

# **Minnesota Volunteer Fire Relief Association**

## **Working Group Meeting**

Office of the State Auditor  
Wednesday, October 7, 2015  
11 a.m. to 1 p.m.

- I. Call to Order**  
*Chair Auditor Otto.*
- II. Introductions**
- III. Review and Approval of Working Group Meeting Minutes**  
Exhibit A. Draft January 15, 2015 Meeting Minutes
- IV. Working Group Process Discussion**  
Exhibits B through E.
  - Working Group Meeting Schedule
  - Working Group Purpose Statement
  - Working Group Process
  - Working Group Membership List
- V. Discussion of Working Group Topic Suggestions**  
Exhibit F.
- VI. Review of Joint Powers Sub-Group Recommendations**  
Exhibits G through J.
  - Definition of Municipality
  - Combined Service Pensions
  - New Joint Powers Subdivision
  - Division of Surplus Assets
- VII. Discussion of Fire Chief Requirement to Certify Service Credit**  
Exhibit K.
- VIII. Other Business**
- IX. Next Meeting**  
Wednesday, October 21, 2015  
11 a.m. to 1 p.m.  
Office of the State Auditor
- X. Adjournment**

Individuals with disabilities who need a reasonable accommodation to participate in this event, please contact Rose Hennessy Allen at (651) 296-5985 or (800) 627-3529 (TTY) by October 5, 2015.

# Volunteer Fire Relief Association Working Group

Office of the State Auditor

Thursday, January 15, 2015

11 a.m. to 1 p.m.

## Members Present

Steve Donney, City of Harmony Mayor

Dennis Feller, City of Lakeville Finance Director

Dave Ganfield, Apple Valley Fire Relief Association President (defined benefit monthly/lump sum combination plans)

Bruce Hemstad, Bemidji Fire Relief Association Secretary (defined benefit lump sum plans)

Dave Jaeger, Mahnomon Fire Relief Association Vice President (defined benefit lump sum plans)

Aaron Johnston, Coon Rapids Fire Relief Association Treasurer (defined contribution plans)

Larry Martin, Legislative Commission on Pensions and Retirement Executive Director

Rebecca Otto, State Auditor

Mark Rosenblum, Minnesota State Fire Department Association Representative (defined benefit lump sum plans)

Kevin Wall, Lower Saint Croix Valley Fire Relief Association President (defined benefit lump sum plans)

Nyle Zikmund, Minnesota State Fire Chiefs Association Representative (defined benefit monthly plans)

## Members Excused

Bruce Roed, Mentor Fire Relief Association Trustee (defined contribution plans)

## Others Present

Aaron Dahl, Office of the State Auditor Pension Analyst

Candace Gislason, VanIwaarden Associates Representative

Celeste Grant, Deputy State Auditor/General Counsel

Rose Hennessy Allen, Office of the State Auditor Pension Director

Michael Johnson, Office of the State Auditor Pension Analyst

Brian McKnight, Wells Fargo Advisors Representative

Nick Miller, Maplewood Fire Relief Association Representative

Jamie Pogatchnik, Proctor Fire Relief Association Representative (by phone)

Jeff Reed, Office of the State Auditor Supervisor of Special Investigations

Rachel Thurlow, Legislative Commission on Pensions and Retirement Deputy Director

The following motions were duly made, seconded and approved:

RESOLVED to approve the December 8, 2014, Working Group Meeting Minutes;

RESOLVED to approve the language for technical changes that clarify authorized special fund disbursements, that postretirement increases can be provided to monthly benefit recipients only, and to update state aid references to include the new supplemental state aid program;

RESOLVED to approve language requiring checks or authorizations for electronic fund transfers for disbursements to be signed by the association's treasurer and at least one other elected trustee;

- RESOLVED to approve language that clarifies the attestation requirements for relief associations below the \$500,000 statutory audit threshold;
- RESOLVED to approve language that provides the Office of the State Auditor discretion, if certain conditions are met, to exempt relief associations from the penalty that occurs if a service pension is paid using a benefit level that exceeds the statutory maximum;
- RESOLVED to approve language that defines when membership in a relief association begins; and
- RESOLVED to approve language that clarifies the legislative intent that a fire department may have only one affiliated relief association at one time.

**I. Call to Order**

Auditor Otto called the meeting to order.

**II. Review and Approval of Working Group Meeting Minutes**

The members reviewed and unanimously adopted the December 8, 2014, meeting minutes that had been provided in advance.

**III. Final Review and Approval of Draft Language**

- **Technical Changes**

The Group reviewed language for three technical changes. Technical Change #1 clarifies that audit-related services, and accounting and accounting-related services, are authorized special fund disbursements. Technical Change #2 clarifies that postretirement increases can be provided to monthly benefit recipients only. Technical Change #3 updates state aid references to clarify and include the new supplemental state aid program. The Group agreed that the effective date should be the day following final enactment. Ganfield made a motion to adopt the language for the three technical changes. Donney seconded the motion that then was adopted unanimously.

