

# **Minnesota Volunteer Fire Relief Association**

## **Working Group Meeting**

Office of the State Auditor

Tuesday, January 27, 2009

11 a.m. to 2 p.m.

### **I. Call to Order**

*Chair Auditor Otto.*

### **II. Review and Approval of Working Group Meeting Minutes**

Exhibit A. Draft December 16, 2008 Meeting Minutes

### **III. Discussion of Working Group Topic Suggestions**

Exhibits B - D.

- Exchange Traded Fund Investments
- Amortization Period (B)
- Breaks in Service and Return to Service (C)
- Months of Service Definition (D)

### **IV. Review of Working Group Draft Legislation**

Exhibits E – G.

- Employment of Minors (E)
- Designated Beneficiary and Trusts (F)
- Authorized Administrative Expenditures (G)

### **V. Review of Sub-Group Draft Legislation**

Exhibit H. Draft Prepared by Larry Martin

### **VI. Discussion of “Technical” Topic Suggestions**

- Exhibit I. Draft Prepared by Larry Martin
- Exhibit J. Proposed Special Law, Board of Trustees

### **VII. Other Business**

- Record Retention Requirements
- Timing of Wage Payments to Fire and Ambulance Employees

### **VIII. Adjournment**

# **Volunteer Fire Relief Association Working Group**

Office of the State Auditor  
Tuesday, December 16, 2008  
11 a.m. to 1 p.m.

## **Members Present**

Wayne Anderson, Coon Rapids Fire Department Inspector (defined contribution plans)  
Ed Dietz, Maplewood Fire Relief Association Treasurer (defined benefit lump sum plans)  
Dave Ganfield, Apple Valley Fire Relief Association Administrator (defined benefit monthly/lump sum combination plans)  
Jim Hansen, Minnesota Area Relief Association Coalition Representative  
Larry Martin, Legislative Commission on Pensions and Retirement Director  
Rebecca Otto, State Auditor  
Tim Simon, Elk River City Finance Director  
Steven Wallner, Watertown City Finance Director  
Nyle Zikmund, Minnesota State Fire Chiefs Association Representative (defined benefit monthly plans)

## **Members Excused**

Dave Jaeger, Mahnomon Fire Relief Association Treasurer (defined benefit lump sum plans)  
Bruce Roed, Mentor Fire Relief Association Trustee (defined contribution plans)

## **Others Present**

Jim Adams, West Metro Fire Relief Association Secretary  
Edward Burek, Deputy Director of the Legislative Commission on Pensions and Retirement  
Aaron Dahl, Pension Analyst  
Celeste Grant, Deputy State Auditor/General Counsel  
Rose Hennessy Allen, Pension Director  
Lucas Hinz, Pension Analyst  
Michael Johnson, Pension Analyst  
David Kenney, Assistant Legal Counsel  
Mike Miller, Integra Shield Financial Group Representative  
Karsten Nelson, West Metro Fire Relief Association President  
Laura Sayles, DFL House Caucus Research Consultant

The following motions were duly made, seconded and approved:

- RESOLVED to approve the December 4, 2008, Working Group Meeting Minutes.
- RESOLVED to draft language that would allow special fund assets to be used to purchase insurance from the Volunteer Firefighters Benefit Association or from an insurance company licensed by the State of Minnesota.
- RESOLVED to allow relief associations to implement bylaw provisions that require members to remain in active status upon return from a break in service for a certain length of time to be eligible for any benefit increases that occurred during the member's break.
- RESOLVED to recommend no changes to the \$200,000 statutory audit threshold.

RESOLVED to permit relief associations to define what constitutes a month of service, and require a completed calendar month of service for associations that allow monthly service credit but don't define the term.

**I. Call to Order**

Chair Auditor Otto called the meeting to order.

**II. Review and Approval of Working Group Meeting Minutes**

The members reviewed the December 4, 2008, meeting minutes that had been provided in advance. Ganfield recommended amending the Employment of Minors section to make clear that the service is uncompensated. Ganfield made a motion to adopt the meeting minutes, as amended. Hansen seconded the motion, which was adopted unanimously.

**III. Discussion of Sub-Group Forwarded Suggestions**

- **Authorized Administrative Expenses**

State law currently allows relief associations to pay dues to the Volunteer Firefighters Benefit Association (VFBA) for disability and life insurance coverage. There is no authority to use special fund money to purchase insurance coverage from other insurance providers. The Working Group discussed expanding the current authorization so that special fund assets could be used to purchase insurance from the VFBA or from other insurance companies. Anderson explained that VFBA rates are high if the fire department is a volunteer/paid combination department. Anderson made a motion to draft language that would allow special fund assets to be used to purchase casualty insurance from the VFBA or from an insurance company licensed by the State of Minnesota offering casualty insurance.

**IV. Discussion of Working Group Topic Suggestions**

- **Breaks in Service**

Auditor Otto explained that many relief associations have members that take a leave of absence or have a break in service during their time as a firefighter. Some relief associations have implemented bylaw provisions in an attempt to "protect" their association from members that rejoin for just a short period of time to take advantage of benefit increases that occurred during their absence. Bylaw provisions that change the method of calculating pensions for members with a break in service sometimes are not allowed. There are two sections of state law that pertain to this topic. Martin explained that there is a tension between the two provisions, as one requires uniformity in calculating benefits, while the other allows relief associations to implement bylaw provisions that establish conditions on service and membership. Grant agreed that it is difficult to reconcile the two provisions. The Office of the State Auditor has seen bylaw provisions that establish service or membership conditions that result in non-uniform methods for calculating service pensions.

Auditor Otto clarified that this topic has two components. First, the Group can discuss ways that state law can be amended to give guidance and clearer authority to relief associations dealing with members having breaks in service. Second, the Group can review draft language that would permit the two sometimes-conflicting sections of state law to be reconciled. Auditor Otto said that the Office of the State Auditor would work with Martin to reconcile the conflicting statutory language. The Working Group members agreed that relief associations should have control locally to implement restrictions on members returning to service after a break. Zikmund made a motion to allow relief associations to implement bylaw provisions that require members to remain in active status upon return from a break in service for a certain length of time to be eligible for any benefit increases that occurred during the member's break. Dietz seconded the motion, which was adopted unanimously.

- Audit Thresholds

The Working Group received requests from relief association trustees to re-evaluate the \$200,000 audit threshold. The Group reviewed data showing the number of relief associations required to have an audit in each of the past three years. The Group also reviewed data that showed the percentages of relief associations that submit reporting forms early and late, broken out by those having the audit requirement and those not required to have an audit performed. The members acknowledged that audit costs can be high, especially in light of new accounting standards. In many communities the cost of the audit is about the same as the state fire aid received. Some members of the Working Group said that their relief associations were able to save money by piggy-backing with the city for the audit. Auditor Otto said that she would like to do more education on the importance of having an audit and how it helps ensure that public money is properly accounted for. Audits protect the interests of relief association members and the local taxpayers. Wallner made a motion to make no changes to the current audit threshold. Zikmund seconded the motion, which was adopted unanimously.

- Definition of Month of Service

Relief associations have authority to calculate service credit based on completed years of active service or, if allowed by the bylaws, based on completed months of active service. Some relief associations have adopted bylaw provisions that define a month of service as at least 16 days. Auditor Otto explained that these bylaw provisions do not appear to be authorized under state law, since the term "month" is defined as a calendar month. The Working Group reviewed draft language that would permit relief associations to define a month of service as at least 16 days, and includes a default in case the bylaws do not contain a definition. Anderson made a motion to permit relief associations to define what constitutes a month of service, and require a completed calendar month of service for associations that allow monthly service credit but don't define the term. Wallner seconded the motion, which was adopted unanimously.

- **Exchange-Traded Fund Investments**

Auditor Otto explained that, under current law, relief associations are authorized to invest in exchange traded funds that invest solely in investments that are directly authorized on the expanded list. This means that exchange traded funds that invest in “other investments” are not authorized. “Other investments” include international bonds, emerging market stocks, and venture capital. Brokers and investment advisors have expressed an interest in being able to use exchange traded funds to invest in the same types of securities that are available for investment through mutual funds. Kenney explained that there is concern that broadening the investment authority would permit relief associations to invest in short and ultra-short exchange traded funds. A small group of the members broke off to discuss ways that the investment authority could be expanded. The topic will be revisited at the next Working Group meeting.

- **Amortization Period**

Under current law, deficits for lump sum plans are amortized over a ten-year period, but deficits for relief associations paying monthly benefits are amortized over a 20-year period. A suggestion was made to extend the amortization period for lump sum plans, which would help to decrease annual municipal contribution requirements. Martin explained that the different amortization periods were set because the payout horizon is much different between lump sum and monthly plans. The Group decided to continue the discussion on this topic at the next meeting.

**V. Other Business**

- **Final Meeting**

The Working Group confirmed that the next, and final, meeting will be held on January 27, 2009. The Group also decided to extend the meeting by one hour so that there is time to complete the topic discussions and review the draft legislation.

**VI. Next Meeting**

Tuesday, January 27, 2009

11 a.m. to 2 p.m.

Office of the State Auditor

**VII. Adjournment**

The meeting was adjourned shortly after 1:00.

# Exhibit B

## Topic:

Whether the current ten-year amortization period for defined benefit lump sum plans should be increased.

## Current Law:

### **69.772 RELIEF ASSOCIATIONS PAYING LUMP SUM SERVICE PENSIONS.**

#### **Subd. 3. Financial requirements of relief association; minimum obligation of municipality.**

(c) The financial requirements of the special fund for the following calendar year must be determined in the following manner:

...

(5) If the special fund has a deficit from full funding, the financial requirements of the special fund for the following calendar year are the financial requirements of the special fund calculated as though the special fund were fully funded under clause (4) plus an amount equal to one-tenth of the original amount of the deficit from full funding of the special fund as determined under clause (2) resulting either from an increase in the amount of the service pension occurring in the last ten years or from a net annual investment loss occurring during the last ten years until each increase in the deficit from full funding is fully retired. The annual amortization contribution under this clause may not exceed the amount of the deficit from full funding.

...

## Options:

1. Make no changes.
2. Increase the amortization period to 20 years, which is the period used by monthly and monthly/lump sum combination plans.
3. Increase the amortization period to a different time period.

Note: a change to the amortization period would require formula and design changes to the Schedule Form, the data pre-population and upload processes, and to the Office of the State Auditor's database application. The earliest possible effective date that can accommodate these changes would be for Schedule Forms completed in July of 2010, determining required contribution amounts for 2011.

1.1 ..... moves to amend Document LCPR08-037, as follows:

1.2 Page 5, after line 35, insert:

1.3 "Subd. 6. **Return to active firefighting after break-in-service.** (a) If a former  
1.4 active firefighter who has separated from active service for at least 60 days resumes  
1.5 performing active firefighting with the fire department associated with the relief  
1.6 association, if the bylaws of the relief association so permit, the person may again become  
1.7 an active member of the relief association.

1.8 (b) A firefighter who returns to active relief association membership under paragraph  
1.9 (a) may qualify for the receipt of a service pension from the relief association for the  
1.10 resumption service period if the firefighter meets a minimum period of resumption service  
1.11 specified in the relief association bylaws.

1.12 (c) If the firefighter who returns to active lump sum relief association membership  
1.13 and who qualifies for a service pension under paragraph (b) also meets the minimum  
1.14 service requirement of section 424A.02, subdivision 2, with the resumption service credit,  
1.15 if the relief association bylaws so require, the firefighter must have, upon a subsequent  
1.16 separation from active service, any service pension for the resumption service period  
1.17 calculated as a separate benefit unless the resumption service credit meets or exceeds the  
1.18 minimum service period specified in the relief association bylaws for a revised service  
1.19 pension calculation. A service pension shall be calculated to apply the current service  
1.20 pension amount for all years of service credit in lieu of any deferred service pension  
1.21 interest. No firefighter can be paid twice for the same period of service.

1.22 (d) If the firefighter who returns to active monthly benefit relief association  
1.23 membership and who qualifies for a service pension under paragraph (b), any monthly  
1.24 benefit service pension payable to the firefighter is suspended as of the first day of the  
1.25 month next following the date on which the firefighter returns to active membership.  
1.26 If the returning firefighter also meets the minimum service requirement of section  
1.27 424A.02, subdivision 2, with the resumption service credit, if the relief association bylaws  
1.28 so provide, the firefighter is entitled to an additional monthly benefit service pension  
1.29 calculated based on the resumption service credit and the service pension accrual amount  
1.30 in effect as of the date of the termination of the resumption service. The suspended initial  
1.31 service pension resumes as of the first of the month next following the termination of  
1.32 the resumption service."

1.33 Page 37, after line 26, insert:

1.34 "Subd. 3. **Repealed to implement break-in-service return accommodation.**  
1.35 Minnesota Statutes 2008, section 424A.02, subdivision 9b, is repealed."

1.36 Renumber the sections in sequence and correct the internal references

2.1 Amend the title accordingly



## Exhibit D

### Topic:

At the last meeting the Working Group decided to allow relief associations to define in their bylaws what constitutes a month of service, and require a completed calendar month of service for associations that allow monthly service credit but don't define the term.

### Issue:

Requiring that the default be a completed calendar month of active service may be viewed as a change from current practice. Currently, it seems that relief associations calculate months of service based on each member's entry date. For example, a member starting on January 15 must serve until February 15 to receive one month of service credit. Under the Working Group's proposal, it seems that members starting on January 15 would have to serve until March 1 to receive one month of service credit.

### Current Law:

#### 424A.02 VOLUNTEER FIREFIGHTERS; SERVICE PENSIONS.

Subdivision 1. **Authorization.** (a) A relief association, when its articles of incorporation or bylaws so provide, may pay out of the assets of its special fund a service pension to each of its members who: (1) separates from active service with the fire department; (2) reaches age 50; (3) completes at least five years of active service as an active member of the municipal fire department to which the relief association is associated; (4) completes at least five years of active membership with the relief association before separation from active service; and (5) complies with any additional conditions as to age, service, and membership that are prescribed by the bylaws of the relief association. A service pension computed under this section may be prorated monthly for fractional years of service, if the bylaws or articles of incorporation of the relief association so provide. The service pension may be paid whether or not the municipality or nonprofit firefighting corporation to which the relief association is associated qualifies for fire state aid under chapter 69.

### Optional Changes:

1. A service pension computed under this section may be prorated monthly for fractional years of service as the bylaws or articles of incorporation of the relief association so provide. The bylaws or articles of incorporation may define a "month" to mean a calendar month in which there has been at least sixteen days of active service. If the bylaws or articles of incorporation do not define a "month," a "month" is a completed calendar month of active service. [Working Group's proposal.]
2. A service pension computed under this section may be prorated monthly for fractional years of service as the bylaws or articles of incorporation of the relief association so provide. The bylaws or articles of incorporation may define a "month," but the

definition must require a calendar month to have at least sixteen days of active service. If the bylaws or articles of incorporation do not define a “month,” a “month” is a completed calendar month of active service measured from the member’s date of entry to the same date in the subsequent month.

## **Exhibit E**

It is unlawful for any municipality or independent nonprofit firefighting corporation to permit a minor to serve as a volunteer firefighter or to permit a minor to serve in any capacity performing any firefighting duties with a fire department, except for members of a youth, civic or educational organization or program who participate with uninterrupted adult supervision, as allowed by federal law and by Minn. Stat. § 181A.04. Such organizations or programs include but are not limited to Boy Scout Explorer programs or firefighting degree programs.

1.1 ..... moves to amend S.F. No. ....; H.F. No. ...., (Document LCPR08-037),  
1.2 as follows:

1.3 Page 31, line 26, after "chapter," insert "for a monthly benefit volunteer fire relief  
1.4 association or for a combination lump sum and monthly benefit volunteer fire relief  
1.5 association where a monthly benefit service pension has been elected by or a monthly  
1.6 benefit is payable with respect to a firefighter," and after "person." insert "For purposes of  
1.7 this chapter for a defined contribution volunteer fire relief association, for a lump sum  
1.8 volunteer fire relief association, or for a combination lump sum and monthly benefit  
1.9 volunteer fire relief association where a lump sum service pension has been elected by  
1.10 or a lump sum benefit is payable with respect to a firefighter, a designated beneficiary  
1.11 may be a trust created under chapter 501B."

# Exhibit G

## Topic:

Whether special fund assets should be allowed to be used to purchase insurance only from the Volunteer Firefighters Benefit Association, or also from a comparable insurance company licensed by the State of Minnesota.

## Current Law:

### 424A.05 RELIEF ASSOCIATION SPECIAL FUND.

Subd. 3. **Authorized disbursements from the special fund.** (a) Disbursements from the special fund are not permitted to be made for any purpose other than one of the following:

(1) for the payment of service pensions to retired members of the relief association if authorized and paid under law and the bylaws governing the relief association;

(2) for the payment of temporary or permanent disability benefits to disabled members of the relief association if authorized and paid pursuant to law and specified in amount in the bylaws governing the relief association;

(3) for the payment of survivor benefits to surviving spouses and surviving children, or if none, to designated beneficiaries, of deceased members of the relief association, and if survivors and if no designated beneficiary, for the payment of a death benefit to the estate of the deceased active firefighter, if authorized by and paid pursuant to law and specified in amount in the bylaws governing the relief association;

(4) for the payment of any funeral benefits to the surviving spouse, or if no surviving spouse, the estate, of the deceased member of the relief association if authorized by law and specified in amount in the bylaws governing the relief association;

(5) for the payment of the fees, dues and assessments to the Minnesota State Fire Department Association, to the Minnesota Area Relief Association Coalition, and to the state Volunteer Firefighters Benefit Association in order to entitle relief association members to membership in and the benefits of these associations or organizations; and

(6) for the payment of administrative expenses of the relief association as authorized under section 69.80.

## Optional Change:

(5) for the payment of the fees and dues to the Minnesota State Fire Department Association and to the Minnesota Area Relief Association Coalition, in order to entitle relief association members to membership in these associations;

(6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit Association, or an insurance company licensed by the State of Minnesota offering casualty insurance, in order to entitle relief association members to membership in and the benefits of the association or organization; and

(7) for the payment of administrative expenses of the relief association as authorized under section 69.80.



TO: Members of the Defined Contribution Relief Association Subgroup of the 2008 Volunteer Firefighters' Relief Association Working Group

FROM: Lawrence A. Martin, Executive Director *JAM*

RE: Engrossment of Working Group's Statutory Change Recommendations

DATE: September 22, 2008

### Introduction

On September 18, 2008, the working group on defined contribution volunteer firefighters' relief associations completed its work. The attached document, LCPR08-037, represents the statutory changes recommended by the group.

Document LCPR08-037 is an update of the reorganization/recodification document (LCPR08-031) that the working group initially considered and includes all recommended modifications through September 18, 2008.

At the September 18, 2008, working group meeting, the working group recommended the following changes:

1. Clarification of Prohibition on Employing Minors as Firefighters. The current prohibition on fire departments relating to the employment of minors as firefighters, Minnesota Statutes, Section 424A.01, Subdivision 1, is moved from the volunteer firefighters' relief association governing law to a general fire department statutory chapter, Minnesota Statutes, Chapter 420 (proposed new section Minnesota Statutes, Section 420.20) and Minnesota Statutes, Section 424A.01, Subdivision 1, is amended to prohibit volunteer firefighters' relief associations to include minors as volunteer firefighters' relief association members (Document LCPR08-037, page 1, lines 19-23, and page 4, lines 29-33);
2. Clarification of "Fire Department" Definition. A reference to "or" replaces a reference to "and" in the definition of "fire department" with respect to municipal fire departments or nonprofit firefighting corporations (Document LCPR08-037, page 2, lines 19-20);
3. Clarification of Headnote on New Generally Applicable Regulation Section. A reference to "benefit plan" was replaced with a reference to "pension plan" in the headnote proposed for the new section to which generally applicable volunteer firefighters' relief association governing law provisions are moved, new Minnesota Statutes, Section 424A.015 (Document LCPR08-037, page 6, line 2);
4. Clarification of Reduced Vesting Schedule Reduced Benefit Reference. A reference to "based on" in specifying the account balance percentage payable to a member with less than 20 years was replaced with a reference to "not to exceed" to make the provision clearer (Document LCPR08-037, page 8, line 3);
5. Addition of Specific Requirement for Reporting Allocations to the State Auditor. Defined contribution volunteer firefighters' relief associations will be specifically required to certify account allocations annually to the State Auditor at the same time as the relief association financial reporting is due (Document LCPR08-037, page 9, lines 8-11); and
6. Clarification of Survivor Benefit Payment Priority. The statutory priority of recipients for survivor benefits payable from the relief association special fund is clarified by the addition of a reference to "no" in specifying when a survivor benefit is payable to an estate, correcting a longstanding omission in Minnesota Statutes, Section 424A.05, Subdivision 3 (Document LCPR08-037, page 31, line 17).

If any members of the working group have questions about Document LCPR08-037 or identify any additional clerical or grammatical errors in the document, please contact me (651-296-2750).

A bill for an act

1.1 relating to retirement; volunteer firefighters' relief associations; reorganizing  
 1.2 the defined contribution relief association provisions; recodifying the general  
 1.3 volunteer firefighters' relief association law; making conforming changes;  
 1.4 amending Minnesota Statutes 2006, sections 69.771, subdivision 3; 424A.001,  
 1.5 subdivisions 1, 1a, as added, 2, 3, 4, 5, 6, as amended, 8, 9, 10, by adding  
 1.6 subdivisions; 424A.01; 424A.02, subdivisions 1, 2, 3, as amended, 3a, 7, as  
 1.7 amended, 8, 9, as amended, 9a, 9b, 10, 12, 13; 424A.021; 424A.03; 424A.04;  
 1.8 424A.05, subdivisions 1, 2, 3, as amended, 4; 424A.06; 424A.07; 424A.08;  
 1.9 424A.10, subdivisions 4, 5; 424B.10; 424B.21; Minnesota Statutes 2007  
 1.10 Supplement, section 424A.10, subdivisions 1, 2, 3; proposing coding for new  
 1.11 law in Minnesota Statutes, chapters 420; 424A; 424B; repealing Minnesota  
 1.12 Statutes 2006, sections 424A.001, subdivision 7; 424A.02, subdivisions 4, 6,  
 1.13 8a, 8b; 424A.09.

1.15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.16 **ARTICLE 1**

1.17 **REORGANIZATION AND RECODIFICATION OF**  
 1.18 **VOLUNTEER FIREFIGHTER RETIREMENT PROVISIONS**

1.19 **Section 1. [420.20] PROHIBITION OF SERVICE BY MINORS AS VOLUNTEER**  
 1.20 **FIREFIGHTERS.**

1.21 It is unlawful for any municipality or independent nonprofit firefighting corporation  
 1.22 to employ a minor to serve as a volunteer firefighter or to permit a minor to serve in any  
 1.23 capacity performing any firefighting duties with a volunteer fire department.

1.24 Sec. 2. Minnesota Statutes 2006, section 424A.001, subdivision 1, is amended to read:

1.25 Subdivision 1. **Terms defined.** Unless the context clearly indicates otherwise, as  
 1.26 used in this chapter, the terms defined in this section have the meanings given.

2.1 Sec. 3. Minnesota Statutes 2006, section 424A.001, subdivision 1a, as added by Laws  
2.2 2008, chapter 349, article 14, section 6, is amended to read:

2.3 Subd. 1a. **Ancillary benefit.** "Ancillary benefit" means a benefit payable from the  
2.4 special fund of the relief association other than a service pension that is permitted by law  
2.5 and that is provided for in the relief association bylaws.

2.6 Sec. 4. Minnesota Statutes 2006, section 424A.001, is amended by adding a  
2.7 subdivision to read:

2.8 Subd. 1b. **Defined benefit relief association.** "Defined benefit relief association"  
2.9 means a volunteer firefighters' relief association that provides a lump sum service pension,  
2.10 provides a monthly benefit service pension, or provides a lump sum service pension as an  
2.11 alternative to the monthly benefit service pension.

2.12 Sec. 5. Minnesota Statutes 2006, section 424A.001, is amended by adding a  
2.13 subdivision to read:

2.14 Subd. 1c. **Defined contribution relief association.** "Defined contribution relief  
2.15 association" means a volunteer firefighters' relief association that provides a service  
2.16 pension based solely on an individual account balance rather than a specified annual lump  
2.17 sum or monthly benefit service pension amount.

2.18 Sec. 6. Minnesota Statutes 2006, section 424A.001, subdivision 2, is amended to read:

2.19 Subd. 2. **Fire department.** "Fire department" includes a municipal fire department  
2.20 ~~and~~ or an independent nonprofit firefighting corporation.

