

# **Minnesota Volunteer Fire Relief Association**

## **Working Group Meeting**

State Auditor's Office  
Thursday, December 15, 2005  
11 a.m. to 1 p.m.

### **I. Call to Order**

*Rotating Chair Ed Dietz.*

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

Exhibit A. Final November 17, 2005 Minutes

Exhibit B. Draft December 1, 2005 Minutes

### **III. Old Business**

Exhibits C and D. Minn. Stat. §§ 69.011, subd. 4, 69.80 & 424A.04.

- Board Officer Positions, Duties and Salaries
- Forfeiture Distributions to DCP Members
- FA-1 Form Recommendations

### **IV. Service Pension and Ancillary Benefits**

Exhibit E. Minn. Stat. § 424A.02, subs. 9, 9b and 10.

- Disability Benefit Status Reversals
- Funeral Benefits

### **IV. Volunteer Fire Relief Association Report Requirements**

Exhibit F. Minn. Stat. § 6.72.

### **V. Reporting Form Filing Status**

Exhibits G through K.

- Pension Reporting Entities
- State Fire Aid Certification History
- 2005 Second Round Certification Summary
- Late Filing Fire Relief Association List

### **VI. Other Business**

### **VII. Next Meeting**

Thursday, January 12, 2006

11 a.m. to 1 p.m.

State Auditor's Office

# **Volunteer Fire Relief Association Working Group**

State Auditor's Office  
Thursday, November 17, 2005  
11 a.m. to 1 p.m.

## **Members Present**

Delano City Administrator Phil Kern, Legislative Commission on Pensions and Retirement Director Larry Martin, Mahnommen Fire Relief Association Treasurer Dave Jaeger (defined benefit lump sum plans), Maple Grove Fire Relief Association President Curt Roberts (defined contribution plans), Maplewood Fire Relief Association Treasurer Ed Dietz (defined benefit lump sum plans), Minnesota Area Relief Association Coalition Representative Jim Hansen, Minnesota State Fire Chiefs Association Representative Nyle Zikmund (defined benefit monthly plans), Minnesota State Fire Department Association Representative Dave Ganfield (defined benefit monthly/lump sum combination plans), Northfield Fire Relief Association Secretary Tom Nelson, State Auditor Patricia Anderson and White Bear Lake Finance Director Don Rambow.

## **Member Excused**

League of Minnesota Cities Representative Anne Finn.

## **Others Present**

Pension Director Judith Strobel and Pension Analysts Rose Hennessy Allen, Brian Martenson and Paul Rosen.

Rotating Chair Jaeger called the meeting to order and thanked Auditor Anderson for her willingness to continue the Working Group process.

## **Working Group Process Discussion**

Jaeger outlined the proposed meeting schedule in Exhibit A. The members were amenable to the schedule although Jaeger, Zikmund and Hansen said they would be unable to attend the Thursday, December 15, 2005 meeting. They offered to keep up with the agenda items via emails and minutes. No changes were made to the Working Group Purpose Statement or the Working Group Membership List.

The members did discuss the definition of consensus for purposes of a possible Working Group proposal. Some said items should continue to require full approval while others argued that a two-thirds majority vote should be sufficient to permit an item to move forward. Martin proposed discussing all items but placing those with full consensus in one bill and those without full consensus in a second bill. The members agreed.

## **Recently Enacted Relief Association Laws**

Martin recapped relief association legislation enacted during the 2005 Special Session. He referred the members to the summary in Exhibit E that was prepared by Ed Burek, Deputy Director of the Pension Commission.

Martin also referenced special legislation that allows the transfer of assets between the Maplewood and Oakdale fire relief associations and the consolidation of several other relief associations at their prior service levels to preclude the transfer of additional funds upon consolidation. Dietz said the Maplewood/Oakdale legislation would simplify the bookkeeping of both relief associations.

Ganfield asked whether the board governance change for ex-officio trustees would require all relief associations to change their bylaws. Martin said it would depend on the specificity of the bylaws. Ganfield said his relief association's bylaws reference the statute and spell out who the ex-officio trustees must be. To minimize any compliance issues, the State Auditor's Office will continue to notify relief associations of the law changes and assist those who may be affected. Many may not require a bylaw change because they can keep the mayor and clerk, clerk-treasurer or finance director as the municipal representatives on the relief association board.

Auditor Anderson said the Working Group may wish to clarify who the appointed official is and whether the term means anyone who is appointed by the city or only an appointed official. Rambow said he hoped the intent was to have someone appointed by the elected body because some cities only have one appointed official – the city manager. Martin said the intent of the change was to expand the pool of authorized ex-officio trustees.

Auditor Anderson suggested the non-elected trustee be someone who works for the city. Ganfield additionally suggested that the trustee be a department head. Roberts recommended letting the language run its course and see what happens. The group decided to take up the subject again at a later Working Group meeting.

#### **Officer Positions, Duties and Salaries**

The members discussed whether vice presidents should be authorized to receive a salary from the special fund. Jaeger said in smaller departments some vice presidents have many duties. Martin said in 1978 the state legislature defined what could be paid from the special fund and vice presidents were not used much prior to that time. He said that he has no position on who is paid from the special fund, but believes there should be legislation governing what can be paid from the special fund.

Martin then referred the Working Group members to Minn. Stat. § 424A.04 that specifies relief associations must have at least a president, secretary and treasurer. With the statutory authority to have a vice president, he said the statute does not authorize payment from the special fund. Martin said that he would review data from the State Auditor's Office to see the prevalence, frequency and magnitude of salary payments and report back to the Working Group.

Roberts asked if a law change would affect the large pension plans. Martin said current law covers the Minneapolis Fire Relief Association as well as small relief associations. Jaeger said board officers of small relief associations don't usually get paid. Rambow said if members are elected to a relief association board they must meet their responsibility whether paid or unpaid and suggested that it's a stretch to say four paid relief association officers are needed. Martin said if a plan relies solely on state fire aid, the aid is diminished to support benefits for all members if salaries are paid. If state aid doesn't cover the plan's financial requirements, then the city pays for salaries through its contributions.

Ganfield inquired whether board duties could be delegated to consultants or administrators. Martin said, in general, relief associations are able to hire help for clerical and administrative duties. By contrast, he cautioned against hiring consultants with a blanket delegation to select investments, sign off on financial statements or make major decisions. He said delegation should only include ministerial duties. Ganfield said state law permits reimbursement from the special fund to officers or their designees. Zikmund said this provision hasn't been interpreted to be labor. Martin advised against reimbursements without creation of an administrative position.

The group then broke for lunch.

### **State Fire Aid Reporting**

Zikmund said seven relief associations lost some or all of their state fire aid last year by not completing and submitting the FA-1 form to the Department of Revenue. He proposed using the Minnesota Fire Incident Reporting System (MFIRS) as an alternative to reduce state fire aid reporting requirements and better measure fire department readiness. It was stated that 59 fire departments did not use MFIRS in 2003 compared to 72 fire departments in 2002. Thirty-three fire departments didn't report in either year.

Jaeger said if small towns have no fires, there is no need to file an incident report. Rambow said if cities don't complete and file the FA-1 form and the relief association loses its state fire aid, they must still make their minimum financial requirement. Martin said his concern is that the minimum requirements for fire departments have not been updated since 1969. He said the purpose of the requirements was to get better fire departments by having the minimum requirements stated in law. The Zikmund motion to permit relief associations to file either an FA-1 form or complete MFIRS reporting to meet the minimum requirements for state fire aid was approved unanimously.

At Jaeger's request, Ganfield volunteered to suggest updates to the fire department requirements before the next meeting.

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**FRPAS Presentation**

Martenson provided an overview of FRPAS, the State Auditor's Fire Relief Pension Accounting System that will soon be available free to relief associations. The system promotes best accounting/budgeting practices, automatically completes reporting forms and conveniently tracks relief association data.

**Next Meeting**

The next meeting of the Working Group is set for Thursday, December 1, 2005 from 11 a.m. to 1 p.m. in the State Auditor's Office. The meeting was adjourned at 1:15 p.m.

# **Volunteer Fire Relief Association Working Group**

State Auditor's Office  
Thursday, December 1, 2005  
11 a.m. to 1 p.m.

## **Members Present**

Delano City Administrator Phil Kern, Legislative Commission on Pensions and Retirement Director Larry Martin, Mahnommen Fire Relief Association Treasurer Dave Jaeger (defined benefit lump sum plans), Maple Grove Fire Relief Association President Curt Roberts (defined contribution plans), Maplewood Fire Relief Association Treasurer Ed Dietz (defined benefit lump sum plans), Minnesota Area Relief Association Coalition Representative Jim Hansen, Minnesota State Fire Department Association Representative Dave Ganfield (defined benefit monthly/lump sum combination plans), Northfield Fire Relief Association Secretary Tom Nelson, State Auditor Patricia Anderson and White Bear Lake Finance Director Don Rambow.