- **Multiple Signatures on Checks**

The Group reviewed language that would require checks or authorizations for electronic fund transfers for disbursements from a relief association's special fund to be signed by the association's treasurer and at least one additional elected trustee designated by the board of trustees. The language also requires that the specific method of payment and the internal control policies and procedures regarding the method be approved by the board of trustees for electronic funds transfers. The Group agreed on an effective date of July 1, 2015. Zikmund made a motion to adopt the language. Rosenblum seconded the motion that then was adopted unanimously.

- **Attestation Requirements**

The Group reviewed language that clarifies the attestation requirements for relief associations with assets and liabilities below the \$500,000 statutory audit threshold. Relief associations below the threshold must have an annual Agreed-Upon Procedures engagement. The language also clarifies that the requirement to report evidence of theft

or other misconduct applies to accountants performing an attestation. The Group agreed on an effective date of July 1, 2015, with a specification that the requirements apply to financial statements for the 2015 calendar year and thereafter. Zikmund made a motion to adopt the language. Jaeger seconded the motion that then was adopted unanimously.

- **Maximum Benefit Level Penalty**

The Group reviewed language that provides the Office of the State Auditor (OSA) discretion, if certain conditions are met, to exempt relief associations from the penalty that occurs if a service pension is paid using a benefit level that exceeds the statutory maximum. Martin suggested changing “of” to “in” on line two. The Group agreed on an effective date of the day following final enactment. Hemstad made a motion to adopt the language, as amended. Zikmund seconded the motion that then was adopted unanimously.

- **Definition of Membership Start Date**

The Group reviewed language that defines when membership in a relief association begins. The membership start date would be the date of hire with the municipality or independent nonprofit firefighting corporation, unless the bylaws specify otherwise. The Group agreed that the effective date should be January 1, 2016, so that relief associations have time to amend their bylaws to define a membership start date, if they so choose. Zikmund made a motion to adopt the language. Jaeger seconded the motion that then was adopted unanimously.

- **Limiting One Relief Association per Fire Department**

The Group reviewed language that clarifies the legislative intent that a fire department may have only one affiliated relief association at one time. The Group agreed that the effective date should be the day following final enactment. Ganfield made a motion to adopt the language. Jaeger seconded the motion that then was adopted unanimously.

#### **IV. Discussion of Allowing Benefit Increases to be Prospective Only**

Pogatchnik explained that the Proctor Fire Relief Association increased its benefit level during 2014 from \$1,100 to \$2,200 per year of service and thought that the increase would apply only to future years of service performed by the members. The city council ratified the increase. After the benefit level increase was ratified the relief association became aware that applying the increase on a prospective basis only was not authorized in law. The relief association and the City of Proctor are concerned about the cost of the benefit increase if it is applied to all years of service for the active members. The relief association is pursuing special legislation to authorize the 2014 benefit level increase, and future benefit increases, to be applied going forward. Pogatchnik wanted to discuss the issue with the Group. The Working Group declined to take a position on the relief association’s special legislation.

**V. Continue Discussion of Maximum Lump-Sum Benefit Level**

During the last meeting the Group reviewed data showing current relief association benefit levels for plans near the \$10,000 maximum lump-sum benefit level. The Group agreed not to take any action at this time to increase the \$10,000 benefit level because it does not appear to be a pressing issue. The Group did agree to revisit the topic if there was a desire to do so. After the last meeting the OSA received questions from the Maplewood Fire Relief Association about increasing the maximum. Miller shared with the Group that the Maplewood Fire Relief Association increased its benefit level to \$9,000 per year of service during 2014 and still has a surplus. The relief association members have questions about what happens when they reach the \$10,000 maximum. It was mentioned that seeking an increase to the \$10,000 maximum may be something best done by a group of relief associations, rather than the Working Group. The Group agreed to not take any action on increasing the maximum benefit level at this time.

**VI. Continue Discussion of Permitting Membership for Emergency Medical Personnel**

During the last meeting the Group had a very productive discussion about expanding, subject to local approval, relief association membership and pension eligibility to emergency medical personnel. Otto shared information about the Cooper/Sams Volunteer Ambulance Program with the Group. There currently appears to be a pension coverage gap, as the Cooper/Sams Volunteer Ambulance Program is only available to those operating a State-licensed ambulance service. The Group agreed that more information is needed before any expansion of relief association membership is sought. Otto offered that the OSA could conduct a survey before the Working Group reconvenes to try to quantify how many people may be performing volunteer emergency medical services and do not qualify for the Cooper/Sams Volunteer Ambulance Program or a relief association service pension. The Group agreed to revisit this topic when the Group reconvenes.

**VII. Discussion of Potential Training Topics and Format**

Otto shared that the OSA will be providing some regional training sessions this spring for relief association trustees. The Group shared their thoughts on topics that should be provided during the training sessions and how the sessions should be formatted.

