

353.669 CONSOLIDATION OF THE FAIRMONT POLICE RELIEF ASSOCIATION.

Subdivision 1. **Membership transfer.** On June 29, 2012, the retired members, including surviving spouses, of the Fairmont Police Relief Association are transferred to the public employees police and fire retirement plan, are no longer members of the former Fairmont Police Relief Association, and are members of the public employees police and fire retirement plan.

Subd. 2. **Benefit liability transfer.** The liability for the payment of retirement annuities, service pensions, and survivor benefits of the retired members, service pensioners, surviving spouses, and any other retirement benefit recipients of the former Fairmont Police Relief Association, as contained in the transferred records of the former relief association, is transferred to the public employees police and fire retirement plan on June 29, 2012.

Subd. 3. **Transfer of records.** On June 29, 2012, the chief administrative officer of the Fairmont Police Relief Association shall transfer all records and documents relating to the special fund of the former Fairmont Police Relief Association to the executive director of the Public Employees Retirement Association. To the extent possible, original copies of all records and documents must be transferred.

Subd. 4. **Transfer of assets; transfer of title to assets.** (a) On June 29, 2012, the chief administrative officer of the Fairmont Police Relief Association shall transfer the entire assets of the special fund of the Fairmont Police Relief Association to the public employees police and fire retirement fund at market value. Unless ineligible or inappropriate as determined by the State Board of Investment, the transfer must be in the form of investment securities and must include any accounts receivable that are determined by the State Board of Investment as being capable of being collected. The city of Fairmont must transfer, in cash, an amount equal to the market value, as recognized by the relief association of any investment securities that are determined by the executive director of the State Board of Investment to be not in compliance with the requirements and limitations set forth in sections 11A.09, 11A.14, 11A.23, and 11A.24, or to be inappropriate for retention in light of the established investment objectives of the State Board of Investment, or of any accounts receivable that are determined by the executive director as being incapable of being collected. The legal and beneficial title to assets that are determined to be noncompliant or inappropriate securities or that are determined to be uncollectable accounts receivable are transferred from the relief association special fund to the city of Fairmont as of June 29, 2012. Any accounts payable of the special fund of the Fairmont Police Relief Association on June 29, 2012, are an obligation of the public employees police and fire retirement fund and reduce the value of the transferred relief association special fund assets for purposes of subdivision 6. Assets transferred from the special fund of the Fairmont Police Relief Association must be deposited in the public employees police and fire retirement fund and must be managed by the State Board of Investment through the Minnesota combined investment funds under section 11A.14.

(b) Upon the transfer of the assets to the management of 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 Fairmont Police Relief Association.

(c) The public employees police and fire retirement plan and fund is the successor in interest to all claims for and against the Fairmont Police Relief Association. The public employees police and fire retirement plan and fund is not liable for any claim against the Fairmont Police Relief Association or its governing board acting in a fiduciary capacity under chapter 356A or under 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 former Fairmont Police Relief Association or its former governing board 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 Fairmont 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 Fairmont Police Relief Association.

Subd. 5. **Benefits.** (a) The annuities, service pensions, and other retirement benefits of or attributable to retired members and surviving spouses of the Fairmont Police Relief Association who had that status as of June 29, 2012, continue after consolidation in the same amount and under the same terms as provided under Minnesota Statutes 2000, sections 423.41 to 423.46, 423.48 to 423.59, 423.61, and 423.62; Laws 1963, chapter 423; Laws 1977, chapter 100; and Laws 1999, chapter 222, article 3, section 4, except as provided in paragraph (b).

(b) The annual base salary figure for pension and benefit determinations upon consolidation and for the balance of calendar year 2012 is \$106,666.67. After December 31, 2012, annual postretirement adjustments of pensions and benefits in force must be calculated solely under section 356.415, subdivision 1c.

Subd. 6. **Calculation of final funded status; employer contributions.** (a) As of June 29, 2012, the approved actuary retained by the Public Employees Retirement Association under section 356.214 shall determine the final funded status of the Fairmont Police Relief Association special fund. The final funded status is the present value of future benefits payable from the Fairmont Police Relief Association as of June 29, 2012, after subtracting the market value of the transferred assets of the Fairmont Police Relief Association as of June 29, 2012. The present value of future benefits figure must be calculated using the applicable actuarial assumptions for the public employees police and fire retirement plan specified in or established under section 356.215. If there is a remainder present value of future benefits amount, the city of Fairmont shall pay to the public employees police and fire retirement fund an amount sufficient, on a level annual dollar basis, to amortize the calculated remainder present value of future benefits amount by December 31, 2020. Payments shall be made annually on or before December 31, beginning in 2012.

(b) If there are assets of the former Fairmont Police Relief Association in excess of the present value of future benefits as of June 29, 2012, these assets must be credited to an interest bearing suspense account within the public employees police and fire retirement fund, must be used to offset any amount payable under paragraph (c) until June 30, 2015, and, after June 30, 2015, must be paid to the city of Fairmont. The suspense account must be credited with the same rate of investment return as the public employees police and fire retirement fund.

(c) If, after June 29, 2012, the postretirement or preretirement interest rate actuarial assumption applicable to the public employees police and fire retirement plan under section 356.215, subdivision 8, is modified from the rates specified in Minnesota Statutes 2010, section 356.215, subdivision 8, the remainder present value of future benefits amount calculation under paragraph (a), updated for the passage of time, must be revised and the amortization contribution

by the city of Fairmont for the balance of the amortization period must be redetermined and certified to the city of Fairmont.

History: *2012 c 286 art 11 s 4*