2.21 Sec. 7. Minnesota Statutes 2006, section 424A.001, subdivision 3, is amended to read:

2.22 Subd. 3. **Municipality.** "Municipality" means a municipality which has  
2.23 established a fire department with which the relief association is directly associated; or  
2.24 the municipalities which have entered into a contract with the independent nonprofit  
2.25 firefighting corporation of which the relief association is a subsidiary.

2.26 Sec. 8. Minnesota Statutes 2006, section 424A.001, subdivision 4, is amended to read:

2.27 Subd. 4. **Relief association.** "Relief association" means ~~(a)~~ (1) a volunteer  
2.28 firefighters' relief association or a volunteer firefighters' division or account of a partially  
2.29 salaried and partially volunteer firefighters' relief association that is organized and  
2.30 incorporated under chapter 317A and any laws of the state, is governed by this chapter  
2.31 and chapter 69, and is directly associated with a fire department established by municipal



3.1 ordinance; or ~~(b) (2) any separate~~ separately incorporated volunteer firefighters' relief  
3.2 association that is subsidiary to and providing that provides service pension and retirement  
3.3 benefit coverage for members of an independent nonprofit firefighting corporation that is  
3.4 organized under the provisions of chapter 317A, is governed by this chapter, and ~~operating~~  
3.5 operates exclusively for firefighting purposes. A relief association is a governmental entity  
3.6 that receives and manages public money to provide retirement benefits for individuals  
3.7 providing the governmental services of firefighting and emergency first response.

3.8 Sec. 9. Minnesota Statutes 2006, section 424A.001, subdivision 5, is amended to read:

3.9 Subd. 5. **Special fund.** "Special fund" means the special fund of a volunteer  
3.10 firefighters' relief association or the account for volunteer firefighters within the special  
3.11 fund of a partially salaried and partially volunteer firefighters' relief association.

3.12 Sec. 10. Minnesota Statutes 2006, section 424A.001, subdivision 6, as amended by  
3.13 Laws 2008, chapter 349, article 14, section 7, is amended to read:

3.14 Subd. 6. **Surviving spouse.** For purposes of this chapter, and the ~~governing~~ bylaws  
3.15 ~~of any governing~~ a relief association to which this chapter applies, ~~the term~~ "surviving  
3.16 spouse" means the spouse of a deceased member who was legally married to the member  
3.17 at the time of the member's death.

3.18 Sec. 11. Minnesota Statutes 2006, section 424A.001, subdivision 8, is amended to read:

3.19 Subd. 8. **Firefighting service.** "Firefighting service," if the applicable municipality  
3.20 approves for a fire department that is a municipal department, or if the applicable  
3.21 contracting municipality or municipalities approve for a fire department that is an  
3.22 independent nonprofit firefighting corporation, includes fire department service rendered  
3.23 by fire prevention personnel.

3.24 Sec. 12. Minnesota Statutes 2006, section 424A.001, subdivision 9, is amended to read:

3.25 Subd. 9. **Separate from active service.** "Separate from active service" means  
3.26 ~~to that a firefighter~~ permanently ~~cease~~ ceases to perform fire suppression duties with  
3.27 a particular volunteer fire department, ~~to~~ permanently ~~cease~~ ceases to perform fire  
3.28 prevention duties, ~~to~~ permanently ~~cease~~ ceases to supervise fire suppression duties, and ~~to~~  
3.29 permanently ~~cease~~ ceases to supervise fire prevention duties.

3.30 Sec. 13. Minnesota Statutes 2006, section 424A.001, subdivision 10, is amended to  
3.31 read:

4.1 Subd. 10. **Volunteer firefighter.** "Volunteer firefighter" means a person who either:  
 4.2 (1) was a member of the applicable fire department or the independent nonprofit  
 4.3 firefighting corporation and a member of the relief association on July 1, 2006; or  
 4.4 (2) became a member of the applicable fire department or the independent nonprofit  
 4.5 firefighting corporation and is eligible for membership in the applicable relief association  
 4.6 after June 30, 2006, and  
 4.7 (i) is engaged in providing emergency response services or delivering fire education  
 4.8 or prevention services as a member of a municipal fire department, a joint powers entity  
 4.9 fire department, or an independent nonprofit firefighting corporation;  
 4.10 (ii) is trained in or is qualified to provide fire suppression duties or to provide fire  
 4.11 prevention duties under subdivision 8; and  
 4.12 (iii) meets any other minimum firefighter and service standards established by the  
 4.13 fire department or the independent nonprofit firefighting corporation or specified in the  
 4.14 articles of incorporation or bylaws of the relief association.

4.15 Sec. 14. **[424A.002] AUTHORIZATION OF NEW OR CONTINUING**  
 4.16 **VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATIONS.**

4.17 Subdivision 1. Authorization. A municipal fire department or an independent  
 4.18 nonprofit firefighting corporation, with approval by the applicable municipality or  
 4.19 municipalities, may establish a new volunteer firefighters' relief association or may retain  
 4.20 an existing volunteer firefighters' relief association.

4.21 Subd. 2. Defined benefit or defined contribution relief association. The articles  
 4.22 of incorporation or the bylaws of the volunteer firefighters' relief association must specify  
 4.23 that the relief association is either a defined benefit relief association subject to sections  
 4.24 69.771 to 69.774, 424A.015, and 424A.02 or is a defined contribution relief association  
 4.25 subject to sections 424A.015 and 424A.017.

4.26 Sec. 15. Minnesota Statutes 2006, section 424A.01, is amended to read:

4.27 **424A.01 MEMBERSHIP IN A VOLUNTEER FIREFIGHTERS' RELIEF**  
 4.28 **ASSOCIATION.**

4.29 Subdivision 1. Minors. It is unlawful for any ~~No volunteer firefighters' relief~~  
 4.30 association associated with a municipality or an independent nonprofit firefighting  
 4.31 corporation to employ ~~may include as a relief association member a minor serving as~~  
 4.32 a volunteer firefighter or to permit a minor to serve in any capacity performing any  
 4.33 firefighting duties with a volunteer fire department.

5.1 Subd. 2. **Status of substitute volunteer firefighters.** No person who is serving as a  
5.2 substitute volunteer firefighter ~~shall be deemed~~ may be considered to be a firefighter for  
5.3 purposes of chapter 69 or this chapter ~~nor shall be~~ and no substitute volunteer firefighter is  
5.4 authorized to be a member of any volunteer firefighters' relief association governed by  
5.5 chapter 69 or this chapter.

5.6 Subd. 3. **Status of nonmember volunteer firefighters.** No person who is serving  
5.7 as a firefighter in a fire department but who is not a member of the applicable firefighters'  
5.8 relief association ~~shall be~~ is entitled to any service pension or ancillary benefits from  
5.9 the relief association.

5.10 Subd. 4. **Exclusion of persons constituting an unwarranted health risk.** The  
5.11 board of trustees of every relief association may exclude from membership in the relief  
5.12 association all applicants who, due to some medically determinable physical or mental  
5.13 impairment or condition, ~~would~~ is determined to constitute a predictable and unwarranted  
5.14 risk of imposing liability for an ancillary benefit at any age earlier than the minimum  
5.15 age specified for receipt of a service pension. Notwithstanding any provision of section  
5.16 363A.25, it ~~shall be~~ is a good and valid defense to a complaint or action brought under  
5.17 chapter 363A that the board of trustees of the relief association made a good faith  
5.18 determination that the applicant suffers from an impairment or condition constituting a  
5.19 predictable and unwarranted risk for the relief association if the determination was made  
5.20 following consideration of: ~~(a)~~ (1) the person's medical history; and ~~(b)~~ (2) the report of  
5.21 the physician completing a physical examination of the applicant ~~completed~~ undertaken at  
5.22 the expense of the relief association.

5.23 Subd. 5. **Fire prevention personnel.** (a) If the fire department is a municipal  
5.24 department and the applicable municipality approves, or if the fire department is an  
5.25 independent nonprofit firefighting corporation and the contracting municipality or  
5.26 municipalities approve, the fire department may employ or otherwise utilize the services  
5.27 of persons as volunteer firefighters to perform fire prevention duties and to supervise  
5.28 fire prevention activities.

5.29 (b) Personnel serving in fire prevention positions are eligible to be members of  
5.30 the applicable volunteer firefighter relief association and to qualify for service pension  
5.31 or other benefit coverage of the relief association on the same basis as fire department  
5.32 personnel who perform fire suppression duties.

5.33 (c) Personnel serving in fire prevention positions also are eligible to receive any  
5.34 other benefits under the applicable law or practice for services on the same basis as  
5.35 personnel who are employed to perform fire suppression duties.

6.1       Sec. 16. **[424A.015] GENERALLY APPLICABLE VOLUNTEER**  
6.2 **FIREFIGHTERS' RELIEF ASSOCIATION PENSION PLAN REGULATION.**

6.3       Subdivision 1. Separation from active service; exception. (a) No service pension  
6.4 is payable to any person while the person remains an active member of the respective fire  
6.5 department, and no person who is receiving a service pension is entitled to receive any  
6.6 other benefits from the special fund of the relief association.

6.7       (b) No relief association as defined in section 424A.001, subdivision 4, may pay  
6.8 a service pension or disability benefit to a former member of the relief association if  
6.9 that person has not separated from active service with the fire department to which the  
6.10 relief association is directly associated, unless: (1) the person is employed subsequent  
6.11 to retirement by the municipality or the independent nonprofit firefighting corporation,  
6.12 whichever applies, to perform duties within the municipal fire department or corporation  
6.13 on a full-time basis; (2) the governing body of the municipality or of the corporation has  
6.14 filed its determination with the board of trustees of the relief association that the person's  
6.15 experience with and service to the fire department in that person's full-time capacity would  
6.16 be difficult to replace; and (3) the bylaws of the relief association were amended to provide  
6.17 for the payment of a service pension or disability benefit for such full-time employees.

6.18       Subd. 2. No assignment or garnishment. No service pension or ancillary benefits  
6.19 paid or payable from the special fund of a relief association to any person receiving  
6.20 or entitled to receive a service pension or ancillary benefits is subject to garnishment,  
6.21 judgment, execution, or other legal process, except as provided in section 518.58, 518.581,  
6.22 or 518A.53. No person entitled to a service pension or ancillary benefits from the special  
6.23 fund of a relief association may assign any service pension or ancillary benefit payments,  
6.24 and the association does not have the authority to recognize any assignment or pay over  
6.25 any sum which has been assigned.

6.26       Subd. 3. Purchase of annuity contract. A relief association that provides a service  
6.27 pension in a single payment, if the governing articles of incorporation or bylaws so  
6.28 provide, may purchase an annuity contract on behalf of a retiring member in an amount  
6.29 equal to the service pension otherwise payable at the request of the person and in place of  
6.30 a direct payment to the person. The annuity contract must be purchased from an insurance  
6.31 carrier licensed to do business in this state.

6.32       Subd. 4. Transfer to individual retirement account. A relief association that  
6.33 is a qualified pension plan under section 401(a) of the federal Internal Revenue Code,  
6.34 as amended, and that provides a single payment service pension, at the written request  
6.35 of the applicable retiring member or, following the death of the active member, at  
6.36 the written request of the deceased member's surviving spouse, may directly transfer

7.1 on an institution-to-institution basis the eligible member's lump sum pension or the  
7.2 death, funeral, or survivor benefit attributable to the member, whichever applies, to the  
7.3 requesting person's individual retirement account under section 408(a) of the federal  
7.4 Internal Revenue Code, as amended.

7.5 **Sec. 17. [424A.016] DEFINED CONTRIBUTION VOLUNTEER**  
7.6 **FIREFIGHTERS' RELIEF ASSOCIATION SPECIFIC REGULATION.**

7.7 **Subdivision 1. Defined contribution relief association authorization.** If the  
7.8 articles of incorporation or the bylaws governing the volunteer firefighters' relief  
7.9 association so provide exclusively, the relief association may pay a defined contribution  
7.10 lump sum service pension instead of a defined benefit service pension governed by section  
7.11 424A.02.

7.12 **Subd. 2. Defined contribution service pension eligibility.** (a) A relief association,  
7.13 when its articles of incorporation or bylaws so provide, may pay out of the assets of its  
7.14 special fund a service pension to each of its members who: (1) separates from active  
7.15 service with the fire department; (2) reaches age 50; (3) completes at least five years of  
7.16 active service as an active member of the municipal fire department to which the relief  
7.17 association is associated; (4) completes at least five years of active membership with  
7.18 the relief association before separation from active service; and (5) complies with any  
7.19 additional conditions as to age, service, and membership that are prescribed by the bylaws  
7.20 of the relief association.

7.21 (b) In the case of a member who has completed at least five years of active service as  
7.22 an active member of the fire department to which the relief association is associated on  
7.23 the date that the relief association is established and incorporated, the requirement that  
7.24 the member complete at least five years of active membership with the relief association  
7.25 before separation from active service may be waived by the board of trustees of the  
7.26 relief association if the member completes at least five years of inactive membership  
7.27 with the relief association before the date of the payment of the service pension. During  
7.28 the period of inactive membership, the member is not entitled to receive any disability  
7.29 benefit coverage, is not entitled to receive additional individual account allocation  
7.30 towards a service pension, and is considered to have the status of a person entitled to a  
7.31 deferred service pension. The service pension earned by a volunteer under this chapter  
7.32 and the articles of incorporation and bylaws of the association may be paid whether or  
7.33 not the municipality or nonprofit firefighting corporation to which the relief association is  
7.34 associated qualifies for the receipt of fire state aid under chapter 69.

8.1 Subd. 3. **Reduced vesting schedule.** If the articles of incorporation or bylaws of a  
 8.2 defined contribution relief association so provide, a relief association may pay a reduced  
 8.3 service pension not to exceed the nonforfeitable percentage of the account balance to a  
 8.4 retiring member who has completed fewer than 20 years of service. The reduced service  
 8.5 pension may be paid when the retiring member meets the minimum age and service  
 8.6 requirements of subdivision 2. the nonforfeitable percentage of pension amounts are  
 8.7 as follows:

	<u>Completed Years of Service</u>	<u>Nonforfeitable Percentage of Pension Amount</u>
8.10	<u>5</u>	<u>40 percent</u>
8.11	<u>6</u>	<u>52 percent</u>
8.12	<u>7</u>	<u>64 percent</u>
8.13	<u>8</u>	<u>76 percent</u>
8.14	<u>9</u>	<u>88 percent</u>
8.15	<u>10 and thereafter</u>	<u>100 percent</u>

8.16 Subd. 4. **Individual accounts.** (a) An individual account for each firefighter who  
 8.17 is a member of the relief association must be established.

8.18 (b) To each individual active member account must be credited an equal share of:  
 8.19 (1) any amounts of fire state aid received by the relief association; (2) any amounts of  
 8.20 municipal contributions to the relief association raised from levies on real estate or from  
 8.21 other available revenue sources exclusive of fire state aid; and (3) any amounts equal  
 8.22 to the share of the assets of the special fund to the credit of: (i) any former member  
 8.23 who terminated active service with the fire department to which the relief association is  
 8.24 associated before meeting the minimum service requirement provided for in paragraph (b)  
 8.25 and has not returned to active service with the fire department for a period no shorter than  
 8.26 five years; or (ii) any retired member who retired before obtaining a full nonforfeitable  
 8.27 interest in the amounts credited to the individual member account under paragraph (b)  
 8.28 and any applicable provision of the bylaws of the relief association. In addition, any  
 8.29 investment return on the assets of the special fund must be credited in proportion to the  
 8.30 share of the assets of the special fund to the credit of each individual active member  
 8.31 account. Administrative expenses of the relief association payable from the special  
 8.32 fund may be deducted from individual accounts in a manner specified in the bylaws of  
 8.33 the relief association.

8.34 (c) The method of crediting amounts to individual accounts must be allocated  
 8.35 uniformly for all years of active service and allocations must be made for all years of  
 8.36 service, except as otherwise provided in this section. The allocation method may utilize

9.1 monthly proration for fractional years of service, if the bylaws or articles of incorporation  
9.2 of the relief association so provide.

9.3 (d) At the time of retirement under subdivision 2 and any applicable provision of the  
9.4 bylaws of the relief association, a retiring member is entitled to that portion of the assets  
9.5 of the special fund to the credit of the member in the individual member account which is  
9.6 nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief  
9.7 association based on the number of years of service to the credit of the retiring member.

9.8 (e) Annually, the secretary of the relief association shall certify the individual  
9.9 account allocations to the state auditor at the same time that the annual financial statement  
9.10 or financial report and audit of the relief association, whichever applies, is due under  
9.11 section 69.051.

9.12 Subd. 5. **Service pension installment payments.** A defined contribution relief  
9.13 association, if the governing bylaws so provide, may pay, at the option of the retiring  
9.14 member and in lieu of a single payment of a service pension, the service pension in  
9.15 installments. The election of installment payments is irrevocable and must be made by the  
9.16 retiring member in writing and filed with the secretary of the relief association no later  
9.17 than 30 days before the commencement of payment of the service pension. The amount of  
9.18 the installment payments must be the fractional portion of the remaining account balance  
9.19 equal to one divided by the number of remaining annual installment payments.

9.20 Subd. 6. **Deferred service pensions.** (a) A member of a relief association is entitled  
9.21 to a deferred service pension if the member:

9.22 (1) has completed the lesser of the minimum period of active service with the fire  
9.23 department specified in the bylaws or 20 years of active service with the fire department;

9.24 (2) has completed at least five years of active membership in the relief association;  
9.25 and

9.26 (3) separates from active service and membership before reaching age 50 or the  
9.27 minimum age for retirement and commencement of a service pension specified in the  
9.28 bylaws governing the relief association if that age is greater than age 50.

9.29 (b) The deferred service pension is payable when the former member reaches age  
9.30 50, or the minimum age specified in the bylaws governing the relief association if that age  
9.31 is greater than age 50, and when the former member makes a valid written application.

9.32 (c) A defined contribution relief association may, if its governing bylaws so provide,  
9.33 credit interest or additional investment performance on the deferred lump sum service  
9.34 pension during the period of deferral. If provided for in the bylaws, the interest must be  
9.35 paid:

10.1 (1) at the investment performance rate actually earned on that portion of the assets  
10.2 if the deferred benefit amount is invested by the relief association in a separate account  
10.3 established and maintained by the relief association or if the deferred benefit amount is  
10.4 invested in a separate investment vehicle held by the relief association; or

10.5 (2) the investment return on the assets of the special fund of the defined contribution  
10.6 volunteer firefighter relief association in proportion to the share of the assets of the special  
10.7 fund to the credit of each individual deferred member account through the date on which  
10.8 the investment return is recognized by and credited to the special fund.

10.9 (d) The deferred service pension is governed by and must be calculated under  
10.10 the general statute, special law, relief association articles of incorporation, and relief  
10.11 association bylaw provisions applicable on the date on which the member separated from  
10.12 active service with the fire department and active membership in the relief association.

10.13 Subd. 7. **Limitation on ancillary benefits** A defined contribution relief association  
10.14 may only pay an ancillary benefit which would constitute an authorized disbursement as  
10.15 specified in section 424A.05. the ancillary benefit for active members must equal the  
10.16 vested or nonvested amount of the individual account of the member.

10.17 For deferred members, the ancillary benefit must equal the vested amount of the  
10.18 individual account of the member. For the recipient of installment payments of a service  
10.19 pension, the ancillary benefit must equal the remaining balance in the individual account  
10.20 of the recipient.

10.21 Subd. 8. **Repayment of service pension in certain instances.** If a retired volunteer  
10.22 firefighter does not permanently separate from active firefighting service as required  
10.23 by subdivision 1 and section 424A.001, subdivision 9, by resuming active service as a  
10.24 firefighter in the same volunteer fire department or as a person in charge of firefighters in  
10.25 the same volunteer fire department, no additional service pension amount is payable to the  
10.26 person, no additional individual account allocation may be made to the person, and the  
10.27 person must repay to the relief association any previously received service pension.

10.28 Subd. 9. **Filing of bylaw amendments.** Each relief association to which this section  
10.29 applies must file a revised copy of its governing bylaws with the state auditor upon the  
10.30 adoption of any amendment to its governing bylaws by the relief association. Failure of  
10.31 the relief association to file a copy of the bylaws or any bylaw amendments with the state  
10.32 auditor disqualifies the municipality from the distribution of any future fire state aid until  
10.33 this filing requirement has been completed.



11.1 Sec. 18. Minnesota Statutes 2006, section 424A.02, subdivision 1, is amended to read:

11.2 **424A.02 DEFINED BENEFIT VOLUNTEER FIREFIGHTERS**  
11.3 **FIREFIGHTERS' RELIEF ASSOCIATIONS; SERVICE PENSIONS.**

11.4 Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its  
11.5 articles of incorporation or bylaws so provide, may pay out of the assets of its special fund  
11.6 a service pension to each of its members who: (1) separates from active service with the  
11.7 fire department; (2) reaches age 50; (3) completes at least five years of active service  
11.8 as an active member of the municipal fire department to which the relief association  
11.9 is associated; (4) completes at least five years of active membership with the relief  
11.10 association before separation from active service; and (5) complies with any additional  
11.11 conditions as to age, service, and membership that are prescribed by the bylaws of the  
11.12 relief association. A service pension computed under this section may be prorated  
11.13 monthly for fractional years of service, if the bylaws or articles of incorporation of the  
11.14 relief association so provide. The service pension earned by a volunteer firefighter under  
11.15 this chapter and the articles of incorporation and bylaws of the volunteer firefighters'  
11.16 relief association may be paid whether or not the municipality or nonprofit firefighting  
11.17 corporation to which the relief association is associated qualifies for the receipt of fire  
11.18 state aid under chapter 69.

11.19 (b) In the case of a member who has completed at least five years of active service as  
11.20 an active member of the fire department to which the relief association is associated on  
11.21 the date that the relief association is established and incorporated, the requirement that  
11.22 the member complete at least five years of active membership with the relief association  
11.23 before separation from active service may be waived by the board of trustees of the relief  
11.24 association if the member completes at least five years of inactive membership with the  
11.25 relief association before the date of the payment of the service pension. During the  
11.26 period of inactive membership, the member is not entitled to receive disability benefit  
11.27 coverage, is not entitled to receive additional service credit towards computation of a  
11.28 service pension, and is considered to have the status of a person entitled to a deferred  
11.29 service pension under subdivision 7.

11.30 (c) No municipality or nonprofit firefighting corporation may delegate the power to  
11.31 take final action in setting a service pension or ancillary benefit amount or level to the  
11.32 board of trustees of the relief association or to approve in advance a service pension or  
11.33 ancillary benefit amount or level equal to the maximum amount or level that this chapter  
11.34 would allow rather than a specific dollar amount or level.

11.35 (d) No relief association as defined in section 424A.001, subdivision 4, may pay a  
11.36 service pension or disability benefit to a former member of the relief association if that

12.1 person has not separated from active service with the fire department to which the relief  
12.2 association is directly associated, unless:

12.3 (1) the person is employed subsequent to retirement by the municipality or the  
12.4 independent nonprofit firefighting corporation, whichever applies, to perform duties within  
12.5 the municipal fire department or corporation on a full-time basis;

12.6 (2) the governing body of the municipality or of the corporation has filed its  
12.7 determination with the board of trustees of the relief association that the person's  
12.8 experience with and service to the fire department in that person's full-time capacity  
12.9 would be difficult to replace; and

12.10 (3) the bylaws of the relief association were amended to provide for the payment of  
12.11 a service pension or disability benefit for such full-time employees.

12.12 Sec. 19. Minnesota Statutes 2006, section 424A.02, subdivision 2, is amended to read:

12.13 Subd. 2. **Nonforfeitable portion of service pension.** If the articles of incorporation  
12.14 or bylaws of a defined benefit relief association so provide, ~~a~~ the relief association may  
12.15 pay a reduced service pension to a retiring member who has completed fewer than 20  
12.16 years of service. The reduced service pension may be paid when the retiring member  
12.17 meets the minimum age and service requirements of subdivision 1.

12.18 The amount of the reduced service pension may not exceed the amount calculated by  
12.19 multiplying the service pension appropriate for the completed years of service as specified  
12.20 in the bylaws ~~times~~ multiplied by the applicable nonforfeitable percentage of pension.