## **Member Excused**

League of Minnesota Cities Representative Anne Finn and Minnesota State Fire Chief Association Representative Nyle Zikmund.

## **Others Present**

Deputy Director of the Legislative Commission on Pensions & Retirement Edward Burek, Golden Valley Fire Department Relief Association Treasurer Mark Rosenblum, General/Legal Counsel Carla Heyl, Pension Director Judith Strobel and Pension Analysts Rose Hennessy Allen, Brian Martenson and Paul Rosen.

Rotating Chair Nelson called the meeting to order and asked everyone to introduce themselves.

## **Approval of Minutes**

The Working Group members reviewed the minutes that had been provided before the meeting. Ganfield moved with a second from Jaeger to approve the December 13, 2004 meeting minutes. The motion was approved unanimously. Ganfield requested clarification to the Zikmund motion on page 3 of the draft November 17, 2005 minutes. He suggested that the sentence referring to the motion specifically state that the motion would permit either the filing an FA-1 form or complete MFIRS (Minnesota Fire Incident Reporting System) reporting. Nelson moved to approve the minutes with the language. The motion was seconded by Ganfield and approved unanimously.

## **Old Business – Ex-Officio Trustees**

Ganfield said he had reviewed past minutes and materials regarding the definition of municipal official for ex-officio positions on the relief association board of trustees. He said he thought the Working Group's intent had been to allow only existing municipal officials, whether elected or appointed, to be appointed as ex-officio trustees.

Ganfield asked the Working Group to clarify whether one becomes a municipal official through appointment to a relief association board or needs to have been an appointed or elected municipal official before being appointed as an ex-officio trustee. No motion was made so the discussion moved to the next agenda item.

### **FA-1 Reporting Form Recommendations**

At Nelson's request, Ganfield described some fire equipment requirement recommendations. Ganfield said his review of state law shows the time to assess equipment is at the end of rather than during the year.

Martin said he had requested an update to the minimum requirements to determine whether the underlying state law, Minn. Stat. § 69.011, subd. 4, requires revision to capture what constitutes a good fire department. Martin inquired whether the recommended requirements would be sufficient to establish a new fire department. Ganfield said fire departments have been improving over time.

Martin said that the legislative intent of the minimum requirements established in 1969 benefited smaller fire districts by changing the state fire aid formula to one-half based on market value and one-half based on population rather than the fire insurance premiums written on property in a fire town. He said the lawmakers wanted to use the state fire aid changes to improve fire capabilities even though state fire aid is not generally used for fire departments but pension benefits. Jaeger said most departments exceed the minimum requirements but the FA-1 requirements are a good starting point for new fire departments.

Nelson asked if the requirements should change and suggested they be shared sometime with Larry Bewley of the Department of Revenue. Roberts suggested that the Working Group study the statute and discuss the recommendations again at another meeting. Hansen said he believes the FA-1 form will eventually switch to MFIRS. He said he would like to see the requirement list reflect firefighter safety.

Nelson asked if there was a motion to table the recommendations. Roberts asked if approving a motion to table would be confusing in light of the Working Group's adoption of the Zikmund motion to allow either the FA-1 form or MFIRS reporting at the November 17, 2005 meeting. Hansen said that motion had been a compromise that should move reporting to MFIRS without forcing it upon fire departments.

Roberts sought time to contact small fire departments and Ganfield asked for more time to review state law. It was decided to revisit the recommendations as a future agenda item.

Roberts then asked if the Minnesota State Fire Department Association (MSFDA) could seek input from the small departments. He also observed that the fire marshal has a role as well as the Department of Revenue in determining whether fire departments have met the minimum requirements. Ganfeld said some departments with used or refurbished equipment may not be up to standards.

#### **Old Business -- Board Officer Salaries**

Martin outlined the aggregate board officer salary data in Exhibit B that he had prepared from data collected by the State Auditor's Office. He said that about one-third of the state's relief associations pay board officer salaries and that in certain instances the city is required to pay or makes voluntary contributions. He indicated that salaries paid from a relief association's Special Fund use dollars that otherwise could have provided pension benefits. Martin said the data is helpful when deciding if vice presidents should be paid salaries from the Special Fund. Nelson asked if there was consensus to leave state law untouched. Roberts said he thinks relief associations should be able to pay vice presidents from their Special Funds if that's their choice.

Rambow said he was struck when reading the data by how many relief associations pay nothing or small amounts to relief association officers. He said he asked himself when looking at those being paid high amounts, what makes their job so demanding to need a salary when other officers are paid nothing. He said the money paid for salaries could be used for pensions.

Dietz said some relief associations that look like they aren't paying officers may be doing so from their General Funds. He said he would like to see all salaries paid from the General Fund but it would be best for relief associations to decide individually through their bylaws. Roberts agreed that salaries should be a local decision saying that some city contributions cover or exceed the amount of the salaries. Jaeger said his city directly pays the salaries of his relief association's president, secretary and treasurer.

Ganfield said some relief associations are having difficulty getting members to be officers so it is helpful to be able to pay them to get them there. Hansen suggested that a salary is warranted for relief associations that have a lot of money in the bank since a responsible person would be needed. Rambow said members of city councils and those on boards view it as a public service. He said some people are paid very little to be mayor and officers of relief associations that pay consultants for investment decisions may not merit high salaries.

Auditor Anderson said she appreciated the high value of service received from the volunteer fire department in Eagan during her time as mayor. Roberts recommended that relief associations receive the statutory authority to choose. Dietz agreed that some warrant salaries especially when the administrative burden of tracking 130 rather than 30



members falls on them. He said all board members should be able to be paid from the Special Fund or General Fund if addressed in the relief association bylaws.

Martin said Minn. Stat § 69.80 allows reimbursement of board members for expenditures from the Special Fund. Nelson asked for a motion. Rambow asked why it is necessary to tap the Special Fund when salaries can be paid from the General Fund. Martin said change would be an uphill battle at the state legislature because two-thirds of the relief associations do not offer board salaries. Roberts said cities should be allowed to make contributions to the General Fund of a relief association if salaries must be paid from that fund. Martin said state law does not allow city contributions to the General Fund.

Ganfield pointed out that state law allows designees and administrative personnel to be paid from Special Fund. Martin said the designee would have to fit into an employment setting and that is not consistent with the vice president position. Hansen said he would hate to see the Working Group push the envelope by recommending use of this statute for vice president salaries.

Nelson said he wanted to give Martin direction to draft something or do nothing. Roberts said he has heard from defined contribution plans that want to have vice presidents paid from Special Fund. He moved to allow vice presidents to be paid from Special Fund with a second by Auditor Anderson.

Ganfield moved to amend the motion to allow any trustee to be paid from Special Fund if in the bylaws with a second by Dietz. The vote on the amended motion did not reach consensus. Auditor Anderson voted against the amended motion stating she opposes mayors being paid a salary to attend relief association board meetings. The members then voted on the original motion to permit payment of vice presidents from the Special Fund. The motion was not unanimous with Rambow voting in opposition.

#### **Return to Service – Defined Benefit Plans**

Nelson invited Rosenblum to explain the return to service issue faced by the Golden Valley Fire Relief Association. Rosenblum said the question is how long a member must have returned from deferred service before being eligible for the current benefit level.

Dietz said firefighters should serve for at least as long as their break in service. He said if a member is gone for three years the member should serve three years to be eligible for any benefit increases. Dietz added that a fire department's hiring decisions can put a burden on a relief association but his relief association tries to support the hiring decision by permitting relief association membership. Rosenblum agreed but said if a person is gone for a long time, it may not be possible to make up the time.

Martin asked why a city would want to hire someone whose motivation may not be to fight fires but to get an increased pension. Nothing in law requires a firefighter to be a member of a relief association, he said, noting that there are statutory exclusions to relief association membership. He said he isn't sure that state statute is causing a problem or that it needs to be modified unless to give help.

Ganfield said there are two issues of concern: how to pay and how to bring back. He said the Apple Valley Fire Relief Association changed its bylaws to say members must complete a minimum of five years in the department and relief association before becoming eligible for the current benefit level. Members who do not meet this requirement do not receive prior service credit, he said.

Dietz said his relief association retains the prior service credit on the deferred rolls and starts the member's time upon return at the present benefit amount. The time gone is shown as a leave of absence.

Rosenblum said the Schedule forms would not calculate prior service credit at a lower benefit amount. Roberts suggested that the city pay for any increase in liability. Martin said cities will potentially pay for the increase and the Schedule form should not drive what the benefit plan looks like. He said estimating the pension fund liability is different than the amount to be paid so the Schedule form may show a greater liability.

The discussion of return to service issues was briefly postponed until after lunch.

Ganfield said relief associations should not treat previous years as deferred or give interest on that service. Rosenblum said he sees the need to handle return to service issues individually.

Roberts said he receives similar questions from defined contribution plans because there is not a lot of statutory language in their regard. He said his relief association distributes a partially vested member's forfeitable percentage upon separation. While not opposed to a time requirement for distribution, he said his relief association does not wish to wait until the member's date of retirement.

