

**Statewide Volunteer Firefighter Plan
Advisory Board Meeting Notes
July 26, 2022**

Members Present

- Ann Finn, Cities Representative
- Marc Volk, Volunteer Firefighters Representative
- Jay Wood, Volunteer Firefighters Representative
- Steve Fenske, Townships Representative
- Justin Nielsen, Volunteer Firefighters Representative
- Anthony Scavo, Volunteer Firefighters
- Rose Hennessy-Allen, State Auditor's Office

Member Excused

- Cal Larson, Cities Representative
- John King, Volunteer Firefighters Representative
- Jeff Sanborn, Fire Chief Representative

Staff Present

- David Andrews, PERA Staff
- Tracy Gebhard, PERA Staff
- Gemma Miltich, PERA Staff
- Gladys Rodriguez, PERA Staff
- Amy Strenge, PERA Staff

Others Present

- Ann Lenczewski, Lockridge Grindal Nauen P.L.L.
- Susan Lenczewski, Legislative Commission on Pension Retirement
- Chad Burkitt, Legislative Commission on Pension Retirement

1. Meeting called to Order and Introductions

Meeting was held remotely via telephone or interactive technology as permitted in Minnesota Statutes Section 13D.015. Introductions were made.

2. Approval of Meeting Notes from March 2, 2022

Nelson moved to approve the March 2, 2022, SVF Advisory Board meeting notes. The motion was seconded by Finn and passed unanimously.

3. 2022 Legislative Changes

Strenge noted that session ended May 23, 2022, and provided an update on several provisions included in the Omnibus Policy Bill, SF3540, that will become effective January 1, 2023.

- Good Time Service Credit
The good time service credit was shortened to service credit throughout Minn. Stat. §353G. There were no changes to the definition.
- Vesting Schedules for New Entities
Three vesting schedule options for new entities joining the SVF Plan was established. When joining, an entity must identify the desired service pension amount and select a vesting schedule. The three available vesting schedules are:
 - 1) vesting beginning at 40% after 5 years, increasing by 4%/year until 100% at 20 years
 - 2) vesting beginning at 40% after 5 years, increasing by 12%/year until 100% at 10 years
 - 3) vesting beginning at 40% after 10 years, increasing by 6%/year until 100% at 20 years

The entity may not select a vesting schedule that requires more years of service to become partially or fully vested than the vesting schedule in effect under the former relief association.

- **Vesting**
The bill clarified that the 20-year vesting requirement in current law continues to apply to fire departments currently in the SVF Plan, but that service with both the former relief association and the SVF Plan qualify for vesting purposes.
- **Minimum Service**
Replaced the minimum service requirement to receive a pension benefit for members of the lump sum division from five years of service as a member of the SVF Plan to satisfying one of the following:
 - 40% or more vested as an SVF plan member; or
 - 40% or more vested as a member of the fire department, taking into account service with the former relief association and as an SVF plan member.
- **Supplemental Benefits**
The bill included that a firefighter who receives more than one lump-sum distribution, whether from the same relief association or different relief associations or the SVF Plan, is eligible to receive a supplemental benefit, subject to a separate \$1,000 maximum for each distribution.

4. Process to Determine 2024 Administrative Charge

Gebhard commented that since the establishment of the SVF Plan in 2010, PERA has charged an annual administrative fee of \$30 for each member. When it was first established, the Plan consisted of six fire departments. Now the Plan consist of over 200 participating fire departments.

PERA has implemented new accounting standards and has established three vesting schedule options increasing PERA's administrative duties. As a result, staff is in the process of reviewing the current administrative fee, staff involvement, and staff time devoted to administering the Plan. The cost of administering the Plan will be allocated among the participating fire departments. The new administrative charge will go into effect on January 1, 2024. PERA will notify fire departments of the new administrative charge prior to its effective date.

Finn asked for an estimate of how much the increase would cost the participants. Tracy and Andrews noted that staff was in the middle of reviewing and would share additional information when available.

5. 2022 Control Book Update

Andrews updated the content for the control book and shared data on the number and size of participating plans, membership demographic data, and information on the amount of assets and historical investment returns.

6. Important Dates and Annual Reporting - With Examples

At a previous meeting, staff was asked to provide information on important dates and communication that is mailed to participants. Andrews provided information on important dates, financial statement schedules, annual reports, ad-hoc reports, newsletters, and presentations related to the Plan. In addition, a packet full of materials including letters, certifications, reports, and communication sample was shared with the group.

7. Next Meeting Date

The next meeting of the SVF Advisory Board will be scheduled in the fall.

Future agenda items to consider:

- Review the State Board of Investment (SBI) Asset Allocation and consider the investment return assumption.
- Consider options to address overfunded plans including an automatic trigger based on funding levels.
- Consider requiring annual communications to membership and municipalities.
- Consider adding Defined Contribution plans into the SVF.
- Review vesting schedule changes.
- Review a comparison of the State Volunteer Relief Associations and the SVF Plan.

8. Adjournment

Volk moved to adjourn the meeting. The motion was seconded by Scavo and passed unanimously.