

## MEETING NOTES

### Voluntary Statewide Volunteer Firefighter Retirement Plan Advisory Board

**Date:** 12/1/09

**Time(s):** 11:00 - 1:00

**Location:** PERA Board Room

#### Members Present

Daniel Greensweig, Township Representative  
Rose Hennessy-Allen, State Auditor's Office  
Calvin Larson, City Representative  
Jeff Sanborn, Fire Chief Representative  
Marty Scheerer, City Representative

#### Members Excused

Nyle Zikmund, Firefighter Representative  
Jeff Nordeen, Firefighter Representative

#### Others Present

Anne Finn, League of MN Cities  
Larry Martin, LCPR Staff  
Mary Most Vanek, PERA Staff  
Dave DeJonge, PERA Staff

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#### 1. Review and Approval of October 28, 2009 Meeting Minutes

One change was requested and approved. The adjusted meeting minutes from the October 28, 2009 Advisory Board meeting were approved unanimously.

#### 2. Review Draft of Proposed Legislation

Based on input from the Advisory Board in October, Mr. Martin drafted revised language. Small wording changes were suggested for Section 4, and a paragraph was removed in Section 5. The effective date in the draft bill will be retroactive to January 1, 2009, the date the first entities will be joining the plan.

The draft legislation with the modifications was approved unanimously. The administrative bill will include modifications to the following sections of statute:

- Sections 69.051 and 424A.08 as necessary to include the appropriate cross references to the new statewide plan in these sections of statute that govern the Department of Revenue's distribution of fire state aid and independent volunteer firefighter relief associations.
- Section 353G.05 to direct PERA on how to value existing volunteer firefighter defined contribution plan accounts so that those accounts can be transitioned into the statewide defined benefit lump sum plan. 95 percent of the defined

contribution plan account will be recognized as the account value for purposes of determining which benefit level will be used when analyzing the cost of prospective retirement plan coverage in the statewide lump sum plan.

- Section 353G.06, which was originally written to require a participating city or township to fund the difference between the market value of assets as of the last official financial statement of an existing volunteer relief association and the value of the assets, if lower, at the time the relief association transitions into the statewide plan. It was agreed that this section of law should be stricken.
- Section 353G.08 to direct PERA to certify an additional contribution by the sponsoring city or township in the event an account in the statewide plan does not have sufficient assets to pay the lump sum benefits of retiring members. This is a contribution that would be in addition to the deposit of fire state aid and any required municipal contribution normally scheduled as part of the funding requirements of the plan.
- Section 353G.08 to give PERA the authority to use the assets of a participating account in the plan to pay premiums for disability insurance. Section 353G.115 has also been added to the statute to allow the PERA Board to approve an arrangement through a group disability insurance policy to provide disability benefit coverage for participants of this plan.
- Section 353G.09 to direct PERA as to how to pay out a defined contribution plan benefit in the event a firefighter from a group that formerly provided defined contribution plan benefits decides to leave and collect a benefit under the bylaws of the former relief association. A person can only do this if eligible under the terms of the former plan and not yet vested in the new plan. A person electing to do this would receive the value of the account balance at the time the group joined the statewide plan, plus 6 percent interest compounded annually from the date of entry into the new plan to the date of retirement.

### **3. Interest in the Plan**

Mr. DeJonge reported on PERA's contact with municipalities and relief associations interested in the statewide plan. Interest in the plan has picked up recently. PERA has received 13 requests for a cost analysis. Two entities, the Town of North Star and the City of Twin Valley, have passed resolutions authorizing enrollment in the plan.

#### 4. Benefit Levels

The Advisory Board discussed whether the original benefit levels provided for the statewide plan were preventing some cities and townships from being comfortable in joining the new plan, because the initial benefit level was too much higher than what they were currently offering and the jump from one benefit level to the next was too steep.

The members of the Advisory Board decided that the initial benefit level of \$500 per year of service should not be changed. After reviewing data provided to them on the account balances of all volunteer fire relief associations with lump sum benefit plans, the members felt that even after recent market declines, the asset levels of those accounts coupled with fire state aid amounts appeared to support a move to at least \$500 per year of service for most municipalities. The members reaffirmed that the goal of the statewide plan was not to replicate the existing independent volunteer firefighter relief association benefit structure, but to provide a plan that would accomplish a couple objectives:

- ◇ Attract and retain volunteers to provide for fire protection and prevention services; and
- ◇ Create a plan structure that could eventually be merged into a cost-sharing model that would provide even greater efficiencies and opportunities for benefits that would serve the needs of the communities using volunteer services for fire and EMT protection.

Since jumps from one benefit level to another at the lower end are fairly large on a percentage basis, the group decided to recommend smaller intervals from \$500 to \$1,500.

A separate policy bill will be presented to the LCPR to modify benefit levels as follows:

Level A	\$500 per year of good time service credit
Level B	<u>\$600 per year of good time service credit</u>
<u>Level C</u>	<del>\$750</del> \$700 per year of good time service credit
<u>Level D</u>	<u>\$800 per year of good time service credit</u>
<u>Level E</u>	<u>\$900 per year of good time service credit</u>
Level <del>C</del> F	\$1,000 per year of good time service credit
<u>Level G</u>	<u>\$1,250 per year of good time service credit</u>

Statewide Volunteer Firefighter Retirement Plan  
Advisory Board  
Meeting Minutes December 1, 2009

Level <del>D</del> <u>H</u>	\$1,500 per year of good time service credit
Level <del>E</del> <u>I</u>	\$2,000 per year of good time service credit
Level <del>F</del> <u>J</u>	\$2,500 per year of good time service credit
Level <del>G</del> <u>K</u>	\$3,000 per year of good time service credit
Level <del>H</del> <u>L</u>	\$3,500 per year of good time service credit
Level <del>I</del> <u>M</u>	\$4,000 per year of good time service credit
Level <del>J</del> <u>N</u>	\$4,500 per year of good time service credit
Level <del>K</del> <u>O</u>	\$5,000 per year of good time service credit
Level <del>L</del> <u>P</u>	\$5,500 per year of good time service credit
Level <del>M</del> <u>Q</u>	\$6,000 per year of good time service credit
Level <del>N</del> <u>R</u>	\$6,500 per year of good time service credit
Level <del>O</del> <u>S</u>	\$7,000 per year of good time service credit
Level <del>P</del> <u>T</u>	\$7,500 per year of good time service credit

**5. Date of Next Meeting**  
To be determined