Martin said there seems to be more cases of members returning to firefighting service than in the past or the benefit level for those that did return must not have changed. Roberts said if the time requirement is not clear in state statute, his relief association would continue to follow its bylaws to distribute the forfeitable amount during the year of the member's separation. Martin cautioned against volunteer fire relief associations forfeiting dollars earlier than five years for unvested members.

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Nelson suggested that the issue be brought up again for additional discussion and the meeting was adjourned.

**New Business**

In response to a question from Roberts, Martin said that relief associations are authorized to choose 15-year vesting in their bylaws because Minn. Stat. § 424A.02, subd. 2, sets a 10-year minimum for full vesting for defined contribution plans.

The meeting adjourned shortly after 1 p.m.

## **69.80 Authorized administrative expenses.**

(a) Notwithstanding any provision of law to the contrary, the payment of the following necessary, reasonable and direct expenses of maintaining, protecting and administering the special fund, when provided for in the bylaws of the association and approved by the board of trustees, constitutes authorized administrative expenses of a police, salaried firefighters', or volunteer firefighters' relief association organized under any law of this state:

(1) office expense, including, but not limited to, rent, utilities, equipment, supplies, postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;

(2) salaries of the president, secretary, and treasurer of the association, or their designees, and any other official of the relief association to whom a salary is payable under bylaws or articles of incorporation in effect on January 1, 1986, and their itemized expenses incurred as a result of fulfilling their responsibilities as administrators of the special fund;

(3) tuition, registration fees, organizational dues, and other authorized expenses of the officers or members of the board of trustees incurred in attending educational conferences, seminars, or classes relating to the administration of the relief association;

(4) audit, actuarial, medical, legal, and investment and performance evaluation expenses;

(5) reimbursement to the officers and members of the board of trustees, or their designees, for reasonable and necessary expenses actually paid and incurred in the performance of their duties as officers or members of the board; and

(6) premiums on fiduciary liability insurance and official bonds for the officers, members of the board of trustees, and employees of the relief association.

(b) Any other expenses of the relief association must be paid from the general fund of the association, if one exists. If a relief association has only one fund, that fund is the special fund for purposes of this section. If a relief association has a special fund and a general fund, and any expense of the relief association that is directly related to the purposes for which both funds were established, the payment of that expense must be apportioned between the two funds on the basis of the benefits derived by each fund.

HIST: 1978 c 690 s 8; 1986 c 359 s 13; 1987 c 372 art 1 s 1; 2002 c 392 art 1 s 2

#### **424A.02 Volunteer firefighters; service pensions.**

Subd. 4. **Defined contribution lump sum service pensions.** (a) If the bylaws governing the relief association so provide exclusively, the relief association may pay a defined contribution lump sum service pension in lieu of any defined benefit service pension governed by subdivision 2.

(b) An individual account for each firefighter who is a member of the relief association must be established. To each individual active member account must be credited an equal share of: (1) any amounts of fire state aid received by the relief association; (2) any amounts of municipal contributions to the relief association raised from levies on real estate or from other available revenue sources exclusive of fire state aid; and (3) any amounts equal to the share of the assets of the special fund to the credit of: (i) any former member who terminated active service with the fire department to which the relief association is associated before meeting the minimum service requirement provided for in subdivision 1 and has not returned to active service with the fire department for a period no shorter than five years; or (ii) any retired member who retired before obtaining a full nonforfeitable interest in the amounts credited to the individual member account under subdivision 2 and any applicable provision of the bylaws of the relief association. In addition, any investment return on the assets of the special fund must be credited in proportion to the share of the assets of the special fund to the credit of each individual active member account through the date on which the investment return is recognized by and credited to the special fund.

(c) At the time of retirement under subdivision 1 and any applicable provision of the bylaws of the relief association, a retiring member is entitled to that portion of the assets of the special fund to the credit of the member in the individual member account which is nonforfeitable under subdivision 2 and any applicable provision of the bylaws of the relief association based on the number of years of service to the credit of the retiring member.

#### **424A.04 Volunteer relief associations; board of trustees.**

Subdivision 1. **Membership.** (a) A relief association that is directly associated with a municipal fire department must be managed by a board of trustees consisting of nine members. Six trustees must be elected from the membership of the relief association and three trustees must be drawn from the officials of the municipalities served by the fire department to which the relief association is directly associated. The bylaws of a relief association which provides a monthly benefit service pension may provide that one of the six trustees elected from the relief association membership may be a retired member receiving a monthly pension who is elected by the membership of the relief association. The three municipal trustees must be one elected municipal official and one elected or appointed municipal official who are designated as municipal representatives by the municipal governing board annually and the chief of the municipal fire department.

(b) A relief association that is a subsidiary of an independent nonprofit firefighting corporation must be managed by a board of trustees consisting of nine members. Six trustees must be elected from the membership of the relief association, two trustees must be drawn from the officials of the municipalities served by the fire department to which the relief association is directly associated, and one trustee shall be the fire chief serving with the independent nonprofit firefighting corporation. The bylaws of a relief association may provide that one of the six trustees elected from the relief association membership may be a retired member receiving a monthly pension who is elected by the membership of the relief association. The two municipal trustees must be elected or appointed municipal officials, selected as follows:

(1) if only one municipality contracts with the independent nonprofit firefighting corporation, the municipal trustees must be two officials of the contracting municipality who are designated annually by the governing body of the municipality; or

(2) if two or more municipalities contract with the independent nonprofit corporation, the municipal trustees must be one official from each of the two largest municipalities in population who are designated annually by the governing bodies of the applicable municipalities.

(c) The municipal trustees for a relief association that is directly associated with a fire department operated as or by a joint powers entity must be designated annually by the joint powers board. The municipal trustees for a relief association that is directly associated with a fire department service area township must be designated by the township board.

(d) If a relief association lacks the municipal board members provided for in paragraph (a), (b), or (c) because the fire department is not located in or associated with an organized municipality, joint powers entity, or township, the municipal board members must be appointed from the fire department service area by the board of commissioners of the applicable county.

(e) The term of these appointed municipal board members is one year or until the person's successor is qualified, whichever is later.

(f) A municipal trustee under paragraph (a), (b), (c), or (d) has all the rights and duties accorded to any other trustee, except the right to be an officer of the relief association board of trustees.

(g) A board must have at least three officers, who are a president, a secretary and a treasurer. These officers must be elected from among the elected trustees by either the full board of trustees or by the membership, as specified in the bylaws. In no event may any trustee hold more than one officer position at any one time. The terms of the elected trustees and of the officers of the board must be specified in the bylaws of the relief association, but may not exceed three years. If the term of the elected trustees exceeds one year, the election of the various trustees elected from the membership must be staggered on as equal a basis as is practicable.

Subd. 2. **Fiduciary duty.** The board of trustees shall undertake their activities consistent with chapter 356A.

Subd. 3. **Conditions on relief association consultants.** (a) If a volunteer firefighter relief association hires or contracts with a consultant to provide legal or financial advice, the association shall obtain and the consultant shall provide a copy of the consultant's certificate of insurance.

(b) A consultant is any person who is employed under contract to provide legal or financial advice and who is or who represents to the volunteer firefighter relief association that the person is:

- (1) an actuary;
- (2) a licensed public accountant or a certified public accountant;
- (3) an attorney;
- (4) an investment advisor or manager, or an investment counselor;
- (5) an investment advisor or manager selection consultant;
- (6) a pension benefit design advisor or consultant; or
- (7) any other financial consultant.

HIST: 1979 c 201 s 14; 1980 c 607 art 15 s 12; 1981 c 224 s 210; 1983 c 219 s 8; 1989 c 319 art 8 s 27; 2000 c 461 art 15 s 10; 1Sp2001 c 10 art 16 s 1; 1Sp2005 c 8 art 9 s 14

#### **69.011 Qualifying for state aid.**

Subd. 4. **Qualification for state aid.** Any municipality in this state having for more than one year an organized fire department and officially established by the governing body of the municipality or an independent nonprofit fire fighting corporation created under the nonprofit corporation act of this state and operating exclusively for fire fighting purposes and providing retirement and relief benefits to its members or having a separate subsidiary incorporated firefighter's relief and pension association providing retirement and relief benefits may qualify to receive state aid if it meets the following minimum requirements or equivalent as determined by the state fire marshal by July 1, 1972:

- (a) ten paid or volunteer firefighters including a fire chief and assistant fire chief, and
- (b) regular scheduled meetings and frequent drills including instructions in fire fighting tactics and in the use, care, and operation of all fire apparatus and equipment, and
- (c) a motorized fire truck equipped with a motorized pump, 250 gallon or larger water tank, 300 feet of one inch or larger fire hose in two lines with combination spray and straight stream nozzles, five-gallon hand pumps--tank extinguisher or equivalent, dry chemical extinguisher or equivalent, ladders, extension ladders, pike poles, crow bars, axes, lanterns, fire coats, helmets, boots, and
- (d) apparatus suitably housed in a building of good construction with facilities for care of hose and equipment, and
- (e) a reliable and adequate method of receiving fire alarms by telephone or with electric siren and suitable means of sounding an alarm, and
- (f) if response is to be provided outside the corporate limits of the municipality wherein the fire department is located, the municipality has another piece of motorized apparatus to make the response, and
- (g) other requirements the commissioner establishes by rule.



