” of compensation in the future definition of salary and, if included, the amount to be included.
10. Since the 1995 Settlement Agreement, the MPRA has regularly reviewed and reset the value of the “unit” based on CBAs between the City and the POFM and in accordance with the Settlement Agreement. Some new items of compensation have been added, some have been adjusted and some items that were added were removed, depending on the provisions of the CBA and relevant payroll data relating to such items.
11. The City and POFM ratified and executed a collective bargaining agreement for the period of October 15, 2002 to October 14, 2005 (“the CBA”) in early 2003.
12. In the spring of 2003, the MPRA directed RMW, general counsel to the MPRA and counsel to the POFM, to obtain necessary information from the City to accurately calculate the unit value based on the changes to the components of compensation of the top grade patrol officers under the terms of the CBA for the period October 15, 2002 to October 14, 2005.

13. After requesting and receiving certain information from the City, RMW provided its advice to the MPRA Board of Directors in April 2003 on how to establish the unit value. RMW relied on information provided to it by the City. In reliance on the advice of RMW, the MPRA Board enacted a resolution on April 8, 2003 establishing a unit value determination for the period of the CBA.
14. The Office of the State Auditor the (“OSA”) issued a management letter to the MPRA in connection with its audit for the year ended December 31, 2003 which raised questions about the calculations made by the MPRA with respect to its previous unit value determinations. The OSA particularly questioned the unit values established in the April 8, 2003 resolution and what the unit value for 2004 should be.
15. In response of the State Auditors report the MPRA at its August 10, 2004 meeting directed the firm of RMW to review the report and to review its prior recommendations on the matter.
16. RMW subsequently submitted a report to the MPRA board dated September 8, 2004 and discussed the contents of the report.
17. Prior to the September meeting, the MPRA received a letter from Patrick Born, the City of Minneapolis’ Finance Director, to James Michels, one of MPRA’s attorneys, outlining the City’s position with respect to certain items of compensation and unit value determination. RMW’s legal analysis of and response to the issues raised by Mr. Born is available.
18. Since the implementation of the 1995 Settlement Agreement, the MPRA has always included maximum number of sick leave credit pay plan hours (96 hours) and the maximum 60 hours of comp time in the definition of salary for the purposes of determining the “unit” value. Those items have always been at a rate of pay which included base wages, longevity and shift differential. This was done pursuant to the specific terms contained in the 1995 Settlement Agreement, which established a three-year phase in of the items at a rate of pay which included base wages, longevity and shift differential.
19. Because the 1995 Settlement Agreement specifically provided for the inclusion and value of such items of compensation in the definition of salary, the MPRA has never subsequently attempted to ascertain the actual member usage of those items because the terms of the Agreement did not require such a calculation.
20. Shift differential based on the amount of 2,088 hours per year was included in the definition of salary in the 1995 Settlement Agreement.

21. As to new items of compensation, excluding the seven specifically enumerated compensation components in the Agreement, the 1995 Settlement Agreement provided:

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.

Subsequent to the 1995 Settlement Agreement, five new items of compensation were introduced into the CBA. Those items include the vacation credit pay, holiday pay, overtime pay, performance pay and corporal pay.

22. A Vacation Cash Out Pay Plan was implemented in the CBA and provided that police officers could annually cash in a maximum of 40 hours and receive compensation for those hours.
23. As part of the review undertaken by RMW, they relied on data previously supplied to them by the City payroll department and data recently submitted. In prior years the City provided data relating to overtime. Data relating to Holiday Pay or Vacation Pay were limited and the City advised RMW that the information was not available. Because of concerns raised by the OSA, both the City and the MPRA through its attorney endeavored to provide detailed records for each item of compensation for all the years involved.
24. Records available to the MPRA and its attorneys indicate that since the compensation items became available, eligible top patrol officers have received an average of 35.80 hours for the Vacation Cash Out Pay Plan; and that the City of Minneapolis has only paid that compensation at a rate that includes base wages and longevity and not shift differential.
25. Subsequent to the 1995 Settlement Agreement, a new item known as “holiday pay” was introduced into the CBA.
26. After reviewing records made available by the City of Minneapolis for years 1999 and 2003, the MPRA and its attorneys have determined that eligible top patrol officers have received an average of 8.69 hours of holiday pay per year.
27. Subsequent to the 1995 Settlement Agreement, the City began to pay officers in cash for overtime hours worked. The MPRA had RMW attorneys reviewed the amount of overtime hours that top patrol officers worked annually based on data provided by the

City, beginning from the time patrol officers began to be paid in cash in 1998. The MPRA, based on the information and recommendation provided by its attorneys, employed a method to average the number of hours worked by top patrol officers. The total hours and the average number of hours worked from 1998 to 2003 is available.

