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Governance of Fire Relief Associations & Sample Bylaws

By Rebecca Otto, State Auditor

The Office of the State Auditor (OSA) frequently receives questions from members and trustees of volunteer fire relief associations concerning their association's governance. In this article we'd like to answer some of those questions with some important information about the governing structure of volunteer fire relief associations.

The Board of Trustees

A volunteer fire relief association is governed by Minnesota law, the association's articles of incorporation, and its bylaws. A volunteer fire relief association must be managed by a board of trustees. The board's responsibilities include:

- Determining plan benefits and eligibility for membership or benefits;
- Determining the amount or duration of benefits;
- Determining funding requirements and contribution amounts;
- Maintaining necessary membership and financial records;
- Reviewing expenditures; and
- Investing pension plan assets.

The board consists of nine members: six elected from the fire relief association's membership and three from the municipality or municipalities. Municipal trustees for a relief association directly associated with a city fire department are the fire chief, one elected municipal official, and one elected or appointed municipal official. A municipal trustee has all the rights and duties of any other trustee, except the right to serve as an officer of the board. These trustees serve a term of one year.

Trustees elected from the fire relief association's membership and board officers may be elected for terms specified in the bylaws, but not to exceed three years. If terms exceed one year, the elections should be staggered on as equal a basis as is practicable: for

example, if six elected trustees are serving on a board with terms of three years, two trustee positions should be up for election each year.

A board must have at least three officers elected by the full board or by the membership, as specified in the bylaws. Officers of a board are elected from among the elected trustees. A trustee may hold only one elected office at a time on the board: for example, the same person cannot serve as board president and treasurer.

All trustees, including the three municipal trustees, are fiduciaries. A fiduciary must act in good faith and exercise the degree of judgment and care that a person of prudence, discretion and intelligence would exercise in the management of his or her own affairs.

Sample Bylaw Guides

Bylaws are governing documents created by the relief association that can be revised as needed or desired over time. Minnesota law requires relief associations to create and maintain bylaws. To assist relief associations, the OSA created a series of sample bylaw guides. The bylaw guides are designed to be used as a reference when developing, updating, and revising bylaws. The OSA updates the guides annually to reflect current State law. For specific questions about bylaw decisions and implications, relief association should consult with their own attorneys.

Relief associations are classified by how they pay out benefits. The two types of plans covered by the sample bylaw guides are defined-benefit lump-sum plans and defined-contribution plans. Relief associations are further identified by type of fire department affiliation. Relief associations can be affiliated either with a city fire department, a town fire department, a joint-powers fire department, or an independent nonprofit firefighting corporation. The OSA has developed guides for each of the four different fire department affiliations under both types of plans.

Sample bylaw guides are available on the OSA website in both Microsoft Word and Adobe PDF formats. To view the guides, go to www.auditor.state.mn.us. Once there, select the menu item “For Local Officials” and click on “Pension Documents.” You will find the guides under the “Bylaw Guides” heading.