# FA-1 Improvements

(By Dave Ganfield)

At the last meeting we discussed improvements to FA-1. I would offer the following:

1. Has your fire department existed for at least one year prior to December 31, 200x?
2. Does your fire department have at least 10 active firefighters including a fire chief and assistant fire chief?
3. Does your fire department hold regular scheduled meetings and frequent drills including instructions in fire fighting tactics and in the use, care, and operation of all fire apparatus and equipment?
4. Does your fire department have at least one fire apparatus equipped with a motorized pump and a minimum of the following equipment:
  - A 250 gallon or larger water tank,
  - 300 feet of 1-1/2 inch or larger fire hose with combination spray and straight stream nozzles,
  - five-gallon hand pumps or equivalent,
  - dry chemical extinguisher or equivalent,
  - roof ladders and extension ladders, and
  - Firefighting equipment including pike poles, axes, and lanterns?
5. Does your fire department have Personal Protective Equipment for all firefighters including fire coats, helmets, gloves and boots?
6. Does your fire department have apparatus suitably housed in a building of good construction with facilities for care of hose and equipment?
7. Does your fire department have a reliable and adequate method of receiving fire alarms by telephone or with electric siren and suitable means of sounding an alarm?
8. If response is to be provided outside the corporate limits of the municipality wherein the fire department is located, does the fire department have another piece of motorized apparatus to make the response within the corporate limits?

#### **424A.02 Volunteer firefighters; service pensions.**

Subd. 9. **Limitation on ancillary benefits.** Any relief association, including any volunteer firefighters relief association governed by section 69.77 or any volunteer firefighters division of a relief association governed by chapter 424, may only pay ancillary benefits which would constitute an authorized disbursement as specified in section 424A.05 subject to the following requirements or limitations:

(1) with respect to a relief association in which governing bylaws provide for a lump sum service pension to a retiring member, no ancillary benefit may be paid to any former member or paid to any person on behalf of any former member after the former member (i) terminates active service with the fire department and active membership in the relief association; and (ii) commences receipt of a service pension as authorized under this section; and

(2) with respect to any relief association, no ancillary benefit paid or payable to any member, to any former member, or to any person on behalf of any member or former member, may exceed in amount the total earned service pension of the member or former member. The total earned service pension must be calculated using the service pension amount specified in the bylaws of the relief association and the years of service credited to the member or former member. The years of service must be determined as of (i) the date the member or former member became entitled to the ancillary benefit; or (ii) the date the member or former member died entitling a survivor or the estate of the member or former member to an ancillary benefit. The ancillary benefit must be calculated (i) without regard to whether the member or former member had attained the minimum amount of service and membership credit specified in the governing bylaws; and (ii) without regard to the percentage amounts specified in subdivision 2; except that the bylaws of any relief association may provide for the payment of a survivor benefit in an amount not to exceed five times the yearly service pension amount specified in the bylaws on behalf of any member who dies before having performed five years of active service in the fire department with which the relief association is affiliated.

Subd. 9b. **Repayment of service pension in certain instances.** If a retired volunteer firefighter does not permanently separate from active firefighting service as required by subdivision 1 and section 424A.001, subdivision 9, by resuming active service as a firefighter in the same volunteer fire department or as a person in charge of firefighters in the same volunteer fire department, no additional service pension amount is payable to the person, no additional service is creditable to the person, and the person shall repay any previously received service pension.

Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each relief association to which this section applies shall file a revised copy of its governing bylaws with the state auditor upon the adoption of any amendment to its governing bylaws by the relief association or upon the approval of any amendment to its governing bylaws granted by the governing body of each municipality served by the fire department to which the relief association is directly associated. Failure of the relief association to

file a copy of the bylaws or any bylaw amendments with the state auditor shall disqualify the municipality from the distribution of any future fire state aid until this filing requirement has been completed.

(b) If the special fund of the relief association does not have a surplus over full funding pursuant to section 69.772, subdivision 3, clause (2), subclause (e), or 69.773, subdivision 4, and if the municipality is required to provide financial support to the special fund of the relief association pursuant to section 69.772 or 69.773, no bylaw amendment which would affect the amount of, the manner of payment of, or the conditions for qualification for service pensions or ancillary benefits or disbursements other than administrative expenses authorized pursuant to section 69.80 payable from the special fund of the relief association shall be effective until it has been ratified by the governing body or bodies of the appropriate municipalities. If the municipality is not required to provide financial support to the special fund pursuant to this section, the relief association may adopt or amend without municipal ratification its articles of incorporation or bylaws which increase or otherwise affect the service pensions or ancillary benefits payable from the special fund so long as the changes do not cause the amount of the resulting increase in the accrued liability of the special fund to exceed 90 percent of the amount of the prior surplus over full funding and the changes do not result in the financial requirements of the special fund exceeding the expected amount of the future fire state aid to be received by the relief association.

(c) If the relief association pays only a lump sum pension, the financial requirements are to be determined by the board of trustees following the preparation of an estimate of the expected increase in the accrued liability and annual accruing liability of the relief association attributable to the change. If the relief association pays a monthly benefit service pension, the financial requirements are to be determined by the board of trustees following either an updated actuarial valuation including the proposed change or an estimate of the expected actuarial impact of the proposed change prepared by the actuary of the relief association. If a relief association adopts or amends its articles of incorporation or bylaws without municipal ratification pursuant to this subdivision, and, subsequent to the amendment or adoption, the financial requirements of the special fund pursuant to this section are such so as to require financial support from the municipality, the provision which was implemented without municipal ratification shall no longer be effective without municipal ratification, and any service pensions or ancillary benefits payable after that date shall be paid only in accordance with the articles of incorporation or bylaws as amended or adopted with municipal ratification.

## **6.72 State auditor; report to legislature on volunteer firefighters' relief associations.**

Subdivision 1. **Reporting requirements.** Commencing November 15, 1981, and every two years thereafter, the state auditor shall report to the legislature on the general financial condition of the various volunteer firefighters' relief associations in the state as of December 31 of the year preceding the filing of the report. Two copies of the report shall be filed with the executive director of the Legislative Commission on Pensions and Retirement and ten copies of the report shall be filed with the director of the Legislative Reference Library.

Subd. 2. **Contents of report.** The report shall include the aggregate totals for all volunteer firefighters' relief associations directly associated with the municipal fire departments and all volunteer firefighters' relief associations subsidiary to independent nonprofit firefighting corporations, the aggregate totals by the various benefit types and the individual results for each volunteer firefighters' relief association listed by various benefit types specified in subdivision 3. The following items shall be reported in each instance:

- (1) amount of accrued liability,
- (2) amount of assets,
- (3) amount of surplus or unfunded accrued liability,
- (4) funding ratio,
- (5) amount of annual accruing liability or normal cost,
- (6) amount of annual required contribution to amortize the unfunded accrued liability,
- (7) amount of total required contribution,
- (8) amount of fire state aid,
- (9) amount of any municipal contributions,
- (10) amount of administrative expenses,
- (11) amount of service pension disbursements,
- (12) amount of other retirement benefit disbursements,
- (13) number of active members,
- (14) number of retired members,

- (15) number of deferred members,
- (16) amount of fidelity bond of secretary and treasurer,
- (17) amount of lump sum or monthly service pension accrued per year of service credit,
- (18) minimum retirement age required for commencement of a service pension,
- (19) minimum years of active service credit required for commencement of service pension,
- (20) minimum years of active membership credit required for commencement of service pension,
- (21) type and amount of other retirement benefits.

Subd. 3. **Benefit categories.** For purposes of compiling the report required by this section, the various benefit types shall be as follows:

- (1) volunteer firefighters' relief associations paying a lump sum service pension of:
  - (i) less than \$50 per year of service,
  - (ii) \$50 or more, but less than \$100 per year of service,
  - (iii) \$100 or more, but less than \$200 per year of service,
  - (iv) \$200 or more, but less than \$300 per year of service,
  - (v) \$300 or more per year of service;
- (2) volunteer firefighters' relief associations paying a monthly benefit service pension of:
  - (i) less than \$2 per month per year of service,
  - (ii) \$2 or more per month per year of service;
- (3) volunteer firefighters' relief associations paying a defined contribution service pension;
- (4) volunteer firefighters' relief associations paying no service pension.