**VIII. Other Business**

There was no other business.

**IX. Adjournment**

The meeting was adjourned shortly after 1:00.

**Exhibit B**  
**Working Group Meeting Schedule**

**Wednesday, October 7, 2015**

**Wednesday, October 21, 2015**

**Tuesday, November 10, 2015**

**Thursday, December 3, 2015**

**Wednesday, December 16, 2015**

**Date during January 2016 to be determined**

*State Auditor Rebecca Otto, Chair*  
Office of the State Auditor Conference Room  
11:00 a.m. to 1:00 p.m.

**Exhibit C**  
**Working Group Purpose Statement**

To identify and work through current and pressing relief association issues. We will do this by bringing together the major volunteer fire relief association stakeholders to develop relationships, facilitate communication, discuss relief association issues and make the Pension Process easier and more effective. The ultimate goal is to help volunteer fire relief association plans be successful.

## **Exhibit D**

# **Working Group Process**

- Identify and discuss topics and make recommendations to clarify state laws,\*
- Forward suggested statutory changes to the Legislative Commission on Pensions and Retirement, and
- Identify ways to simplify reporting forms, identify training needs and other issues.

\*Unanimous consent is required for all proposals to move forward, although proposals that receive only one dissenting vote may be revisited and reconsidered.



**Exhibit E**  
**Working Group Membership List**  
**2015/2016**

- 1. Municipal Official**  
Steve Donney, Mayor  
City of Harmony  
PO Box 175  
Harmony, MN 55939  
(507) 951-4320  
[stdonney2002@yahoo.com](mailto:stdonney2002@yahoo.com)
  
- 2. Municipal Official**  
Luke Fischer, Administrative Services Director  
City of Plymouth  
3400 Plymouth Boulevard  
Plymouth, MN 55447  
(763) 509-5051  
[lfischer@plymouthmn.gov](mailto:lfischer@plymouthmn.gov)
  
- 3. Defined Benefit Monthly/Lump Sum Combination Plans**  
Dave Ganfield, President  
Apple Valley Fire Relief Association  
7100 – 147<sup>th</sup> Street West  
Apple Valley, MN 55124  
(612) 598-6369  
[dganfield@hotmail.com](mailto:dganfield@hotmail.com)
  
- 4. Defined Benefit Lump Sum Plans**  
Bruce Hemstad, Secretary  
Bemidji Fire Relief Association  
318 – 5<sup>th</sup> Street N.W.  
Bemidji, MN 56601  
(218) 766-0014  
[bruce.hemstad@gmail.com](mailto:bruce.hemstad@gmail.com)

- 5. Defined Benefit Lump Sum Plans**  
Dave Jaeger, Vice President  
Mahnomen Fire Relief Association  
116 SW Roosevelt Street  
Mahnomen, MN 56557  
(218) 935-5668  
[jaegerd68@gmail.com](mailto:jaegerd68@gmail.com)
- 6. Minnesota State Fire Department Association**  
Ron Johnson, Treasurer  
Maple Grove Fire Relief Association  
P.O. Box 1174  
Maple Grove, MN 55311  
(612) 245-0012  
[ron@johnsonmn.com](mailto:ron@johnsonmn.com)
- 7. Defined Contribution Plans**  
Aaron Johnston, Treasurer  
Coon Rapids Fire Relief Association  
2831 – 113<sup>th</sup> Avenue NW  
Coon Rapids, MN 55433  
(763) 767-6477  
[ajohnston@coonrapidsmn.gov](mailto:ajohnston@coonrapidsmn.gov)
- 8. Defined Contribution Plans**  
Michael Kruse, Treasurer  
Falcon Heights Fire Relief Association  
2077 West Larpenteur Avenue  
Falcon Heights, MN 55113  
(651) 644-5050  
[mikek1716@hotmail.com](mailto:mikek1716@hotmail.com)
- 9. Legislative Commission on Pensions & Retirement**  
Susan Lenczewski, Executive Director  
55 State Office Building  
Saint Paul, MN 55155  
(651) 296-2750  
[susan.lenczewski@lcpr.leg.mn](mailto:susan.lenczewski@lcpr.leg.mn)

**10. Defined Benefit Lump Sum Plans**

Kevin Wall, President  
Lower Saint Croix Valley Fire Relief Association  
P.O. Box 234  
Lake St. Croix Beach, MN 55043  
(651) 436-8870  
[kcwwall@aol.com](mailto:kcwwall@aol.com)

**11. Minnesota State Fire Chiefs Association/Monthly Plans**

Nyle Zikmund, Chief  
Spring Lake Park, Blaine & Mounds View Fire Department  
1710 County Highway 10 NE  
Spring Lake Park, MN 55432  
(763) 786-4436  
[nzikmund@sbfire.com](mailto:nzikmund@sbfire.com)

