

**Statewide Volunteer Firefighters Retirement Plan
Meeting Notes**

**Advisory Board
September 27, 2018**

Members Present

Anne Finn, Cities Representative
Steve Fenske, Townships Representative
Rose Hennessy-Allen, State Auditor's Office
John King, Volunteer Firefighters Representative
Cal Larson, Cities Representative
Jeff Sanborn, Fire Chief Representative
Jay Wood, Volunteer Firefighters Representative

Member Excused

Dan Anderson, Volunteer Firefighters Monthly Benefit Representative

Vacant Membership

(2) Volunteer Firefighters Representative – Two positions added by the legislature 7/1/2018, to be appointed by the MN State Fire Department Association

Others Present

Susan Lenczewski, LCPR Executive Director
Rachael Barth, LCPR Deputy Director
Sherry Munyon, MSFCA/MSFDA
Doug Anderson, PERA Executive Director
David Andrews, PERA Staff
Mary Daly, PERA Staff
Sharyn North, PERA Staff
Shana Morse, PERA Staff

1. Introductions

Advisory Board members, PERA staff, and LCPR staff introduced themselves.

2. Approval of Meeting Notes from September 21, 2017

Larson moved approval of the September 21, 2017, SVFRP Advisory Board meeting notes. The motion was seconded by King and passed by consensus.

3. Plan Status Update

- Seventeen new groups entered the Plan on January 1, 2018, bringing the total number of fire departments participating in the Plan to 159. Number of entries into the Plan is less than in the past, with 4 to 5 entries expected for January 2019. The Members discussed that reasons for fluctuation in enrollments may include levels of promotion and education of the Plan and retirements of individuals holding administrative duties. They also noted that legislation passed in 2018 might be beneficial to more departments joining.
- Plan assets as of June 30, 2018, are \$89 million, with a 6.3 percent rate of return for the fiscal year.

4. 2018 Legislative Update

The pension legislation passed by the Legislature last session includes:

- Establishment of a process allowing entities to withdraw from the Plan.
- Changes to the maximum service pension levels to match amounts permitted in lump-sum volunteer fire relief association plans covered by Chapter 424A. This amount is currently \$10,000.
- Changes to the Advisory Board membership to create equal balance in appointments made by the Fire Department Association and the Fire Chiefs Association. The board is now composed of ten members.

5. Fire State Aid (FSA) Working Group Update

PERA was required by the 2018 Omnibus Retirement Bill 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. The group is required to elect a chair from the membership and produce a report to the Legislative Commission on Pensions and Retirement by December 31, 2018.

Membership in the group consists of:

- Two representatives from the League of Minnesota Cities
- Two representatives from the State Fire Chiefs Association
- Two representatives from the Minnesota State Fire Departments Association
- A representative from the Office of the State Auditor
- A representative from the Department of Revenue

The group is slated to have its last meeting in October, but is generally in agreement that entities where both the department and municipality agree, a portion of FSA should be allowed to be allocated to the employer's portion of the Police & Fire Plan contributions.

6. Work Group on Relief Association Conversations and Dissolutions Update

Lenczewski updated the members about a work group she oversees that is looking at Fire Relief Associations and will report on the feasibility of converting from a defined benefit to a defined contribution plan and dissolving relief associations.

7. Update on Administrative and Valuation Process Changes

The annual information statement that includes the required contribution (i.e. the invoice) for each entity has been 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.

The fee structure is being reviewed. Current fee is \$30/per person; the fees are paid by the assets. PERA staff will review SBI fees and consider Plan entrance and exit fees.

Staff is working on an automated enrollment and billing process. When the Plan first started there were only 6 groups and now there are 159. Completion of the automated enrollment and billing process may have an impact on administrative costs.

8. 2019 Legislative Agenda Discussion

Advisory members discussed and agreed to the following items to include in 2019 legislation:

- ✓ Simplifying the name of the Plan from *Voluntary Statewide Volunteer Firefighter Retirement Plan* to *Statewide Volunteer Firefighter Plan*.

Larson moved to change the Plan name. The motion was seconded by Wood and passed by consensus.

- ✓ Simplify some statutory language relative to alternative calculations; split defined benefit and defined contribution processes.

Sanborn moved to have staff change the language reflecting the calculation process after review by Hennessy-Allen. The motion was seconded by Larson and passed by consensus.

- ✓ Seek language change to clarify language regarding intention of fire relief associations and cities or townships to jointly affirm desire to join the Plan.

Finn moved to support language clarifying that after the cost analysis is completed, the fire relief and municipality must jointly agree to enter the SVF Plan. The motion was seconded by King and passed by consensus.

Members discussed the following items, determined that additional information is needed, and they will be brought back to the next meeting:

- Alternative benefit calculations
- Requiring annual communication to membership and municipality
- Portability
- Automatic benefit increases based on funding level trigger

Members further discussed permitting defined contribution plans into the SVF Plan and determined that further study and research is needed and this item will be brought back to the Advisory Board next year.

9. Next Meeting Date

The next meeting of the Statewide Volunteer Firefighters Retirement Plan Advisory Board has been scheduled for Wednesday, November 28, 2018, at 1:00 p.m.

10. Adjournment

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