HIST: 1979 c 201 s 20; 1986 c 359 s 3,26

**Pension Reporting Entities**  
**2005 Reporting Year**

597	Defined Benefit - Lump Sum	323 Over \$200,000	274 Under \$200,000
89	Defined Contribution	38 Over \$200,000	51 Under \$200,000
21	Defined Benefit - Monthly/Lump Sum	21 Over \$200,000	0 Under \$200,000
5	Defined Benefit - Monthly	5 Over \$200,000	0 Under \$200,000
<hr/> <b>712</b>	<b>Volunteer Fire Relief Associations</b>	387 Over \$200,000	325 Under \$200,000

## State Fire Aid Certification History

Reporting Year	1st Round	2nd Round	3rd Round	4th Round	Total	Forfeits
2004	498	200	*		698	
2003	470	232	57	5	764	3 **
2002	649	102	8	7	766	0
2001	641	116	10	2	769	0
2000	491	241	32	0	764	0
1999	626	106	33	1	766	0
1998	491	189	81	3	764	0
1997	614	63	59	26	762	0
1996	606	0	0	0	606	0
1995	589	0	0	0	589	0
1994	566	128	0	0	694	0
1993	333	0	0	0	333	7

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\* Only 18 with pending issues and 46 not fully filed by 2nd deadline.

\*\* Arrowhead, Mapleview and Shelly did not file by the November 30 Statutory deadline that requires forfeiture of state fire aid.

**State Auditor's Office - Pension Division**  
**Additional Files to be Certified for State Fire Aid as of November 1, 2005**

<u>County</u>	<u>Fire Cod</u>	<u>Entity</u>	<u>Relief</u>	<b>Number of Files: 200</b>
<b><i>Entities Affiliated with a Relief Association</i></b>				
54	0100	ADA CITY OF	ADA FIRE RELIEF ASSOCIATION	
86	0100	ALBERTVILLE CITY OF	ALBERTVILLE FIRE RELIEF ASSOCIATION	
13	5000	ALMELUND V.F.D.	ALMELUND FIRE RELIEF ASSOCIATION	
2	0300	ANDOVER CITY OF	ANDOVER FIRE RELIEF ASSOCIATION	
76	0100	APPLETON CITY OF	APPLETON FIRE RELIEF ASSOCIATION	
58	0100	ASKOV CITY OF	ASKOV FIRE RELIEF ASSOCIATION	
34	0100	ATWATER CITY OF	ATWATER FIRE RELIEF ASSOCIATION	
3	0100	AUDUBON CITY OF	AUDUBON FIRE RELIEF ASSOCIATION	
50	0200	AUSTIN CITY OF	AUSTIN FIRE RELIEF ASSOCIATION	
11	0200	BACKUS CITY OF	BACKUS FIRE RELIEF ASSOCIATION	
68	0100	BADGER CITY OF	BADGER FIRE RELIEF ASSOCIATION	
9	0300	BARNUM CITY OF	BARNUM FIRE RELIEF ASSOCIATION	
26	0200	BARRETT CITY OF	BARRETT FIRE RELIEF ASSOCIATION	
71	0100	BECKER CITY OF	BECKER FIRE RELIEF ASSOCIATION	
73	0300	BELGRADE CITY OF	BELGRADE FIRE RELIEF ASSOCIATION	
4	0100	BEMIDJI CITY OF	BEMIDJI FIRE RELIEF ASSOCIATION	
69	0900	BIWABIK CITY OF	BIWABIK CITY FIRE RELIEF ASSOCIATION	
34	0200	BLOMKEST CITY OF	BLOMKEST FIRE RELIEF ASSOCIATION	
31	0600	BOVEY CITY OF	BOVEY FIRE RELIEF ASSOCIATION	
21	0200	BRANDON CITY OF	BRANDON FIRE RELIEF ASSOCIATION	
84	0100	BRECKENRIDGE CITY OF	BRECKENRIDGE FIRE RELIEF ASSOCIATION	
69	0013	BREVATOR TOWN OF	BREVATOR FIRE RELIEF ASSOCIATION	
53	0300	BREWSTER CITY OF	BREWSTER FIRE RELIEF ASSOCIATION	
58	0400	BROOK PARK CITY OF	BROOK PARK FIRE RELIEF ASSOCIATION	
77	0200	BROWERVILLE CITY OF	BROWERVILLE FIRE RELIEF ASSOCIATION	
65	0200	BUFFALO LAKE CITY OF	BUFFALO LAKE FIRE RELIEF ASSOCIATION	
69	1300	BUHL CITY OF	BUHL FIRE RELIEF ASSOCIATION	
55	0100	BYRON CITY OF	BYRON FIRE RELIEF ASSOCIATION	
28	0200	CALEDONIA CITY OF	CALEDONIA FIRE RELIEF ASSOCIATION	
87	0200	CANBY CITY OF	CANBY FIRE RELIEF ASSOCIATION	
21	0300	CARLOS CITY OF	CARLOS FIRE RELIEF ASSOCIATION	
3	0005	CARSONVILLE V.F.D., INC.	CARSONVILLE FIRE RELIEF ASSOCIATION	
13	0200	CENTER CITY CITY OF	CENTER CITY FIRE RELIEF ASSOCIATION	
69	1800	CHISHOLM CITY OF	CHISHOLM FIRE RELIEF ASSOCIATION	



**State Auditor's Office - Additional Files to be Certified for State Fire Aid as of November 1, 2005**

<u>County</u>	<u>Fire Cod</u>	<u>Entity</u>	<u>Relief</u>
75	0200	CHOKIO CITY OF	CHOKIO FIRE RELIEF ASSOCIATION
20	0100	CLAREMONT CITY OF	CLAREMONT FIRE RELIEF ASSOCIATION
86	0400	CLEARWATER CITY OF	CLEARWATER FIRE RELIEF ASSOCIATION
69	9100	CLIFTON V.F.D., INC.	CLIFTON FIRE RELIEF ASSOCIATION
60	0300	CLIMAX CITY OF	CLIMAX FIRE RELIEF ASSOCIATION
69	0017	CLINTON TOWN OF	CLINTON FIRE RELIEF ASSOCIATION [ST LOUIS]
10	0500	COLOGNE CITY OF	COLOGNE FIRE RELIEF ASSOCIATION
69	0018	COLVIN TOWN OF	COLVIN FIRE RELIEF ASSOCIATION
69	8900	COTTON V.F.D., INC.	COTTON FIRE RELIEF ASSOCIATION
42	0400	COTTONWOOD CITY OF	COTTONWOOD FIRE RELIEF ASSOCIATION
11	0012	CROOKED LAKE TOWN OF	CROOKED LAKE FIRE RELIEF ASSOCIATION
18	0300	CROSBY CITY OF	CROSBY FIRE RELIEF ASSOCIATION
18	0500	CUYUNA CITY OF	CUYUNA FIRE RELIEF ASSOCIATION
61	0100	CYRUS CITY OF	CYRUS FIRE RELIEF ASSOCIATION
56	0700	DALTON CITY OF	DALTON FIRE RELIEF ASSOCIATION
27	6600	DAYTON CITY OF	DAYTON FIRE RELIEF ASSOCIATION
46	0200	DUNNELL CITY OF	DUNNELL FIRE RELIEF ASSOCIATION
7	0300	EAGLE LAKE CITY OF	EAGLE LAKE FIRE RELIEF ASSOCIATION
22	0400	EASTON CITY OF	EASTON FIRE RELIEF ASSOCIATION
59	0100	EDGERTON CITY OF	EDGERTON FIRE RELIEF ASSOCIATION
28	0300	EITZEN CITY OF	EITZEN FIRE RELIEF ASSOCIATION
79	0100	ELGIN CITY OF	ELGIN FIRE RELIEF ASSOCIATION
40	6800	ELYSIAN CITY OF	ELYSIAN FIRE RELIEF ASSOCIATION
18	2400	EMILY CITY OF	EMILY FIRE RELIEF ASSOCIATION
24	0600	EMMONS CITY OF	EMMONS FIRE RELIEF ASSOCIATION
27	0900	EXCELSIOR CITY OF	EXCELSIOR FIRE RELIEF ASSOCIATION
69	0026	FAYAL TOWN OF	FAYAL FIRE RELIEF ASSOCIATION
11	0700	FEDERAL DAM CITY OF	FEDERAL DAM FIRE RELIEF ASSOCIATION
18	0700	FIFTY LAKES CITY OF	FIFTY LAKES FIRE RELIEF ASSOCIATION
38	5000	FINLAND F.D.	FINLAND FIRE RELIEF ASSOCIATION
69	2900	FLOODWOOD CITY OF	FLOODWOOD FIRE RELIEF ASSOCIATION
60	1100	FOSSTON CITY OF	FOSSTON FIRE RELIEF ASSOCIATION
3	0400	FRAZEE CITY OF	FRAZEE FIRE RELIEF ASSOCIATION
69	7600	FREDENBERG V.F.D., INC.	FREDENBERG FIRE RELIEF ASSOCIATION
18	1000	GARRISON CITY OF	GARRISON FIRE RELIEF ASSOCIATION
24	0900	GLENVILLE CITY OF	GLENVILLE FIRE RELIEF ASSOCIATION
61	0300	GLENWOOD CITY OF	GLENWOOD FIRE RELIEF ASSOCIATION

