

Minnesota Volunteer Fire Relief Association
Working Group Meeting

Office of the State Auditor
Wednesday, November 16, 2011
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 25, 2011 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**
- VI. Review of Draft Language for Technical Changes**
Exhibit F.
- VII. Other Business**
 - Update on Record Retention Schedule
- VIII. Next Meeting**
Tuesday, December 13, 2011
11 a.m. to 1 p.m.
Office of the State Auditor
- IX. Adjournment**

Volunteer Fire Relief Association Working Group

Office of the State Auditor

Tuesday, January 25, 2011

11 a.m. to 1 p.m.

Members Present

Bruce Duncan, Excelsior Fire Relief Association President (defined benefit lump sum plans)

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

Jim Hansen, Minnesota Area Relief Association Coalition Representative

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

John King, Minnesota State Fire Department Association Representative

Larry Martin, Legislative Commission on Pensions and Retirement Director

Rebecca Otto, State Auditor

Tim Simon, Elk River City Finance Director

Steven Wallner, Watertown City Finance Director

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

Members Excused

Wayne Anderson, Coon Rapids Fire Department Inspector (defined contribution plans)

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

Others Present

Andy Berg, Abdo, Eick & Meyers Representative

Colleen Bollom, Minnesota Firefighter Pension Consultants Representative

Aaron Dahl, Pension Analyst

Celeste Grant, Deputy State Auditor/General Counsel

Rose Hennessy Allen, Pension Director

Lucas Hinz, Pension Analyst

Deb Jezierski, HLB Tautges Redpath Representative

Michael Johnson, Pension Analyst

Brian McKnight, Wells Fargo Advisors Representative

The following motions were duly made, seconded and approved:

RESOLVED to approve the January 11, 2011, Working Group Meeting Minutes;

RESOLVED to adopt the draft legislation that expands the authority to pay salaries from the special fund to trustees of a relief association's board with municipal approval, and to clarify that government filing and application fees may be paid from the special fund;

RESOLVED to adopt the draft legislation that allows defined contribution plans to offer the option of installment payments to recipients of a survivor benefit;

RESOLVED to adopt the draft legislation that clarifies who must sign the annual Reporting Form and Schedule Form that are submitted to the Office of the State Auditor;

RESOLVED to adopt the draft legislation that clarifies member dues may, if permitted by the bylaws, be deposited into a relief association's special fund;

- RESOLVED to adopt the draft legislation that makes five technical corrections;
- RESOLVED to submit the proposed general record retention schedule to the Records Disposition Panel on behalf of the Apple Valley Fire Relief Association and groups represented by the various Minnesota fire service organizations;
- RESOLVED to adopt the draft legislation that clarifies how service pensions are calculated for defined contribution plan members who return to active service and membership, and allows members who don't meet the minimum period of resumption service requirement to receive service credit for time served after returning from the break; and
- RESOLVED to allow Office of the State Auditor and Pension Commission staff to make any necessary technical corrections to the legislation that was adopted by the Group.

I. Call to Order

Chair Auditor Otto called the meeting to order.

II. Review and Approval of Working Group Meeting Minutes

The members reviewed the January 11, 2011, meeting minutes that had been provided in advance. Zikmund made a motion to adopt the meeting minutes. Duncan seconded the motion that was adopted unanimously.

III. Review of Working Group Draft Legislation

- Special Fund Administrative Expenses (B)

The members reviewed draft legislation that would allow salaries for the non-officer trustees of a relief association's board to be paid from the special fund, provided that the amounts and their payment are approved by the governing body of the affiliated municipality or independent nonprofit firefighting corporation. A relief association already has authority to be pay salaries to the president, secretary, and treasurer from the special fund. The draft legislation would also clarify that filing and application fees payable by the relief association to federal or other governmental entities may be paid from the special fund. Ganfield made a motion to adopt the draft legislation. Jaeger seconded the motion. After some discussion, the members agreed to strike "designees" and "their payment" from the draft. Ganfield amended his motion. Jaeger seconded the amended motion, which was adopted unanimously.

- DC Plan Installment Payments (C)

The members reviewed draft legislation that would allow defined contribution plans to offer the option of installment payments to recipients of a survivor benefit. Defined benefit plans already have this authority. Zikmund made a motion to adopt the draft legislation. Duncan seconded the motion that was adopted unanimously.

- Form Signature Requirements (D)

The members reviewed the draft legislation that clarifies who must sign the annual Reporting Form and Schedule Form that are submitted to the Office of the State Auditor.

Ganfield made a motion to adopt the draft legislation. Wallner seconded the motion, which was adopted unanimously.

- **General Fund Revenues (E)**

The members reviewed draft legislation that clarifies member dues may be deposited into a relief association's special fund, if required by the bylaws. Ganfield made a motion to adopt the draft legislation. Duncan seconded the motion, which was adopted unanimously. The members revisited this topic later in the meeting and agreed that a change to the draft language should be made to clarify that dues payable "as contributions" under the bylaws of the relief association may be credited to the special fund. Zikmund made a motion to adopt the change. Ganfield seconded the motion, which was adopted unanimously.