28. The MPRA finds that in reviewing overtime records for the years 1998, 1999, 2000, 2001, 2002, 2003 the average amount of overtime worked by an eligible patrol officer for those years was 123.99 hours.
29. The MPRA has never based its overtime usage figure based on a single prior year and has always utilized an average for all years since the inception of the overtime program. The MPRA's calculation is based on using the number of all top patrol officers who received overtime and the amount of overtime each officer worked. The MPRA's formula includes all officers and all years worked to arrive at an average number of hours worked. The amount of hours worked is then made current under the escalator clause by applying existing rates of pay. The MPRA uses the same formula for all other new items of compensation.
30. The method employed by the OSA and the City Finance Department would have the MPRA calculate the value of for these new items of compensation based on the immediate prior year's utilization. The method is not consistent with the language of the 1995 Settlement Agreement. The OSA's method and the City Finance Department's method is also not consistent with the MPRA's long-standing administrative practice.
31. The MPRA included amounts for Corporal pay that were paid under the CBA in force from October 15, 1999 to October 14, 2002 in the definition of salary but did not include that item of compensation when corporal pay was deleted from the CBA.
32. The MPRA finds that the usage based on overtime for officers has been calculated. The MPRA determines that 123.99 hours is the appropriate average amount of overtime paid.
33. The MPRA incorporates the report of RMW and the findings into this report.
34. The MPRA incorporates the table, which assigns a value for each item of compensation, that was prepared by RMW.
35. The Board of Directors of the MPRA has carefully exercised its fiduciary duties to its members, the City and the State in considering the issues presented by the OSA and the City Finance Director.
36. The Board of Directors of the MPRA believes that the items of compensation to be included in the definition of salary are reasonable and proper. The Board also believes that the methods and calculations employed in arriving at the amounts to be included in the monthly salary are reasonable and proper, fair to the members and fair to the City

because they have the effect of leveling the potential for dramatic fluctuations both upward and downward in the elements of compensation that constitute “monthly salary;” particularly in light of the declining number of active top grade patrol officers.

## **CONCLUSIONS**

1. The MPRA has correctly included the Sick Leave Credit Pay Plan in the amount of 96 hours and the Comp Time Pay Plan in the amount of 60 hours at an hourly rate which includes shift differential, longevity and base wages in the definition of monthly salary.
2. The MPRA has correctly included shift differential in the amount of 2,088 hours in the definition of monthly salary.
3. Based on newly provided payroll data from the MPD, holiday pay should be adjusted from 25 hours to 8.69 hours at a rate that includes base wage, longevity and shift differential.
4. Based on newly provided payroll data from the MPD and the terms of the CBA, Vacation Credit pay should be adjusted from 40 hours to 35.80 hours at an hourly rate that includes base wages and longevity, but not shift differential.
5. Based on newly provided payroll data from the MPD, the amount of overtime to be used for determining the October 15, 2004 to October 14, 2005 unit value should be based on 123.99 hours, which is the historical average number of hours of overtime worked by top grade patrol officers at an hourly rate that includes base wages, longevity and shift differential.
6. The MPRA requests that the Police Officers Federation of Minneapolis to arbitrate or correct the hourly rate of vacation credit pay.
7. A copy of this Resolution shall be forwarded to the President of the POFM, Office of the State Auditor, the Mayor of Minneapolis and the City Finance Officer.
8. The fund’s attorneys shall independently verify the information provided by the city upon which the findings are based.
9. The fund’s attorneys are also directed to provide the Board a detailed legal analysis of the validity of assumptions made in arriving in the unit value.
10. The Association reserves the right to review and amend the unit value if further information suggests that the current unit value is not accurate.

