

Minnesota Volunteer Fire Relief Association
Working Group Meeting

Office of the State Auditor

Tuesday, January 25, 2011

11 a.m. to 1 p.m.

- I. Call to Order**
Chair Auditor Otto.
- II. Review and Approval of Working Group Meeting Minutes**
Exhibit A. Draft January 11, 2011 Meeting Minutes
- III. Review of Working Group Draft Legislation**
Exhibits B through F.
- Special Fund Administrative Expenses (B)
 - DC Plan Installment Payments (C)
 - Form Signature Requirements (D)
 - General Fund Revenues (E)
 - Technical Changes (F)
- IV. Review of Draft Record Retention Schedule**
Exhibit G.
- V. Discussion of Return to Service Changes**
Exhibit H. Draft Changes
Exhibit I. Flow Charts
- VI. Other Business**
- VII. Adjournment**

Individuals with disabilities who need a reasonable accommodation to participate in this event, please contact Rose Hennessy Allen at (651) 296-5985 or (800) 627-3529 (TTY) by January 24, 2011.

Volunteer Fire Relief Association Working Group

Office of the State Auditor

Tuesday, January 11, 2011

11 a.m. to 1 p.m.

Members Present

Wayne Anderson, Coon Rapids Fire Department Inspector (defined contribution plans)
Bruce Duncan, Excelsior Fire Relief Association President (defined benefit lump sum plans)
Jim Hansen, Minnesota Area Relief Association Coalition Representative
Dave Jaeger, Mahnomon Fire Relief Association Treasurer (defined benefit lump sum plans)
John King, Minnesota State Fire Department Association Representative
Larry Martin, Legislative Commission on Pensions and Retirement Director
Rebecca Otto, State Auditor
Bruce Roed, Mentor Fire Relief Association Trustee (defined contribution plans)
Tim Simon,¹ Elk River City Finance Director
Nyle Zikmund, Minnesota State Fire Chiefs Association Representative (defined benefit monthly plans)

Members Excused

Dave Ganfield, Apple Valley Fire Relief Association Administrator (defined benefit monthly/lump sum combination plans)
Steven Wallner, Watertown City Finance Director

Others Present

Andy Berg, Abdo, Eick & Meyers Representative
Colleen Bollom, Minnesota Firefighter Pension Consultants Representative
Aaron Dahl, Pension Analyst
Celeste Grant, Deputy State Auditor/General Counsel
Rose Hennessy Allen, Pension Director
Lucas Hinz, Pension Analyst
Jim Jensen, Pension Intern
Deb Jezierski, HLB Tautges Redpath Representative
Michael Johnson, Pension Analyst
Joel McColl, Savage Fire Chief
Brian McKnight, Wells Fargo Advisors Representative

The following motions were duly made, seconded and approved:

- RESOLVED to approve the December 7, 2010, Working Group Meeting Minutes;
- RESOLVED to adopt the draft language that eliminates the requirement that the Office of the State Auditor forward a copy of the financial report to the county auditor;
- RESOLVED to revisit the draft language that clarifies member dues may be payable to a relief association's special fund;
- RESOLVED to adopt the draft language that changes the form signature requirements;

¹ Simon participated via conference call.

RESOLVED to adopt the draft language that would extend the survivor benefit installment payment option to defined contribution plans;

RESOLVED to revisit the return-to-service topic at the next meeting.

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 7, 2010, meeting minutes that had been provided in advance. Anderson made a motion to adopt the meeting minutes. Duncan seconded the motion that was adopted unanimously.

III. Discussion of Technical Changes

Fire departments in Minnesota that do not have an affiliated volunteer fire relief association may be eligible to receive fire state aid if the municipality submits a financial report to the Office of the State Auditor. The Office of the State Auditor, in turn, is required to forward a copy of the financial report to the auditor of the applicable county. Martin explained that the requirement to forward a copy of the financial report to the county auditor dates back to 1969. At that time, counties received fire state aid and apportioned it among the various eligible entities within the county. The financial report was needed so that the county auditors knew which entities were eligible for state aid. Now that the Department of Revenue apportions state aid it appears that the requirement to forward a copy of the financial report to the county auditor is no longer needed. Zikmund made a motion to adopt the draft language, which would eliminate the requirement that the Office of the State Auditor forward a copy of the financial report to the county auditor. King seconded the motion that was adopted unanimously.

IV. Discussion of Special Fund Revenues

Auditor Otto explained that during the last meeting the Working Group discussed changes to clarify that member dues and contributions may be deposited into a relief association's special fund. Martin revised the draft language based on comments from the last meeting, and to clarify that the dues and contributions may be deposited into the special fund or the general fund. Roed made a suggestion to make changes to the general fund revenues section but to make no changes to the special fund section. The general fund changes would clarify that the fund must be credited with all moneys received from dues other than dues payable under the relief association's bylaws to the special fund. Martin offered to incorporate the suggestions into the draft language. Anderson made a motion to revisit the topic at the next meeting. Jaeger seconded the motion that was adopted unanimously.