12.21 For a defined benefit volunteer firefighter relief association that pays a lump-sum  
12.22 service pension, a monthly benefit service pension, or a lump-sum service pension or a  
12.23 monthly benefit service pension as alternative benefit forms, the nonforfeitable percentage  
12.24 of pension amounts are as follows:

	Completed Years of Service	Nonforfeitable Percentage of Pension Amount
12.25	5	40 percent
12.26	6	44 percent
12.27	7	48 percent
12.28	8	52 percent
12.29	9	56 percent
12.30	10	60 percent
12.31	11	64 percent
12.32	12	68 percent
12.33	13	72 percent
12.34	14	76 percent
12.35	15	80 percent

13.1	16	84 percent
13.2	17	88 percent
13.3	18	92 percent
13.4	19	96 percent
13.5	20 and thereafter	100 percent

13.6 ~~For a volunteer firefighter relief association that pays a defined contribution service~~  
 13.7 ~~pension, the nonforfeitable percentage of pension amounts are as follows:~~

13.8	Completed Years of Service	Nonforfeitable Percentage
13.9		of Pension Amount
13.10	5	40 percent
13.11	6	52 percent
13.12	7	64 percent
13.13	8	76 percent
13.14	9	88 percent
13.15	10 and thereafter	100 percent

13.16 Sec. 20. Minnesota Statutes 2006, section 424A.02, subdivision 3, as amended by  
 13.17 Laws 2008, chapter 349, article 14, section 8, is amended to read:

13.18 Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August 1  
 13.19 as part of the certification of the financial requirements and minimum municipal obligation  
 13.20 determined under section 69.772, subdivision 4, or 69.773, subdivision 5, as applicable,  
 13.21 the secretary or some other official of the relief association designated in the bylaws of  
 13.22 each defined benefit relief association shall calculate and certify to the governing body  
 13.23 of the applicable qualified municipality the average amount of available financing per  
 13.24 active covered firefighter for the most recent three-year period. The amount of available  
 13.25 financing ~~shall include~~ includes any amounts of fire state aid received or receivable by the  
 13.26 relief association, any amounts of municipal contributions to the relief association raised  
 13.27 from levies on real estate or from other available revenue sources exclusive of fire state  
 13.28 aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief  
 13.29 association calculated under section 69.772, subdivision 2; 69.773, subdivisions 2 and 4;  
 13.30 or 69.774, subdivision 2, if any.

13.31 (b) The maximum service pension which the defined benefit relief association has  
 13.32 authority to provide for in its bylaws for payment to a member retiring after the calculation  
 13.33 date when the minimum age and service requirements specified in subdivision 1 are met  
 13.34 must be determined using the table in paragraph (c) or (d), whichever applies.

13.35 (c) For a defined benefit relief association where the governing bylaws provide for  
 13.36 a monthly service pension to a retiring member, the maximum monthly service pension  
 13.37 amount per month for each year of service credited that may be provided for in the bylaws

14.1 is the greater of the service pension amount provided for in the bylaws on the date of the  
 14.2 calculation of the average amount of the available financing per active covered firefighter  
 14.3 or the maximum service pension figure corresponding to the average amount of available  
 14.4 financing per active covered firefighter:

14.5	Minimum Average Amount of Available Financing per Firefighter	Maximum Service Pension Amount Payable per Month for Each Year of Service
14.8	\$ ...	\$ .25
14.9	41	.50
14.10	81	1.00
14.11	122	1.50
14.12	162	2.00
14.13	203	2.50
14.14	243	3.00
14.15	284	3.50
14.16	324	4.00
14.17	365	4.50
14.18	405	5.00
14.19	486	6.00
14.20	567	7.00
14.21	648	8.00
14.22	729	9.00
14.23	810	10.00
14.24	891	11.00
14.25	972	12.00
14.26	1053	13.00
14.27	1134	14.00
14.28	1215	15.00
14.29	1296	16.00
14.30	1377	17.00
14.31	1458	18.00
14.32	1539	19.00
14.33	1620	20.00
14.34	1701	21.00
14.35	1782	22.00
14.36	1823	22.50
14.37	1863	23.00
14.38	1944	24.00
14.39	2025	25.00
14.40	2106	26.00
14.41	2187	27.00
14.42	2268	28.00
14.43	2349	29.00

15.1	2430	30.00
15.2	2511	31.00
15.3	2592	32.00
15.4	2673	33.00
15.5	2754	34.00
15.6	2834	35.00
15.7	2916	36.00
15.8	2997	37.00
15.9	3078	38.00
15.10	3159	39.00
15.11	3240	40.00
15.12	3321	41.00
15.13	3402	42.00
15.14	3483	43.00
15.15	3564	44.00
15.16	3645	45.00
15.17	3726	46.00
15.18	3807	47.00
15.19	3888	48.00
15.20	3969	49.00
15.21	4050	50.00
15.22	4131	51.00
15.23	4212	52.00
15.24	4293	53.00
15.25	4374	54.00
15.26	4455	55.00
15.27	4536	56.00
15.28	Effective beginning December 31, 2008	
15.29	4617	57.00
15.30	4698	58.00
15.31	4779	59.00
15.32	4860	60.00
15.33	4941	61.00
15.34	5022	62.00
15.35	5103	63.00
15.36	5184	64.00
15.37	5265	65.00
15.38	Effective beginning December 31, 2009	
15.39	5346	66.00
15.40	5427	67.00
15.41	5508	68.00
15.42	5589	69.00
15.43	5670	70.00

16.1	5751	71.00
16.2	5832	72.00
16.3	5913	73.00
16.4	5994	74.00
16.5	Effective beginning December 31, 2010	
16.6	6075	75.00
16.7	6156	76.00
16.8	6237	77.00
16.9	6318	78.00
16.10	6399	79.00
16.11	6480	80.00
16.12	6561	81.00
16.13	6642	82.00
16.14	6723	83.00
16.15	Effective beginning December 31, 2011	
16.16	6804	84.00
16.17	6885	85.00
16.18	6966	86.00
16.19	7047	87.00
16.20	7128	88.00
16.21	7209	89.00
16.22	7290	90.00
16.23	7371	91.00
16.24	7452	92.00
16.25	Effective beginning December 31, 2012	
16.26	7533	93.00
16.27	7614	94.00
16.28	7695	95.00
16.29	7776	96.00
16.30	7857	97.00
16.31	7938	98.00
16.32	8019	99.00
16.33	8100	100.00
16.34	any amount in excess of 8100	100.00

16.35 (d) For a defined benefit relief association in which the governing bylaws provide  
16.36 for a lump sum service pension to a retiring member, the maximum lump sum service  
16.37 pension amount for each year of service credited that may be provided for in the bylaws is  
16.38 the greater of the service pension amount provided for in the bylaws on the date of the  
16.39 calculation of the average amount of the available financing per active covered firefighter  
16.40 or the maximum service pension figure corresponding to the average amount of available  
16.41 financing per active covered firefighter for the applicable specified period:

17.1	Minimum Average Amount of Available	Maximum Lump Sum Service
17.2	Financing per Firefighter	Pension Amount Payable for
17.3		Each Year of Service
17.4	\$ ...	\$ 10
17.5	11	20
17.6	16	30
17.7	23	40
17.8	27	50
17.9	32	60
17.10	43	80
17.11	54	100
17.12	65	120
17.13	77	140
17.14	86	160
17.15	97	180
17.16	108	200
17.17	131	240
17.18	151	280
17.19	173	320
17.20	194	360
17.21	216	400
17.22	239	440
17.23	259	480
17.24	281	520
17.25	302	560
17.26	324	600
17.27	347	640
17.28	367	680
17.29	389	720
17.30	410	760
17.31	432	800
17.32	486	900
17.33	540	1000
17.34	594	1100
17.35	648	1200
17.36	702	1300
17.37	756	1400
17.38	810	1500
17.39	864	1600
17.40	918	1700
17.41	972	1800
17.42	1026	1900
17.43	1080	2000
17.44	1134	2100

18.1	1188	2200
18.2	1242	2300
18.3	1296	2400
18.4	1350	2500
18.5	1404	2600
18.6	1458	2700
18.7	1512	2800
18.8	1566	2900
18.9	1620	3000
18.10	1672	3100
18.11	1726	3200
18.12	1753	3250
18.13	1780	3300
18.14	1820	3375
18.15	1834	3400
18.16	1888	3500
18.17	1942	3600
18.18	1996	3700
18.19	2023	3750
18.20	2050	3800
18.21	2104	3900
18.22	2158	4000
18.23	2212	4100
18.24	2265	4200
18.25	2319	4300
18.26	2373	4400
18.27	2427	4500
18.28	2481	4600
18.29	2535	4700
18.30	2589	4800
18.31	2643	4900
18.32	2697	5000
18.33	2751	5100
18.34	2805	5200
18.35	2859	5300
18.36	2913	5400
18.37	2967	5500
18.38	3021	5600
18.39	3075	5700
18.40	3129	5800
18.41	3183	5900
18.42	3237	6000
18.43	3291	6100



19.1	3345	6200
19.2	3399	6300
19.3	3453	6400
19.4	3507	6500
19.5	3561	6600
19.6	3615	6700
19.7	3669	6800
19.8	3723	6900
19.9	3777	7000
19.10	3831	7100
19.11	3885	7200
19.12	3939	7300
19.13	3993	7400
19.14	4047	7500
19.15	Effective beginning December 31, 2008	
19.16	4101	7600
19.17	4155	7700
19.18	4209	7800
19.19	4263	7900
19.20	4317	8000
19.21	4371	8100
19.22	4425	8200
19.23	4479	8300
19.24	Effective beginning December 31, 2009	
19.25	4533	8400
19.26	4587	8500
19.27	4641	8600
19.28	4695	8700
19.29	4749	8800
19.30	4803	8900
19.31	4857	9000
19.32	4911	9100
19.33	Effective beginning December 31, 2010	
19.34	4965	9200
19.35	5019	9300
19.36	5073	9400
19.37	5127	9500
19.38	5181	9600
19.39	5235	9700
19.40	5289	9800
19.41	5343	9900
19.42	5397	10,000
19.43	any amount in excess of 5397	10,000

20.1 (e) For a defined benefit relief association in which the governing bylaws provide  
20.2 for a monthly benefit service pension as an alternative form of service pension payment  
20.3 to a lump sum service pension, the maximum service pension amount for each pension  
20.4 payment type must be determined using the applicable table contained in this subdivision.

20.5 (f) If a defined benefit relief association establishes a service pension in compliance  
20.6 with the applicable maximum contained in paragraph (c) or (d) and the minimum average  
20.7 amount of available financing per active covered firefighter is subsequently reduced  
20.8 because of a reduction in fire state aid or because of an increase in the number of active  
20.9 firefighters, the relief association may continue to provide the prior service pension  
20.10 amount specified in its bylaws, but may not increase the service pension amount until  
20.11 the minimum average amount of available financing per firefighter under the table in  
20.12 paragraph (c) or (d), whichever applies, permits.

20.13 (g) No defined benefit relief association is authorized to provide a service pension in  
20.14 an amount greater than the largest applicable flexible service pension maximum amount  
20.15 even if the amount of available financing per firefighter is greater than the financing  
20.16 amount associated with the largest applicable flexible service pension maximum.

20.17 (h) The method of calculating service pensions must be applied uniformly for all  
20.18 years of active service and credit must be given for all years of active service except as  
20.19 otherwise provided in this section.

20.20 Sec. 21. Minnesota Statutes 2006, section 424A.02, subdivision 3a, is amended to read:

20.21 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a)  
20.22 If a defined benefit relief association pays a service pension greater than the maximum  
20.23 service pension associated with the applicable average amount of available financing per  
20.24 active covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever  
20.25 applies, the maximum service pension under subdivision 3, paragraph (f), or the applicable  
20.26 maximum service pension amount specified in subdivision 3, paragraph (g), whichever is  
20.27 less, the state auditor shall:

20.28 (1) disqualify the municipality or the nonprofit firefighting corporation associated  
20.29 with the relief association from receiving fire state aid by making the appropriate  
20.30 notification to the municipality and the commissioner of revenue, with the disqualification  
20.31 applicable for the next apportionment and payment of fire state aid; and

20.32 (2) recover the amount of the overpaid service pension or pensions from any retired  
20.33 firefighter who received an overpayment.

20.34 (b) Fire state aid amounts from disqualified municipalities for the period of  
20.35 disqualifications under paragraph (a), clause (1), must be credited to the amount of

21.1 fire insurance premium tax proceeds available for the next subsequent fire state aid  
21.2 apportionment.

21.3 (c) The amount of any overpaid service pension recovered under paragraph (a),  
21.4 clause (2), must be credited to the amount of fire insurance premium tax proceeds  
21.5 available for the next subsequent fire state aid apportionment.

21.6 (d) The determination of the state auditor that a relief association has paid a service  
21.7 pension greater than the applicable maximum must be made on the basis of the information  
21.8 filed by the relief association and the municipality with the state auditor under sections  
21.9 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other  
21.10 relevant information that comes to the attention of the state auditor. The determination  
21.11 of the state auditor is final. An aggrieved municipality, relief association, or person may  
21.12 appeal the determination under section 480A.06.

21.13 Sec. 22. Minnesota Statutes 2006, section 424A.02, subdivision 7, as amended by  
21.14 Laws 2008, chapter 349, article 14, section 9, is amended to read:

21.15 Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief  
21.16 association is entitled to a deferred service pension if the member:

21.17 (1) has completed the lesser of either the minimum period of active service with  
21.18 the fire department specified in the bylaws or 20 years of active service with the fire  
21.19 department;

21.20 (2) has completed at least five years of active membership in the relief association;  
21.21 and

21.22 (3) separates from active service and membership before reaching age 50 or the  
21.23 minimum age for retirement and commencement of a service pension specified in the  
21.24 bylaws governing the relief association if that age is greater than age 50.

21.25 (b) The deferred service pension is payable when the former member reaches age  
21.26 50, or the minimum age specified in the bylaws governing the relief association if that age  
21.27 is greater than age 50, and when the former member makes a valid written application.

21.28 (c) A defined benefit relief association that provides a lump sum service pension  
21.29 governed by subdivision 3 may, when its governing bylaws so provide, pay interest on the  
21.30 deferred lump sum service pension during the period of deferral. If provided for in the  
21.31 bylaws, interest must be paid in one of the following manners:

21.32 (1) at the investment performance rate actually earned on that portion of the assets  
21.33 if the deferred benefit amount is invested by the relief association in a separate account  
21.34 established and maintained by the relief association or if the deferred benefit amount is  
21.35 invested in a separate investment vehicle held by the relief association; or

22.1 (2) at an interest rate of up to five percent, compounded annually, as set by the board  
22.2 of directors and approved as provided in subdivision 10.

22.3 (d) Interest under paragraph (c), clause (2), is payable following the date on which  
22.4 the municipality has approved the deferred service pension interest rate established by  
22.5 the board of trustees.

22.6 (e) ~~A relief association that provides a defined contribution service pension may,  
22.7 if its governing bylaws so provide, credit interest or additional investment performance  
22.8 on the deferred lump sum service pension during the period of deferral. If provided for  
22.9 in the bylaws, the interest must be paid in one of the manners specified in paragraph  
22.10 (c) or alternatively the relief association may credit any investment return on the assets  
22.11 of the special fund of the defined contribution volunteer firefighter relief association in  
22.12 proportion to the share of the assets of the special fund to the credit of each individual  
22.13 deferred member account through the date on which the investment return is recognized  
22.14 by and credited to the special fund.~~

22.15 (f) For a deferred service pension that is transferred to a separate account established  
22.16 and maintained by the relief association or separate investment vehicle held by the relief  
22.17 association, the deferred member bears the full investment risk subsequent to transfer and  
22.18 in calculating the accrued liability of the volunteer firefighters relief association that pays  
22.19 a lump sum service pension, the accrued liability for deferred service pensions is equal  
22.20 to the separate relief association account balance or the fair market value of the separate  
22.21 investment vehicle held by the relief association.

22.22 (g) (f) The deferred service pension is governed by and must be calculated under  
22.23 the general statute, special law, relief association articles of incorporation, and relief  
22.24 association bylaw provisions applicable on the date on which the member separated from  
22.25 active service with the fire department and active membership in the relief association.

22.26 Sec. 23. Minnesota Statutes 2006, section 424A.02, subdivision 8, is amended to read:

22.27 Subd. 8. **Lump sum service pensions; installment payments.** ~~Any~~ A defined  
22.28 benefit relief association, if the governing bylaws so provide, may pay, at the option of  
22.29 the retiring member and in lieu of a single payment of a lump sum service pension, a  
22.30 lump sum service pension in installments.

22.31 The election of installment payments ~~shall be~~ is irrevocable and ~~shall~~ must  
22.32 be made by the retiring member in writing and filed with the secretary of the relief  
22.33 association no later than 30 days prior to the commencement of payment of the service  
22.34 pension. The amount of the installment payments ~~shall~~ must be determined so that the  
22.35 present value of the aggregate installment payments computed at an interest rate of five

23.1 percent, compounded annually, is equal to the amount of the single lump sum payment  
23.2 which would have been made had the installment payments option not been elected.  
23.3 The payment of each installment ~~shall~~ must include interest at the rate of five percent,  
23.4 compounded annually on the reserve supporting the remaining installment payments as  
23.5 of the date on which the previous installment payment was paid and computed from the  
23.6 date on which the previous installment payment was paid to the date of payment for  
23.7 the current installment payment.

23.8 To the extent that the ~~commissioner of commerce~~ state auditor deems it to be  
23.9 necessary or practical, the ~~commissioner~~ state auditor may specify and issue procedures,  
23.10 forms or mathematical tables for use in performing the calculations required ~~pursuant to~~  
23.11 under this subdivision.

23.12 Sec. 24. Minnesota Statutes 2006, section 424A.02, subdivision 9, as amended by  
23.13 Laws 2008, chapter 349, article 14, section 10, is amended to read:

23.14 Subd. 9. **Limitation on ancillary benefits.** ~~Any~~ A defined benefit relief association,  
23.15 including any volunteer firefighters relief association governed by section 69.77 or any  
23.16 volunteer firefighters division of a relief association governed by chapter 424, may only  
23.17 pay ancillary benefits which would constitute an authorized disbursement as specified in  
23.18 section 424A.05 subject to the following requirements or limitations:

23.19 (1) with respect to a defined benefit relief association in which governing bylaws  
23.20 provide for a lump sum service pension to a retiring member, no ancillary benefit may  
23.21 be paid to any former member or paid to any person on behalf of any former member  
23.22 after the former member (i) terminates active service with the fire department and active  
23.23 membership in the relief association; and (ii) commences receipt of a service pension as  
23.24 authorized under this section; and

23.25 (2) with respect to any defined benefit relief association, no ancillary benefit paid or  
23.26 payable to any member, to any former member, or to any person on behalf of any member  
23.27 or former member, may exceed in amount the total earned service pension of the member  
23.28 or former member. The total earned service pension must be calculated by multiplying  
23.29 the service pension amount specified in the bylaws of the relief association at the time of  
23.30 death or disability, whichever applies, by the years of service credited to the member or  
23.31 former member. The years of service must be determined as of (i) the date the member or  
23.32 former member became entitled to the ancillary benefit; or (ii) the date the member or  
23.33 former member died entitling a survivor or the estate of the member or former member to  
23.34 an ancillary benefit. The ancillary benefit must be calculated without regard to whether the  
23.35 member had attained the minimum amount of service and membership credit specified in

24.1 the governing bylaws. For active members, the amount of a permanent disability benefit  
24.2 or a survivor benefit must be equal to the member's total earned service pension except  
24.3 that the bylaws of ~~any~~ a defined benefit relief association may provide for the payment of  
24.4 a survivor benefit in an amount not to exceed five times the yearly service pension amount  
24.5 specified in the bylaws on behalf of any member who dies before having performed five  
24.6 years of active service in the fire department with which the relief association is affiliated.

24.7 Sec. 25. Minnesota Statutes 2006, section 424A.02, subdivision 9a, is amended to read:

24.8 Subd. 9a. **Postretirement increases.** Notwithstanding any provision of general or  
24.9 special law to the contrary, a defined benefit relief association paying a monthly service  
24.10 pension may provide a postretirement increase to retired members and ancillary benefit  
24.11 recipients of the relief association if (1) the relief association adopts an appropriate bylaw  
24.12 amendment; and (2) the bylaw amendment is approved by the municipality pursuant to  
24.13 subdivision 10 and section 69.773, subdivision 6. The postretirement increase ~~shall be~~  
24.14 is applicable only to retired members and ancillary benefit recipients receiving a service  
24.15 pension or ancillary benefit as of the effective date of the bylaw amendment. The authority  
24.16 to provide a postretirement increase to retired members and ancillary benefit recipients  
24.17 of a relief association contained in this subdivision ~~shall supersede~~ supersedes any prior  
24.18 special law authorization relating to the provision of postretirement increases.

24.19 Sec. 26. Minnesota Statutes 2006, section 424A.02, subdivision 9b, is amended to read:

24.20 Subd. 9b. **Repayment of service pension in certain instances.** If a retired  
24.21 volunteer firefighter does not permanently separate from active firefighting service as  
24.22 required by subdivision 1 and section 424A.001, subdivision 9, by resuming active service  
24.23 as a firefighter in the same volunteer fire department or as a person in charge of firefighters  
24.24 in the same volunteer fire department, no additional service pension amount is payable  
24.25 to the person, no additional service is creditable to the person, and the person ~~shall~~ must  
24.26 repay to the defined benefit relief association any previously received service pension.

24.27 Sec. 27. Minnesota Statutes 2006, section 424A.02, subdivision 10, is amended to read:

24.28 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each  
24.29 defined benefit relief association to which this section applies ~~shall~~ must file a revised  
24.30 copy of its governing bylaws with the state auditor upon the adoption of any amendment  
24.31 to its governing bylaws by the relief association or upon the approval of any amendment  
24.32 to its governing bylaws granted by the governing body of each municipality served by the  
24.33 fire department to which the relief association is directly associated. Failure of the relief

25.1 association to file a copy of the bylaws or any bylaw amendments with the state auditor  
25.2 ~~shall disqualify~~ disqualifies the municipality from the distribution of any future fire state  
25.3 aid until this filing requirement has been completed.

25.4 (b) If the special fund of the relief association does not have a surplus over full  
25.5 funding ~~pursuant to~~ under section 69.772, subdivision 3, clause (2), subclause (e), or  
25.6 69.773, subdivision 4, and if the municipality is required to provide financial support to  
25.7 the special fund of the relief association ~~pursuant to~~ under section 69.772 or 69.773, no  
25.8 bylaw amendment which would affect the amount of, the manner of payment of, or the  
25.9 conditions for qualification for service pensions or ancillary benefits or disbursements  
25.10 other than administrative expenses authorized ~~pursuant to~~ under section 69.80 payable  
25.11 from the special fund of the relief association ~~shall be~~ is effective until it has been ratified  
25.12 by the governing body or bodies of the appropriate municipalities. If the municipality is  
25.13 not required to provide financial support to the special fund ~~pursuant to~~ under this section,  
25.14 the relief association may adopt or amend without municipal ratification its articles  
25.15 of incorporation or bylaws which increase or otherwise affect the service pensions or  
25.16 ancillary benefits payable from the special fund so long as the changes do not cause the  
25.17 amount of the resulting increase in the accrued liability of the special fund to exceed 90  
25.18 percent of the amount of the prior surplus over full funding and the changes do not result  
25.19 in the financial requirements of the special fund exceeding the expected amount of the  
25.20 ~~future~~ subsequent calendar year's fire state aid to be received by the relief association.

25.21 (c) If the relief association pays only a lump sum pension, the financial requirements  
25.22 are to be determined by the board of trustees following the preparation of an estimate  
25.23 of the expected increase in the accrued liability and annual accruing liability of the  
25.24 relief association attributable to the change. If the relief association pays a monthly  
25.25 benefit service pension, the financial requirements are to be determined by the board of  
25.26 trustees following either an updated actuarial valuation including the proposed change  
25.27 or an estimate of the expected actuarial impact of the proposed change prepared by the  
25.28 actuary of the relief association. If a relief association adopts or amends its articles of  
25.29 incorporation or bylaws without municipal ratification ~~pursuant to~~ under this subdivision,  
25.30 and, subsequent to the amendment or adoption, the financial requirements of the special  
25.31 fund ~~pursuant to~~ under this section are such so as to require financial support from the  
25.32 municipality, the provision which was implemented without municipal ratification ~~shall is~~  
25.33 no longer ~~be~~ effective without municipal ratification, and any service pensions or ancillary  
25.34 benefits payable after that date ~~shall~~ must be paid only in accordance with the articles of  
25.35 incorporation or bylaws as amended or adopted with municipal ratification.

