

**353A.05 ACTIONS PRELIMINARY TO CONSOLIDATION FINALIZATION.**

Subdivision 1. **Commission actions.** (a) Upon initiation of consolidation as provided in section 353A.04, the executive director of the commission shall direct the actuary retained under section 356.214 to undertake the preparation of the actuarial calculations necessary to complete the consolidation.

(b) These actuarial calculations shall include for each active member, each deferred former member, each retired member, and each current beneficiary the computation of the present value of future benefits, the future normal costs, if any, and the actuarial accrued liability on the basis of the existing relief association benefit plan and on the basis of the public employees police and fire fund benefit plan. These actuarial calculations shall also include for the total active, deferred, retired, and benefit recipient membership the sum of the present value of future benefits, the future normal costs, if any, and the actuarial accrued liability on the basis of the existing relief association benefit plan, on the basis of the public employees police and fire fund benefit plan, and on the basis of the benefit plan which produced the largest present value of future benefits for each person. The actuarial calculations shall be prepared using the entry age actuarial cost method for all components of the benefit plan and using the actuarial assumptions applicable to the fund for the most recent actuarial valuation prepared under section 356.215, except that the actuarial calculations on the basis of the existing relief association benefit plan shall be prepared using an interest rate actuarial assumption during the postretirement period which is in the same amount as the interest rate actuarial assumption applicable to the preretirement period. The actuarial calculations shall include the computation of the present value of the initial postretirement adjustment anticipated by the executive director of the state board as payable after the effective date of the consolidation under section 356.415.

(c) The chief administrative officer of the relief association shall, upon request, provide in a timely manner to the executive director of the commission and to the actuary retained under section 356.214 the most current available information or documents, whichever applies, regarding the demographics of the active, deferred, retired, and benefit recipient membership of the relief association, the financial condition of the relief association, and the existing benefit plan of the relief association.

(d) Upon completion of the actuarial calculations required by this subdivision, the actuary retained under section 356.214 shall issue a report in the form of an appropriate summary of the actuarial calculations and shall provide a copy of that report to the executive director of the commission, the executive director of the Public Employees Retirement Association, the chief administrative officer of the relief association, the chief administrative officer of the municipality in which the relief association is located, and the state auditor.

Subd. 2. **State board actions.** (a) Upon approval of consolidation by the membership as provided in section 353A.04, the executive director of the state board shall review the existing investment portfolio of the relief association for compliance with the requirements and limitations set forth in sections 11A.09, 11A.14, 11A.23, and 11A.24 and for appropriateness for retention in the light of the established investment objectives of the state board. The executive director of the state board, using any reporting service retained by the state board, shall determine the approximate market value of the existing assets of the relief association upon the effective date of consolidation and the transfer of assets from the relief association to the individual relief association consolidation accounts at market value.

(b) The state board may require that the relief association liquidate any investment security or other item of value which is determined to be ineligible or inappropriate for retention by the state board. The liquidation shall occur before the effective date of consolidation and transfer of assets.

(c) If requested to do so by the chief administrative officer of the relief association or of the municipality, the state board shall provide advice on the means and procedures available to liquidate investment securities and other assets determined to be ineligible or inappropriate.

Subd. 3. **Association actions.** Upon receipt of the report of actuarial calculations under subdivision 1 and notice from the state board of the completion of the preliminary actions under subdivision 2, the association shall notify the chief administrative officer of the municipality and the chief administrative officer of the relief association of the completion of the preliminary actions.

**History:** 1987 c 296 s 12; 1992 c 432 art 2 s 28; 1999 c 99 s 17; 2006 c 271 art 3 s 47; 2009 c 169 art 1 s 47,48