**DETERMINATION AS TO UNIT VALUE**

Based on the foregoing, the MPRA Board of Directors determines:

1. The unit value for pension and benefit recipients of the MPRA shall be \$85.03 per unit for the period of October 15, 2004 to October 14, 2005.
2. The monthly salary upon which pension contribution by active MPRA members shall be \$6,802.31 per month.
3. The Executive Director shall adjust the benefits payable to members and beneficiaries and the contribution of active members in accordance with the above determinations effective as of October 15, 2004 for checks to be issued on or about November 1, 2004.

Adopted on Thursday, September 30, 2004 and amended on Tuesday, October 12, 2004.

Patrick J. Conboy /s/ \_\_\_\_\_  
MPRA President

Lawrence J. Ward /s/ \_\_\_\_\_  
MPRA Secretary

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**RESOLUTION  
ADOPTING AMENDMENTS TO THE  
FINDINGS, CONCLUSIONS AND DETERMINATION OF THE  
MINNEAPOLIS POLICE RELIEF ASSOCIATION (MPRA)  
TO THE OCTOBER 15, 2004 UNIT VALUE, AS AMENDED,  
BY ACTION OF THE MPRA BOARD**

WHEREAS, the MPRA Board of Directors adopted Findings, Conclusions and Determination relating to the October 15, 2004 unit value for pension benefits and retirement contribution purposes at a Special Meeting on September 30, 2004; and,

WHEREAS, the MPRA adopted additional Conclusions with respect to the unit value determination at the October 12, 2004 Board meeting which directed the MPRA attorneys to independently verify information provided by the City of Minneapolis with respect to overtime hours worked by police officers; and,

WHEREAS, the MPRA attorneys independently reviewed data on overtime and determined that the City of Minneapolis provided incorrect and inaccurate information to the Office of the State Auditor (OSA) and the MPRA with respect to overtime hours worked by MPRA top patrol officers for 2002 and 2003; and,

WHEREAS, the information provided by the City to the OSA and MPRA understated the overtime hours worked by MPRA members, thereby reducing the amount of benefits that recipient beneficiaries of the MPRA are and were entitled to; and,

WHEREAS, the MPRA's attorneys have advised the MPRA Board of Directors that an adjustment in benefits is appropriate based on their review of overtime worked by top grade patrol officers of the Minneapolis Police Department;

NOW THEREFORE BE IT RESOLVED THAT the MPRA Board does hereby amend its Findings, Conclusion and Determination relating to the October 15, 2004 unit value determination adopted on September 30, 2004 as follows:

1. The correct number of hours of overtime worked by top grade patrol officers in the Minneapolis Police Department in 2002 was 2,281.82. There were thirteen officers who worked overtime hours and the average number of hours worked in 2002 by each officer was 175.52 hours.
2. The correct number of hours of overtime worked by top grade patrol officers in the Minneapolis Police Department in 2003 was 440.80 hours. There were six officers who worked overtime hours and the average number of hours worked in the year by each officer was 73.47 hours.

3. The MPRA employs a running average of all overtime hours worked by all top grade patrol officers on the Minneapolis Police Department to determine the average amount paid to those top grade patrol officers who worked overtime hours. Based on the data on overtime reviewed by the MPRA's attorneys for 2002 and 2003, the MPRA determines that the running average of overtime worked by top grade patrol officers since 1998 when overtime became an item of compensation for the purposes of pension benefit calculations has been paid is 143.85 hours.
4. Based on the report of the MPRA's attorneys and the amount of the overtime worked by patrol officers, the MPRA Board determines that the correct unit value for October 15, 2004 is \$86.02.

BE IT FURTHER RESOLVED that the Executive Director is authorized to provide an adjustment retroactive to October 15, 2004 and adjust the unit value from \$85.03 to \$86.02 for the period of October 15, 2004 to October 14, 2005, effective on March 1, 2005. The Executive Director will make the necessary back pay adjustments to all benefit recipients and any estate to which a benefit is owed. The Executive Director shall also adjust the contribution of active members.

BE IT FURTHER RESOLVED that the pension contributions by active MPRA members shall be based on a monthly salary of \$6,881.96.

BE IT FURTHER RESOLVED that a copy of this resolution be provided to the OSA, the Mayor of the City of Minneapolis and the Minneapolis City Council.

February 13, 2005  
Date

Lawrence J. Ward /s/  
MPRA President

John R. O'Keefe /s/  
MPRA Secretary