- **Technical Changes (F)**

The members reviewed draft legislation for five technical changes. The technical changes would eliminate the out-dated term "public accountant" from two statutory provisions, eliminate an unnecessary requirement that copies of Restricted Fire Reporting Forms be sent to the applicable county auditor, adds a definition for the term "volunteer firefighter relief association," and adds language to the defined benefit ancillary benefit provision that had been inadvertently omitted last session. Jaeger made a motion to adopt the draft legislation for the five technical changes. Hansen seconded the motion that was adopted unanimously.

IV. Review of Draft Record Retention Schedule

The members reviewed the draft general record retention schedule. Ganfield offered to submit the general record retention schedule to the Records Disposition Panel on behalf of the Apple Valley Fire Relief Association. Members agreed that approval of the general record retention schedule should be sought by the entire fire service community. Zikmund made a motion to allow Ganfield to submit the general record retention schedule to the Records Disposition Panel on behalf of the Apple Valley Fire Relief Association and groups represented by the various Minnesota fire service organizations. King seconded the motion that was adopted unanimously.

V. Discussion of Return to Service Changes

The members continued their discussion about whether monthly retirees receiving a monthly service pension should be allowed to continue collecting the monthly pension if they rejoin the fire department but don't rejoin the relief association. The Group agreed not to pursue this issue. The members also reviewed draft language that would clarify how service pensions are calculated for defined contribution plan members who return to service and membership, and that would allow all members who don't meet the minimum period of resumption service requirement to receive service credit for time served after returning from the break. Ganfield made a motion to adopt the draft language. Jaeger seconded the motion that was adopted unanimously.

VI. Other Business

Auditor Otto requested the Group's permission to make technical modifications, if necessary, to the draft legislation that the members adopted. Zikmund made a motion to allow Office of the State Auditor and Pension Commission staff to make any necessary technical corrections. Wallner seconded the motion that was adopted unanimously.

King requested that the Working Group continue its discussion of the audit requirement threshold when the Group reconvenes later this year.

VII. Adjournment

The meeting was adjourned shortly after 1:00.

Exhibit B
Working Group Meeting Schedule

Wednesday, November 16, 2011

Tuesday, December 13, 2011

Tuesday, January 17, 2012

Additional Meetings May be Scheduled if Needed

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
2011/2012

- 1. City Finance Manager**
Tim Simon, Finance Director
City of Elk River
13065 Orono Parkway
Elk River, MN 55330
Phone: (763) 635-1000
Fax: (763) 635-1090
tsimon@ci.elk-river.mn.us
- 2. Defined Contribution Plans**
Wayne Anderson, Inspector
Coon Rapids Fire Department
11155 Robinson Drive
Coon Rapids, MN 55433-3761
Phone: (763) 442-0587
wanderson@coonrapidsmn.gov
- 3. Defined Benefit Lump Sum Plans**
Bruce Duncan, President
Excelsior Fire Relief Association
24100 Smithtown Road
Shorewood, MN 55331
Phone: (651) 297-3975
Fax: (952) 960-1690
bruce.duncan@state.mn.us
- 4. Legislative Commission on Pensions & Retirement**
Lawrence A. Martin, Director
Edward Burek, Deputy Director
55 State Office Building
Saint Paul, MN 55155
Phone: (651) 296-2750
Fax: (651) 297-3697
lisa.dieslin@lcpr.leg.mn

- 5. Defined Benefit Lump Sum Plans**
Bruce Hemstad, Secretary
Bemidji Fire Relief Association
318 – 5th Street N.W.
Bemidji, MN 56601
Phone: (218) 766-0014
bhemstad@mail.com
- 6. 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
Phone: (763) 786-4436
nzikmund@sbfmfire.com
- 7. Defined Benefit Monthly/Lump Sum Combination Plans**
Dave Ganfield, Administrator
Apple Valley Fire Relief Association
7100 – 147th Street West
Apple Valley, MN 55124
Phone: (612) 598-6369
dganfield@hotmail.com
- 8. Minnesota State Fire Department Association**
John King, Secretary
Le Sueur Fire Relief Association
P.O. Box 44
Le Sueur, MN 56058
(612) 756-4590
john.king@state.mn.us
viventures@mchsi.com
- 9. City Finance Manager**
Steven Wallner, Finance Director
City of Watertown
PO Box 279

Watertown, MN 55388
Phone: (952) 955-2681
Fax: (952) 955-2695
swallner@ci.watertown.mn.us

10. Defined Benefit Lump Sum Plans

Dave Jaeger, Treasurer
Mahnomen Fire Relief Association
116 SW Roosevelt Street
Mahnomen, MN 56557
Phone: (218) 935-5668
Fax: (218) 935-2574
jaegerd68@gmail.com

11. Defined Contribution Plans

Bruce Roed, Trustee
Mentor Fire Relief Association
14945 Maple Inn Road S.E.
Mentor, MN 56736
(218) 686-7233
broed@gvtel.com

12. State Auditor Rebecca Otto

Suite 500
525 Park Street
Saint Paul, MN 55103
Phone: (651) 296-2551
Fax: (651) 282-5298
state.auditor@osa.state.mn.us

Exhibit F Technical Changes

Technical Change #1:

356A.06 INVESTMENTS; ADDITIONAL DUTIES.

