

SENATE
STATE OF MINNESOTA
EIGHTY-SEVENTH LEGISLATURE

S.F. No. 1604

(SENATE AUTHORS: DIBBLE)

DATE	D-PG	OFFICIAL STATUS
01/30/2012	3668	Introduction and first reading Referred to State Government Innovation and Veterans See SF1808, Art. 11, Sec. 3

1.1

A bill for an act

1.2

relating to retirement; former Minneapolis Police Relief Association; providing

1.3

for successor custodian for transferred health insurance account assets; amending

1.4

Minnesota Statutes 2011 Supplement, section 353.668, subdivision 4.

1.5

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

1.6

Section 1. Minnesota Statutes 2011 Supplement, section 353.668, subdivision 4,

1.7

is amended to read:

1.8

Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On the effective date of

1.9

the consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19,

1.10

the chief administrative officer of the Minneapolis Police Relief Association shall transfer

1.11

the entire assets of the special fund of the Minneapolis Police Relief Association other

1.12

than the health insurance account to the public employees police and fire retirement fund

1.13

at market value. Unless ineligible or inappropriate, the transfer must be in the form of

1.14

investment securities and must include any accounts receivable that are determined by the

1.15

State Board of Investment as being capable of being collected. An amount, in cash, must

1.16

be transferred by the city of Minneapolis equal to the market value recognized by the relief

1.17

association of investment securities that are determined by the executive director of the

1.18

State Board of Investment not to be in compliance with the requirements and limitations

1.19

set forth in sections 11A.09, 11A.14, 11A.23, and 11A.24 or not to be appropriate for

1.20

retention in light of the established investment objectives of the State Board of Investment

1.21

or of accounts receivable determined by the executive director of the State Board of

1.22

Investment as being incapable of being collected. Legal and beneficial title to assets that

1.23

are determined noncompliant or inappropriate securities or that are uncollectible accounts

1.24

receivable are transferred to the city of Minneapolis on the effective date of consolidation

Section 1.

1

under Laws 2011, First Special Session chapter 8, article 7, section 19. Any accounts payable on the effective date of consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19, are an obligation of the public employees police and fire retirement fund and reduce the asset value for purposes of subdivision 6. The transferred assets must be deposited in the public employees police and fire retirement fund. The amount of the health insurance account as of the date of the consolidation must remain deposited in the financial institution retained by the former Minneapolis Police Relief Association on May 1, 2011, and that financial institution must act as the custodian of the account. The health insurance account may be transferred from the financial institution that holds the account to a successor financial institution on June 30, 2012, under the requirements of this subdivision and the terms of an agreement between the Minneapolis Police Relief Association and the successor financial institution dated December 30, 2011, that provides for the transfer. The financial institution shall perform all trustee and fiduciary duties with respect to the account as a condition to the retention of the account. The executive director of the Minneapolis Police Relief Association, prior to the effective date of consolidation, shall estimate three calendar years of the administrative expenses related to the operation of the account and shall prepay those expenses from the account to the financial institution prior to the effective date of consolidation. After the three-year prepayment period, the beneficiaries of the account are responsible for the payment of the administrative expenses related to the operation of the account.

(b) Upon the transfer of assets to the State Board of Investment under paragraph (a), legal title to those transferred assets vests with the State Board of Investment on behalf of the public employees police and fire retirement plan, and beneficial title to the transferred assets remains with the former membership of the former Minneapolis Police Relief Association.

(c) The public employees police and fire retirement plan and fund is the successor in interest to all claims for or against the Minneapolis Police Relief Association. The public employees police and fire retirement plan and fund is not liable for any claim against the Minneapolis Police Relief Association, its governing board, or its administrative staff acting in a fiduciary capacity, under chapter 356A or common law, which is founded upon a claim of a breach of fiduciary duty if the act or acts constituting the claimed breach were not undertaken in good faith. The public employees police and fire retirement plan may assert any applicable defense to any claim in any judicial or administrative proceeding that the Minneapolis Police Relief Association, its board, or its administrative staff would otherwise have been entitled to assert, and the public employees police and fire retirement plan may assert any applicable defense that it has in its capacity as a statewide agency.

(d) The Public Employees Retirement Association shall indemnify any former fiduciary of the Minneapolis Police Relief Association consistent with the provisions of section 356A.11. The indemnification may be effected by the purchase by the Public Employees Retirement Association of reasonable fiduciary liability tail insurance for the officers and directors of the former Minneapolis Police Relief Association. Consistent with section 69.80, the relief association may purchase reasonable fiduciary liability tail insurance for its officers and directors prior to the effective date of consolidation under Laws 2011, First Special Session chapter 8, article 7, section 19.

(e) Office equipment and other physical assets of the special fund of the Minneapolis Police Relief Association that are not needed by the Public Employees Retirement Association may be sold by the special fund of the Minneapolis Police Relief Association to the general fund of the Minneapolis Police Relief Association or to any successor fraternal organization of the Minneapolis Police Relief Association at fair market value, with the proceeds of that sale deposited in the public employees police and fire retirement fund and included in the transferred asset value under subdivision 6.

EFFECTIVE DATE. This section is effective the day following final enactment.