**12. State Auditor Rebecca Otto**

Suite 500  
525 Park Street  
Saint Paul, MN 55103  
(651) 296-2551  
[state.auditor@osa.state.mn.us](mailto:state.auditor@osa.state.mn.us)

# Volunteer Fire Relief Association Working Group

## 2015/2016 Potential Topic List

<u>Topic</u>	<u>Description</u>
Investments (356A.06, subd. 7(e))	1. Consider including preferred stock investments in the five-percent limit on below-investment-grade bonds.
Membership	2. Consider expanding voluntary service pension eligibility to voluntary emergency medical personnel, subject to local approval. 3. Update the definition of volunteer firefighter to mean a person who is performing volunteer service. See Minn. Stat. § 299N.03 as an example.
Return to Service (424A.01, subd. 6)	4. Clarify that the return to service provision applies only if there is a resumption of active service and membership following a break in service or leave of absence. 5. Clarify how installment payments should be handled for members who return to service and membership. 6. Consider allowing firefighters who return to service after being paid a service pension to have different (lower) vesting requirements than other relief association members. 7. Discuss allowing members who return to service to keep any interest that had been accrued during their period of deferral.
Service Credit	8. Consider requiring the fire chief as part of his board duties to certify, at least annually, good time service credit to the relief association board of trustees. See Minn. Stat. § 353G.07 as an example. 9. Discuss ways to make portability between or among relief associations easier. 10. Consider allowing accrued assets and service credit to transfer to another relief association if a firefighter changes fire departments. 11. Consider permitting benefit level changes to be made prospectively, so they apply to future years of service only. 12. Discuss creating a tiered pension system so that those members who respond to fewer calls and complete fewer trainings receive a lesser pension amount.
Vesting (424A.016, subd. 3 and 424A.02, subd. 2.)	13. Consider allowing vesting percentages to be prorated monthly for fractional years of service.
Joint Powers Sub-Group Recommendations	1. Update the definition of "municipality" in the relief association statutes to include joint powers entities. 2. Update the combined service pension provision to make it available to defined contribution plans, too. 3. Create a new joint powers subdivision for joint powers fire departments. 4. Update the relief association dissolution statute to clarify how surplus assets will be divided if the relief association is affiliated with a joint powers entity.

**Exhibit G**  
**Definitions of the Term “Municipality”**

**424A.001 DEFINITIONS.**

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Subd. 3. **Municipality.** "Municipality" means a ~~municipality~~ city, township, or joint powers entity established under section 471.59 that ~~which~~ has established a fire department with which the relief association is directly associated, or the ~~municipalities~~ city, township, or joint powers entity established under section 471.59 that ~~which~~ have ~~has~~ entered into a contract with the independent nonprofit firefighting corporation of which the relief association is a ~~subsidiary~~ directly associated.

## Exhibit H

### 424A.02 DEFINED BENEFIT RELIEF ASSOCIATIONS; SERVICE PENSIONS.

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~~Subd. 13. **Combined service pensions.** (a) If the articles of incorporation or bylaws of the defined benefit relief associations so provide, a volunteer firefighter with credit for service as an active firefighter in more than one defined benefit volunteer firefighters relief association is entitled, when the applicable requirements of paragraph (b) are met and when otherwise qualified, to a prorated service credit from each relief association.~~

~~(b) A volunteer firefighter receiving a prorated service pension under this subdivision must have a total amount of service credit of ten years or more, if the bylaws of every affected relief association do not specify only a five year service vesting requirement, or five years or more, if the bylaws of every affected relief association require only a five year service vesting requirement, as a member of two or more relief associations otherwise qualified. The member must have one year or more of service credit in each relief association. The prorated service pension must be based on the service pension amount in effect for the relief association on the date on which active volunteer firefighting services covered by that relief association terminate. To receive a service pension under this subdivision, the firefighter must become a member of the second or succeeding association and must give notice of membership to the prior association within two years of the date of termination of active service with the prior association. The notice must be attested to by the second or subsequent relief association secretary.~~

### 424A.015 GENERALLY APPLICABLE VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION PENSION PLAN REGULATION.

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Subd. 7. **Combined service pensions.** (a) If the articles of incorporation or bylaws of the relief associations so provide, a volunteer firefighter with credit for service as an active firefighter in more than one volunteer firefighters relief association is entitled, when the applicable requirements of paragraph (b) are met and when otherwise qualified, to a prorated service credit from each relief association.

(b) A volunteer firefighter receiving a prorated service pension under this subdivision must have a total combined amount of service credit from the two or more relief associations of ten years or more, unless the bylaws of every affected relief association specify less than a ten-year service vesting requirement, in which case, the total amount of required service credit is the longest service vesting requirement of the relief associations. The member must have one year or more of service credit in each relief association.

(i) For defined benefit relief associations, the prorated service pension must be based on the service pension amount in effect for the relief association on the date on which active volunteer firefighting services covered by that relief association terminate.