**State Auditor's Office - Additional Files to be Certified for State Fire Aid as of November 1, 2005**

<u>County</u>	<u>Fire Cod</u>	<u>Entity</u>	<u>Relief</u>
15	0500	GONVICK CITY OF	GONVICK FIRE RELIEF ASSOCIATION
69	7800	GRAND LAKE V.F.D., INC.	GRAND LAKE FIRE RELIEF ASSOCIATION
68	0200	GREENBUSH CITY OF	GREENBUSH FIRE RELIEF ASSOCIATION
45	0500	GRYGLA CITY OF	GRYGLA FIRE RELIEF ASSOCIATION
35	0300	HALLOCK CITY OF	HALLOCK FIRE RELIEF ASSOCIATION
2	1700	HAM LAKE CITY OF	HAM LAKE FIRE RELIEF ASSOCIATION
8	0500	HANSKA CITY OF	HANSKA FIRE RELIEF ASSOCIATION
13	0400	HARRIS CITY OF	HARRIS FIRE RELIEF ASSOCIATION
24	1100	HARTLAND CITY OF	HARTLAND FIRE RELIEF ASSOCIATION
24	1200	HAYWARD CITY OF	HAYWARD FIRE RELIEF ASSOCIATION
56	1400	HENNING CITY OF	HENNING FIRE RELIEF ASSOCIATION
26	0500	HERMAN CITY OF	HERMAN FIRE RELIEF ASSOCIATION
69	3800	HIBBING CITY OF	HIBBING FIRE RELIEF ASSOCIATION
1	0700	HILL CITY CITY OF	HILL CITY FIRE RELIEF ASSOCIATION
28	0500	HOKAH CITY OF	HOKAH FIRE RELIEF ASSOCIATION
59	0400	HOLLAND CITY OF	HOLLAND FIRE RELIEF ASSOCIATION
16	8000	HOVLAND AREA V.F.D., INC.	HOVLAND AREA FIRE RELIEF ASSOCIATION
86	1000	HOWARD LAKE CITY OF	HOWARD LAKE FIRE RELIEF ASSOCIATION
69	7200	HOYT LAKES CITY OF	HOYT LAKES FIRE RELIEF ASSOCIATION
41	0300	IVANHOE CITY OF	IVANHOE FIRE RELIEF ASSOCIATION
32	0300	JACKSON CITY OF	JACKSON FIRE RELIEF ASSOCIATION
1	5000	JACOBSON COMMUNITY F.D.	JACOBSON FIRE RELIEF ASSOCIATION
81	0200	JANESVILLE CITY OF	JANESVILLE FIRE RELIEF ASSOCIATION
17	0300	JEFFERS CITY OF	JEFFERS FIRE RELIEF ASSOCIATION
20	0400	KASSON CITY OF	KASSON FIRE RELIEF ASSOCIATION
25	0600	KENYON CITY OF	KENYON FIRE RELIEF ASSOCIATION
9	1000	KETTLE RIVER CITY OF	KETTLE RIVER FIRE RELIEF ASSOCIATION
41	0400	LAKE BENTON CITY OF	LAKE BENTON FIRE RELIEF ASSOCIATION
29	5000	LAKE GEORGE V.F.D., INC.	LAKE GEORGE FIRE RELIEF ASSOCIATION
3	0500	LAKE PARK CITY OF	LAKE PARK FIRE RELIEF ASSOCIATION
32	0400	LAKEFIELD CITY OF	LAKEFIELD FIRE RELIEF ASSOCIATION
83	0300	LA SALLE CITY OF	LaSalle Fire Relief Association
40	0600	LE CENTER CITY OF	LE CENTER FIRE RELIEF ASSOCIATION
21	0011	LEAF VALLEY TOWN OF	LEAF VALLEY FIRE RELIEF ASSOCIATION
47	0800	LITCHFIELD CITY OF	LITCHFIELD FIRE RELIEF ASSOCIATION
49	1000	LITTLE FALLS CITY OF	LITTLE FALLS FIRE RELIEF ASSOCIATION
36	1300	LITTLEFORK CITY OF	LITTLEFORK FIRE RELIEF ASSOCIATION

**State Auditor's Office - Additional Files to be Certified for State Fire Aid as of November 1, 2005**

<u>County</u>	<u>Fire Cod</u>	<u>Entity</u>	<u>Relief</u>
24	5000	LONDON CO-OP COMM. F.D.	LONDON FIRE RELIEF ASSOCIATION
66	0400	LONSDALE CITY OF	LONSDALE FIRE RELIEF ASSOCIATION
27	9600	LORETTO V.F.D.	LORETTO FIRE RELIEF ASSOCIATION
7	0800	MADISON LAKE CITY OF	MADISON LAKE FIRE RELIEF ASSOCIATION
69	9500	MAKINEN V.F.D.	MAKINEN FIRE RELIEF ASSOCIATION
7	1000	MAPLETON CITY OF	MAPLETON FIRE RELIEF ASSOCIATION
82	1100	MARINE-ON-ST CROIX CITY OF	MARINE-ON-ST CROIX FIRE RELIEF ASSOCIATION
79	0500	MAZEPPA CITY OF	MAZEPPA FIRE RELIEF ASSOCIATION
1	1300	MC GRATH CITY OF	MC GRATH FIRE RELIEF ASSOCIATION
69	4900	MC KINLEY CITY OF	MC KINLEY FIRE RELIEF ASSOCIATION
27	3500	MEDICINE LAKE CITY OF	MEDICINE LAKE FIRE RELIEF ASSOCIATION
19	1500	MIESVILLE CITY OF	MIESVILLE FIRE RELIEF ASSOCIATION
12	0500	MILAN CITY OF	MILAN FIRE RELIEF ASSOCIATION
21	1100	MILTONA CITY OF	MILTONA FIRE RELIEF ASSOCIATION
18	0020	MISSION TOWN OF	MISSION FIRE RELIEF ASSOCIATION
40	0800	MONTGOMERY CITY OF	MONTGOMERY FIRE RELIEF ASSOCIATION
86	1300	MONTROSE CITY OF	MONTROSE FIRE RELIEF ASSOCIATION
9	1200	MOOSE LAKE CITY OF	MOOSE LAKE FIRE RELIEF ASSOCIATION
31	2600	NASHWAUK CITY OF	NASHWAUK FIRE RELIEF ASSOCIATION
81	0400	NEW RICHLAND CITY OF	NEW RICHLAND FIRE RELIEF ASSOCIATION
18	1600	NISSWA CITY OF	NISSWA FIRE RELIEF ASSOCIATION
52	0500	NORTH MANKATO CITY OF	NORTH MANKATO FIRE RELIEF ASSOCIATION
69	0076	NORTH STAR TOWN OF	NORTH STAR TOWNSHIP FIRE RELIEF ASSOCIATION
46	0700	NORTHROP CITY OF	NORTHROP FIRE RELIEF ASSOCIATION
10	0900	NORWOOD YOUNG AMERICA	NORWOOD YOUNG AMERICA FIRE RELIEF ASSOCIATION
82	5200	OAKDALE V.F.D., INC.	OAKDALE FIRE RELIEF ASSOCIATION
6	5000	ODESSA FARM F.D.	ODESSA FIRE RELIEF ASSOCIATION
32	0500	OKABENA CITY OF	OKABENA FIRE RELIEF ASSOCIATION
63	0400	OKLEE CITY OF	OKLEE FIRE RELIEF ASSOCIATION
69	5600	ORR CITY OF	ORR FIRE RELIEF ASSOCIATION
6	0800	ORTONVILLE CITY OF	ORTONVILLE FIRE RELIEF ASSOCIATION
27	2300	OSSEO CITY OF	OSSEO FIRE RELIEF ASSOCIATION
56	1700	OTTERTAIL CITY OF	OTTERTAIL FIRE RELIEF ASSOCIATION
69	8500	PALO V.F.D. (Town of White)	PALO FIRE RELIEF ASSOCIATION
29	1300	PARK RAPIDS CITY OF	PARK RAPIDS FIRE RELIEF ASSOCIATION
56	1800	PARKERS PRAIRIE CITY OF	PARKERS PRAIRIE FIRE RELIEF ASSOCIATION
56	1900	PELICAN RAPIDS CITY OF	PELICAN RAPIDS FIRE RELIEF ASSOCIATION