V. Discussion of Form Signature Requirement Changes

Auditor Otto explained that during a previous meeting the Working Group discussed changing who may sign the annual Reporting Form and Schedule Form that are submitted to the Office of the State Auditor. Martin explained what changes the draft

language would make to the form signature requirements. Additional flexibility would be given to municipalities when deciding which municipal official should sign the Reporting Form, and the draft language clarifies who should sign in cases where a relief association is affiliated with a fire department that is not located in or associated with an organized municipality. For the Schedule Form, the entity responsible for paying contributions to the relief association would sign. Zikmund made a motion to adopt the draft language. King seconded the motion that was adopted unanimously.

VI. Discussion of Defined Contribution Plan Change

Auditor Otto explained that defined benefit plans have authority to offer the option of installment payments to recipients of a survivor benefit. Defined contribution plans only have authority to offer the option of installment payments to recipients of a lump-sum pension. Anderson made a motion to adopt the draft language that would extend the survivor benefit installment payment option to defined contribution plans. Roed seconded the motion that was adopted unanimously.

VII. Review of Draft Record Retention Schedule

The Working Group members reviewed the draft general record retention schedule. Auditor Otto reminded the Group that currently, relief associations don't have authority to destroy records. If the general record retention schedule is approved by the Records Disposition Panel, a relief association could adopt the schedule and destroy records as allowed by the schedule. A relief association also could seek approval by the Panel for its own special record retention schedule if the general schedule doesn't meet the relief association's needs. The Group agreed that a list of definitions to accompany the schedule would be helpful. In response to a question by Duncan, the Group also agreed that a "contested election" should be defined. Auditor Otto assured the members that the Office of the State Auditor would provide education on this topic to relief association trustees. Finally, it was agreed that a notice should be included on the schedule that reminds relief associations that any records related to charitable gambling must be retained according to the charitable gambling record retention schedule. The topic will be revisited at the next Working Group meeting.

VIII. Discussion of Return-to-Service Changes

Auditor Otto explained that some relief associations that pay monthly service pensions would like to allow the continuation of monthly payments to retirees who rejoin the fire department but not the relief association. Currently, a retiree may only continue collecting a monthly service pension if the member rejoins both the fire department and the relief association, and if the association's bylaws allow for the continuation of payments. McColl shared several examples that his relief association has experienced with firefighters who would like to return to service with the fire department after retirement. The Group was concerned about unintended consequences, and that changes could encourage firefighters to retire earlier. The intent of the return-to-service law was to help with recruitment and retention. Anderson made a motion to revisit the topic at the

next Working Group meeting. Zikmund seconded the motion that was adopted unanimously.

IX. Other Business

There was no other business.

X. Next Meeting

Tuesday, January 25, 2011

11:00 a.m. to 1:00 p.m.

Office of the State Auditor

XI. Adjournment

The meeting was adjourned shortly after 1:00.

1.1 A bill for an act

1.2 relating to retirement; local police, paid fire, and volunteer fire relief associations;
1.3 authorized administrative expenses; authorizing the payment of salaries to
1.4 additional relief association officials with municipal approval; authorizing the
1.5 payment of certain governmental fees; amending Minnesota Statutes 2010,
1.6 section 69.80.

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

1.8 Section 1. Minnesota Statutes 2010, section 69.80, is amended to read:

1.9 **69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.**

1.10 (a) Notwithstanding any provision of law to the contrary, the payment of the
1.11 following necessary, reasonable and direct expenses of maintaining, protecting and
1.12 administering the special fund, when provided for in the bylaws of the association and
1.13 approved by the board of trustees, constitutes authorized administrative expenses of a
1.14 police, salaried firefighters', or volunteer firefighters' relief association organized under
1.15 any law of this state:

1.16 (1) office expense, including, but not limited to, rent, utilities, equipment, supplies,
1.17 postage, periodical subscriptions, furniture, fixtures, and salaries of administrative
1.18 personnel;

1.19 (2) salaries of the ~~president, secretary, and treasurer~~ officers of the association, or
1.20 their designees, and ~~any other official~~ salaries of the members of the board of trustees of
1.21 the relief association to whom a salary is payable under bylaws or articles of incorporation
1.22 in effect on January 1, 1986 if the salary amounts and their payment are approved by the
1.23 governing body of the entity that is responsible for meeting any minimum municipal
1.24 obligation under section 69.77, 69.772, or 69.773, and their the itemized expenses of relief

2.1 association officers and board members that are incurred as a result of fulfilling their
2.2 responsibilities as administrators of the special fund;