(ii) For defined contribution relief associations, the prorated service pension must be based on the member's individual account balance on the date on which active volunteer firefighting services covered by that relief association terminate.

(c) To receive a service pension under this subdivision, the firefighter must become a member of the second or succeeding association and must give notice of membership to the prior association within two years of the date of termination of active service with the prior association. The notice must be certified to by the second or subsequent relief association secretary.

## Exhibit I

# New Joint Powers Subdivision

### **471.59 JOINT EXERCISE OF POWERS.**

Subdivision 1. **Agreement.** Two or more governmental units, by agreement entered into through action of their governing bodies, may jointly or cooperatively exercise any power common to the contracting parties or any similar powers, including those which are the same except for the territorial limits within which they may be exercised. The agreement may provide for the exercise of such powers by one or more of the participating governmental units on behalf of the other participating units. The term "governmental unit" as used in this section includes every city, county, town, school district, independent nonprofit firefighting corporation, other political subdivision of this or another state, another state, federally recognized Indian tribe, the University of Minnesota, the Minnesota Historical Society, nonprofit hospitals licensed under sections 144.50 to 144.56, rehabilitation facilities and extended employment providers that are certified by the commissioner of employment and economic development, day and supported employment services licensed under chapter 245D, and any agency of the state of Minnesota or the United States, and includes any instrumentality of a governmental unit. For the purpose of this section, an instrumentality of a governmental unit means an instrumentality having independent policy-making and appropriating authority.

Subd. 1a. **Liability.** (a) A governmental unit participating in a joint venture or joint enterprise, including participation in a cooperative activity undertaken pursuant to this section or other law, is not liable for the acts or omissions of another governmental unit participating in the joint venture or joint enterprise, unless the participating governmental unit has agreed in writing to be responsible for the acts or omissions of another participating governmental unit.

(b) For purposes of determining total liability for damages, the participating governmental units and the joint board, if one is established, are considered a single governmental unit and the total liability for the participating governmental units and the joint board, if established, shall not exceed the limits on governmental liability for a single governmental unit as specified in section 3.736 or 466.04, subdivision 1, or as waived or extended by the joint board or all participating governmental units under section 3.736, subdivision 8; 466.06; or 471.981. This paragraph does not protect a governmental unit from liability for its own independent acts or omissions not directly related to the joint activity.

(c) If a participating governmental unit has procured or extended insurance coverage pursuant to section 3.736, subdivision 8; 466.06; or 471.981 in excess of the limits on governmental liability under section 3.736 or 466.04, subdivision 1, covering participation in the joint venture or joint enterprise, the procurement of that insurance constitutes a waiver of the limits of governmental liability for that governmental unit to the extent that valid and collectable insurance or self-insurance, including, where applicable, proceeds from the Minnesota Guarantee Fund, exceeds those limits and covers that governmental unit's liability for the claim, if any.



Subd. 2. **Agreement to state purpose.** Such agreement shall state the purpose of the agreement or the power to be exercised and it shall provide for the method by which the purpose sought shall be accomplished or the manner in which the power shall be exercised. When the agreement provides for use of a joint board, the board shall be representative of the parties to the agreement. A joint board that is formed for educational purposes may conduct public meetings via interactive television if the board complies with chapter 13D in each location where board members are present. Irrespective of the number, composition, terms, or qualifications of its members, such board is deemed to comply with statutory or charter provisions for a board for the exercise by any one of the parties of the power which is the subject of the agreement.

Subd. 3. **Disbursement of funds.** The parties to such agreement may provide for disbursements from public funds to carry out the purposes of the agreement. Funds may be paid to and disbursed by such agency as may be agreed upon, but the method of disbursement shall agree as far as practicable with the method provided by law for the disbursement of funds by the parties to the agreement. Contracts let and purchases made under the agreement shall conform to the requirements applicable to contracts and purchases of any one of the parties, as specified in the agreement. Strict accountability of all funds and report of all receipts and disbursements shall be provided for.

Subd. 4. **Termination of agreement.** Such agreement may be continued for a definite term or until rescinded or terminated in accordance with its terms.

Subd. 5. **Shall provide for distribution of property.** Such agreement shall provide for the disposition of any property acquired as the result of such joint or cooperative exercise of powers, and the return of any surplus moneys in proportion to contributions of the several contracting parties after the purpose of the agreement has been completed.

Subd. 6. **Residence requirement.** Residence requirements for holding office in any governmental unit shall not apply to any officer appointed to carry out any such agreement.

Subd. 7. **Not to affect other acts.** This section does not dispense with procedural requirements of any other act providing for the joint or cooperative exercise of any governmental power.

Subd. 8. **Services performed by county, commonality of powers.** Notwithstanding the provisions of subdivision 1 requiring commonality of powers between parties to any agreement the board of county commissioners of any county may by resolution enter into agreements with any other governmental unit as defined in subdivision 1 to perform on behalf of that unit any service or function which that unit would be authorized to provide for itself.