26.1 Sec. 28. Minnesota Statutes 2006, section 424A.02, subdivision 12, is amended to read:

26.2 Subd. 12. **Transfer of service credit to new district.** Notwithstanding the  
26.3 requirements of subdivision 1 or any other law, a member of a fire department which is  
26.4 disbanded upon formation of a fire district to serve substantially the same geographic  
26.5 area, who serves as an active firefighter with the new district fire department, and is a  
26.6 member of the district firefighters' defined benefit relief association ~~shall be~~ is entitled  
26.7 to a nonforfeitable service pension from the new relief association upon completion of  
26.8 a combined total of 20 years active service in the disbanded and the new departments.  
26.9 The amount of the service pension ~~shall be~~ is based upon years of service in the new  
26.10 department only; and ~~shall~~ must be in an amount equal to the accrued liability for the  
26.11 appropriate years of service calculated in accordance with section 69.772, subdivision 2.

26.12 Sec. 29. Minnesota Statutes 2006, section 424A.02, subdivision 13, is amended to read:

26.13 Subd. 13. **Combined service pensions.** (a) If the articles of incorporation or bylaws  
26.14 of the defined benefit relief associations so provide, a volunteer firefighter with credit for  
26.15 service as an active firefighter in more than one defined benefit volunteer firefighters relief  
26.16 association is entitled, when the applicable requirements of paragraph (b) are met and  
26.17 when otherwise qualified, to a prorated service credit from each relief association.

26.18 (b) A volunteer firefighter receiving a prorated service pension under this subdivision  
26.19 must have a total amount of service credit of ten years or more, if the bylaws of every  
26.20 affected relief association ~~does~~ do not require specify only a five-year service vesting  
26.21 requirement, or five years or more, if the bylaws of every affected relief association  
26.22 ~~requires~~ require only a five-year service vesting requirement, as a member of two or more  
26.23 relief associations otherwise qualified. The member must have one year or more of service  
26.24 credit in each relief association. The prorated service pension must be based on the service  
26.25 pension amount in effect for the relief association on the date on which active volunteer  
26.26 firefighting services covered by that relief association terminate. To receive a service  
26.27 pension under this subdivision, the firefighter must become a member of the second or  
26.28 succeeding association and must give notice of membership to the prior association within  
26.29 two years of the date of termination of active service with the prior association. The notice  
26.30 must be attested to by the second or subsequent relief association secretary.

26.31 Sec. 30. Minnesota Statutes 2006, section 424A.021, is amended to read:

26.32 **424A.021 CREDIT FOR BREAK IN SERVICE TO PROVIDE UNIFORMED**  
26.33 **SERVICE.**



27.1 Subdivision 1. **Authorization.** Subject to restrictions stated in this section, a  
 27.2 volunteer firefighter who is absent from firefighting service due to service in the uniformed  
 27.3 services, as defined in United States Code, title 38, section 4303(13), may obtain service  
 27.4 credit if the relief association is a defined benefit plan or an allocation ~~of any fire state aid,~~  
 27.5 ~~any municipal contributions, and any investment return~~ received by the relief association as  
 27.6 though the person was an active member if the relief association is a defined contribution  
 27.7 plan for the period of the uniformed service, not to exceed five years, unless a longer  
 27.8 period is required under United States Code, title 38, section 4312.

27.9 Subd. 2. **Limitations.** (a) To be eligible for service credit or ~~an investment return~~  
 27.10 an allocation as though an active member under this section, the volunteer firefighter  
 27.11 must return to firefighting service with coverage by the same relief association or by the  
 27.12 successor to that relief association upon discharge from service in the uniformed service  
 27.13 within the time frame required in United States Code, title 38, section 4312(e).

27.14 (b) Service credit or ~~an investment return~~ an allocation as though an active member  
 27.15 is not authorized if the firefighter separates from uniformed service with a dishonorable or  
 27.16 bad conduct discharge or under other than honorable conditions.

27.17 (c) Service credit or ~~an investment return~~ an allocation as though an active member  
 27.18 is not authorized if the firefighter fails to provide notice to the fire department that the  
 27.19 individual is leaving to provide service in the uniformed service, unless it is not feasible to  
 27.20 provide that notice due to the emergency nature of the situation.

27.21 Sec. 31. Minnesota Statutes 2006, section 424A.03, is amended to read:

27.22 **424A.03 UNIFORMITY OF VOLUNTEER FIREFIGHTER SERVICE**  
 27.23 **PENSION AND RETIREMENT BENEFITS.**

27.24 Subdivision 1. **Limitation on nonuniformity of pensions.** Every partially salaried  
 27.25 and partially volunteer firefighters' relief association ~~shall~~ must provide service pensions  
 27.26 to volunteer firefighter members based on the years of service of the members not on  
 27.27 the compensation paid to the members for firefighting services. Each relief association  
 27.28 ~~shall~~ must provide service pensions to salaried members as set forth in chapter 424 and  
 27.29 applicable special laws.

27.30 Subd. 2. **Penalties for violations.** ~~Any A~~ A municipality which has a fire department  
 27.31 ~~to which~~ associated with a relief association which violates the provisions of subdivision  
 27.32 1 is directly associated or which contracts with an independent nonprofit firefighting  
 27.33 corporation ~~of which~~ associated with a relief association which violates the provisions  
 27.34 of subdivision 1 is a subsidiary ~~shall~~ may not be included in the apportionment of fire  
 27.35 state aid by the commissioner of commerce to the applicable county auditor ~~pursuant to~~

28.1 under section 69.021, subdivision 6, and ~~shall~~ may not be included in the apportionment  
28.2 of fire state aid by the county auditor to the various municipalities ~~pursuant to~~ under  
28.3 section 69.021, subdivision 7.

28.4 Subd. 3. **Exception to application of limitation and penalty.** The limitation  
28.5 provided for in subdivision 1 ~~shall~~ does not apply to any relief association which ~~prior to~~  
28.6 before January 1, 1957, had established a definite service pension formula for members  
28.7 of the partially salaried and partially volunteer firefighters' relief association who are  
28.8 regularly employed firefighters.

28.9 Sec. 32. Minnesota Statutes 2006, section 424A.04, is amended to read:

28.10 **424A.04 VOLUNTEER RELIEF ASSOCIATIONS; BOARD OF TRUSTEES.**

28.11 Subdivision 1. **Membership.** (a) A relief association that is directly associated with  
28.12 a municipal fire department must be managed by a board of trustees consisting of nine  
28.13 members. Six trustees must be elected from the membership of the relief association and  
28.14 three trustees must be drawn from the officials of the municipalities served by the fire  
28.15 department to which the relief association is directly associated. The bylaws of a relief  
28.16 association which provides a monthly benefit service pension may provide that one of  
28.17 the six trustees elected from the relief association membership may be a retired member  
28.18 receiving a monthly pension who is elected by the membership of the relief association.  
28.19 The three municipal trustees must be one elected municipal official and one elected or  
28.20 appointed municipal official who are designated as municipal representatives by the  
28.21 municipal governing board annually and the chief of the municipal fire department.

28.22 (b) A relief association that is a subsidiary of an independent nonprofit firefighting  
28.23 corporation must be managed by a board of trustees consisting of nine members. Six  
28.24 trustees must be elected from the membership of the relief association, two trustees must  
28.25 be drawn from the officials of the municipalities served by the fire department to which  
28.26 the relief association is directly associated, and one trustee ~~shall~~ must be the fire chief  
28.27 serving with the independent nonprofit firefighting corporation. The bylaws of a relief  
28.28 association may provide that one of the six trustees elected from the relief association  
28.29 membership may be a retired member receiving a monthly pension who is elected by the  
28.30 membership of the relief association. The two municipal trustees must be elected or  
28.31 appointed municipal officials, selected as follows:

28.32 (1) if only one municipality contracts with the independent nonprofit firefighting  
28.33 corporation, the municipal trustees must be two officials of the contracting municipality  
28.34 who are designated annually by the governing body of the municipality; or

29.1 (2) if two or more municipalities contract with the independent nonprofit corporation,  
29.2 the municipal trustees must be one official from each of the two largest municipalities  
29.3 in population who are designated annually by the governing bodies of the applicable  
29.4 municipalities.

29.5 (c) The municipal trustees for a relief association that is directly associated with a fire  
29.6 department operated as or by a joint powers entity must be designated annually by the joint  
29.7 powers board. The municipal trustees for a relief association that is directly associated  
29.8 with a fire department service area township must be designated by the township board.

29.9 (d) If a relief association lacks the municipal board members provided for in  
29.10 paragraph (a), (b), or (c) because the fire department is not located in or associated with an  
29.11 organized municipality, joint powers entity, or township, the municipal board members  
29.12 must be appointed from the fire department service area by the board of commissioners  
29.13 of the applicable county.

29.14 (e) The term of ~~these~~ appointed municipal board members is one year or until the  
29.15 person's successor is qualified, whichever is later.

29.16 (f) A municipal trustee under paragraph (a), (b), (c), or (d) has all the rights  
29.17 and duties accorded to any other trustee, except the right to be an officer of the relief  
29.18 association board of trustees.

29.19 (g) A board must have at least three officers, who are a president, a secretary and a  
29.20 treasurer. These officers must be elected from among the elected trustees by either the full  
29.21 board of trustees or by the relief association membership, as specified in the bylaws. In  
29.22 no event may any trustee hold more than one officer position at any one time. The terms  
29.23 of the elected trustees and of the officers of the board must be specified in the bylaws of  
29.24 the relief association, but may not exceed three years. If the term of the elected trustees  
29.25 exceeds one year, the election of the various trustees elected from the membership must be  
29.26 staggered on as equal a basis as is practicable.

29.27 Subd. 2. **Fiduciary duty.** The board of trustees of a relief association shall  
29.28 undertake their activities consistent with chapter 356A.

29.29 Subd. 2b. **Fiduciary responsibility.** In the discharge of their respective duties, the  
29.30 officers and trustees shall be held to the standard of care specified in section 11A.09. In  
29.31 addition, the trustees must act in accordance with chapter 356A. Each member of the board  
29.32 is a fiduciary and shall undertake all fiduciary activities in accordance with the standard  
29.33 of care of section 11A.09, and in a manner consistent with chapter 356A. No fiduciary  
29.34 of a relief association shall cause a relief association to engage in a transaction if the  
29.35 fiduciary knows or should know that the transaction constitutes one of the following direct  
29.36 or indirect transactions: (1) sale or exchange or leasing of any real property between the

30.1 relief association and a board member; (2) lending of money or other extension of credit  
 30.2 between the relief association and a board member or member of the relief association;  
 30.3 (3) furnishing of goods, services, or facilities between the relief association and a board  
 30.4 member; or (4) transfer to a board member, or use by or for the benefit of a board member,  
 30.5 of any assets of the relief association. A transfer of assets does not mean the payment of  
 30.6 relief association benefits or administrative expenses permitted by law.

30.7 Subd. 3. **Conditions on relief association consultants.** (a) If a volunteer firefighter  
 30.8 relief association ~~hires~~ employs or contracts with a consultant to provide legal or financial  
 30.9 advice, the secretary of the relief association shall obtain and the consultant shall provide  
 30.10 to the secretary of the relief association a copy of the consultant's certificate of insurance.

30.11 (b) A consultant is any person who is employed under contract to provide legal or  
 30.12 financial advice and who is or who represents to the volunteer firefighter relief association  
 30.13 that the person is:

- 30.14 (1) an actuary;  
 30.15 (2) a licensed public accountant or a certified public accountant;  
 30.16 (3) an attorney;  
 30.17 (4) an investment advisor or manager, or an investment counselor;  
 30.18 (5) an investment advisor or manager selection consultant;  
 30.19 (6) a pension benefit design advisor or consultant; or  
 30.20 (7) any other financial consultant.

30.21 Sec. 33. Minnesota Statutes 2006, section 424A.05, subdivision 1, is amended to read:

30.22 Subdivision 1. **Establishment of special fund.** Every volunteer firefighters' relief  
 30.23 association shall establish and maintain a special fund within the relief association.

30.24 Sec. 34. Minnesota Statutes 2006, section 424A.05, subdivision 2, is amended to read:

30.25 Subd. 2. **Special fund assets and revenues.** The special fund ~~shall~~ must be credited  
 30.26 with all fire state aid moneys received ~~pursuant to~~ under sections 69.011 to 69.051,  
 30.27 all taxes levied by or other revenues received from the municipality ~~pursuant to~~ under  
 30.28 sections 69.771 to 69.776 or any applicable special law requiring municipal support for  
 30.29 the relief association, any moneys or property donated, given, granted or devised by any  
 30.30 person which is specified for use for the support of the special fund and any interest or  
 30.31 investment return earned upon the assets of the special fund. The treasurer of the relief  
 30.32 association ~~shall be~~ is the custodian of the assets of the special fund and ~~shall~~ must be the  
 30.33 recipient on behalf of the special fund of all revenues payable to the special fund. The  
 30.34 treasurer shall maintain adequate records documenting any transaction involving the assets

31.1 or the revenues of the special fund. These records and the bylaws of the relief association  
31.2 ~~shall be~~ are public and ~~shall~~ must be open for inspection by any member of the relief  
31.3 association, any officer or employee of the state or of the municipality, or any member of  
31.4 the public, at reasonable times and places.

31.5 Sec. 35. Minnesota Statutes 2006, section 424A.05, subdivision 3, as amended by  
31.6 Laws 2008, chapter 349, article 14, section 11, is amended to read:

31.7 Subd. 3. **Authorized disbursements from the special fund.** (a) Disbursements  
31.8 from the special fund ~~are~~ may not permitted to be made for any purpose other than one of  
31.9 the following:

31.10 (1) for the payment of service pensions to retired members of the relief association if  
31.11 authorized and paid under law and the bylaws governing the relief association;

31.12 (2) for the payment of temporary or permanent disability benefits to disabled  
31.13 members of the relief association if authorized and paid ~~pursuant to~~ under law and  
31.14 specified in amount in the bylaws governing the relief association;

31.15 (3) for the payment of survivor benefits to surviving spouses and surviving children,  
31.16 or if none, to designated beneficiaries, of deceased members of the relief association, and  
31.17 if no survivors and if no designated beneficiary, for the payment of a death benefit to the  
31.18 estate of the deceased active or deferred firefighter, if authorized by and paid ~~pursuant to~~  
31.19 under law and specified in amount in the bylaws governing the relief association;

31.20 (4) for the payment of the fees, dues and assessments to the Minnesota State Fire  
31.21 Department Association, to the Minnesota Area Relief Association Coalition, and to  
31.22 the state Volunteer Firefighters Benefit Association in order to entitle relief association  
31.23 members to membership in and the benefits of these associations or organizations; and

31.24 (5) for the payment of administrative expenses of the relief association as authorized  
31.25 under section 69.80.

31.26 (b) For purposes of this chapter, a designated beneficiary must be a natural person.

31.27 Sec. 36. Minnesota Statutes 2006, section 424A.05, subdivision 4, is amended to read:

31.28 Subd. 4. **Investments of assets of the special fund.** The assets of the special fund  
31.29 ~~shall~~ must be invested only in securities authorized by section 69.775.

31.30 Sec. 37. Minnesota Statutes 2006, section 424A.06, is amended to read:

31.31 **424A.06 RELIEF ASSOCIATION GENERAL FUND.**

31.32 Subdivision 1. **Establishment of general fund.** ~~Any~~ A volunteer firefighters' relief  
31.33 association may establish and maintain a general fund within the relief association.

32.1 Subd. 2. **General fund assets and revenues.** To the general fund, if established,  
 32.2 ~~shall~~ must be credited all moneys received from dues, fines, initiation fees, entertainment  
 32.3 revenues and any moneys or property donated, given, granted or devised by any person,  
 32.4 for unspecified uses. The treasurer of the relief association ~~shall be~~ is the custodian of the  
 32.5 assets of the general fund and ~~shall~~ must be the recipient on behalf of the general fund of  
 32.6 all revenues payable to the general fund. The treasurer shall maintain adequate records  
 32.7 documenting any transaction involving the assets or the revenues of the general fund.  
 32.8 These records ~~shall~~ must be open for inspection by any member of the relief association  
 32.9 at reasonable times and places.

32.10 Subd. 3. **Authorized disbursements from the general fund.** Disbursements from  
 32.11 the general fund may be made for any purpose that is authorized by either the articles of  
 32.12 incorporation or bylaws of the relief association.

32.13 Subd. 4. **Investment of assets of the general fund.** The assets of the general  
 32.14 fund may be invested in any securities that are authorized by the bylaws of the relief  
 32.15 association and may be certified for investment by the State Board of Investment in fixed  
 32.16 income pools or in a separately managed account at the discretion of the State Board of  
 32.17 Investment as provided in section 11A.14.

32.18 Sec. 38. Minnesota Statutes 2006, section 424A.07, is amended to read:

32.19 **424A.07 NONPROFIT FIREFIGHTING CORPORATIONS;**  
 32.20 **ESTABLISHMENT OF RELIEF ASSOCIATIONS.**

32.21 ~~Prior to~~ Before paying any service pensions or retirement benefits ~~pursuant to~~  
 32.22 under section 424A.02 or before becoming entitled to receive any amounts of fire state  
 32.23 aid upon transmittal from a contracting municipality ~~pursuant to~~ under section 69.031,  
 32.24 subdivision 5, a nonprofit firefighting corporation shall establish a volunteer firefighters'  
 32.25 relief association governed by this chapter.

32.26 Sec. 39. Minnesota Statutes 2006, section 424A.08, is amended to read:

32.27 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION;**  
 32.28 **AUTHORIZED DISBURSEMENTS.**

32.29 Any qualified municipality which is entitled to receive fire state aid but which has  
 32.30 no volunteer firefighters' relief association directly associated with its fire department  
 32.31 shall deposit the fire state aid in a special account established for that purpose in the  
 32.32 municipal treasury. Disbursement from the special account ~~shall~~ may not be made for  
 32.33 any purpose except:

- 33.1 (1) payment of the fees, dues and assessments to the Minnesota State Fire  
33.2 Department Association and to the state Volunteer Firefighters' Benefit Association in  
33.3 order to entitle its firefighters to membership in and the benefits of these state associations;
- 33.4 (2) payment of the cost of purchasing and maintaining needed equipment for the  
33.5 fire department; and
- 33.6 (3) payment of the cost ~~for~~ of construction, acquisition, repair ~~and~~ or maintenance of  
33.7 buildings or other premises to house the equipment of the fire department.

33.8 Sec. 40. Minnesota Statutes 2007 Supplement, section 424A.10, subdivision 1, is  
33.9 amended to read:

33.10 Subdivision 1. **Definitions.** For purposes of this section:

33.11 (1) "qualified recipient" means an individual who receives a lump sum distribution  
33.12 of pension or retirement benefits from a volunteer firefighters' relief association for service  
33.13 that the individual has performed as a volunteer firefighter;

33.14 (2) "survivor of a deceased active or deferred volunteer firefighter" means the legally  
33.15 married spouse of a deceased volunteer firefighter, or, if none, the surviving minor child or  
33.16 minor children of a deceased volunteer firefighter;

33.17 (3) "active volunteer firefighter" means a person who regularly renders fire  
33.18 suppression service for a municipal fire department or an independent nonprofit firefighting  
33.19 corporation, who has met the statutory and other requirements for relief association  
33.20 membership, and who has been a fully qualified member of the relief association for  
33.21 at least one month; and

33.22 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who  
33.23 terminated active firefighting service, has sufficient service credit from the applicable  
33.24 relief association to be entitled to a service pension, but has not applied for or has not  
33.25 received the service pension.

33.26 Sec. 41. Minnesota Statutes 2007 Supplement, section 424A.10, subdivision 2, is  
33.27 amended to read:

33.28 Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a volunteer  
33.29 firefighters' relief association of a lump sum distribution to a qualified recipient, the  
33.30 association must pay a supplemental benefit to the qualified recipient. Notwithstanding  
33.31 any law to the contrary, the relief association must pay the supplemental benefit out of  
33.32 its special fund. ~~The amount of~~ This benefit ~~equals~~ is an amount equal to ten percent of  
33.33 the regular lump sum distribution that is paid on the basis of the recipient's service as  
33.34 a volunteer firefighter. In no case may the amount of the supplemental benefit exceed

34.1 \$1,000. A supplemental benefit under this paragraph may not be paid to a survivor of a  
34.2 deceased active or deferred volunteer firefighter in that capacity.

34.3 (b) Upon the payment by a relief association of a lump sum survivor benefit or  
34.4 funeral benefit to a survivor of a deceased active volunteer firefighter or of a deceased  
34.5 deferred volunteer firefighter, the association may pay a supplemental survivor benefit  
34.6 to the survivor of the deceased active or deferred volunteer firefighter from the special  
34.7 fund of the relief association if its articles of incorporation or bylaws so provide. The  
34.8 amount of the supplemental survivor benefit is 20 percent of the survivor benefit or funeral  
34.9 benefit, but not to exceed \$2,000.

34.10 (c) An individual may receive a supplemental benefit under paragraph (a) or under  
34.11 paragraph (b), but not under both paragraphs with respect to one lump sum volunteer  
34.12 firefighter benefit.

34.13 Sec. 42. Minnesota Statutes 2007 Supplement, section 424A.10, subdivision 3, is  
34.14 amended to read:

34.15 Subd. 3. **State reimbursement.** (a) By February 15 of each year, the treasurer of  
34.16 the volunteer firefighters' relief association shall apply to the commissioner of revenue  
34.17 for state reimbursement of the amount of supplemental benefits paid under subdivision 2  
34.18 during the preceding calendar year. By March 15, the commissioner shall reimburse the  
34.19 relief association for the amount of the supplemental benefits paid by the relief association  
34.20 to qualified recipients and to survivors of deceased active or deferred volunteer firefighters.

34.21 (b) The commissioner of revenue shall prescribe the form of and supporting  
34.22 information that must be supplied as part of the application for state reimbursement.

34.23 (c) The reimbursement payment must be deposited in the special fund of the relief  
34.24 association.

34.25 (d) A sum sufficient to make the payments is appropriated from the general fund  
34.26 to the commissioner of revenue.

34.27 Sec. 43. Minnesota Statutes 2006, section 424A.10, subdivision 4, is amended to read:

34.28 Subd. 4. **In lieu of income tax exclusion.** (a) The supplemental benefit provided  
34.29 by this section is in lieu of the state income tax exclusion for lump sum distributions of  
34.30 retirement benefits paid to volunteer firefighters.

34.31 (b) If the law is modified to exclude or exempt volunteer firefighters' lump sum  
34.32 distributions from state income taxation, the supplemental benefits under this section  
34.33 ~~may~~ are no longer be paid payable, beginning with the first calendar year in which the



35.1 exclusion or exemption is effective. This subdivision does not apply to exemption of all or  
35.2 part of a lump sum distribution under section 290.032 or 290.0802.

35.3 Sec. 44. Minnesota Statutes 2006, section 424A.10, subdivision 5, is amended to read:

35.4 Subd. 5. **Retroactive reimbursement in certain instances.** A supplemental  
35.5 survivor or funeral benefit may be paid by a relief association for the death of an active  
35.6 volunteer firefighter or of a deferred volunteer firefighter that occurred on or after August  
35.7 1, 2005, if the relief association articles of incorporation or bylaws ~~so~~ provide for a  
35.8 supplemental survivor benefit and provide for retroactivity.

35.9 Sec. 45. Minnesota Statutes 2006, section 424B.10, is amended to read:

35.10 **424B.10 CONSOLIDATING DEFINED BENEFIT RELIEF ASSOCIATIONS;**  
35.11 **BENEFITS; FUNDING.**

35.12 Subd 1a. **Applicability.** This section applies when all of the volunteer firefighters'  
35.13 relief associations involved in the consolidation are defined benefit relief associations as  
35.14 defined in section 424A.001, subdivision 1b.

35.15 ~~Subdivision 1~~ Subd. 1a. **Benefits.** (a) The successor relief association following  
35.16 the consolidation of two or more defined benefit relief associations must be a defined  
35.17 benefit relief association.