...

Subd. 6. Limited list of authorized investment securities.

(a) Except to the extent otherwise authorized by law, a covered pension plan may invest its assets only in investment securities authorized by this subdivision if the plan does not:

(1) have special fund assets with a book value in excess of \$1,000,000;

(2) use the services of an investment advisor registered with the Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940, or registered as an investment advisor in accordance with sections 80A.58, and 80A.60, for the investment of at least 60 percent of its special fund assets, calculated on book value;

(3) use the services of the State Board of Investment for the investment of at least 60 percent of its special fund assets, calculated on book value; or

(4) use a combination of the services of an investment advisor meeting the requirements of clause (2) and the services of the State Board of Investment for the investment of at least 75 percent of its special fund assets, calculated on book value.

Technical Change #2:

356.219 DISCLOSURE OF PUBLIC PENSION PLAN INVESTMENT PORTFOLIO AND PERFORMANCE INFORMATION.

...

Subd. 8. Timing of reports.

(a) For salaried firefighter relief associations, police relief associations, and volunteer firefighter relief associations, the information required under this section must be submitted by the due date for reports required under section 69.051, subdivision 1 or 1a, as applicable. If a relief association satisfies the definition of a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered by the report required under section 69.051, subdivision 1 or 1a, as applicable, the chief administrative officer of the covered pension plan shall certify that compliance on a form prescribed by the state auditor. The state auditor shall transmit annually to the State Board of Investment a list or lists of covered pension plans which submitted certifications in order to facilitate reporting by the State Board of Investment under paragraph (c).

(b) For the ~~Minneapolis Teachers Retirement Fund Association, the St. Paul Teachers Retirement Fund Association, the Duluth Teachers Retirement Fund Association, the Minneapolis Employees Retirement Fund, the University of Minnesota faculty supplemental retirement plan, and the applicable administrators for the University of Minnesota faculty retirement plan and the individual retirement account plans under chapters 354B and 354D,~~ the information required under this section must be submitted to the state auditor by June 1 of each year.

(c) The State Board of Investment, on behalf of pension funds specified in subdivision 1, paragraph (c), must report information required under this section by September 1 of each year.

Technical Change #3:

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

Subdivision 1. Authorization.

(a) A defined benefit relief association, when its articles of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined benefit service pension to each of its members who: (1) separates from active service with the fire department; (2) reaches age 50; (3) completes at least five years of active service as an active member of the municipal fire department to which the relief association is associated; (4) completes at least five years of active membership with the relief association before separation from active service; and (5) complies with any additional conditions as to age, service, and membership that are prescribed by the bylaws of the relief association. A service pension computed under this section may be prorated monthly for fractional years of service as the bylaws or articles of incorporation of the relief association so provide. The bylaws or articles of incorporation may define a "month," but the definition must require a calendar month to have at least 16 days of active service. If the bylaws or articles of incorporation do not define a "month," a "month" is a completed calendar month of active service measured from the member's date of entry to the same date in the subsequent month. The service pension earned by a volunteer firefighter under this chapter and the articles of incorporation and bylaws of the volunteer firefighters' relief association may be paid whether or not the municipality or nonprofit firefighting corporation to which the relief association is associated qualifies for the receipt of fire state aid under chapter 69.

(b) In the case of a member who has completed at least five years of active service as an active member of the fire department to which the relief association is associated on the date that the relief association is established and incorporated, the requirement that the member complete at least five years of active membership with the relief association before separation from active service may be waived by the board of trustees of the relief association if the member completes at least five years of inactive membership with the relief association before the date of the payment of the service pension. During the period of inactive membership, the member is not entitled to receive disability benefit coverage, is not entitled to receive additional service credit towards computation of a service pension, and is considered to have the status of a person entitled to a deferred service pension under subdivision 7.

(c) No municipality or nonprofit firefighting corporation may delegate the power to take final action in setting a service pension or ancillary benefit amount or level to the board of trustees of the relief association or to approve in advance a service pension or ancillary benefit amount or level equal to the maximum amount or level that this chapter would allow rather than a specific dollar amount or level.

~~(d) No relief association as defined in section 424A.001, subdivision 4, may pay a defined benefit service pension or disability benefit to a former member of the relief~~

association if that person has not separated from active service with the fire department to which the relief association is directly associated, unless:

(1) the person is employed subsequent to retirement by the municipality or the independent nonprofit firefighting corporation, whichever applies, to perform duties within the municipal fire department or corporation on a full-time basis;

(2) the governing body of the municipality or of the corporation has filed its determination with the board of trustees of the relief association that the person's experience with and service to the fire department in that person's full-time capacity would be difficult to replace; and

(3) the bylaws of the relief association were amended to provide for the payment of a service pension or disability benefit for such full-time employees.