

**Statewide Volunteer Firefighter Plan
Advisory Board Meeting Notes
September 28, 2021**

Members Present

- Ann Finn, Cities Representative
- Cal Larson, Cities Representative
- Steve Fenske, Townships Representative
- Jay Wood, Volunteer Firefighters Representative
- John King, Volunteer Firefighters Representative
- Justin Nielsen, Volunteer Firefighters Representative
- Marc Volk, Volunteer Firefighters Representative
- Julie Blaha/Rose Hennessy-Allen, State Auditor's Office

Staff Present

- Doug Anderson, PERA Executive Director
- David Andrews, PERA Staff
- Sharyn North, PERA Staff
- Gladys Rodriguez, PERA Staff
- Amy Strenge, PERA Staff

Others Present

- Colleen Bollom, Harmon & Harmon Financial Group, LLC
- Susan Lenczewski, LCPR Executive Director
- Nyle Zikmund, Mounds View

Member Excused

- Jeff Sanborn, Fire Chief Representative
- Dan Anderson, Volunteer Firefighters Representative

1. Meeting called to Order

Meeting was held remotely via telephone or interactive technology as permitted in Minnesota Statutes Section 13D.015. Anderson was present at the meeting location. Roll call was taken to establish quorum.

2. Approval of Meeting Notes from November 20, 2020

Wood moved to approve the November 20, 2020, SVF Advisory Board meeting notes. The motion was seconded by Volk and passed unanimously by roll call vote.

3. Update on 2021 State Aid Allocation legislation

Andrews provided an overview of legislation that allows entities with a Statewide Volunteer Firefighter (SVF) Plan to allocate fire state aid between their SVF Plan and career firefighter PERA P&F employer contributions if the entity meets certain requirements. This legislative provision would be effective beginning in October 2022.

In order to participate, an entity must:

- Have a combination fire department consisting of at least one career firefighter and one volunteer firefighter as of January 1, 2021;
- Not allocate an amount of fire state aid that exceeds the entity's employer contributions for their career firefighters in the PERA Police & Fire Plan;
- Notify the volunteer firefighters and PERA of the fire state aid allocation plan.

There are currently 16 eligible departments that meet all of these requirements.

The next step for Fire Departments is to create an allocation plan. The plan must include a distribution method with either a percent of fire state aid, a dollar amount, or a transfer formula. It must also include the time period covered for the sharing of the plan. The plan must indicate a date when the entity provided notice to firefighters about the allocation plan. Lastly, the plan must include the date in which the governing body of the combination department approved the allocation plan. The municipal clerk or secretary must sign the allocation plan.

Firefighters must be notified of the allocation plan. A plan may be submitted to PERA after March 1, 2022, for the following calendar year. After PERA receives the allocation plan, the volunteer firefighters have the right to file a petition within 45-days to stop the proposed fire state aid allocation plan. During the 45-day window, PERA will provide education to the volunteer firefighters regarding the impact of the aid allocation plan. If no petition is filed, the fire state aid allocation plan will go into effect in the next calendar year. If PERA receives a petition to stop the allocation plan, PERA will certify that that petition is valid and meet the requirements to reject the plan. PERA will notify the governing body and the volunteer firefighters that the plan was rejected and will take no further action.

PERA staff already began mailing informational letters to eligible departments describing the process, the department's numbers and calculations, how it works, and details on next steps. An announcement of the legislative changes was also included in the SVF newsletter noting that PERA will contact fire departments who qualify.

There were no questions from the board.

[Justin Nielsen joined the meeting and provided a brief introduction]

4. 2021 Control Book Update

Anderson 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.

Finn noted the investment allocation and asked if the advisory board could be presented with different asset allocation options as it was done in previous years. Anderson suggested inviting SBI's Executive Director Mansco Perry to speak to the board to have a conversation about the allocations.

5. Supplemental State Aid Work Group Update

Hennessy-Allen provided an update on the Supplemental State Aid Work Group. The 2021 Pension bill required the Auditor to convene a workgroup to discuss changing the method of allocating P&F retirement supplemental state aid. This workgroup will look at ways that this aid can be calculated and will then provide a report to the pension commission by the end of 2022 with recommendations and information for their consideration. The workgroup is currently gathering information from stakeholders. The goal is to discuss the status and then narrow down the options so that legislators can make the best decision.

6. 2022 Legislative Initiatives

Strengre shared that the Legislative Commission on Pension and Retirement (LCPR) is working on a technical bill for the SVF plan. Staff will continue to work with LCPR staff to make sure there are no substantial changes included in the bill.

7. Open Discussion

Anderson suggested potential items for future discussion and asked the advisory board for their input.

- 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.
- Consider vesting schedule changes.

Larson asked if there is a process to assist overfunded plans understand the process. Andrews shared that staff sends out benefit notices once a year to entities with different benefit levels that they are eligible and could increase. Staff could provide at the next meeting the educational information that is provided to these plans. Wood made a suggestion to have a booth at the State Fire Chief Conference to provide more education on how this process works and at the same time, staff can follow up with entities that still do not understand the process.

North shared that she has provided training and has a presentation on this topic. As a first step when a new department joins the plan, a welcome letter is sent. The letter includes information on next steps, expectations, what PERA does for the department, requirements, etc. She also noted that twice a year she sends a newsletter with points of interest, a cost increase analysis, forms and information on how to use them.

Lenczewski noted looking at the forms a few years ago and finding them to be confusing. Perhaps the forms could be provided in the control book or be sent separately to the group to see how this is being communicated. Lenczewski requested a copy of the forms be sent to her and the advisory board.

On an unrelated issue, Lenczewski shared that there are some legislators considering allowing existing Defined Contribution plans to join the SVF Plan. The other issue is a change to the vesting schedule. There is a possibility that the advisory board will be convened for a meeting in February 2022 to discuss these issues.

Anderson offered to have staff provide copies of the administrative materials and provide a walkthrough at the next board meeting. It will be an opportunity to have an open dialogue on further outreach. Staff will also invite Mansco Perry to review the SBI asset allocation.

8. Next Meeting Date

The next meeting of the SVF Advisory Board will be scheduled in November 2021.

9. Adjournment

Larson moved to adjourn the meeting. The motion was seconded by King and passed unanimously.