35.18 (b) Notwithstanding any provision of section 424A.02, subdivision 3, to the contrary,  
35.19 the initial service pension amount of the subsequent defined benefit relief association as  
35.20 of the effective date of consolidation is either the service pension amount specified in  
35.21 clause (1) or the service pension amounts specified in clause (2), as provided for in the  
35.22 consolidated relief association's articles of incorporation or bylaws:

35.23 (1) the highest dollar amount service pension amount of any prior volunteer  
35.24 firefighters relief association in effect immediately before the consolidation initiation if the  
35.25 pension amount was implemented consistent with section 424A.02; or

35.26 (2) for service rendered by each individual volunteer firefighter before consolidation,  
35.27 the service pension amount under the consolidating volunteer firefighters relief association  
35.28 that the firefighter belonged to immediately before the consolidation if the pension amount  
35.29 was implemented consistent with section 424A.02 and for service rendered after the  
35.30 effective date of the consolidation, the highest dollar amount service pension of any of the  
35.31 consolidating volunteer firefighters relief associations in effect immediately before the  
35.32 consolidation if the pension amount was implemented consistent with section 424A.02.

36.1 ~~(b)~~ (c) Any increase in the service pension amount beyond the amount implemented  
36.2 under paragraph (a) must conform with the requirements and limitations of sections  
36.3 69.771 to 69.775 and section 424A.02.

36.4 Subd. 2. **Funding.** (a) Unless the applicable municipalities agree in writing to  
36.5 allocate the minimum municipal obligation in a different manner, the minimum municipal  
36.6 obligation under section 69.772 or 69.773, whichever applies, must be allocated between  
36.7 the applicable municipalities in proportion to their fire state aid.

36.8 (b) If any applicable municipality fails to meet its portion of the minimum municipal  
36.9 obligation to the subsequent relief association, all other applicable municipalities are  
36.10 jointly obligated to provide the required funding upon certification by the relief association  
36.11 secretary. An applicable municipality that pays the minimum municipal obligation  
36.12 amount for another applicable municipality, the municipality may collect ~~the~~ that payment  
36.13 amount, plus a 25 percent surcharge, from the responsible applicable municipality by any  
36.14 available means, including a deduction from any state aid or payment amount payable  
36.15 to the responsible municipality upon certification of the necessary information to the  
36.16 commissioner of finance.

36.17 Sec. 46. [424B.11] CONSOLIDATING DEFINED CONTRIBUTION RELIEF  
36.18 ASSOCIATIONS; INDIVIDUAL ACCOUNTS; FUNDING.

36.19 Subdivision 1. **Applicability.** This section applies when all of the volunteer  
36.20 firefighters' relief associations involved in the consolidation are defined contribution relief  
36.21 associations as defined in section 424A.001, subdivision 1c.

36.22 Subd. 2. **Individual accounts.** The successor relief association following the  
36.23 consolidation of two or more defined contribution relief associations must be a defined  
36.24 contribution relief association and the successor relief association board shall establish  
36.25 individual accounts for every active member, deferred member, or retired member  
36.26 receiving installment payments with that status as of the consolidation date. To each  
36.27 individual account the successor relief association must credit the amount to the credit  
36.28 of each person by a predecessor relief association as of the date of consolidation plus a  
36.29 proportional share, based on account value, of any subsequent net revenue during the  
36.30 consolidation process.

36.31 Subd. 3. **Funding.** Unless the articles of incorporation or bylaws of the successor  
36.32 relief association specify that municipal contributions are wholly voluntary or unless the  
36.33 municipalities associated with the consolidating defined contribution relief associations  
36.34 agree in writing to a different municipal support arrangement, each municipality must  
36.35 continue to provide the same amount of municipal support to the successor relief

37.1 association as the municipality provided to the applicable predecessor relief association in  
37.2 the calendar year immediately prior to the calendar year in which the consolidation occurs.

37.3 Sec. 47. **[424B.12] MIXED CONSOLIDATING RELIEF ASSOCIATIONS;**  
37.4 **BENEFIT PLAN; FUNDING.**

37.5 Subdivision 1. **Applicability.** This section applies where one or more of the  
37.6 volunteer firefighters' relief associations involved in the consolidation are defined benefit  
37.7 relief associations as defined in section 424A.001, subdivision 1b, and one or more of  
37.8 the volunteer firefighters' relief associations involved in the consolidation are defined  
37.9 contribution relief associations as defined in section 424A.001, subdivision 1c.

37.10 Subd. 2. **Benefit plan.** The articles of incorporation or bylaws of the relief successor  
37.11 relief association must specify whether the relief association is a defined benefit relief  
37.12 association or whether the relief association is a defined contribution relief association. If  
37.13 the successor relief association is a defined benefit relief association, the relief association  
37.14 benefits must comply with sections 424A.02 and 424B.11, subdivision 1a. If the successor  
37.15 relief association is a defined contribution relief association, the relief association must  
37.16 comply with sections 424A.017 and 424B.12, subdivision 2.

37.17 Subd. 3. **Funding.** If the successor relief association is a defined benefit relief  
37.18 association, the relief association funding is governed by section 424B.11, subdivision 2.  
37.19 If the successor relief association is a defined contribution relief association, the relief  
37.20 association funding is governed by section 424B.12, subdivision 3.

37.21 Sec. 48. **REPEALER.**

37.22 Subdivision 1. **Repealed for recodification.** Minnesota Statutes 2006, sections  
37.23 424A.001, subdivision 7; and 424A.02, subdivisions 4, 6, 8a, and 8b, are repealed.

37.24 Subd. 2. **Repealed as obsolete.** Minnesota Statutes 2006, section 424A.09, is  
37.25 repealed.

37.26 Sec. 49. **EFFECTIVE DATE.**

37.27 (a) Except as specified in paragraph (b), Sections 1 to 31 and 36 to 47 are effective  
37.28 July 1, 2009.

37.29 (b) The reduction in the number of deferred service pension interest options  
37.30 contained in section 16, subdivision 6, is effective January 1, 2010.

37.31 (c) Sections 32 to 35 are effective retroactively from July 1, 2008.

38.1

**ARTICLE 2**

38.2

**CONFORMING CHANGES**

38.3 Section 1. Minnesota Statutes 2006, section 69.771, subdivision 3, is amended to read:

38.4 Subd. 3. **Remedy for noncompliance; determination.** (a) A municipality in which  
38.5 there exists a firefighters' relief association as specified in subdivision 1 which does not  
38.6 comply with the applicable provisions of sections 69.771 to 69.776 or the provisions of  
38.7 any applicable special law relating to the funding or financing of the association does  
38.8 not qualify initially to receive, and is not entitled subsequently to retain, fire state aid  
38.9 under sections 69.011 to 69.051 until the reason for the disqualification specified by the  
38.10 state auditor is remedied, whereupon the municipality or relief association, if otherwise  
38.11 qualified, is entitled to again receive fire state aid for the year occurring immediately  
38.12 subsequent to the year in which the disqualification is remedied.

38.13 (b) The state auditor shall determine if a municipality to which a firefighters' relief  
38.14 association is directly associated or a firefighters' relief association fails to comply with  
38.15 the provisions of sections 69.771 to 69.776 or the funding or financing provisions of any  
38.16 applicable special law based upon the information contained in the annual financial report  
38.17 of the firefighters' relief association required under section 69.051, the actuarial valuation  
38.18 of the relief association, if applicable, the relief association officers' financial requirements  
38.19 of the relief association and minimum municipal obligation determination documentation  
38.20 under section 69.772, subdivisions 3 and 4; 69.773, subdivisions 4 and 5; or 69.774,  
38.21 subdivision 2, if requested to be filed by the state auditor, the applicable municipal or  
38.22 nonprofit firefighting corporation budget, if requested to be filed by the state auditor, and  
38.23 any other relevant documents or reports obtained by the state auditor.

38.24 (c) The municipality or nonprofit firefighting corporation and the associated relief  
38.25 association are not eligible to receive or to retain fire state aid if:

38.26 (1) the relief association fails to prepare or to file the financial report or financial  
38.27 statement under section 69.051;

38.28 (2) the relief association treasurer is not bonded in the manner and in the amount  
38.29 required by section 69.051, subdivision 2;

38.30 (3) the relief association officers fail to determine or improperly determine the  
38.31 accrued liability and the annual accruing liability of the relief association under section  
38.32 69.772, subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

38.33 (4) if applicable, the relief association officers fail to obtain and file a required  
38.34 actuarial valuation or the officers file an actuarial valuation that does not contain the  
38.35 special fund actuarial liability calculated under the entry age normal actuarial cost

39.1 method, the special fund current assets, the special fund unfunded actuarial accrued  
39.2 liability, the special fund normal cost under the entry age normal actuarial cost method,  
39.3 the amortization requirement for the special fund unfunded actuarial accrued liability  
39.4 by the applicable target date, a summary of the applicable benefit plan, a summary of  
39.5 the membership of the relief association, a summary of the actuarial assumptions used  
39.6 in preparing the valuation, and a signed statement by the actuary attesting to its results  
39.7 and certifying to the qualifications of the actuary as an approved actuary under section  
39.8 356.215, subdivision 1, paragraph (c);

39.9 (5) the municipality failed to provide a municipal contribution, or the nonprofit  
39.10 firefighting corporation failed to provide a corporate contribution, in the amount equal  
39.11 to the minimum municipal obligation if the relief association is governed under section  
39.12 69.772, or the amount necessary, when added to the fire state aid actually received  
39.13 in the plan year in question, to at least equal in total the calculated annual financial  
39.14 requirements of the special fund of the relief association if the relief association is  
39.15 governed under section 69.773, and, if the municipal or corporate contribution is deficient,  
39.16 the municipality failed to include the minimum municipal obligation certified under  
39.17 section 69.772, subdivision 3, or 69.773, subdivision 5, in its budget and tax levy or the  
39.18 nonprofit firefighting corporation failed to include the minimum corporate obligation  
39.19 certified under section 69.774, subdivision 2, in the corporate budget;

39.20 (6) the defined benefit relief association did not receive municipal ratification for  
39.21 the most recent plan amendment when municipal ratification was required under section  
39.22 69.772, subdivision 6; 69.773, subdivision 6; or 424A.02, subdivision 10;

39.23 (7) the relief association invested special fund assets in an investment security  
39.24 that is not authorized under section 69.775;

39.25 (8) the relief association had an administrative expense that is not authorized under  
39.26 section 69.80 or 424A.05, subdivision 3, or the municipality had an expenditure that  
39.27 is not authorized under section 424A.08;

39.28 (9) the relief association officers fail to provide a complete and accurate public  
39.29 pension plan investment portfolio and performance disclosure under section 356.219;

39.30 (10) the relief association fails to obtain the acknowledgment from a broker of the  
39.31 statement of investment restrictions under section 356A.06, subdivision 8b;

39.32 (11) the relief association officers permitted to occur a prohibited transaction under  
39.33 section 356A.06, subdivision 9, or ~~424A.001~~ 424A.04, subdivision 7 2a, or failed to  
39.34 undertake correction of a prohibited transaction that did occur; or

40.1 (12) the relief association pays a defined benefit service pension in an amount  
40.2 that is in excess of the applicable service pension maximum under section 424A.02,  
40.3 subdivision 3.

40.4 **EFFECTIVE DATE.** This section is effective July 1, 2009.

40.5 Sec. 2. Minnesota Statutes 2006, section 424B.21, is amended to read:

40.6 **424B.21 ANNUITY PURCHASES UPON DISSOLUTION.**

40.7 The board of trustees of a volunteer firefighters relief association that is scheduled  
40.8 for dissolution may purchase annuity contracts under section ~~424A.02~~ 424A.015,  
40.9 subdivision ~~8a~~ 3, instead of transferring special fund assets to a municipal trust fund  
40.10 under section 424B.20, subdivision 4. Payment of an annuity for which a contract is  
40.11 purchased may not commence before the retirement age specified in the relief association  
40.12 bylaws and in compliance with section 424A.016, subdivision 2, or 424A.02, subdivision  
40.13 1. Legal title to the annuity contract transfers to the municipal trust fund under section  
40.14 424B.20, subdivision 4.

40.15 **EFFECTIVE DATE.** This section is effective July 1, 2009.

1.1 ..... moves to amend S.F. No. ....; H.F. No. ...., (Document LCPR08-037),  
1.2 as follows:

1.3 Page 40, after line 15, insert:

1.4 "ARTICLE 3  
1.5 VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION  
1.6 GENERAL CHANGES

1.7 Section 1. Minnesota Statutes 2008, section 69.031, subdivision 5, is amended to read:

1.8 Subd. 5. **Deposit of state aid.** (a) The municipal treasurer shall, within 30 days  
1.9 after receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters'  
1.10 relief association if there is one organized ~~and~~, if the association has filed a financial report  
1.11 with the municipality, and if none of the fire state aid is designated for use in paying the  
1.12 employer contributions for firefighters covered by the public employees police and fire  
1.13 retirement plan. If the fire state aid is designated by the municipality to be allocated  
1.14 between the municipal contribution to the relief association and the employer contribution  
1.15 to the public employees police and fire retirement plan, the municipal treasurer shall,  
1.16 within 30 days of receipt, allocate the appropriate portion of the fire state aid to the  
1.17 treasurer of the relief association and deposit the appropriate portion of the fire state aid in  
1.18 the appropriate account of the municipal treasury for disbursement under section 353.65,  
1.19 subdivision 3. If the relief association has not filed a financial report with the municipality,  
1.20 the municipal treasurer shall delay transmission of the fire state aid to the relief association  
1.21 until the complete financial report is filed. If there is no relief association organized, or  
1.22 if the association has dissolved, or has been removed as trustees of state aid, then the  
1.23 treasurer of the municipality shall deposit the money in the municipal treasury ~~as provided~~  
1.24 ~~for in section 424A.08~~ and the money may be disbursed only for the purposes and in the  
1.25 manner set forth in ~~that~~ section 424A.08 or for the payment of the employer contribution  
1.26 requirement with respect to firefighters covered by the public employees police and fire  
1.27 retirement plan under section 353.65, subdivision 3.

1.28 (b) The municipal treasurer, upon receipt of the police state aid, shall disburse the  
1.29 police state aid in the following manner:

1.30 (1) For a municipality in which a local police relief association exists and all peace  
1.31 officers are members of the association, the total state aid must be transmitted to the  
1.32 treasurer of the relief association within 30 days of the date of receipt, and the treasurer  
1.33 of the relief association shall immediately deposit the total state aid in the special fund  
1.34 of the relief association;

1.35 (2) For a municipality in which police retirement coverage is provided by the public  
1.36 employees police and fire fund and all peace officers are members of the fund, including

2.1 municipalities covered by section 353.665, the total state aid must be applied toward the  
2.2 municipality's employer contribution to the public employees police and fire fund under  
2.3 sections 353.65, subdivision 3, and 353.665, subdivision 8, paragraph (b), if applicable; or

2.4 (3) For a municipality other than a city of the first class with a population of more  
2.5 than 300,000 in which both a police relief association exists and police retirement  
2.6 coverage is provided in part by the public employees police and fire fund, the municipality  
2.7 may elect at its option to transmit the total state aid to the treasurer of the relief association  
2.8 as provided in clause (1), to use the total state aid to apply toward the municipality's  
2.9 employer contribution to the public employees police and fire fund subject to all the  
2.10 provisions set forth in clause (2), or to allot the total state aid proportionately to be  
2.11 transmitted to the police relief association as provided in this subdivision and to apply  
2.12 toward the municipality's employer contribution to the public employees police and fire  
2.13 fund subject to the provisions of clause (2) on the basis of the respective number of active  
2.14 full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).

2.15 For a city of the first class with a population of more than 300,000, in addition, the  
2.16 city may elect to allot the appropriate portion of the total police state aid to apply toward  
2.17 the employer contribution of the city to the public employees police and fire fund based  
2.18 on the covered salary of police officers covered by the fund each payroll period and to  
2.19 transmit the balance to the police relief association; or

2.20 (4) For a municipality in which police retirement coverage is provided in part by  
2.21 the public employees police and fire fund and in part by a local police consolidation  
2.22 account governed by chapter 353A and established before March 2, 1999, for which the  
2.23 municipality declined merger under section 353.665, subdivision 1, or established after  
2.24 March 1, 1999, the total police state aid must be applied towards the municipality's total  
2.25 employer contribution to the public employees police and fire fund and to the local police  
2.26 consolidation account under sections 353.65, subdivision 3, and 353A.09, subdivision 5.

2.27 (c) The county treasurer, upon receipt of the police state aid for the county, shall  
2.28 apply the total state aid toward the county's employer contribution to the public employees  
2.29 police and fire fund under section 353.65, subdivision 3.

2.30 (d) The designated Metropolitan Airports Commission official, upon receipt of the  
2.31 police state aid for the Metropolitan Airports Commission, shall apply the total police  
2.32 state aid first toward the commission's employer contribution for police officers to the  
2.33 Minneapolis Employees Retirement Fund under section 422A.101, subdivision 2a, and, if  
2.34 there is any amount of police state aid remaining, shall apply that remainder toward the  
2.35 commission's employer contribution for police officers to the public employees police and  
2.36 fire plan under section 353.65, subdivision 3.



3.1 (e) The police state aid apportioned to the Departments of Public Safety and Natural  
3.2 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of  
3.3 finance for transfer to the funds and accounts from which the salaries of peace officers  
3.4 certified under section 69.011, subdivision 2a, are paid. The commissioner of revenue  
3.5 shall certify to the commissioners of public safety, natural resources, and finance the  
3.6 amounts to be transferred from the appropriation for police state aid. The commissioners  
3.7 of public safety and natural resources shall certify to the commissioner of finance the  
3.8 amounts to be credited to each of the funds and accounts from which the peace officers  
3.9 employed by their respective departments are paid. Each commissioner must allocate the  
3.10 police state aid first for employer contributions for employees funded from the general  
3.11 fund and then for employer contributions for employees funded from other funds. For  
3.12 peace officers whose salaries are paid from the general fund, the amounts transferred from  
3.13 the appropriation for police state aid must be canceled to the general fund.

3.14 **EFFECTIVE DATE.** This section is effective July 1, 2009.

3.15 Sec. 2. Minnesota Statutes 2008, section 69.772, subdivision 4, is amended to read:

3.16 Subd. 4. **Certification of financial requirements and minimum municipal**  
3.17 **obligation; levy.** (a) The officers of the relief association shall certify the financial  
3.18 requirements of the special fund of the relief association and the minimum obligation of  
3.19 the municipality with respect to the special fund of the relief association as determined  
3.20 under subdivision 3 to the governing body of the municipality on or before August 1 of  
3.21 each year. The financial requirements of the relief association and the minimum municipal  
3.22 obligation must be included in the financial report or financial statement under section  
3.23 69.051. The schedule forms related to the determination of the financial requirements  
3.24 must be filed with the state auditor by March 31, annually, if the relief association is  
3.25 required to file a financial statement under section 69.051, subdivision 1a, or by June 30,  
3.26 annually, if the relief association is required to file a financial report and audit under  
3.27 section 69.051, subdivision 1.

3.28 (b) The municipality shall provide for at least the minimum obligation of the  
3.29 municipality with respect to the special fund of the relief association by tax levy or from  
3.30 any other source of public revenue.

3.31 (c) The municipality may levy taxes for the payment of the minimum municipal  
3.32 obligation without any limitation as to rate or amount and irrespective of any limitations  
3.33 imposed by other provisions of law upon the rate or amount of taxation until the balance  
3.34 of the special fund or any fund of the relief association has attained a specified level. In  
3.35 addition, any taxes levied under this section must not cause the amount or rate of any other

4.1 taxes levied in that year or to be levied in a subsequent year by the municipality which are  
4.2 subject to a limitation as to rate or amount to be reduced.

4.3 (d) If the municipality does not include the full amount of the minimum municipal  
4.4 obligations in its levy for any year, the officers of the relief association shall certify that  
4.5 amount to the county auditor, who shall spread a levy in the amount of the certified  
4.6 minimum municipal obligation on the taxable property of the municipality.

4.7 (e) If the state auditor determines that a municipal contribution actually made in a  
4.8 plan year was insufficient under section 69.771, subdivision 3, paragraph (c), clause (5),  
4.9 the state auditor may request a copy of the certifications under this subdivision from the  
4.10 relief association or from the city. The relief association or the city, whichever applies,  
4.11 must provide the certifications within 14 days of the date of the request from the state  
4.12 auditor.

4.13 **EFFECTIVE DATE.** This section is effective July 1, 2009.

4.14 Sec. 3. Minnesota Statutes 2008, section 69.772, subdivision 6, is amended to read:

4.15 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the  
4.16 relief association does not have a surplus over full funding pursuant to subdivision 3,  
4.17 clause (2), subclause (e), or if the municipality is required to provide financial support  
4.18 to the special fund of the relief association pursuant to this section, the adoption of  
4.19 or any amendment to the articles of incorporation or bylaws of a relief association  
4.20 which increases or otherwise affects the retirement coverage provided by or the service  
4.21 pensions or retirement benefits payable from the special fund of any relief association  
4.22 to which this section applies shall not be effective until it is ratified by the governing  
4.23 body of the municipality in which the relief association is located and the officers of a  
4.24 relief association shall not seek municipal ratification prior to preparing and certifying  
4.25 an estimate of the expected increase in the accrued liability and annual accruing liability  
4.26 of the relief association attributable to the amendment. If the special fund of the relief  
4.27 association has a surplus over full funding pursuant to subdivision 3, clause (2), subclause  
4.28 (e), and if the municipality is not required to provide financial support to the special fund  
4.29 of the relief association pursuant to this section, the relief association may adopt or amend  
4.30 its articles of incorporation or bylaws which increase or otherwise affect the retirement  
4.31 coverage provided by or the service pensions or retirement benefits payable from the  
4.32 special fund of the relief association which shall be effective without municipal ratification  
4.33 so long as this does not cause the amount of the resulting increase in the accrued liability  
4.34 of the special fund of the relief association to exceed 90 percent of the amount of the  
4.35 ~~prior~~ surplus over full funding reported in the prior year and this does not result in the

5.1 financial requirements of the special fund of the relief association exceeding the expected  
5.2 amount of the future fire state aid to be received by the relief association as determined  
5.3 by the board of trustees following the preparation of an estimate of the expected increase  
5.4 in the accrued liability and annual accruing liability of the relief association attributable  
5.5 to the change. If a relief association adopts or amends its articles of incorporation or  
5.6 bylaws without municipal ratification pursuant to this subdivision, and, subsequent to  
5.7 the amendment or adoption, the financial requirements of the special fund of the relief  
5.8 association pursuant to this section are such so as to require financial support from the  
5.9 municipality, the provision which was implemented without municipal ratification shall no  
5.10 longer be effective without municipal ratification and any service pensions or retirement  
5.11 benefits payable after that date shall be paid only in accordance with the articles of  
5.12 incorporation or bylaws as amended or adopted with municipal ratification.

5.13 **EFFECTIVE DATE.** This section is effective July 1, 2009.

5.14 Sec. 4. Minnesota Statutes 2008, section 69.773, subdivision 6, is amended to read:

5.15 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the  
5.16 relief association does not have a surplus over full funding pursuant to subdivision 4, or if  
5.17 the municipality is required to provide financial support to the special fund of the relief  
5.18 association pursuant to this section, the adoption of or any amendment to the articles of  
5.19 incorporation or bylaws of a relief association which increases or otherwise affects the  
5.20 retirement coverage provided by or the service pensions or retirement benefits payable  
5.21 from the special fund of any relief association to which this section applies shall not  
5.22 be effective until it is ratified by the governing body of the municipality in which the  
5.23 relief association is located. If the special fund of the relief association has a surplus over  
5.24 full funding pursuant to subdivision 4, and if the municipality is not required to provide  
5.25 financial support to the special fund of the relief association pursuant to this section,  
5.26 the relief association may adopt or amend its articles of incorporation or bylaws which  
5.27 increase or otherwise affect the retirement coverage provided by or the service pensions or  
5.28 retirement benefits payable from the special fund of the relief association which shall be  
5.29 effective without municipal ratification so long as this does not cause the amount of the  
5.30 resulting increase in the accrued liability of the special fund of the relief association to  
5.31 exceed 90 percent of the amount of the ~~prior~~ surplus over full funding reported in the prior  
5.32 year and this does not result in the financial requirements of the special fund of the relief  
5.33 association exceeding the expected amount of the future fire state aid to be received by the  
5.34 relief association as determined by the board of trustees following the preparation of an  
5.35 updated actuarial valuation including the proposed change or an estimate of the expected

6.1 actuarial impact of the proposed change prepared by the actuary of the relief association.  
6.2 If a relief association adopts or amends its articles of incorporation or bylaws without  
6.3 municipal ratification pursuant to this subdivision, and, subsequent to the amendment or  
6.4 adoption, the financial requirements of the special fund of the relief association pursuant to  
6.5 this section are such so as to require financial support from the municipality, the provision  
6.6 which was implemented without municipal ratification shall no longer be effective without  
6.7 municipal ratification and any service pensions or retirement benefits payable after that  
6.8 date shall be paid only in accordance with the articles of incorporation or bylaws as  
6.9 amended or adopted with municipal ratification.

