

MEETING NOTES
Statewide Volunteer Firefighter (SVF) Retirement Plan Advisory Board
May 28, 2014

Members Present

Calvin Larson, City Representative
Eric Hedtke, Township Representative
Jeff Sanborn, Fire Chief Representative
John King, Firefighter Representative
Nyle Zikmund, Firefighter Representative
Rose Hennessy Allen, State Auditor's Office

Note: The League of Minnesota Cities has not yet named a replacement for Marty Scheerer

Others Present

Larry Martin, LCPR Executive Director
Mary Vanek, PERA Executive Director
Dave DeJonge, PERA Staff
David Andrews, PERA Staff
John Paulson, PERA Staff

1. SVF Plan Update (verbal report – Dave DeJonge)

There are now 79 fire departments in the SVF Plan and there have been requests for cost analyses from 9 additional groups so far in 2014. Members of the Advisory Board talked about other groups who can be expected to be requesting information. The number of fire departments that have joined the plan each year since the Plan's inception is as follows:

1/1/2010: 6
1/1/2011: 12
1/1/2012: 17
1/1/2013: 28
1/1/2014: 16

We are starting to see some larger metro area fire departments join the plan. Assets as of May 27, 2014 are at nearly \$26 million. Investment performance has exceeded our assumed 6% earnings as follows:

Calendar Year 2010: 12.3%
Calendar Year 2011: 1.1%
Calendar Year 2012: 11.6%
Calendar Year 2013: 13.0%
January thru April 2014: 5%

Dave then reported that following the discussion last year to ask participating groups to sign a resolution if they wanted to add survivor benefits for firefighters who were not yet vested – at no additional cost – there were still 12 groups from whom we have received no response to the information sent to them. The members of the Advisory Board offered to contact the entities that have not yet responded as follows:

Jeff Sanborn – Alborn Township and Ellsbury VFD
Cal Larson – Federal Dam VFD and Warba-Feeley-Sago
John King – Le Sueur and Norwood-Young America
Nyle Zikmund – Carsonville Township, Grand Marais, Industrial VFD, Normanna Township, Pennock and Scandia Valley Township

Once we have received responses from these twelve entities, Dave will contact the newest 16 enrolled groups to advise them of the no-cost additional benefit and request resolutions.

2. **Benefit Levels** (see memo)

- a. **Additional Benefit Levels** – it was reported that several fire departments (some that have joined the SVF Plan and some that have not yet joined the SVF Plan) have concerns regarding the wide gap between benefit levels. There was discussion about making the incremental changes from one level to another, beginning at the \$1,000, more accommodating. Cal Larson moved and John King seconded a motion to make the incremental adjustments between \$1,000 and \$7,500 benefit levels to be in \$100 increments. In response to questions about the current groups at the \$1,250 benefit level, it was agreed that those at that level could remain at that level, but groups could no longer select that level. Following discussion, the Board voted unanimously to support the motion and Larry Martin was asked to draft the language to accommodate these changes.
- b. **Lower the Initial Benefit Level** – the Board decided that the starting benefit level of the Statewide Plan of \$500 per year of good time service credit was an appropriate starting level and did not support lowering it at this time. There are only 3 existing relief associations whose required municipal contributions at the \$500 level would not be covered by fire state aid and investment income. Nyle will ask the Fire Marshall if there is a coverage map available in an attempt to see if there are small fire departments that do not have relief associations that might benefit from a lower initial benefit level.

3. **Benefit Level Increases** (see memo)

- a. **Approval Period** – Nyle Zikmund moved and Erik Hettke seconded a motion to increase the amount of time a fire department has to make a decision about increasing benefit levels from 90 days to 120 days once a cost analysis has been received, so that it is consistent with the time period in which initial approval to join the plan is required once a cost analysis has been presented to an entity. The Board unanimously supported the change and asked Larry Martin to draft the language.
- b. **Due Date** – John King moved and Cal Larson seconded a motion to eliminate the April 30 deadline for requesting cost analyses for increasing benefit levels and asked Larry Martin to draft language to make benefit adjustments effective January 1 following the year in which the entity approves a

benefit increase, unless the sponsoring entity's resolution states January 1 of a year beyond that.
The motion was unanimously supported.

4. Defined Contribution "Account Balance" Definition (see memo)

After considerable discussion, Erik Hedtke moved and Nyle Zikmund seconded a motion to modify the definition of "account balance" payable within the first five years of enrollment of a defined contribution plan group into the Statewide Plan as the percentage of the account balance payable under the bylaws of the former relief association (based on vesting schedule of the former plan), plus 6 percent interest for each year participating in the Statewide Plan, to an individual who terminates volunteer service within the first five years. The motion was unanimously supported and Larry Martin asked to prepare the statutory modification.

5. Portability (see memo)

- a. **Benefit Calculation** – PERA staff requested clarification on how to interpret 353G.13, the portability provision, when calculating benefits for firefighters who choose to use that provision, since the provision does not provide specifics on how to apply the vesting schedule. Nyle Zikmund moved and John King seconded a motion to clarify that if a firefighter works for two fire departments and both of them belong to the SVF Plan while the firefighter is active in the fire departments, the benefit received from each fire department will be based on the total years of service from both plans combined if the firefighter wants to make use of the portability provision.
- b. **Concurrent Years of Service** – Nyle Zikmund moved and Cal Larson seconded a motion to not allow firefighters to use the portability provision if they have concurrent service (service in two fire departments earned concurrently). Larry Martin was asked to draft language to clarify these issues in 353G.13.

6. Monthly Annuity Payments (Spring Lake Park) – after Nyle Zikmund explained that the Spring Lake Park, Blaine, Mounds View (SBM) fire relief association – a monthly annuity defined benefit plan – wants to have PERA take over the administration of the plan, Larry Martin explained the former consolidation law that allowed PERA to take over administration of former salaried fire and police relief associations and suggested that a variation of that former law would be a better model to enact than to try to include the SBM benefit plan in the current Statewide Plan statutory language. It was agreed that Larry and Nyle would meet with PERA and SBI staff to discuss the concepts.

7. Other Items

Other discussion followed about the need for groups enrolling in the Statewide Plan to seek the advice of a non-profit attorney to ensure they are properly maintaining and adhering to the regulations governing non-profit entities when those groups decide to continue with their general fund to accommodate collection of proceeds from charitable gambling and other fund raising activities of the volunteer fire department.