**State Auditor's Office - Additional Files to be Certified for State Fire Aid as of November 1, 2005**

<u>County</u>	<u>Fire Cod</u>	<u>Entity</u>	<u>Relief</u>
69	0075	PEQUAYWAN LAKE CITY OF	PEQUAYWAN FIRE RELIEF ASSOCIATION
56	2000	PERHAM CITY OF	PERHAM FIRE RELIEF ASSOCIATION
69	8600	PIKE-SANDY-BRITT F.D., INC.	PIKE-SANDY-BRITT FIRE RELIEF ASSOCIATION
11	1600	PINE RIVER CITY OF	PINE RIVER FIRE RELIEF ASSOCIATION
43	0600	PLATO CITY OF	PLATO FIRE RELIEF ASSOCIATION
27	4700	PLYMOUTH CITY OF	PLYMOUTH FIRE RELIEF ASSOCIATION
87	0800	PORTER CITY OF	PORTER FIRE RELIEF ASSOCIATION
70	0800	PRIOR LAKE CITY OF	PRIOR LAKE FIRE RELIEF ASSOCIATION
25	0800	RED WING CITY OF	RED WING FIRE RELIEF ASSOCIATION
69	0061	RICE LAKE TOWN OF	RICE LAKE FIRE RELIEF ASSOCIATION
73	2100	RICHMOND CITY OF	RICHMOND FIRE RELIEF ASSOCIATION
85	0900	ROLLINGSTONE CITY OF	ROLLINGSTONE FIRE RELIEF ASSOCIATION
53	1000	ROUND LAKE CITY OF	ROUND LAKE FIRE RELIEF ASSOCIATION
13	0700	RUSH CITY CITY OF	RUSH CITY FIRE RELIEF ASSOCIATION
42	1200	RUSSELL CITY OF	RUSSELL FIRE RELIEF ASSOCIATION
65	1000	SACRED HEART CITY OF	SACRED HEART FIRE RELIEF ASSOCIATION
86	1600	SAINT MICHAEL CITY OF	SAINT MICHAEL FIRE RELIEF ASSOCIATION
73	2900	SAINT STEPHEN CITY OF	SAINT STEPHEN FIRE RELIEF ASSOCIATION
58	2100	SANDSTONE CITY OF	SANDSTONE FIRE RELIEF ASSOCIATION
5	0900	SAUK RAPIDS CITY OF	SAUK RAPIDS FIRE RELIEF ASSOCIATION
9	1500	SCANLON CITY OF	SCANLON FIRE RELIEF ASSOCIATION
80	0400	SEBEKA CITY OF	SEBEKA FIRE RELIEF ASSOCIATION
15	0800	SHEVLIN CITY OF	SHEVLIN FIRE RELIEF ASSOCIATION
69	7400	SILICA V.F.D., INC.	SILICA FIRE RELIEF ASSOCIATION
38	1000	SILVER BAY, CITY OF	SILVER BAY FIRE RELIEF ASSOCIATION
51	1000	SLAYTON CITY OF	SLAYTON FIRE RELIEF ASSOCIATION
8	0900	SPRINGFIELD CITY OF	SPRINGFIELD FIRE RELIEF ASSOCIATION
31	3200	SQUAW LAKE CITY OF	SQUAW LAKE FIRE RELIEF ASSOCIATION
27	2900	SAINT BONIFACIUS CITY OF	ST. BONIFACIUS FIRE RELIEF ASSOCIATION
73	2700	SAINT MARTIN CITY OF	ST. MARTIN FIRE RELIEF ASSOCIATION
43	0900	STEWART CITY OF	STEWART FIRE RELIEF ASSOCIATION
34	1300	SUNBURG CITY OF	SUNBURG FIRE RELIEF ASSOCIATION
42	1300	TAUNTON CITY OF	TAUNTON FIRE RELIEF ASSOCIATION
9	0023	THOMSON TOWN OF	THOMSON FIRE RELIEF ASSOCIATION
69	8100	TOIVOLA V.F.D., INC.	TOIVOLA FIRE RELIEF ASSOCIATION
46	1200	TRUMAN CITY OF	TRUMAN FIRE RELIEF ASSOCIATION
24	1800	TWIN LAKES CITY OF (FREEBORN)	TWIN LAKES FIRE RELIEF ASSOCIATION (CITY)

**State Auditor's Office - Additional Files to be Certified for State Fire Aid as of November 1, 2005**

<u>County</u>	<u>Fire Cod</u>	<u>Entity</u>	<u>Relief</u>
54	1100	TWIN VALLEY CITY OF	TWIN VALLEY FIRE RELIEF ASSOCIATION
41	0500	TYLER CITY OF	TYLER FIRE RELIEF ASSOCIATION
49	1700	UPSALA CITY OF	UPSALA FIRE RELIEF ASSOCIATION
80	9500	WADENA CITY OF	WADENA FIRE RELIEF ASSOCIATION
81	0700	WALDORF CITY OF	WALDORF FIRE RELIEF ASSOCIATION
64	1600	WANDA CITY OF	WANDA FIRE RELIEF ASSOCIATION
40	1100	WATERVILLE CITY OF	WATERVILLE FIRE RELIEF ASSOCIATION
44	0500	WAUBUN CITY OF	WAUBUN FIRE RELIEF ASSOCIATION
26	0800	WENDELL CITY OF	WENDELL FIRE RELIEF ASSOCIATION
20	0600	WEST CONCORD CITY OF	WEST CONCORD FIRE RELIEF ASSOCIATION
27	4200	WEST METRO	WEST METRO FIRE RELIEF ASSOCIATION
60	2200	WINGER CITY OF	WINGER FIRE RELIEF ASSOCIATION
22	1300	WINNEBAGO CITY OF	WINNEBAGO FIRE RELIEF ASSOCIATION
3	0700	WOLF LAKE CITY OF	WOLF LAKE FIRE RELIEF ASSOCIATION
53	1300	WORTHINGTON CITY OF	WORTHINGTON FIRE RELIEF ASSOCIATION
9	1800	WRIGHT CITY OF	WRIGHT FIRE RELIEF ASSOCIATION

**State Auditor's Office - Additional Files to be Certified for State Fire Aid as of November 1, 2005**

County    Fire Cod    Entity    Relief

**Entities Not Affiliated with a Relief Association**

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54	0200	BORUP CITY OF	BORUP CITY OF
25	6900	DENNISON CITY OF	DENNISON CITY OF

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## **Late Filing Fire Relief Associations**

The following 46 relief associations did not fully file their 2004 reporting forms with the State Auditor's Office before the October 31, 2005 deadline for the second round of state fire aid payments. These relief associations must fully file by November 30, 2005 to avoid forfeiting their 2005 state fire aid and possibly losing eligibility for future aid payments until the forms are submitted. The next round of state fire aid payments is March 1, 2006.

### **March 31**

Bagley, Bethel, Bigelow, Brownsville, Clarks Grove, Dakota, Embarrass, Goodland, Green Isle, Heron Lake, Lakeport, Lucan, Lyle, New Munich, Newfolden, Northland, Onamia, Sedan, Shelly, Storden, Villard, Walters, Warba and Woodstock.

### **June 30**

Annandale, Braham, Buffalo, Calumet, Cleveland, Cook, Eveleth, Glyndon, Granite Falls, Keewatin, Long Lake, Mc Gregor, New Market, Princeton, Randolph, Saint Clair, Silver Lake, Taylors Falls, Victoria, Wanamingo, Waverly and Wyoming.

# **Volunteer Fire Relief Association Working Group**

State Auditor's Office  
Thursday, December 15, 2005  
11 a.m. to 1 p.m.

## **Members Present**

Delano City Administrator Phil Kern, League of Minnesota Cities Representative Anne Finn, Legislative Commission on Pensions and Retirement Director Larry Martin, Maple Grove Fire Relief Association President Curt Roberts (defined contribution plans), Maplewood Fire Relief Association Treasurer Ed Dietz (defined benefit lump sum plans), Minnesota State Fire Department Association Representative Dave Ganfield (defined benefit monthly/lump sum combination plans), Northfield Fire Relief Association Secretary Tom Nelson (defined benefit plans), State Auditor Patricia Anderson and White Bear Lake Finance Director Don Rambow.

## **Members Excused**

Mahnomen Fire Relief Association Treasurer Dave Jaeger (defined benefit lump sum plans), Minnesota Area Relief Association Coalition Representative Jim Hansen and Minnesota State Fire Chief Association Representative Nyle Zikmund.

## **Others Present**

Deputy Director of the Legislative Commission on Pensions and Retirement Edward Burek, General Legal Counsel Carla Heyl, Assistant General Legal Counsel David Kenney and Pension Director Judith Strobel.

Rotating Chair Dietz called the meeting to order.

## **Approval of Meeting Minutes**

The Working Group members reviewed the minutes that had been provided before the meeting. Ganfield moved with a second from Roberts to approve the revised November 17, 2005 minutes as final minutes for that meeting. The motion passed with consensus. He then suggested some clarification language to paragraph 2 on page 5 of the December 1, 2005 minutes and a correction to the spelling of his last name on the same page. Ganfield then moved with a second from Nelson to approve the December 1, 2005 minutes that were approved unanimously.

## **Old Business – Trustee Salaries**

Martin presented some draft language that would expand trustee salaries with certain restrictions including city approval. He said he had prepared the language in follow-up to the Working Group's December 1, 2005 discussion about expanding the authorization to pay trustee salaries. He asked the members to review the language for further discussion at the next meeting.



Ganfield said he was pleased to see draft language because he believes that firefighter board members ought to be compensated from the Special Fund. He said it is important to get firefighters more involved and encourage attendance at relief association meetings.