6.10 **EFFECTIVE DATE.** This section is effective July 1, 2009.

6.11 Sec. 5. Minnesota Statutes 2008, section 356.219, subdivision 3, is amended to read:

6.12 Subd. 3. **Content of reports.** (a) The report required by subdivision 1 must include  
6.13 a written statement of the investment policy. Following that initial report, subsequent  
6.14 reports must include investment policy changes and the effective date of each policy  
6.15 change rather than a complete statement of investment policy, unless the state auditor  
6.16 requests submission of a complete current statement. The report must also include the  
6.17 information required by the following paragraphs, as applicable.

6.18 (b) If, after four years of reporting under this paragraph, the total portfolio time  
6.19 weighted rate of return, net of all investment related costs and fees, provided by the public  
6.20 pension plan differs by no more than 0.1 percent from the comparable return for the plan  
6.21 calculated by the Office of the State Auditor, and if a public pension plan has a total  
6.22 market value of \$25,000,000 or more as of the beginning of the calendar year, and if the  
6.23 public pension plan's annual audit is performed by the state auditor or by the legislative  
6.24 auditor, the report required by subdivision 1 must include the market value of the total  
6.25 portfolio and the market value of each asset class included in the pension fund as of the  
6.26 beginning of the calendar year and as of the end of the calendar year. At the discretion of  
6.27 the state auditor, the public pension plan may be required to submit the market value of the  
6.28 total portfolio and the market value of each investment account, investment portfolio, or  
6.29 asset class included in the pension fund for each month, and the amount and date of each  
6.30 injection and withdrawal to the total portfolio and to each investment account, investment  
6.31 portfolio, or asset class. If the market value of a public pension plan's fund drops below  
6.32 \$25,000,000 in a subsequent year, it must continue reporting under this paragraph for any  
6.33 subsequent year in which the public pension plan is not fully invested as specified in  
6.34 subdivision 1, paragraph (b), except that if the public pension plan's annual audit is not  
6.35 performed by the state auditor or legislative auditor, paragraph (c) applies.

7.1 (c) If paragraph (b) would apply if the annual audit were provided by the state  
7.2 auditor or legislative auditor, the report required by subdivision 1 must include the market  
7.3 value of the total portfolio and the market value of each asset class included in the pension  
7.4 fund as of the beginning of the calendar year and for each month, and the amount and date  
7.5 of each injection and withdrawal to the total portfolio and to each investment account,  
7.6 investment portfolio, or asset class.

7.7 (d) For public pension plans to which paragraph (b) or (c) applies, the report required  
7.8 by subdivision 1 must also include a calculation of the total time-weighted rate of return  
7.9 available from index-matching investments assuming the asset class performance targets  
7.10 and target asset mix indicated in the written statement of investment policy. The provided  
7.11 information must include a description of indices used in the analyses and an explanation  
7.12 of why those indices are appropriate. This paragraph does not apply to any fully invested  
7.13 plan, as defined by subdivision 1, paragraph (b). Reporting by the State Board of  
7.14 Investment under this paragraph is limited to information on the Minnesota public pension  
7.15 plans required to be invested by the State Board of Investment under section 11A.23.

7.16 (e) If a public pension plan has a total market value of less than \$25,000,000 as of  
7.17 the beginning of the calendar year and was never required to file under paragraph (b) or  
7.18 (c), the report required by subdivision 1 must include the amount and date of each total  
7.19 portfolio injection and withdrawal. In addition, the report must include the market value  
7.20 of the total portfolio as of the beginning of the calendar year and for each quarter.

7.21 (f) Any public pension plan reporting under paragraph (b) or (c) must include  
7.22 computed time-weighted rates of return with the report, in addition to all other required  
7.23 information, as applicable. The chief administrative officer of the public pension plan  
7.24 submitting the returns must certify, on a form prescribed by the state auditor, that the  
7.25 returns have been computed by the pension plan's investment performance consultant or  
7.26 custodial bank. The chief administrative officer of the public pension plan submitting the  
7.27 returns also must certify that the returns are net of all costs and fees, including investment  
7.28 management fees, and that the procedures used to compute the returns are consistent  
7.29 with Bank Administration Institute studies of investment performance measurement  
7.30 and presentation standards set by the ~~Certified Financial Analyst~~ CFA Institute. If the  
7.31 certifications required under this paragraph are not provided, the reporting requirements of  
7.32 paragraph (c) apply.

7.33 (g) For public pension plans reporting under paragraph (e), the public pension plan  
7.34 must retain supporting information specifying the date and amount of each injection and  
7.35 withdrawal to each investment account and investment portfolio. The public pension plan  
7.36 must also retain the market value of each investment account and investment portfolio at

8.1 the beginning of the calendar year and for each quarter. Information that is required to be  
8.2 collected and retained for any given year or years under this paragraph must be submitted  
8.3 to the Office of the State Auditor if the Office of the State Auditor requests in writing that  
8.4 the information be submitted by a public pension plan or plans, or be submitted by the  
8.5 State Board of Investment for any plan or plans for which the State Board of Investment is  
8.6 the investment authority under this section. If the state auditor requests information under  
8.7 this subdivision, and the public plan fails to comply, the pension plan is subject to penalties  
8.8 under subdivision 5, unless penalties are waived by the state auditor under that subdivision.

8.9 **EFFECTIVE DATE.** This section is effective July 1, 2009.

8.10 Sec. 6. Minnesota Statutes 2008, section 424A.02, subdivision 3a, is amended to read:

8.11 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a)  
8.12 If a relief association pays a service pension greater than the maximum service pension  
8.13 associated with the applicable average amount of available financing per active covered  
8.14 firefighter under the table in subdivision 3, paragraph (c) or (d), whichever applies, the  
8.15 maximum service pension under subdivision 3, paragraph (f), or the applicable maximum  
8.16 service pension amount specified in subdivision 3, paragraph (g), whichever is less, the  
8.17 state auditor shall:

8.18 (1) disqualify the municipality or the nonprofit firefighting corporation associated  
8.19 with the relief association from receiving fire state aid by making the appropriate  
8.20 notification to the municipality and the commissioner of revenue, with the disqualification  
8.21 applicable for the next apportionment and payment of fire state aid; and

8.22 (2) order the treasurer of the applicable relief association to recover the amount of  
8.23 the overpaid service pension or pensions from any retired firefighter who received an  
8.24 overpayment.

8.25 (b) Fire state aid amounts from disqualified municipalities for the period of  
8.26 disqualifications under paragraph (a), clause (1), must be credited to the amount of  
8.27 fire insurance premium tax proceeds available for the next subsequent fire state aid  
8.28 apportionment.

8.29 (c) The amount of any overpaid service pension recovered under paragraph (a),  
8.30 clause (2), must be credited to the amount of fire insurance premium tax proceeds  
8.31 available for the next subsequent fire state aid apportionment.

8.32 (d) The determination of the state auditor that a relief association has paid a service  
8.33 pension greater than the applicable maximum must be made on the basis of the information  
8.34 filed by the relief association and the municipality with the state auditor under sections  
8.35 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other

9.1 relevant information that comes to the attention of the state auditor. The determination  
9.2 of the state auditor is final. An aggrieved municipality, relief association, or person may  
9.3 appeal the determination under section 480A.06.

9.4 **EFFECTIVE DATE.** This section is effective July 1, 2009.

9.5 Sec. 7. Minnesota Statutes 2008, section 424A.02, subdivision 8, is amended to read:

9.6 Subd. 8. **Lump-sum service pensions; installment payments.** (a) Any relief  
9.7 association, if the governing bylaws so provide, may pay, at the option of the ~~retiring~~  
9.8 ~~member~~ intended recipient and in lieu of a single payment of a lump-sum service pension  
9.9 or survivor benefit, a lump-sum service pension or survivor benefit in installments.

9.10 (b) The election of installment payments ~~shall be~~ is irrevocable and ~~shall~~ must be  
9.11 made by the ~~retiring member~~ intended recipient in writing and filed with the secretary of  
9.12 the relief association no later than 30 days ~~prior to~~ before the commencement of payment  
9.13 of the service pension or survivor benefit. The amount of the installment payments ~~shall~~  
9.14 must be determined ~~so that the present value of the aggregate installment payments~~  
9.15 ~~computed at an interest rate of five percent, compounded annually, is equal to the amount~~  
9.16 ~~of the single lump-sum payment which would have been made had the installment~~  
9.17 ~~payments option not been elected. The payment of each installment shall include interest~~  
9.18 ~~at the rate of five percent, compounded annually on the reserve supporting the remaining~~  
9.19 ~~installment payments as of the date on which the previous installment payment was paid~~  
9.20 ~~and computed from the date on which the previous installment payment was paid to the~~  
9.21 ~~date of payment for the current installment payment~~ in any reasonable manner provided  
9.22 for in the governing bylaws, but the total amount of installment payments may not exceed  
9.23 the single payment service pension amount plus interest at an annual rate of five percent  
9.24 on the amount of delayed payments for the period during which payment was delayed.

9.25 (c) ~~To the extent that the commissioner of commerce deems it to be necessary or~~  
9.26 ~~practical, the commissioner may specify and issue procedures, forms or mathematical~~  
9.27 ~~tables for use in performing the calculations required pursuant to this subdivision.~~

9.28 **EFFECTIVE DATE.** This section is effective July 1, 2009.

9.29 Sec. 8. Minnesota Statutes 2008, section 424A.02, subdivision 10, is amended to read:

9.30 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each  
9.31 relief association to which this section applies shall file a revised copy of its governing  
9.32 bylaws with the state auditor upon the adoption of any amendment to its governing bylaws  
9.33 by the relief association or upon the approval of any amendment to its governing bylaws  
9.34 granted by the governing body of each municipality served by the fire department to

10.1 which the relief association is directly associated. Failure of the relief association to file a  
10.2 copy of the bylaws or any bylaw amendments with the state auditor shall disqualify the  
10.3 municipality from the distribution of any future fire state aid until this filing requirement  
10.4 has been completed.

10.5 (b) If the special fund of the relief association does not have a surplus over full  
10.6 funding pursuant to section 69.772, subdivision 3, clause (2), subclause (e), or 69.773,  
10.7 subdivision 4, and if the municipality is required to provide financial support to the special  
10.8 fund of the relief association pursuant to section 69.772 or 69.773, no bylaw amendment  
10.9 which would affect the amount of, the manner of payment of, or the conditions for  
10.10 qualification for service pensions or ancillary benefits or disbursements other than  
10.11 administrative expenses authorized pursuant to section 69.80 payable from the special  
10.12 fund of the relief association shall be effective until it has been ratified by the governing  
10.13 body or bodies of the appropriate municipalities. If the municipality is not required to  
10.14 provide financial support to the special fund pursuant to this section, the relief association  
10.15 may adopt or amend without municipal ratification its articles of incorporation or bylaws  
10.16 which increase or otherwise affect the service pensions or ancillary benefits payable from  
10.17 the special fund so long as the changes do not cause the amount of the resulting increase in  
10.18 the accrued liability of the special fund to exceed 90 percent of the amount of the ~~prior~~  
10.19 surplus over full funding reported in the prior year and the changes do not result in the  
10.20 financial requirements of the special fund exceeding the expected amount of the future fire  
10.21 state aid to be received by the relief association.

10.22 (c) If the relief association pays only a lump-sum pension, the financial requirements  
10.23 are to be determined by the board of trustees following the preparation of an estimate  
10.24 of the expected increase in the accrued liability and annual accruing liability of the  
10.25 relief association attributable to the change. If the relief association pays a monthly  
10.26 benefit service pension, the financial requirements are to be determined by the board of  
10.27 trustees following either an updated actuarial valuation including the proposed change  
10.28 or an estimate of the expected actuarial impact of the proposed change prepared by the  
10.29 actuary of the relief association. If a relief association adopts or amends its articles of  
10.30 incorporation or bylaws without municipal ratification pursuant to this subdivision, and,  
10.31 subsequent to the amendment or adoption, the financial requirements of the special fund  
10.32 pursuant to this section are such so as to require financial support from the municipality,  
10.33 the provision which was implemented without municipal ratification shall no longer be  
10.34 effective without municipal ratification, and any service pensions or ancillary benefits  
10.35 payable after that date shall be paid only in accordance with the articles of incorporation  
10.36 or bylaws as amended or adopted with municipal ratification.



11.1 **EFFECTIVE DATE.** This section is effective July 1, 2009.

11.2 Sec. 9. Minnesota Statutes 2008, section 424A.04, subdivision 1, is amended to read:

11.3 Subdivision 1. **Membership.** (a) A relief association that is directly associated with  
11.4 a municipal fire department must be managed by a board of trustees consisting of nine  
11.5 members. Six trustees must be elected from the membership of the relief association and  
11.6 three trustees must be drawn from the officials of the municipalities served by the fire  
11.7 department to which the relief association is directly associated. The bylaws of a relief  
11.8 association which provides a monthly benefit service pension may provide that one of  
11.9 the six trustees elected from the relief association membership may be a retired member  
11.10 receiving a monthly pension who is elected by the membership of the relief association.  
11.11 The three municipal trustees must be one elected municipal official and one elected or  
11.12 appointed municipal official who are designated as municipal representatives by the  
11.13 municipal governing board annually and the chief of the municipal fire department.

11.14 (b) A relief association that is a subsidiary of an independent nonprofit firefighting  
11.15 corporation must be managed by a board of trustees consisting of nine members. Six  
11.16 trustees must be elected from the membership of the relief association, two trustees must  
11.17 be drawn from the officials of the municipalities served by the fire department to which  
11.18 the relief association is directly associated, and one trustee ~~shall~~ must be the fire chief  
11.19 serving with the independent nonprofit firefighting corporation. The bylaws of a relief  
11.20 association may provide that one of the six trustees elected from the relief association  
11.21 membership may be a retired member receiving a monthly pension who is elected by the  
11.22 membership of the relief association. The two municipal trustees must be elected or  
11.23 appointed municipal officials, selected as follows:

11.24 (1) if only one municipality contracts with the independent nonprofit firefighting  
11.25 corporation, the municipal trustees must be two officials of the contracting municipality  
11.26 who are designated annually by the governing body of the municipality; or

11.27 (2) if two or more municipalities contract with the independent nonprofit corporation,  
11.28 the municipal trustees must be one official from each of the two largest municipalities  
11.29 in population who are designated annually by the governing bodies of the applicable  
11.30 municipalities.

11.31 (c) The municipal trustees for a relief association that is directly associated with a  
11.32 fire department operated as or by a joint powers entity must be the fire chief of the fire  
11.33 department and two trustees designated annually by the joint powers board. The municipal  
11.34 trustees for a relief association that is directly associated with a fire department service

12.1 area township must be the fire chief of the fire department and two trustees designated by  
12.2 the township board.

12.3 (d) If a relief association lacks the municipal board members provided for in  
12.4 paragraph (a), (b), or (c) because the fire department is not located in or associated with an  
12.5 organized municipality, joint powers entity, or township, the municipal board members  
12.6 must be the fire chief of the fire department and two board members appointed from the  
12.7 fire department service area by the board of commissioners of the applicable county.

12.8 (e) The term of ~~these~~ the appointed municipal board members is one year or until the  
12.9 person's successor is qualified, whichever is later.

12.10 (f) A municipal trustee under paragraph (a), (b), (c), or (d) has all the rights  
12.11 and duties accorded to any other trustee, except the right to be an officer of the relief  
12.12 association board of trustees.

12.13 (g) A board must have at least three officers, who are a president, a secretary and a  
12.14 treasurer. These officers must be elected from among the elected trustees by either the full  
12.15 board of trustees or by the relief association membership, as specified in the bylaws. In  
12.16 no event may any trustee hold more than one officer position at any one time. The terms  
12.17 of the elected trustees and of the officers of the board must be specified in the bylaws of  
12.18 the relief association, but may not exceed three years. If the term of the elected trustees  
12.19 exceeds one year, the election of the various trustees elected from the membership must be  
12.20 staggered on as equal a basis as is practicable.

12.21 **EFFECTIVE DATE.** This section is effective July 1, 2009.

12.22 Sec. 10. Minnesota Statutes 2008, section 424A.10, subdivision 1, is amended to read:

12.23 Subdivision 1. **Definitions.** For purposes of this section:

12.24 (1) "qualified recipient" means an individual who receives a lump-sum distribution  
12.25 of pension or retirement benefits from a firefighters' relief association for service that the  
12.26 individual has performed as a volunteer firefighter;

12.27 (2) "survivor of a deceased active or deferred volunteer firefighter" means the ~~legally~~  
12.28 ~~married~~ surviving spouse of a deceased active or deferred volunteer firefighter under  
12.29 section 424A.001, subdivision 6, or, if none, the surviving ~~minor~~ child or ~~minor~~ children  
12.30 of a deceased active or deferred volunteer firefighter;

12.31 (3) "active volunteer firefighter" means a person who regularly renders fire  
12.32 suppression service for a municipal fire department or an independent nonprofit firefighting  
12.33 corporation, who has met the statutory and other requirements for relief association  
12.34 membership, and who ~~has been~~ is deemed by the relief association under law and its  
12.35 bylaws to be a fully qualified member of the relief association for at least one month; and

13.1 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who  
13.2 terminated active firefighting service, has sufficient service credit from the applicable relief  
13.3 association to be entitled to a service pension under the bylaws of the relief association,  
13.4 but has not applied for or has not received the service pension.

13.5 **EFFECTIVE DATE.** This section is effective July 1, 2009.

13.6 **ARTICLE 4**  
13.7 **ACCOMMODATING CHANGES**

13.8 Section 1. Minnesota Statutes 2008, section 424A.02, subdivision 3a, as amended by  
13.9 article 1, section 21, is amended to read:

13.10 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a)  
13.11 If a defined benefit relief association pays a service pension greater than the maximum  
13.12 service pension associated with the applicable average amount of available financing per  
13.13 active covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever  
13.14 applies, the maximum service pension under subdivision 3, paragraph (f), or the applicable  
13.15 maximum service pension amount specified in subdivision 3, paragraph (g), whichever is  
13.16 less, the state auditor shall:

13.17 (1) disqualify the municipality or the nonprofit firefighting corporation associated  
13.18 with the relief association from receiving fire state aid by making the appropriate  
13.19 notification to the municipality and the commissioner of revenue, with the disqualification  
13.20 applicable for the next apportionment and payment of fire state aid; and

13.21 (2) order the treasurer of the applicable relief association to recover the amount of  
13.22 the overpaid service pension or pensions from any retired firefighter who received an  
13.23 overpayment.

13.24 (b) Fire state aid amounts from disqualified municipalities for the period of  
13.25 disqualifications under paragraph (a), clause (1), must be credited to the amount of  
13.26 fire insurance premium tax proceeds available for the next subsequent fire state aid  
13.27 apportionment.

13.28 (c) The amount of any overpaid service pension recovered under paragraph (a),  
13.29 clause (2), must be credited to the amount of fire insurance premium tax proceeds  
13.30 available for the next subsequent fire state aid apportionment.

13.31 (d) The determination of the state auditor that a relief association has paid a service  
13.32 pension greater than the applicable maximum must be made on the basis of the information  
13.33 filed by the relief association and the municipality with the state auditor under sections  
13.34 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other  
13.35 relevant information that comes to the attention of the state auditor. The determination

14.1 of the state auditor is final. An aggrieved municipality, relief association, or person may  
 14.2 appeal the determination under section 480A.06.

14.3 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
 14.4 21, is enacted.

14.5 Sec. 2. Minnesota Statutes 2008, section 424A.02, subdivision 8, as amended by  
 14.6 article 1, section 23, is amended to read:

14.7 Subd. 8. **Lump-sum service pensions; installment payments.** (a) ~~Any~~ A defined  
 14.8 benefit relief association, if the governing bylaws so provide, may pay, at the option of  
 14.9 the retiring member and in lieu of a single payment of a lump-sum service pension, a  
 14.10 lump-sum service pension in installments.

14.11 (b) The election of installment payments ~~shall be~~ is irrevocable and ~~shall~~ must  
 14.12 be made by the retiring member in writing and filed with the secretary of the relief  
 14.13 association no later than 30 days ~~prior to~~ before the commencement of payment of the  
 14.14 service pension. The amount of the installment payments ~~shall~~ may be determined ~~so that~~  
 14.15 ~~the present value of the aggregate installment payments computed at an interest rate of five~~  
 14.16 ~~percent, compounded annually, is equal to the amount of the single lump-sum payment~~  
 14.17 ~~which would have been made had the installment payments option not been elected. The~~  
 14.18 ~~payment of each installment shall include interest at the rate of five percent, compounded~~  
 14.19 ~~annually on the reserve supporting the remaining installment payments as of the date~~  
 14.20 ~~on which the previous installment payment was paid and computed from the date on~~  
 14.21 ~~which the previous installment payment was paid to the date of payment for the current~~  
 14.22 ~~installment payment~~ in any reasonable manner provided for in the governing bylaws, but  
 14.23 the total amount of installment payments must not exceed the single payment service  
 14.24 pension amount plus interest at an annual rate of five percent on the amount of delayed  
 14.25 payments for the period during which payment was delayed.

14.26 (c) ~~To the extent that the commissioner of commerce deems it to be necessary or~~  
 14.27 ~~practical, the commissioner may specify and issue procedures, forms or mathematical~~  
 14.28 ~~tables for use in performing the calculations required pursuant to this subdivision.~~

14.29 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
 14.30 23, is enacted.

14.31 Sec. 3. Minnesota Statutes 2008, section 424A.02, subdivision 10, is amended to read:

14.32 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each  
 14.33 defined benefit relief association to which this section applies ~~shall~~ must file a revised  
 14.34 copy of its governing bylaws with the state auditor upon the adoption of any amendment

15.1 to its governing bylaws by the relief association or upon the approval of any amendment  
15.2 to its governing bylaws granted by the governing body of each municipality served by the  
15.3 fire department to which the relief association is directly associated. Failure of the relief  
15.4 association to file a copy of the bylaws or any bylaw amendments with the state auditor  
15.5 ~~shall disqualify~~ disqualifies the municipality from the distribution of any future fire state  
15.6 aid until this filing requirement has been completed.

15.7 (b) If the special fund of the relief association does not have a surplus over full  
15.8 funding ~~pursuant to~~ under section 69.772, subdivision 3, clause (2), subclause (e), or  
15.9 69.773, subdivision 4, and if the municipality is required to provide financial support to  
15.10 the special fund of the relief association ~~pursuant to~~ under section 69.772 or 69.773, no  
15.11 bylaw amendment which would affect the amount of, the manner of payment of, or the  
15.12 conditions for qualification for service pensions or ancillary benefits or disbursements  
15.13 other than administrative expenses authorized ~~pursuant to~~ under section 69.80 payable  
15.14 from the special fund of the relief association ~~shall be~~ is effective until it has been ratified  
15.15 by the governing body or bodies of the appropriate municipalities. If the municipality is  
15.16 not required to provide financial support to the special fund ~~pursuant to~~ under this section,  
15.17 the relief association may adopt or amend without municipal ratification its articles  
15.18 of incorporation or bylaws which increase or otherwise affect the service pensions or  
15.19 ancillary benefits payable from the special fund so long as the changes do not cause the  
15.20 amount of the resulting increase in the accrued liability of the special fund to exceed 90  
15.21 percent of the amount of the ~~prior~~ surplus over full funding reported in the prior year and  
15.22 the changes do not result in the financial requirements of the special fund exceeding the  
15.23 expected amount of the ~~future~~ subsequent calendar year's fire state aid to be received  
15.24 by the relief association.