Subd. 9. **Exercise of power.** For the purposes of the development, coordination, presentation and evaluation of training programs for local government officials, governmental units may exercise their powers under this section in conjunction with organizations representing governmental units and local government officials.

Subd. 10. **Services performed by governmental units; commonality of powers.** Notwithstanding the provisions of subdivision 1 requiring commonality of powers between parties to any agreement, the governing body of any governmental unit as defined in subdivision 1 may enter into agreements with any other governmental unit to perform on behalf of that unit any service or function which the governmental unit providing the service or function is authorized to provide for itself. If the agreement has the effect of eliminating or replacing a public employee who is part of a collective bargaining agreement represented by an exclusive representative, and there is no provision in the collective bargaining agreement detailing the effect of the action on the affected public employee, negotiations on the effects to the employee of the job elimination or restructuring must be conducted between the exclusive representative and the employer.

Subd. 11. **Joint powers board.** (a) Two or more governmental units, through action of their governing bodies, by adoption of a joint powers agreement that complies with the provisions of subdivisions 1 to 5, may establish a joint board to issue bonds or obligations under any law by which any of the governmental units establishing the joint board may independently issue bonds or obligations and may use the proceeds of the bonds or obligations to carry out the purposes of the law under which the bonds or obligations are issued. A joint board established under this section may issue obligations and other forms of indebtedness only in accordance with express authority granted by the action of the governing bodies of the governmental units that established the joint board. Except as provided in paragraphs (b) and (c), the joint board established under this subdivision must be composed solely of members of the governing bodies of the governmental unit that established the joint board. A joint board established under this subdivision may not pledge the full faith and credit or taxing power of any of the governmental units that established the joint board. The obligations or other forms of indebtedness must be obligations of the joint board issued on behalf of the governmental units creating the joint board. The obligations or other forms of indebtedness must be issued in the same manner and subject to the same conditions and limitations that would apply if the obligations were issued or indebtedness incurred by one of the governmental units that established the joint board, provided that any reference to a governmental unit in the statute, law, or charter provision authorizing the issuance of the bonds or the incurring of the indebtedness is considered a reference to the joint board.

(b) Notwithstanding paragraph (a), one school district, one county, and one public health entity, through action of their governing bodies, may establish a joint board to establish and govern a family services collaborative under section 124D.23. The school district, county, and public health entity may include other governmental entities at their discretion. The membership of a board established under this paragraph, in addition to members of the governing bodies of the participating governmental units, must include

the representation required by section 124D.23, subdivision 1, paragraph (a), selected in accordance with section 124D.23, subdivision 1, paragraph (c).

(c) Notwithstanding paragraph (a), counties, school districts, and mental health entities, through action of their governing bodies, may establish a joint board to establish and govern a children's mental health collaborative under sections 245.491 to 245.495, or a collaborative established by the merger of a children's mental health collaborative and a family services collaborative under section 124D.23. The county, school district, and mental health entities may include other entities at their discretion. The membership of a board established under this paragraph, in addition to members of the governing bodies of the participating governmental units, must include the representation provided by section 245.493, subdivision 1.

**Subd. 12. Joint exercise of police power.** In the event that an agreement authorizes the exercise of peace officer or police powers by an officer appointed by one of the governmental units within the jurisdiction of the other governmental unit, an officer acting pursuant to that agreement has the full and complete authority of a peace officer as though appointed by both governmental units and licensed by the state of Minnesota, provided that:

(1) the peace officer has successfully completed professionally recognized peace officer preemployment education which the Minnesota Board of Peace Officer Standards and Training has found comparable to Minnesota peace officer preemployment education; and

(2) the officer is duly licensed or certified by the peace officer licensing or certification authority of the state in which the officer's appointing authority is located.

**Subd. 12a. Joint exercise of police power; employees.**

If an agreement, merger, or consolidation authorizes the exercise of peace officer or police powers by an officer appointed by one of the governmental units within the jurisdiction of the other governmental unit, a peace officer or public safety dispatcher, working pursuant to or as a result of that agreement, merger, or consolidation, must receive credit for accumulated vacation and sick leave time earned within the governmental unit employing the peace officer or public safety dispatcher immediately preceding the agreement, merger, or consolidation. If a peace officer or public safety dispatcher working pursuant to an agreement, merger, or consolidation becomes employed by the new entity, that peace officer or public safety dispatcher is considered to have begun employment with the new entity on the first day of employment by the governmental unit employing the peace officer or public safety dispatcher immediately preceding the creation of the new entity and must be credited with all previously accumulated vacation and sick leave time.

**Subd. 12b. Correctional officers.** If there is an agreement, merger, or consolidation between two or more local correctional or detention facilities, a correctional officer who becomes employed by a new entity created by the agreement, merger, or consolidation must receive credit for accumulated vacation and sick leave time earned by the correctional officer during the officer's employment with a governmental unit immediately preceding the creation of the new entity. If a correctional officer working pursuant to an agreement, merger, or consolidation becomes employed by the

new entity, the correctional officer is considered to have begun employment with the new entity on the first day of employment with the governmental unit employing the correctional officer immediately preceding the creation of the new entity and must be credited with all previously accumulated vacation and sick leave time.

