



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@osa.state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

March-April 2014

Article for *Minnesota Fire Chief*

2013-2014 Fire Relief Working Group Wraps Up Its Work

By Rebecca Otto, State Auditor

This fall, the Office of the State Auditor (OSA) convened the Volunteer Fire Relief Association Working Group for the eighth consecutive year. The Working Group brings relief association stakeholders together to discuss relief association issues, facilitate communication, develop relationships, and work towards making the pension process easier and more effective by recommending legislative changes.

Working Group Membership

Members of the twelve-member group include relief association trustees from both the Metro Area and Greater Minnesota representing each plan type, municipal representatives, and the fire service organizations. The Group is chaired by State Auditor Otto and is assisted by Legislative Pension Commission staff, who are non-voting members.

This year's membership includes: Steve Donney, Mayor, City of Harmony; Bruce Duncan, President, Excelsior Fire Relief Association; Dennis Feller, Finance Director, City of Lakeville; Dave Ganfield, Administrator, Apple Valley Fire Relief Association; Bruce Hemstad, Secretary, Bemidji Fire Relief Association; Aaron Johnston, Treasurer, Coon Rapids Fire Relief Association; Dave Jaeger, Treasurer, Mahnommen Fire Relief Association; Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement; Bruce Roed, Trustee, Mentor Fire Relief Association; Mark Rosenblum, Member, Golden Valley Fire Relief Association; and Nyle Zikmund, Chief, Spring Lake Park, Blaine & Mounds View Fire Department.

Legislative Changes

The Working Group wrapped up work on its legislative proposals and put together a bill for introduction this legislative session. The proposals include numerous technical

changes that eliminate out-of-date statutory references and provide for easier reading and interpretation of state statutes. Highlights of the group's proposals include:

- Permitting defined-contribution plans to amend their bylaws to allow for the payment of survivor and disability benefits to members who are not active or deferred;
- Clarifying that the five-percent portfolio limit on investment in below-investment-grade bonds applies to domestic and international bonds that fall into that category;
- Simplifying the bylaw ratification process for relief associations affiliated with an independent nonprofit firefighting corporation, so that the nonprofit corporation board may ratify relief association bylaw and benefit changes instead of each change having to be ratified by each contracting municipality;
- Clarifying a reporting exception for certain municipalities whose firefighters are fulltime employees with pension coverage through the Public Employees Retirement Association; and
- Clarifying that supplemental-benefit reimbursements are to be based on the pre-tax lump-sum distribution excluding any interest that may have been credited during a member's period of deferral.

If these Working Group changes are passed into law, they will make the relief association pension plans easier to administer.

The Working Group has also been discussing options for providing additional training and education to relief association trustees, and has dedicated its February meeting to this topic. The group believes it is important for relief association trustees to have the training that they need to be successful in their roles as fiduciaries. Options being discussed include online training videos, regional training sessions, and training opportunities provided by professional consultants and the fire service organizations.

Moving Ahead

The OSA will keep you updated about the Working Group's activities and any law changes through our weekly E-Update, our monthly Pension Newsletter, and regular articles in the Fire Chief. The Working Group meetings are open to the public, and anyone is welcome to attend. A copy of the current Working Group bill and other information, including meeting minutes and materials, can be found on the OSA's website at www.auditor.state.mn.us. On the homepage select "Fire Relief Association Working Group" under the "Meeting Notices and Materials" heading.