15.25 (c) If the relief association pays only a lump-sum pension, the financial requirements  
15.26 are to be determined by the board of trustees following the preparation of an estimate  
15.27 of the expected increase in the accrued liability and annual accruing liability of the  
15.28 relief association attributable to the change. If the relief association pays a monthly  
15.29 benefit service pension, the financial requirements are to be determined by the board of  
15.30 trustees following either an updated actuarial valuation including the proposed change  
15.31 or an estimate of the expected actuarial impact of the proposed change prepared by the  
15.32 actuary of the relief association. If a relief association adopts or amends its articles of  
15.33 incorporation or bylaws without municipal ratification ~~pursuant to~~ under this subdivision,  
15.34 and, subsequent to the amendment or adoption, the financial requirements of the special  
15.35 fund ~~pursuant to~~ under this section are such so as to require financial support from the  
15.36 municipality, the provision which was implemented without municipal ratification ~~shall~~ is

16.1 no longer ~~be~~ effective without municipal ratification, and any service pensions or ancillary  
16.2 benefits payable after that date ~~shall~~ must be paid only in accordance with the articles of  
16.3 incorporation or bylaws as amended or adopted with municipal ratification.

16.4 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
16.5 26, is enacted.

16.6 Sec. 4. Minnesota Statutes 2008, section 424A.04, subdivision 1, as amended by  
16.7 article 1, section 32, is amended to read:

16.8 Subdivision 1. **Membership.** (a) A relief association that is directly associated with  
16.9 a municipal fire department must be managed by a board of trustees consisting of nine  
16.10 members. Six trustees must be elected from the membership of the relief association and  
16.11 three trustees must be drawn from the officials of the municipalities served by the fire  
16.12 department to which the relief association is directly associated. The bylaws of a relief  
16.13 association which provides a monthly benefit service pension may provide that one of  
16.14 the six trustees elected from the relief association membership may be a retired member  
16.15 receiving a monthly pension who is elected by the membership of the relief association.  
16.16 The three municipal trustees must be one elected municipal official and one elected or  
16.17 appointed municipal official who are designated as municipal representatives by the  
16.18 municipal governing board annually and the chief of the municipal fire department.

16.19 (b) A relief association that is a subsidiary of an independent nonprofit firefighting  
16.20 corporation must be managed by a board of trustees consisting of nine members. Six  
16.21 trustees must be elected from the membership of the relief association, two trustees must  
16.22 be drawn from the officials of the municipalities served by the fire department to which  
16.23 the relief association is directly associated, and one trustee ~~shall~~ must be the fire chief  
16.24 serving with the independent nonprofit firefighting corporation. The bylaws of a relief  
16.25 association may provide that one of the six trustees elected from the relief association  
16.26 membership may be a retired member receiving a monthly pension who is elected by the  
16.27 membership of the relief association. The two municipal trustees must be elected or  
16.28 appointed municipal officials, selected as follows:

16.29 (1) if only one municipality contracts with the independent nonprofit firefighting  
16.30 corporation, the municipal trustees must be two officials of the contracting municipality  
16.31 who are designated annually by the governing body of the municipality; or

16.32 (2) if two or more municipalities contract with the independent nonprofit corporation,  
16.33 the municipal trustees must be one official from each of the two largest municipalities  
16.34 in population who are designated annually by the governing bodies of the applicable  
16.35 municipalities.

17.1 (c) The municipal trustees for a relief association that is directly associated with a  
17.2 fire department operated as or by a joint powers entity must be the fire chief of the fire  
17.3 department and two trustees designated annually by the joint powers board. The municipal  
17.4 trustees for a relief association that is directly associated with a fire department service  
17.5 area township must be the fire chief of the fire department and two trustees designated by  
17.6 the township board.

17.7 (d) If a relief association lacks the municipal board members provided for in  
17.8 paragraph (a), (b), or (c) because the fire department is not located in or associated with an  
17.9 organized municipality, joint powers entity, or township, the municipal board members  
17.10 must be the fire chief of the fire department and two board members appointed from the  
17.11 fire department service area by the board of commissioners of the applicable county.

17.12 (e) The term of ~~these~~ the two appointed municipal board members is one year or  
17.13 until the person's successor is qualified, whichever is later.

17.14 (f) A municipal trustee under paragraph (a), (b), (c), or (d) has all the rights  
17.15 and duties accorded to any other trustee, except the right to be an officer of the relief  
17.16 association board of trustees.

17.17 (g) A board must have at least three officers, who are a president, a secretary and a  
17.18 treasurer. These officers must be elected from among the elected trustees by either the full  
17.19 board of trustees or by the relief association membership, as specified in the bylaws. In  
17.20 no event may any trustee hold more than one officer position at any one time. The terms  
17.21 of the elected trustees and of the officers of the board must be specified in the bylaws of  
17.22 the relief association, but may not exceed three years. If the term of the elected trustees  
17.23 exceeds one year, the election of the various trustees elected from the membership must be  
17.24 staggered on as equal a basis as is practicable.

17.25 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
17.26 32, is enacted.

17.27 Sec. 5. Minnesota Statutes 2008, section 424A.10, subdivision 1, as amended by  
17.28 article 1, section 40, is amended to read:

17.29 Subdivision 1. **Definitions.** For purposes of this section:

17.30 (1) "qualified recipient" means an individual who receives a lump-sum distribution  
17.31 of pension or retirement benefits from a firefighters' relief association for service that the  
17.32 individual has performed as a volunteer firefighter;

17.33 (2) "survivor of a deceased active or deferred volunteer firefighter" means the legally  
17.34 married spouse of a deceased volunteer firefighter, or, if none, the surviving minor child or  
17.35 minor children of a deceased volunteer firefighter;

18.1 (3) "active volunteer firefighter" means a person who regularly renders fire  
18.2 suppression service for a municipal fire department or an independent nonprofit firefighting  
18.3 corporation, who has met the statutory and other requirements for relief association  
18.4 membership, and who has been a fully qualified member of the relief association for  
18.5 at least one month; and

18.6 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who  
18.7 terminated active firefighting service, has sufficient service credit from the applicable  
18.8 relief association to be entitled to a service pension, but has not applied for or has not  
18.9 received the service pension.

18.10 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
18.11 40, is enacted."

18.12 Amend the title accordingly



1.1 ..... moves to amend S.F. No. ....; H.F. No. ...., (Document LCPR08-037),  
1.2 as follows:

1.3 Page 40, after line 15, insert:

1.4 "ARTICLE 3  
1.5 VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION  
1.6 GENERAL CHANGES

1.7 Section 1. Minnesota Statutes 2008, section 69.031, subdivision 5, is amended to read:

1.8 Subd. 5. **Deposit of state aid.** (a) The municipal treasurer shall, within 30 days  
1.9 after receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters'  
1.10 relief association if there is one organized ~~and~~, if the association has filed a financial report  
1.11 with the municipality, and if none of the fire state aid is designated for use in paying the  
1.12 employer contributions for firefighters covered by the public employees police and fire  
1.13 retirement plan. If the fire state aid is designated by the municipality to be allocated  
1.14 between the municipal contribution to the relief association and the employer contribution  
1.15 to the public employees police and fire retirement plan, the municipal treasurer shall,  
1.16 within 30 days of receipt, allocate the appropriate portion of the fire state aid to the  
1.17 treasurer of the relief association and deposit the appropriate portion of the fire state aid in  
1.18 the appropriate account of the municipal treasury for disbursement under section 353.65,  
1.19 subdivision 3. If the relief association has not filed a financial report with the municipality,  
1.20 the municipal treasurer shall delay transmission of the fire state aid to the relief association  
1.21 until the complete financial report is filed. If there is no relief association organized, or  
1.22 if the association has dissolved, or has been removed as trustees of state aid, then the  
1.23 treasurer of the municipality shall deposit the money in the municipal treasury ~~as provided~~  
1.24 ~~for in section 424A.08~~ and the money may be disbursed only for the purposes and in the  
1.25 manner set forth in ~~that~~ section 424A.08 or for the payment of the employer contribution  
1.26 requirement with respect to firefighters covered by the public employees police and fire  
1.27 retirement plan under section 353.65, subdivision 3.

1.28 (b) The municipal treasurer, upon receipt of the police state aid, shall disburse the  
1.29 police state aid in the following manner:

1.30 (1) For a municipality in which a local police relief association exists and all peace  
1.31 officers are members of the association, the total state aid must be transmitted to the  
1.32 treasurer of the relief association within 30 days of the date of receipt, and the treasurer  
1.33 of the relief association shall immediately deposit the total state aid in the special fund  
1.34 of the relief association;

1.35 (2) For a municipality in which police retirement coverage is provided by the public  
1.36 employees police and fire fund and all peace officers are members of the fund, including

2.1 municipalities covered by section 353.665, the total state aid must be applied toward the  
2.2 municipality's employer contribution to the public employees police and fire fund under  
2.3 sections 353.65, subdivision 3, and 353.665, subdivision 8, paragraph (b), if applicable; or

2.4 (3) For a municipality other than a city of the first class with a population of more  
2.5 than 300,000 in which both a police relief association exists and police retirement  
2.6 coverage is provided in part by the public employees police and fire fund, the municipality  
2.7 may elect at its option to transmit the total state aid to the treasurer of the relief association  
2.8 as provided in clause (1), to use the total state aid to apply toward the municipality's  
2.9 employer contribution to the public employees police and fire fund subject to all the  
2.10 provisions set forth in clause (2), or to allot the total state aid proportionately to be  
2.11 transmitted to the police relief association as provided in this subdivision and to apply  
2.12 toward the municipality's employer contribution to the public employees police and fire  
2.13 fund subject to the provisions of clause (2) on the basis of the respective number of active  
2.14 full-time peace officers, as defined in section 69.011, subdivision 1, clause (g).

2.15 For a city of the first class with a population of more than 300,000, in addition, the  
2.16 city may elect to allot the appropriate portion of the total police state aid to apply toward  
2.17 the employer contribution of the city to the public employees police and fire fund based  
2.18 on the covered salary of police officers covered by the fund each payroll period and to  
2.19 transmit the balance to the police relief association; or

2.20 (4) For a municipality in which police retirement coverage is provided in part by  
2.21 the public employees police and fire fund and in part by a local police consolidation  
2.22 account governed by chapter 353A and established before March 2, 1999, for which the  
2.23 municipality declined merger under section 353.665, subdivision 1, or established after  
2.24 March 1, 1999, the total police state aid must be applied towards the municipality's total  
2.25 employer contribution to the public employees police and fire fund and to the local police  
2.26 consolidation account under sections 353.65, subdivision 3, and 353A.09, subdivision 5.

2.27 (c) The county treasurer, upon receipt of the police state aid for the county, shall  
2.28 apply the total state aid toward the county's employer contribution to the public employees  
2.29 police and fire fund under section 353.65, subdivision 3.

2.30 (d) The designated Metropolitan Airports Commission official, upon receipt of the  
2.31 police state aid for the Metropolitan Airports Commission, shall apply the total police  
2.32 state aid first toward the commission's employer contribution for police officers to the  
2.33 Minneapolis Employees Retirement Fund under section 422A.101, subdivision 2a, and, if  
2.34 there is any amount of police state aid remaining, shall apply that remainder toward the  
2.35 commission's employer contribution for police officers to the public employees police and  
2.36 fire plan under section 353.65, subdivision 3.

3.1 (e) The police state aid apportioned to the Departments of Public Safety and Natural  
3.2 Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of  
3.3 finance for transfer to the funds and accounts from which the salaries of peace officers  
3.4 certified under section 69.011, subdivision 2a, are paid. The commissioner of revenue  
3.5 shall certify to the commissioners of public safety, natural resources, and finance the  
3.6 amounts to be transferred from the appropriation for police state aid. The commissioners  
3.7 of public safety and natural resources shall certify to the commissioner of finance the  
3.8 amounts to be credited to each of the funds and accounts from which the peace officers  
3.9 employed by their respective departments are paid. Each commissioner must allocate the  
3.10 police state aid first for employer contributions for employees funded from the general  
3.11 fund and then for employer contributions for employees funded from other funds. For  
3.12 peace officers whose salaries are paid from the general fund, the amounts transferred from  
3.13 the appropriation for police state aid must be canceled to the general fund.

3.14 **EFFECTIVE DATE.** This section is effective July 1, 2009.

3.15 Sec. 2. Minnesota Statutes 2008, section 69.772, subdivision 4, is amended to read:

3.16 Subd. 4. **Certification of financial requirements and minimum municipal**  
3.17 **obligation; levy.** (a) The officers of the relief association shall certify the financial  
3.18 requirements of the special fund of the relief association and the minimum obligation of  
3.19 the municipality with respect to the special fund of the relief association as determined  
3.20 under subdivision 3 to the governing body of the municipality on or before August 1 of  
3.21 each year. The financial requirements of the relief association and the minimum municipal  
3.22 obligation must be included in the financial report or financial statement under section  
3.23 69.051. The schedule forms related to the determination of the financial requirements  
3.24 must be filed with the state auditor by March 31, annually, if the relief association is  
3.25 required to file a financial statement under section 69.051, subdivision 1a, or by June 30,  
3.26 annually, if the relief association is required to file a financial report and audit under  
3.27 section 69.051, subdivision 1.

3.28 (b) The municipality shall provide for at least the minimum obligation of the  
3.29 municipality with respect to the special fund of the relief association by tax levy or from  
3.30 any other source of public revenue.

3.31 (c) The municipality may levy taxes for the payment of the minimum municipal  
3.32 obligation without any limitation as to rate or amount and irrespective of any limitations  
3.33 imposed by other provisions of law upon the rate or amount of taxation until the balance  
3.34 of the special fund or any fund of the relief association has attained a specified level. In  
3.35 addition, any taxes levied under this section must not cause the amount or rate of any other

4.1 taxes levied in that year or to be levied in a subsequent year by the municipality which are  
4.2 subject to a limitation as to rate or amount to be reduced.

4.3 (d) If the municipality does not include the full amount of the minimum municipal  
4.4 obligations in its levy for any year, the officers of the relief association shall certify that  
4.5 amount to the county auditor, who shall spread a levy in the amount of the certified  
4.6 minimum municipal obligation on the taxable property of the municipality.

4.7 (e) If the state auditor determines that a municipal contribution actually made in a  
4.8 plan year was insufficient under section 69.771, subdivision 3, paragraph (c), clause (5),  
4.9 the state auditor may request a copy of the certifications under this subdivision from the  
4.10 relief association or from the city. The relief association or the city, whichever applies,  
4.11 must provide the certifications within 14 days of the date of the request from the state  
4.12 auditor.

4.13 **EFFECTIVE DATE.** This section is effective July 1, 2009.

4.14 Sec. 3. Minnesota Statutes 2008, section 69.772, subdivision 6, is amended to read:

4.15 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the  
4.16 relief association does not have a surplus over full funding pursuant to subdivision 3,  
4.17 clause (2), subclause (e), or if the municipality is required to provide financial support  
4.18 to the special fund of the relief association pursuant to this section, the adoption of  
4.19 or any amendment to the articles of incorporation or bylaws of a relief association  
4.20 which increases or otherwise affects the retirement coverage provided by or the service  
4.21 pensions or retirement benefits payable from the special fund of any relief association  
4.22 to which this section applies shall not be effective until it is ratified by the governing  
4.23 body of the municipality in which the relief association is located and the officers of a  
4.24 relief association shall not seek municipal ratification prior to preparing and certifying  
4.25 an estimate of the expected increase in the accrued liability and annual accruing liability  
4.26 of the relief association attributable to the amendment. If the special fund of the relief  
4.27 association has a surplus over full funding pursuant to subdivision 3, clause (2), subclause  
4.28 (e), and if the municipality is not required to provide financial support to the special fund  
4.29 of the relief association pursuant to this section, the relief association may adopt or amend  
4.30 its articles of incorporation or bylaws which increase or otherwise affect the retirement  
4.31 coverage provided by or the service pensions or retirement benefits payable from the  
4.32 special fund of the relief association which shall be effective without municipal ratification  
4.33 so long as this does not cause the amount of the resulting increase in the accrued liability  
4.34 of the special fund of the relief association to exceed 90 percent of the amount of the  
4.35 ~~prior~~ surplus over full funding reported in the prior year and this does not result in the

5.1 financial requirements of the special fund of the relief association exceeding the expected  
5.2 amount of the future fire state aid to be received by the relief association as determined  
5.3 by the board of trustees following the preparation of an estimate of the expected increase  
5.4 in the accrued liability and annual accruing liability of the relief association attributable  
5.5 to the change. If a relief association adopts or amends its articles of incorporation or  
5.6 bylaws without municipal ratification pursuant to this subdivision, and, subsequent to  
5.7 the amendment or adoption, the financial requirements of the special fund of the relief  
5.8 association pursuant to this section are such so as to require financial support from the  
5.9 municipality, the provision which was implemented without municipal ratification shall no  
5.10 longer be effective without municipal ratification and any service pensions or retirement  
5.11 benefits payable after that date shall be paid only in accordance with the articles of  
5.12 incorporation or bylaws as amended or adopted with municipal ratification.

5.13 **EFFECTIVE DATE.** This section is effective July 1, 2009.

5.14 Sec. 4. Minnesota Statutes 2008, section 69.773, subdivision 6, is amended to read:

5.15 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the  
5.16 relief association does not have a surplus over full funding pursuant to subdivision 4, or if  
5.17 the municipality is required to provide financial support to the special fund of the relief  
5.18 association pursuant to this section, the adoption of or any amendment to the articles of  
5.19 incorporation or bylaws of a relief association which increases or otherwise affects the  
5.20 retirement coverage provided by or the service pensions or retirement benefits payable  
5.21 from the special fund of any relief association to which this section applies shall not  
5.22 be effective until it is ratified by the governing body of the municipality in which the  
5.23 relief association is located. If the special fund of the relief association has a surplus over  
5.24 full funding pursuant to subdivision 4, and if the municipality is not required to provide  
5.25 financial support to the special fund of the relief association pursuant to this section,  
5.26 the relief association may adopt or amend its articles of incorporation or bylaws which  
5.27 increase or otherwise affect the retirement coverage provided by or the service pensions or  
5.28 retirement benefits payable from the special fund of the relief association which shall be  
5.29 effective without municipal ratification so long as this does not cause the amount of the  
5.30 resulting increase in the accrued liability of the special fund of the relief association to  
5.31 exceed 90 percent of the amount of the ~~prior~~ surplus over full funding reported in the prior  
5.32 year and this does not result in the financial requirements of the special fund of the relief  
5.33 association exceeding the expected amount of the future fire state aid to be received by the  
5.34 relief association as determined by the board of trustees following the preparation of an  
5.35 updated actuarial valuation including the proposed change or an estimate of the expected

6.1 actuarial impact of the proposed change prepared by the actuary of the relief association.  
6.2 If a relief association adopts or amends its articles of incorporation or bylaws without  
6.3 municipal ratification pursuant to this subdivision, and, subsequent to the amendment or  
6.4 adoption, the financial requirements of the special fund of the relief association pursuant to  
6.5 this section are such so as to require financial support from the municipality, the provision  
6.6 which was implemented without municipal ratification shall no longer be effective without  
6.7 municipal ratification and any service pensions or retirement benefits payable after that  
6.8 date shall be paid only in accordance with the articles of incorporation or bylaws as  
6.9 amended or adopted with municipal ratification.

6.10 **EFFECTIVE DATE.** This section is effective July 1, 2009.

6.11 Sec. 5. Minnesota Statutes 2008, section 356.219, subdivision 3, is amended to read:

6.12 Subd. 3. **Content of reports.** (a) The report required by subdivision 1 must include  
6.13 a written statement of the investment policy. Following that initial report, subsequent  
6.14 reports must include investment policy changes and the effective date of each policy  
6.15 change rather than a complete statement of investment policy, unless the state auditor  
6.16 requests submission of a complete current statement. The report must also include the  
6.17 information required by the following paragraphs, as applicable.

6.18 (b) If, after four years of reporting under this paragraph, the total portfolio time  
6.19 weighted rate of return, net of all investment related costs and fees, provided by the public  
6.20 pension plan differs by no more than 0.1 percent from the comparable return for the plan  
6.21 calculated by the Office of the State Auditor, and if a public pension plan has a total  
6.22 market value of \$25,000,000 or more as of the beginning of the calendar year, and if the  
6.23 public pension plan's annual audit is performed by the state auditor or by the legislative  
6.24 auditor, the report required by subdivision 1 must include the market value of the total  
6.25 portfolio and the market value of each asset class included in the pension fund as of the  
6.26 beginning of the calendar year and as of the end of the calendar year. At the discretion of  
6.27 the state auditor, the public pension plan may be required to submit the market value of the  
6.28 total portfolio and the market value of each investment account, investment portfolio, or  
6.29 asset class included in the pension fund for each month, and the amount and date of each  
6.30 injection and withdrawal to the total portfolio and to each investment account, investment  
6.31 portfolio, or asset class. If the market value of a public pension plan's fund drops below  
6.32 \$25,000,000 in a subsequent year, it must continue reporting under this paragraph for any  
6.33 subsequent year in which the public pension plan is not fully invested as specified in  
6.34 subdivision 1, paragraph (b), except that if the public pension plan's annual audit is not  
6.35 performed by the state auditor or legislative auditor, paragraph (c) applies.

7.1 (c) If paragraph (b) would apply if the annual audit were provided by the state  
7.2 auditor or legislative auditor, the report required by subdivision 1 must include the market  
7.3 value of the total portfolio and the market value of each asset class included in the pension  
7.4 fund as of the beginning of the calendar year and for each month, and the amount and date  
7.5 of each injection and withdrawal to the total portfolio and to each investment account,  
7.6 investment portfolio, or asset class.

7.7 (d) For public pension plans to which paragraph (b) or (c) applies, the report required  
7.8 by subdivision 1 must also include a calculation of the total time-weighted rate of return  
7.9 available from index-matching investments assuming the asset class performance targets  
7.10 and target asset mix indicated in the written statement of investment policy. The provided  
7.11 information must include a description of indices used in the analyses and an explanation  
7.12 of why those indices are appropriate. This paragraph does not apply to any fully invested  
7.13 plan, as defined by subdivision 1, paragraph (b). Reporting by the State Board of  
7.14 Investment under this paragraph is limited to information on the Minnesota public pension  
7.15 plans required to be invested by the State Board of Investment under section 11A.23.

7.16 (e) If a public pension plan has a total market value of less than \$25,000,000 as of  
7.17 the beginning of the calendar year and was never required to file under paragraph (b) or  
7.18 (c), the report required by subdivision 1 must include the amount and date of each total  
7.19 portfolio injection and withdrawal. In addition, the report must include the market value  
7.20 of the total portfolio as of the beginning of the calendar year and for each quarter.

7.21 (f) Any public pension plan reporting under paragraph (b) or (c) must include  
7.22 computed time-weighted rates of return with the report, in addition to all other required  
7.23 information, as applicable. The chief administrative officer of the public pension plan  
7.24 submitting the returns must certify, on a form prescribed by the state auditor, that the  
7.25 returns have been computed by the pension plan's investment performance consultant or  
7.26 custodial bank. The chief administrative officer of the public pension plan submitting the  
7.27 returns also must certify that the returns are net of all costs and fees, including investment  
7.28 management fees, and that the procedures used to compute the returns are consistent  
7.29 with Bank Administration Institute studies of investment performance measurement  
7.30 and presentation standards set by the ~~Certified Financial Analyst~~ CFA Institute. If the  
7.31 certifications required under this paragraph are not provided, the reporting requirements of  
7.32 paragraph (c) apply.

7.33 (g) For public pension plans reporting under paragraph (e), the public pension plan  
7.34 must retain supporting information specifying the date and amount of each injection and  
7.35 withdrawal to each investment account and investment portfolio. The public pension plan  
7.36 must also retain the market value of each investment account and investment portfolio at

8.1 the beginning of the calendar year and for each quarter. Information that is required to be  
8.2 collected and retained for any given year or years under this paragraph must be submitted  
8.3 to the Office of the State Auditor if the Office of the State Auditor requests in writing that  
8.4 the information be submitted by a public pension plan or plans, or be submitted by the  
8.5 State Board of Investment for any plan or plans for which the State Board of Investment is  
8.6 the investment authority under this section. If the state auditor requests information under  
8.7 this subdivision, and the public plan fails to comply, the pension plan is subject to penalties  
8.8 under subdivision 5, unless penalties are waived by the state auditor under that subdivision.

8.9 **EFFECTIVE DATE.** This section is effective July 1, 2009.

8.10 Sec. 6. Minnesota Statutes 2008, section 424A.02, subdivision 3a, is amended to read:

8.11 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a)  
8.12 If a relief association pays a service pension greater than the maximum service pension  
8.13 associated with the applicable average amount of available financing per active covered  
8.14 firefighter under the table in subdivision 3, paragraph (c) or (d), whichever applies, the  
8.15 maximum service pension under subdivision 3, paragraph (f), or the applicable maximum  
8.16 service pension amount specified in subdivision 3, paragraph (g), whichever is less, the  
8.17 state auditor shall:

8.18 (1) disqualify the municipality or the nonprofit firefighting corporation associated  
8.19 with the relief association from receiving fire state aid by making the appropriate  
8.20 notification to the municipality and the commissioner of revenue, with the disqualification  
8.21 applicable for the next apportionment and payment of fire state aid; and

8.22 (2) order the treasurer of the applicable relief association to recover the amount of  
8.23 the overpaid service pension or pensions from any retired firefighter who received an  
8.24 overpayment.