**Subd. 13. Joint powers board for housing.** (a) For purposes of implementing a federal court order or decree, two or more housing and redevelopment authorities, or public entities exercising the public housing powers of housing and redevelopment authorities, may by adoption of a joint powers agreement that complies with the provisions of subdivisions 1 to 5, establish a joint board for the purpose of acquiring an interest in, rehabilitating, constructing, owning, or managing low-rent public housing located in the metropolitan area, as defined in section 473.121, subdivision 2, and financed, in whole or in part, with federal financial assistance under Section 5 of the United States Housing Act of 1937. The joint board established pursuant to this subdivision shall:

(1) be composed of members designated by the governing bodies of the governmental units which established such joint board and possess such representative and voting power provided by the joint powers agreement;

(2) constitute a public body, corporate, and politic; and

(3) notwithstanding the provisions of subdivision 1, requiring commonality of powers between parties to a joint powers agreement, and solely for the purpose of acquiring an interest in, rehabilitating, constructing, owning, or managing federally financed low-rent public housing, possess all of the powers and duties contained in sections 469.001 to 469.047 and, if at least one participant is an economic development authority, sections 469.090 to 469.1081, except (i) as may be otherwise limited by the terms of the joint powers agreement; and (ii) a joint board shall not have the power to tax pursuant to section 469.033, subdivision 6, or 469.107, nor shall it exercise the power of eminent domain. Every joint powers agreement establishing a joint board shall specifically provide which and under what circumstances the powers granted herein may be exercised by that joint board.

(b) If a housing and redevelopment authority exists in a city which intends to participate in the creation of a joint board pursuant to paragraph (a), such housing and redevelopment authority shall be the governmental unit which enters into the joint powers agreement unless it determines not to do so, in which event the governmental entity which enters into the joint powers agreement may be any public entity of that city which exercises the low-rent public housing powers of a housing and redevelopment authority.

(c) A joint board shall not make any contract with the federal government for low-rent public housing, unless the governing body or bodies creating the participating authority in whose jurisdiction the housing is located has, by resolution, approved the provision of that low-rent public housing.

(d) This subdivision does not apply to any housing and redevelopment authority, or public entity exercising the powers of a housing and redevelopment authority, within the jurisdiction of a county housing and redevelopment authority which is actively carrying out a public housing program under Section 5 of the United States Housing Act of 1937. For purposes of this paragraph, a county housing and redevelopment authority is considered to be actively carrying out a public housing program under Section 5 of the

United States Housing Act of 1937, if it (1) owns 200 or more public housing units constructed under Section 5 of the United States Housing Act of 1937, and (2) has applied for public housing development funds under Section 5 of the United States Housing Act of 1937, during the three years immediately preceding January 1, 1996.

(e) For purposes of sections 469.001 to 469.047, "city" means the city in which the housing units with respect to which the joint board was created are located and "governing body" or "governing body creating the authority" means the council of such city.

**Subd. 14. Joint exercise of fire services.** A fire department created under subdivision 1 shall be subject to the following:

(a) Any agreement shall continue for the defined term or until rescinded or terminated in accordance with its terms, including if one or more contracting parties terminates membership.

(b) Dissolution of assets following the dissolution of the agreement shall be made pursuant to subdivision 5.

(c) Distribution of assets following the exit of one or more parties to the agreement shall be made pursuant to the agreement. Any unresolved dispute about the distribution of assets must be referred to the Office of Administrative Hearings by the joint powers board for resolution under Minnesota Statutes, chapter 14. When distributing assets, the best interests of the public should be considered first followed by the best interests of the contracting parties.

## Exhibit J

# Division of Surplus Assets

### 424B.20 DISSOLUTION WITHOUT CONSOLIDATION.

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Subd. 4. **Benefit trust fund establishment.** (a) After the settlement of nonbenefit legal obligations of the special fund of the volunteer firefighters relief association under subdivision 3, the board of the relief association shall transfer the remaining assets of the special fund, as securities or in cash, as applicable, to the chief financial official of the municipality in which the associated fire department was located if the fire department was a municipal fire department or to the chief financial official of the municipality with the largest population served by the fire department if the fire department was an independent nonprofit firefighting corporation. If the fire department was a joint powers entity, the remaining assets of the special fund shall be transferred to the chief financial official of the municipality designated as the fiscal agent in the joint powers agreement or, if the agreement does not designate a municipality as the fiscal agent, the remaining assets of the special fund shall be transferred to the chief financial official of the municipality with the largest population served by the joint powers fire department. The board shall also compile a schedule of the relief association members to whom a service pension is or will be owed, any beneficiary to whom a benefit is owed, the amount of the service pension or benefit payable based on the applicable bylaws and state law and the service rendered to the date of the dissolution, and the date on which the pension or benefit would first be payable under the bylaws of the relief association and state law.