Finn said she would like to see a cap placed on the amount of compensation that could be paid. Rambow expressed concern that the intent of the Special Fund is to pay retirement benefits not to pay operating costs. He said he has a philosophical problem using dedicated funds to pay operating costs. In his view, he said big relief funds often hire professional administrative help and small ones may have less work to do so the question is for what should they receive compensation.

Ganfield acknowledged Rambow's concern but said most trustees that receive salaries receive small amounts. He said his relief association retained an administrator when the job got too big for the officers. He said few relief associations pay high salaries and even the small salary amounts must be approved by the membership.

Kern said Delano pays salaries directly to the relief association officers. He questioned why municipalities would not pay salaries directly because paying a vice president from the Special Fund would likely raise the required municipal contribution anyway. Finn said the League of Minnesota Cities could broach this subject but suggested that salaries may be best addressed at the local level. Dietz said he supports local control and Roberts said cities and relief associations should be allowed to decide whether to pay salaries from the Special Fund.

Martin explained that defined benefit plans could cause an increase in any required municipal obligation if additional salaries are paid. Cities make payments to defined contribution plans only by choice not because they have to, he said, whereas cities may have to kick in higher contributions for defined benefit lump sum plans. Martin said the draft language requires city approval at any time a relief association adds or changes salary amounts. He said 60 to 70 percent of the relief associations do not pay salaries from the Special Fund.

Ganfield asked whether salaries should be paid differently for defined contribution plans. He said that FRPAS (the State Auditor's new Fire Relief Pension Accounting System) may simplify the reporting process for defined benefit lump sum plans but someone will still need to enter the data so that person should be paid.

Rambow said there should be discussion at the city level as to how to pay for relief association salaries and restated his belief that the Special Fund is sacred and should not be tapped for salaries. Roberts moved to withhold any action to change trustee salaries. Auditor Anderson seconded the motion that was approved unanimously by the Working Group.

### **Defined Contribution Plan Forfeiture Distributions**

Roberts sought clarification of the defined contribution plan forfeiture distribution discussion at the December 1, 2005 meeting to be sure that his relief association may continue to set up separate accounts for members who leave and subsequently return to service. He asked if a firefighter with five years of service leaves and comes back at a later date should the relief association distribute the forfeited money the year the firefighter leaves or retain it until the firefighter comes back.

Heyl asked Roberts if he would like the current defined contribution plan statute clarified because today's needs may vary from what was previously determined by the state legislature. Auditor Anderson encouraged Roberts to check with other defined contribution plans about the standardization of forfeiture distributions and come up with a plan to discuss in the Working Group or separately.

Rambow said if a firefighter leaves service the firefighter should forfeit or have a grace period of five years to come back. A substantial penalty may be the choice of coming and going, he said, asking why a relief association would want to make it easy for firefighters to leave and come back. Ganfield and Martin said relief associations should outline the consequences of split service in their bylaws.

In response to Heyl's question, Roberts said the defined contribution plan law could be tightened up. Martin said he would like to separate what makes sense for defined contribution plans from what makes sense for the defined benefit plans by drafting different statutory provisions. Rambow said relief associations have the prerogative to adopt bylaws that make partially vested provisions more restrictive. He said White Bear Lake has partially vested provisions that are very restrictive because the relief association membership and the city council want it that way.

Martin said the state statutes generally provide minimums and maximums allowing relief associations to do what they want in between. He said a subcommittee of the Working Group to address defined contribution plan changes wouldn't work well this year because the Pension Commission chair intends to hear the bulk of pension business in January and February before the start of the 2006 legislative session. Auditor Anderson said next year is a possibility and encouraged members to gather input.

### **FA-1 Recommendations**

Martin said changes to Minn. Stat. § 69.021 could require changes to the FA-1 Form that is prepared by the Department of Revenue. If the law were to be amended to permit MFIRS reporting, the FA-1 Form instructions could ask whether MFIRS is being used or, if not, to require full completion of the form. He further said the fire marshal could notify the Department of Revenue directly to do away in large measure with the FA-1 Form although something would still be needed for those that don't file MFIRS.

After speaking to representatives of smaller departments, Ganfield said the FA-1 Form is still necessary because it is a minimum not a maximum qualification for state aid. He suggested striking the July 1, 1972 date in Minn. Stat. § 69.011, subd. 4, to allow the state fire marshal to determine an alternative to the minimum requirements for state aid, which could be filing MFIRS. Finn said the 1972 language is likely a grandfather provision. Ganfield said the need for filing MFIRS has progressed and is becoming a requirement for grants. Martin said the issue didn't exist in 1969 when the statute was created and budget reasons were probably the reason the fire marshal does not inspect every fire department to determine if the minimum requirements have been met.

After deciding whether to wait to make a motion until the next meeting, Ganfield moved to strike the July 1, 1972 language from subd. 4. Roberts seconded the motion saying Ganfield's idea is the simplest way to accommodate MFIRS without adding more language to state law. The motion was approved without dissent and Martin said he would draft language to that effect.

#### **Service Pension and Ancillary Benefit Issues**

Ganfield asked how others define funeral benefits compared to survivor and death benefits. He said that his relief association had a member who died just before becoming eligible for a full retirement benefit. The survivor amount could not be paid because there was no eligible survivor under the bylaws and it was deemed too large to be a funeral benefit by the city attorney. He asked whether funeral benefits are the only benefits that can be transferred to an estate when there is no surviving spouse or surviving child.

Martin said paying a five-year benefit to a young firefighter who dies with less than that amount of service probably doesn't threaten the solvency of the pension fund of a relief association with a wide distribution of ages and lengths of service even though the death benefit is not actuarially funded. By contrast, he said an amount (whether survivor, funeral or a combination of both) that exceeds the deceased member's earned service pension amount is not authorized because promised benefit payments must be funded. He said relief associations are permitted to offer coverage through the Volunteer Fire Benefit Association (VFBA) for which dues can be paid from the Special Fund. Ganfield said VFBA payouts are few because it is difficult for firefighters to figure out the filing practices.

Martin said the way to accommodate this funding concern is for relief associations to buy casualty insurance. He said relief associations could join together to seek reasonable casualty insurance quotations. Ganfield said the history of volunteer fire plans was to pay firefighters and their families but there are restrictions now about what may be paid to the family and what may be paid to the estate.

Ganfield recommended amending state law to permit the payment of any available amount whether it is called a survivor, funeral or death benefit. There is no compelling state interest to not pay a benefit, he said. Auditor Anderson said the appropriate wording to address Ganfield's concern could be added to state law. Ganfield asked Martin to draft language to amend Minn. Stat. §424A.05, subd. 3(a)(3), to permit disbursements from the Special Fund:

“for the payment of survivor benefits to surviving spouses and surviving children, or if none, to designated beneficiaries or the estate of deceased members of the relief association if authorized by and paid pursuant to law and specified in amount in the bylaws governing the relief association;”

Due to another commitment, Auditor Anderson excused herself for the remainder of the meeting.

#### **Volunteer Fire Report Requirements**

Heyl said Auditor Anderson would like to improve the annual Volunteer Fire Relief Association Financial and Investment Report by having greater latitude than presently provided in state law that strictly specifies the classification of data precluding its presentation in more meaningful ways. Martin said the specific statutory categories were enacted to ensure receipt of the minimum information desired by state lawmakers. The categories that made sense in the late 1970s may now be more of a hindrance than help, he said.

Heyl said the State Auditor's Office collects relief association financial and investment data each year and publishes it each year although state law permits every other year. Ganfield said the State Auditor's Office should be able to do what it would like because he believes the key audience is the Pension Commission not relief associations.

Dietz said he uses the report annually but Ganfield said many relief associations require more current information than can be provided by the report due to the statutory timing of the reporting form deadlines. Roberts said readers know that the information is at least a year behind so they look for patterns among the relief associations. Nelson asked Martin to bring back language on this topic at a future meeting.

In light of time constraints, Dietz said the Reporting Form Filing Status agenda item would be held over to the next meeting.

**Other Business**

Rambow brought up a newspaper article that said the City of Truman should not have held a recognition event for its volunteer firefighters. He said the City of White Bear Lake pays for a similar recognition event from its city budget through a special resolution that is known to the public. Heyl said cities unlike the state and counties do not presently have statutory authorization to hold this type of event for their employees. She offered to provide Rambow with some background information on recognition events that is available on the State Auditor's website at [www.auditor.state.mn.us](http://www.auditor.state.mn.us). Ganfield also discussed a League of Minnesota Cities document available on the MSFDA website at [www.msfa.org](http://www.msfa.org).

**Next Meeting Date**

At Rambow's request, the next Working Group meeting date was moved up one day to accommodate a scheduling conflict for Rambow and Auditor Anderson. The next meeting will be held from 11 a.m. to 1 p.m. on Wednesday, January 11, 2006 in the State Auditor's Conference Room.

The meeting adjourned at 1:15 p.m.