8.25 (b) Fire state aid amounts from disqualified municipalities for the period of  
8.26 disqualifications under paragraph (a), clause (1), must be credited to the amount of  
8.27 fire insurance premium tax proceeds available for the next subsequent fire state aid  
8.28 apportionment.

8.29 (c) The amount of any overpaid service pension recovered under paragraph (a),  
8.30 clause (2), must be credited to the amount of fire insurance premium tax proceeds  
8.31 available for the next subsequent fire state aid apportionment.

8.32 (d) The determination of the state auditor that a relief association has paid a service  
8.33 pension greater than the applicable maximum must be made on the basis of the information  
8.34 filed by the relief association and the municipality with the state auditor under sections  
8.35 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other



9.1 relevant information that comes to the attention of the state auditor. The determination  
9.2 of the state auditor is final. An aggrieved municipality, relief association, or person may  
9.3 appeal the determination under section 480A.06.

9.4 **EFFECTIVE DATE.** This section is effective July 1, 2009.

9.5 Sec. 7. Minnesota Statutes 2008, section 424A.02, subdivision 8, is amended to read:

9.6 Subd. 8. **Lump-sum service pensions; installment payments.** (a) Any relief  
9.7 association, if the governing bylaws so provide, may pay, at the option of the ~~retiring~~  
9.8 ~~member~~ intended recipient and in lieu of a single payment of a lump-sum service pension  
9.9 or survivor benefit, a lump-sum service pension or survivor benefit in installments.

9.10 (b) The election of installment payments ~~shall be~~ is irrevocable and ~~shall~~ must be  
9.11 made by the ~~retiring member~~ intended recipient in writing and filed with the secretary of  
9.12 the relief association no later than 30 days ~~prior to~~ before the commencement of payment  
9.13 of the service pension or survivor benefit. The amount of the installment payments ~~shall~~  
9.14 must be determined ~~so that the present value of the aggregate installment payments~~  
9.15 ~~computed at an interest rate of five percent, compounded annually, is equal to the amount~~  
9.16 ~~of the single lump-sum payment which would have been made had the installment~~  
9.17 ~~payments option not been elected. The payment of each installment shall include interest~~  
9.18 ~~at the rate of five percent, compounded annually on the reserve supporting the remaining~~  
9.19 ~~installment payments as of the date on which the previous installment payment was paid~~  
9.20 ~~and computed from the date on which the previous installment payment was paid to the~~  
9.21 ~~date of payment for the current installment payment~~ in any reasonable manner provided  
9.22 for in the governing bylaws, but the total amount of installment payments may not exceed  
9.23 the single payment service pension amount plus interest at an annual rate of five percent  
9.24 on the amount of delayed payments for the period during which payment was delayed.

9.25 (c) ~~To the extent that the commissioner of commerce deems it to be necessary or~~  
9.26 ~~practical, the commissioner may specify and issue procedures, forms or mathematical~~  
9.27 ~~tables for use in performing the calculations required pursuant to this subdivision.~~

9.28 **EFFECTIVE DATE.** This section is effective July 1, 2009.

9.29 Sec. 8. Minnesota Statutes 2008, section 424A.02, subdivision 10, is amended to read:

9.30 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each  
9.31 relief association to which this section applies shall file a revised copy of its governing  
9.32 bylaws with the state auditor upon the adoption of any amendment to its governing bylaws  
9.33 by the relief association or upon the approval of any amendment to its governing bylaws  
9.34 granted by the governing body of each municipality served by the fire department to

10.1 which the relief association is directly associated. Failure of the relief association to file a  
10.2 copy of the bylaws or any bylaw amendments with the state auditor shall disqualify the  
10.3 municipality from the distribution of any future fire state aid until this filing requirement  
10.4 has been completed.

10.5 (b) If the special fund of the relief association does not have a surplus over full  
10.6 funding pursuant to section 69.772, subdivision 3, clause (2), subclause (e), or 69.773,  
10.7 subdivision 4, and if the municipality is required to provide financial support to the special  
10.8 fund of the relief association pursuant to section 69.772 or 69.773, no bylaw amendment  
10.9 which would affect the amount of, the manner of payment of, or the conditions for  
10.10 qualification for service pensions or ancillary benefits or disbursements other than  
10.11 administrative expenses authorized pursuant to section 69.80 payable from the special  
10.12 fund of the relief association shall be effective until it has been ratified by the governing  
10.13 body or bodies of the appropriate municipalities. If the municipality is not required to  
10.14 provide financial support to the special fund pursuant to this section, the relief association  
10.15 may adopt or amend without municipal ratification its articles of incorporation or bylaws  
10.16 which increase or otherwise affect the service pensions or ancillary benefits payable from  
10.17 the special fund so long as the changes do not cause the amount of the resulting increase in  
10.18 the accrued liability of the special fund to exceed 90 percent of the amount of the ~~prior~~  
10.19 surplus over full funding reported in the prior year and the changes do not result in the  
10.20 financial requirements of the special fund exceeding the expected amount of the future fire  
10.21 state aid to be received by the relief association.

10.22 (c) If the relief association pays only a lump-sum pension, the financial requirements  
10.23 are to be determined by the board of trustees following the preparation of an estimate  
10.24 of the expected increase in the accrued liability and annual accruing liability of the  
10.25 relief association attributable to the change. If the relief association pays a monthly  
10.26 benefit service pension, the financial requirements are to be determined by the board of  
10.27 trustees following either an updated actuarial valuation including the proposed change  
10.28 or an estimate of the expected actuarial impact of the proposed change prepared by the  
10.29 actuary of the relief association. If a relief association adopts or amends its articles of  
10.30 incorporation or bylaws without municipal ratification pursuant to this subdivision, and,  
10.31 subsequent to the amendment or adoption, the financial requirements of the special fund  
10.32 pursuant to this section are such so as to require financial support from the municipality,  
10.33 the provision which was implemented without municipal ratification shall no longer be  
10.34 effective without municipal ratification, and any service pensions or ancillary benefits  
10.35 payable after that date shall be paid only in accordance with the articles of incorporation  
10.36 or bylaws as amended or adopted with municipal ratification.

11.1 **EFFECTIVE DATE.** This section is effective July 1, 2009.

11.2 Sec. 9. Minnesota Statutes 2008, section 424A.04, subdivision 1, is amended to read:

11.3 Subdivision 1. **Membership.** (a) A relief association that is directly associated with  
11.4 a municipal fire department must be managed by a board of trustees consisting of nine  
11.5 members. Six trustees must be elected from the membership of the relief association and  
11.6 three trustees must be drawn from the officials of the municipalities served by the fire  
11.7 department to which the relief association is directly associated. The bylaws of a relief  
11.8 association which provides a monthly benefit service pension may provide that one of  
11.9 the six trustees elected from the relief association membership may be a retired member  
11.10 receiving a monthly pension who is elected by the membership of the relief association.  
11.11 The three municipal trustees must be one elected municipal official and one elected or  
11.12 appointed municipal official who are designated as municipal representatives by the  
11.13 municipal governing board annually and the chief of the municipal fire department.

11.14 (b) A relief association that is a subsidiary of an independent nonprofit firefighting  
11.15 corporation must be managed by a board of trustees consisting of nine members. Six  
11.16 trustees must be elected from the membership of the relief association, two trustees must  
11.17 be drawn from the officials of the municipalities served by the fire department to which  
11.18 the relief association is directly associated, and one trustee ~~shall~~ must be the fire chief  
11.19 serving with the independent nonprofit firefighting corporation. The bylaws of a relief  
11.20 association may provide that one of the six trustees elected from the relief association  
11.21 membership may be a retired member receiving a monthly pension who is elected by the  
11.22 membership of the relief association. The two municipal trustees must be elected or  
11.23 appointed municipal officials, selected as follows:

11.24 (1) if only one municipality contracts with the independent nonprofit firefighting  
11.25 corporation, the municipal trustees must be two officials of the contracting municipality  
11.26 who are designated annually by the governing body of the municipality; or

11.27 (2) if two or more municipalities contract with the independent nonprofit corporation,  
11.28 the municipal trustees must be one official from each of the two largest municipalities  
11.29 in population who are designated annually by the governing bodies of the applicable  
11.30 municipalities.

11.31 (c) The municipal trustees for a relief association that is directly associated with a  
11.32 fire department operated as or by a joint powers entity must be the fire chief of the fire  
11.33 department and two trustees designated annually by the joint powers board. The municipal  
11.34 trustees for a relief association that is directly associated with a fire department service

12.1 area township must be the fire chief of the fire department and two trustees designated by  
12.2 the township board.

12.3 (d) If a relief association lacks the municipal board members provided for in  
12.4 paragraph (a), (b), or (c) because the fire department is not located in or associated with an  
12.5 organized municipality, joint powers entity, or township, the municipal board members  
12.6 must be the fire chief of the fire department and two board members appointed from the  
12.7 fire department service area by the board of commissioners of the applicable county.

12.8 (e) The term of ~~these~~ the appointed municipal board members is one year or until the  
12.9 person's successor is qualified, whichever is later.

12.10 (f) A municipal trustee under paragraph (a), (b), (c), or (d) has all the rights  
12.11 and duties accorded to any other trustee, except the right to be an officer of the relief  
12.12 association board of trustees.

12.13 (g) A board must have at least three officers, who are a president, a secretary and a  
12.14 treasurer. These officers must be elected from among the elected trustees by either the full  
12.15 board of trustees or by the relief association membership, as specified in the bylaws. In  
12.16 no event may any trustee hold more than one officer position at any one time. The terms  
12.17 of the elected trustees and of the officers of the board must be specified in the bylaws of  
12.18 the relief association, but may not exceed three years. If the term of the elected trustees  
12.19 exceeds one year, the election of the various trustees elected from the membership must be  
12.20 staggered on as equal a basis as is practicable.

12.21 **EFFECTIVE DATE.** This section is effective July 1, 2009.

12.22 Sec. 10. Minnesota Statutes 2008, section 424A.10, subdivision 1, is amended to read:

12.23 Subdivision 1. **Definitions.** For purposes of this section:

12.24 (1) "qualified recipient" means an individual who receives a lump-sum distribution  
12.25 of pension or retirement benefits from a firefighters' relief association for service that the  
12.26 individual has performed as a volunteer firefighter;

12.27 (2) "survivor of a deceased active or deferred volunteer firefighter" means the ~~legally~~  
12.28 ~~married~~ surviving spouse of a deceased active or deferred volunteer firefighter under  
12.29 section 424A.001, subdivision 6, or, if none, the surviving ~~minor~~ child or ~~minor~~ children  
12.30 of a deceased active or deferred volunteer firefighter;

12.31 (3) "active volunteer firefighter" means a person who regularly renders fire  
12.32 suppression service for a municipal fire department or an independent nonprofit firefighting  
12.33 corporation, who has met the statutory and other requirements for relief association  
12.34 membership, and who ~~has been~~ is deemed by the relief association under law and its  
12.35 bylaws to be a fully qualified member of the relief association for at least one month; and

13.1 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who  
13.2 terminated active firefighting service, has sufficient service credit from the applicable relief  
13.3 association to be entitled to a service pension under the bylaws of the relief association,  
13.4 but has not applied for or has not received the service pension.

13.5 **EFFECTIVE DATE.** This section is effective July 1, 2009.

13.6 **ARTICLE 4**  
13.7 **ACCOMMODATING CHANGES**

13.8 Section 1. Minnesota Statutes 2008, section 424A.02, subdivision 3a, as amended by  
13.9 article 1, section 21, is amended to read:

13.10 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a)  
13.11 If a defined benefit relief association pays a service pension greater than the maximum  
13.12 service pension associated with the applicable average amount of available financing per  
13.13 active covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever  
13.14 applies, the maximum service pension under subdivision 3, paragraph (f), or the applicable  
13.15 maximum service pension amount specified in subdivision 3, paragraph (g), whichever is  
13.16 less, the state auditor shall:

13.17 (1) disqualify the municipality or the nonprofit firefighting corporation associated  
13.18 with the relief association from receiving fire state aid by making the appropriate  
13.19 notification to the municipality and the commissioner of revenue, with the disqualification  
13.20 applicable for the next apportionment and payment of fire state aid; and

13.21 (2) order the treasurer of the applicable relief association to recover the amount of  
13.22 the overpaid service pension or pensions from any retired firefighter who received an  
13.23 overpayment.

13.24 (b) Fire state aid amounts from disqualified municipalities for the period of  
13.25 disqualifications under paragraph (a), clause (1), must be credited to the amount of  
13.26 fire insurance premium tax proceeds available for the next subsequent fire state aid  
13.27 apportionment.

13.28 (c) The amount of any overpaid service pension recovered under paragraph (a),  
13.29 clause (2), must be credited to the amount of fire insurance premium tax proceeds  
13.30 available for the next subsequent fire state aid apportionment.

13.31 (d) The determination of the state auditor that a relief association has paid a service  
13.32 pension greater than the applicable maximum must be made on the basis of the information  
13.33 filed by the relief association and the municipality with the state auditor under sections  
13.34 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, and any other  
13.35 relevant information that comes to the attention of the state auditor. The determination

14.1 of the state auditor is final. An aggrieved municipality, relief association, or person may  
14.2 appeal the determination under section 480A.06.

14.3 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
14.4 21, is enacted.

14.5 Sec. 2. Minnesota Statutes 2008, section 424A.02, subdivision 8, as amended by  
14.6 article 1, section 23, is amended to read:

14.7 Subd. 8. **Lump-sum service pensions; installment payments.** (a) ~~Any~~ A defined  
14.8 benefit relief association, if the governing bylaws so provide, may pay, at the option of  
14.9 the retiring member and in lieu of a single payment of a lump-sum service pension, a  
14.10 lump-sum service pension in installments.

14.11 (b) The election of installment payments ~~shall be~~ is irrevocable and ~~shall~~ must  
14.12 be made by the retiring member in writing and filed with the secretary of the relief  
14.13 association no later than 30 days ~~prior to~~ before the commencement of payment of the  
14.14 service pension. The amount of the installment payments ~~shall~~ may be determined ~~so that~~  
14.15 ~~the present value of the aggregate installment payments computed at an interest rate of five~~  
14.16 ~~percent, compounded annually, is equal to the amount of the single lump-sum payment~~  
14.17 ~~which would have been made had the installment payments option not been elected. The~~  
14.18 ~~payment of each installment shall include interest at the rate of five percent, compounded~~  
14.19 ~~annually on the reserve supporting the remaining installment payments as of the date~~  
14.20 ~~on which the previous installment payment was paid and computed from the date on~~  
14.21 ~~which the previous installment payment was paid to the date of payment for the current~~  
14.22 ~~installment payment~~ in any reasonable manner provided for in the governing bylaws, but  
14.23 the total amount of installment payments must not exceed the single payment service  
14.24 pension amount plus interest at an annual rate of five percent on the amount of delayed  
14.25 payments for the period during which payment was delayed.

14.26 (c) ~~To the extent that the commissioner of commerce deems it to be necessary or~~  
14.27 ~~practical, the commissioner may specify and issue procedures, forms or mathematical~~  
14.28 ~~tables for use in performing the calculations required pursuant to this subdivision.~~

14.29 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
14.30 23, is enacted.

14.31 Sec. 3. Minnesota Statutes 2008, section 424A.02, subdivision 10, is amended to read:

14.32 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each  
14.33 defined benefit relief association to which this section applies ~~shall~~ must file a revised  
14.34 copy of its governing bylaws with the state auditor upon the adoption of any amendment

15.1 to its governing bylaws by the relief association or upon the approval of any amendment  
15.2 to its governing bylaws granted by the governing body of each municipality served by the  
15.3 fire department to which the relief association is directly associated. Failure of the relief  
15.4 association to file a copy of the bylaws or any bylaw amendments with the state auditor  
15.5 ~~shall disqualify~~ disqualifies the municipality from the distribution of any future fire state  
15.6 aid until this filing requirement has been completed.

15.7 (b) If the special fund of the relief association does not have a surplus over full  
15.8 funding ~~pursuant to~~ under section 69.772, subdivision 3, clause (2), subclause (e), or  
15.9 69.773, subdivision 4, and if the municipality is required to provide financial support to  
15.10 the special fund of the relief association ~~pursuant to~~ under section 69.772 or 69.773, no  
15.11 bylaw amendment which would affect the amount of, the manner of payment of, or the  
15.12 conditions for qualification for service pensions or ancillary benefits or disbursements  
15.13 other than administrative expenses authorized ~~pursuant to~~ under section 69.80 payable  
15.14 from the special fund of the relief association ~~shall be~~ is effective until it has been ratified  
15.15 by the governing body or bodies of the appropriate municipalities. If the municipality is  
15.16 not required to provide financial support to the special fund ~~pursuant to~~ under this section,  
15.17 the relief association may adopt or amend without municipal ratification its articles  
15.18 of incorporation or bylaws which increase or otherwise affect the service pensions or  
15.19 ancillary benefits payable from the special fund so long as the changes do not cause the  
15.20 amount of the resulting increase in the accrued liability of the special fund to exceed 90  
15.21 percent of the amount of the ~~prior~~ surplus over full funding reported in the prior year and  
15.22 the changes do not result in the financial requirements of the special fund exceeding the  
15.23 expected amount of the ~~future~~ subsequent calendar year's fire state aid to be received  
15.24 by the relief association.

15.25 (c) If the relief association pays only a lump-sum pension, the financial requirements  
15.26 are to be determined by the board of trustees following the preparation of an estimate  
15.27 of the expected increase in the accrued liability and annual accruing liability of the  
15.28 relief association attributable to the change. If the relief association pays a monthly  
15.29 benefit service pension, the financial requirements are to be determined by the board of  
15.30 trustees following either an updated actuarial valuation including the proposed change  
15.31 or an estimate of the expected actuarial impact of the proposed change prepared by the  
15.32 actuary of the relief association. If a relief association adopts or amends its articles of  
15.33 incorporation or bylaws without municipal ratification ~~pursuant to~~ under this subdivision,  
15.34 and, subsequent to the amendment or adoption, the financial requirements of the special  
15.35 fund ~~pursuant to~~ under this section are such so as to require financial support from the  
15.36 municipality, the provision which was implemented without municipal ratification ~~shall~~ is

16.1 no longer ~~be~~ effective without municipal ratification, and any service pensions or ancillary  
16.2 benefits payable after that date ~~shall~~ must be paid only in accordance with the articles of  
16.3 incorporation or bylaws as amended or adopted with municipal ratification.

16.4 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
16.5 26, is enacted.

16.6 Sec. 4. Minnesota Statutes 2008, section 424A.04, subdivision 1, as amended by  
16.7 article 1, section 32, is amended to read:

16.8 Subdivision 1. **Membership.** (a) A relief association that is directly associated with  
16.9 a municipal fire department must be managed by a board of trustees consisting of nine  
16.10 members. Six trustees must be elected from the membership of the relief association and  
16.11 three trustees must be drawn from the officials of the municipalities served by the fire  
16.12 department to which the relief association is directly associated. The bylaws of a relief  
16.13 association which provides a monthly benefit service pension may provide that one of  
16.14 the six trustees elected from the relief association membership may be a retired member  
16.15 receiving a monthly pension who is elected by the membership of the relief association.  
16.16 The three municipal trustees must be one elected municipal official and one elected or  
16.17 appointed municipal official who are designated as municipal representatives by the  
16.18 municipal governing board annually and the chief of the municipal fire department.

16.19 (b) A relief association that is a subsidiary of an independent nonprofit firefighting  
16.20 corporation must be managed by a board of trustees consisting of nine members. Six  
16.21 trustees must be elected from the membership of the relief association, two trustees must  
16.22 be drawn from the officials of the municipalities served by the fire department to which  
16.23 the relief association is directly associated, and one trustee ~~shall~~ must be the fire chief  
16.24 serving with the independent nonprofit firefighting corporation. The bylaws of a relief  
16.25 association may provide that one of the six trustees elected from the relief association  
16.26 membership may be a retired member receiving a monthly pension who is elected by the  
16.27 membership of the relief association. The two municipal trustees must be elected or  
16.28 appointed municipal officials, selected as follows:

16.29 (1) if only one municipality contracts with the independent nonprofit firefighting  
16.30 corporation, the municipal trustees must be two officials of the contracting municipality  
16.31 who are designated annually by the governing body of the municipality; or

16.32 (2) if two or more municipalities contract with the independent nonprofit corporation,  
16.33 the municipal trustees must be one official from each of the two largest municipalities  
16.34 in population who are designated annually by the governing bodies of the applicable  
16.35 municipalities.



17.1 (c) The municipal trustees for a relief association that is directly associated with a  
17.2 fire department operated as or by a joint powers entity must be the fire chief of the fire  
17.3 department and two trustees designated annually by the joint powers board. The municipal  
17.4 trustees for a relief association that is directly associated with a fire department service  
17.5 area township must be the fire chief of the fire department and two trustees designated by  
17.6 the township board.

17.7 (d) If a relief association lacks the municipal board members provided for in  
17.8 paragraph (a), (b), or (c) because the fire department is not located in or associated with an  
17.9 organized municipality, joint powers entity, or township, the municipal board members  
17.10 must be the fire chief of the fire department and two board members appointed from the  
17.11 fire department service area by the board of commissioners of the applicable county.

17.12 (e) The term of ~~these~~ the two appointed municipal board members is one year or  
17.13 until the person's successor is qualified, whichever is later.

17.14 (f) A municipal trustee under paragraph (a), (b), (c), or (d) has all the rights  
17.15 and duties accorded to any other trustee, except the right to be an officer of the relief  
17.16 association board of trustees.

17.17 (g) A board must have at least three officers, who are a president, a secretary and a  
17.18 treasurer. These officers must be elected from among the elected trustees by either the full  
17.19 board of trustees or by the relief association membership, as specified in the bylaws. In  
17.20 no event may any trustee hold more than one officer position at any one time. The terms  
17.21 of the elected trustees and of the officers of the board must be specified in the bylaws of  
17.22 the relief association, but may not exceed three years. If the term of the elected trustees  
17.23 exceeds one year, the election of the various trustees elected from the membership must be  
17.24 staggered on as equal a basis as is practicable.

17.25 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
17.26 32, is enacted.

17.27 Sec. 5. Minnesota Statutes 2008, section 424A.10, subdivision 1, as amended by  
17.28 article 1, section 40, is amended to read:

17.29 Subdivision 1. **Definitions.** For purposes of this section:

17.30 (1) "qualified recipient" means an individual who receives a lump-sum distribution  
17.31 of pension or retirement benefits from a firefighters' relief association for service that the  
17.32 individual has performed as a volunteer firefighter;

17.33 (2) "survivor of a deceased active or deferred volunteer firefighter" means the legally  
17.34 married spouse of a deceased volunteer firefighter, or, if none, the surviving minor child or  
17.35 minor children of a deceased volunteer firefighter;

18.1 (3) "active volunteer firefighter" means a person who regularly renders fire  
18.2 suppression service for a municipal fire department or an independent nonprofit firefighting  
18.3 corporation, who has met the statutory and other requirements for relief association  
18.4 membership, and who has been a fully qualified member of the relief association for  
18.5 at least one month; and

18.6 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who  
18.7 terminated active firefighting service, has sufficient service credit from the applicable  
18.8 relief association to be entitled to a service pension, but has not applied for or has not  
18.9 received the service pension.

18.10 **EFFECTIVE DATE.** This section is effective July 1, 2009, if article 1, section  
18.11 40, is enacted."

18.12 Amend the title accordingly

# **Exhibit J**

## **Brimson Fire Relief Association Proposed Board of Trustees Special Law**

**BRIMSON FIREFIGHTER'S RELIEF ASSOCIATION.** Notwithstanding any provisions of Minnesota Statutes, Section 424A.04, or other law to the contrary, the Brimson firefighter's relief association shall be managed by a board of trustees consisting of ten members. Six trustees must be elected from the membership of the relief association, one trustee must be drawn from the officials of each municipality served by the fire department to which the relief association is directly associated, and one trustee must be the fire chief serving with the independent nonprofit firefighting corporation.