(b) ~~The municipality in which is located~~ receiving the remaining assets of the special fund of a volunteer firefighters relief association that is dissolving under this section shall establish a separate account in the municipal treasury which must function as a trust fund for members of the volunteer firefighters relief association and their beneficiaries to whom the volunteer firefighters relief association owes a service pension or other benefit under the bylaws of the relief association and state law. Upon proper application, on or after the initial date on which the service pension or benefit is payable, the municipal treasurer shall pay the pension or benefit due, based on the schedule prepared under paragraph (a) and the other records of the dissolved relief association. The trust fund under this section must be invested and managed consistent with chapter 356A and section 424A.095. Upon payment of the last service pension or benefit due and owing, any remaining assets in the trust fund cancel to the general fund of the municipality; or, if the fire department was a joint powers entity, any remaining assets in the trust fund cancel to the general fund of each municipality that was a contracting party to the joint powers agreement as specified in the joint powers agreement. If the joint powers agreement does not specify how the remaining assets are to be distributed among the contracting parties, each of the contracting parties shall receive a prorata share of the remaining assets based on the proportion of total operating contributions each contracting municipality made to the joint powers entity over the most recent ten calendar years. If

the special fund of the volunteer firefighters relief association had an unfunded actuarial accrued liability upon dissolution, the municipality is liable for that unfunded actuarial accrued liability. If the fire department was a joint powers entity, the contracting municipalities are liable for their share of the unfunded actuarial accrued liability as specified in the joint powers agreement. If the joint powers agreement does not specify liability for any unfunded actuarial accrued liability, the contracting municipalities are liable for their prorata share of the unfunded actuarial accrued liability based on the proportion of total operating contributions each contracting municipality made to the joint powers entity over the most recent ten calendar year.

## **Exhibit K**

# **Fire Chief Certification of Service Credit**

### **Topic:**

Questions regularly arise regarding the length of time for which relief association members should be credited with service credit for pension purposes. Generally, fire departments must determine whether each firefighter is in good standing and has met the minimum service requirements that the department has established. Fire departments should provide the affiliated relief associations with reports listing the service credit determinations for the respective reporting period. Relief associations award service credit for pension purposes, in large part, on these fire department service reports. Problems occur when relief association trustees do not receive service credit information from the fire department.

Chiefs of fire departments that belong to the Statewide Plan administered by the Public Employees Retirement Association (PERA) are required to certify annually good time service credit for each firefighter to the executive director of PERA. A similar certification requirement to relief association treasurers for fire departments not in the Statewide Plan may help to ensure the associations have the information they need to award service credit for pension purposes.

### **PERA Statute:**

#### **353G.07 CERTIFICATION OF GOOD TIME SERVICE CREDIT.**

(a) Annually, by March 31, the fire chief of the fire department with firefighters who are active members of either the lump-sum retirement division or the monthly benefit retirement division shall certify to the executive director the good time service credit for the previous calendar year of each firefighter rendering active service with the fire department.

(b) The fire chief shall provide to each firefighter rendering active service with the fire department notification of the amount of good time service credit rendered by the firefighter for the calendar year. The good time service credit notification must be provided to the firefighter 60 days before its certification to the executive director of the Public Employees Retirement Association, along with an indication of the process for the firefighter to challenge the fire chief's determination of good time service credit. If the good time service credit amount is challenged in a timely fashion, the fire chief shall hold a hearing on the challenge, accept and consider any additional pertinent information, and make a final determination of good time service credit. The final determination of good time service credit by the fire chief is not reviewable by the executive director of the Public Employees Retirement Association or by the board of trustees of the Public Employees Retirement Association.



(c) The good time service credit certification is an official public document. If a false good time service credit certification is filed or if false information regarding good time service credits is provided, section 353.19 applies.

(d) The good time service credit certification must be expressed as a percentage of a full year of service during which an active firefighter rendered at least the minimum level and quantity of fire suppression, emergency response, fire prevention, or fire education duties required by the fire department under the rules and regulations applicable to the fire department. No more than one year of good time service credit may be certified for a calendar year.

(e) If a firefighter covered by the retirement plan leaves active firefighting service to render active military service that is required to be governed by the federal Uniformed Services Employment and Reemployment Rights Act, as amended, the person must be certified as providing a full year of good time service credit in each year of the military service, up to the applicable limit of the federal Uniformed Services Employment and Reemployment Rights Act. If the firefighter does not return from the military service in compliance with the federal Uniformed Services Employment and Reemployment Rights Act, the good time service credits applicable to that military service credit period are forfeited and cancel at the end of the calendar year in which the federal law time limit occurs.

History: 2009 c 169 art 9 s 16; 2015 c 68 art 8 s 16