

MEETING NOTES
Statewide Voluntary Firefighters Retirement Plan (SVFRP)
Advisory Board
September 21, 2017

Members Present

Dan Anderson, Volunteer Firefighters Monthly Benefit Representative
Sam Hansen, Cities Representative (via conference call)
Eric Hedtke, Townships Representative
Rose Hennessy-Allen, State Auditor's Office
John King, Volunteer Firefighters Representative
Cal Larson, Cities Representative (via conference call)
Jeff Sanborn, Fire Chief Representative

Member Excused

Jay Wood, Volunteer Firefighters Representative

Others Present

Susan Lenczewski, LCPR Executive Director
Rachael Barth, LCPR Deputy Director
Doug Anderson, PERA Executive Director
Mary Daly, PERA Staff
David Andrews, PERA Staff
Mike Hagerty, PERA Staff
Shana Jones, PERA Staff
Julie Leppink, PERA Staff

1. Introductions

Advisory Board members, PERA staff, and LCPR staff introduced themselves. Larson and Hansen participated via telephone conference call.

2. Approval of meeting notes from February 2, 2017

Larson moved approval of the February 2, 2017, SVFRP Advisory Board meeting notes. The motion was seconded by King and passed by consensus.

3. Status of the Plan

- Thirty new groups entered the Plan on January 1, 2017, bringing the total number of fire departments participating in the Plan to 142.
- Plan assets as of June 30, 2017, are \$76 million, after a rate of return of 10.1 percent for the fiscal year.

4. 2017 Legislative Session Update

The pension legislation passed by the Legislature last session ended up being part of another bill that was vetoed during the special session. PERA will reintroduce the same bill as last year.

- Allow withdrawal of funds from the Statewide Volunteer Firefighters Retirement Plan.
- Maximum service pension level should match amount permitted in lump-sum volunteer fire relief association plans covered by Chapter 424A.
- Change the Advisory Board membership to require that board members participate in the Plan and to create equal balance in appointments made by the Fire Department Association and the Fire Chiefs Association.

Additional language should be added to clarify that the Plan participant requirement does not apply to the Township and City Representative on the Advisory Board.

5. Fire State Aid (FSA) Working Group

Language was included in the vetoed 2017 Omnibus Retirement Bill directing PERA to convene a group to study and make recommendations on the requirements of fire state aid allocation paid to municipalities with a VRFA or SVF Plan and full-time firefighters. Even though the language did not become law, there was still a significant amount of interest in the group convening. The group plans to hold a few meetings in November, January, and possibly February.

6. Administrative and Valuation Process Changes

PERA staff is looking at the annual valuation process and is in development to automate portions of the process. As part of the process review, the fee structure for administration of the Statewide Volunteer Firefighter Retirement Plan will be reviewed. When the fee structure was established, there were not any available measurements and PERA has received comments from stakeholders that the fees seem too low.

The current investment return assumption used to determine the annual required contribution is 6 percent. This rate differs from the assumption used for the General, Police & Fire, and Correctional Plans which currently is in statutes at 8 percent with a PERA board proposal to lower the assumption to 7.5 percent. Use of a lower assumption for the SVF plans is justified since it is based on a more conservative asset allocation than applicable to the other PERA plans. No change is currently proposed, but could be considered in the future.

The annual information statement that includes the Required Contribution (i.e. the invoice) for each entity will be slightly modified to clarify the distinction between

individual member benefit values versus actuarially determined liabilities. The change is intended to result in clearer information for the statement users.

7. 2018 Legislative Agenda Discussion

The Board will not be pursuing any additional changes in 2018, but is a desire to revisit the language in the vetoed bill related to allowing withdrawals from the Plan. There are questions about what happens if some vote no to exiting the Plan that should be reconciled in language that is introduced in 2018.

8. Next Meeting Date

The next meeting of the Statewide Volunteer Firefighters Retirement Plan Advisory Board has tentatively been scheduled for Thursday, September 27, 2018, at 1:30 p.m.

9. Adjournment

Hedtke moved to adjourn the meeting. The motion was seconded by King and passed by consensus.