2.3 (3) tuition, registration fees, organizational dues, and other authorized expenses
2.4 of the officers or members of the board of trustees incurred in attending educational
2.5 conferences, seminars, or classes relating to the administration of the relief association;

2.6 (4) audit, actuarial, medical, legal, and investment and performance evaluation
2.7 expenses;

2.8 (5) filing and application fees payable by the relief association to federal or other
2.9 governmental entities;

2.10 ~~(5)~~ (6) reimbursement to the officers and members of the board of trustees, or
2.11 their designees, for reasonable and necessary expenses actually paid and incurred in the
2.12 performance of their duties as officers or members of the board; and

2.13 ~~(6)~~ (7) premiums on fiduciary liability insurance and official bonds for the officers,
2.14 members of the board of trustees, and employees of the relief association.

2.15 (b) Any other expenses of the relief association must be paid from the general fund
2.16 of the association, if one exists. If a relief association has only one fund, that fund is the
2.17 special fund for purposes of this section. If a relief association has a special fund and
2.18 a general fund, and any expense of the relief association that is directly related to the
2.19 purposes for which both funds were established, the payment of that expense must be
2.20 apportioned between the two funds on the basis of the benefits derived by each fund.

2.21 **EFFECTIVE DATE.** This section is effective July 1, 2011, and the change in
2.22 paragraph (a), clause (5), is effective retroactively from January 1, 2010.

Exhibit C

Defined Contribution Plan Change

Issue:

Defined benefit relief associations have authority to offer the option of installment payments to recipients of a survivor benefit. Defined contribution relief associations, however, only have authority to offer the option of installment payments to recipients of a lump-sum service pension. The Optional Change below would extend the same installment payment authority to defined contribution plans that defined benefit plans currently have.

Optional Change:

424A.016 DEFINED CONTRIBUTION VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION SPECIFIC REGULATION.

...

Subd. 5. **Service pension installment payments.** (a) A defined contribution relief association, if the governing bylaws so provide, may pay, at the option of the ~~retiring member~~ intended recipient and in lieu of a single payment of a service pension or survivor benefit, the service pension or survivor benefit in installments.

(b) The election of installment payments is irrevocable and must be made by the ~~retiring member~~ intended recipient in writing and filed with the secretary of the relief association no later than 30 days before the commencement of payment of the service pension or survivor benefit. The amount of the installment payments must be the fractional portion of the remaining account balance equal to one divided by the number of remaining annual installment payments.

...

A bill for an act

relating to retirement; volunteer firefighter relief associations; clarifying persons for the countersigning of financial reports or financial statements; clarifying the recipients of certain relief association funding requirements certifications; amending Minnesota Statutes 2010, sections 69.011, subdivision 1; 69.051, subdivisions 1, 1a; 69.772, subdivision 4; 69.773, subdivision 5.

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

Section 1. Minnesota Statutes 2010, section 69.011, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** Unless the language or context clearly indicates that a different meaning is intended, the following words and terms, for the purposes of this chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

(a) "Commissioner" means the commissioner of revenue.

(b) "Municipality" means:

(1) a home rule charter or statutory city;

(2) an organized town;

(3) a park district subject to chapter 398;

(4) the University of Minnesota;

(5) for purposes of the fire state aid program only, an American Indian tribal government entity located within a federally recognized American Indian reservation;

(6) for purposes of the police state aid program only, an American Indian tribal government with a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93;

(7) for purposes of the police state aid program only, the Metropolitan Airports Commission; and

2.1 (8) for purposes of the police state aid program only, the Department of Natural
2.2 Resources and the Department of Public Safety with respect to peace officers covered
2.3 under chapter 352B.

2.4 (c) "Minnesota Firetown Premium Report" means a form prescribed by the
2.5 commissioner containing space for reporting by insurers of fire, lightning, sprinkler
2.6 leakage and extended coverage premiums received upon risks located or to be performed
2.7 in this state less return premiums and dividends.

2.8 (d) "Firetown" means the area serviced by any municipality having a qualified fire
2.9 department or a qualified incorporated fire department having a subsidiary volunteer
2.10 firefighters' relief association.

2.11 (e) "Market value" means latest available market value of all property in a taxing
2.12 jurisdiction, whether the property is subject to taxation, or exempt from ad valorem
2.13 taxation obtained from information which appears on abstracts filed with the commissioner
2.14 of revenue or equalized by the State Board of Equalization.

2.15 (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the
2.16 commissioner for reporting by each fire and casualty insurer of all premiums received
2.17 upon direct business received by it in this state, or by its agents for it, in cash or otherwise,
2.18 during the preceding calendar year, with reference to insurance written for insuring against
2.19 the perils contained in auto insurance coverages as reported in the Minnesota business
2.20 schedule of the annual financial statement which each insurer is required to file with
2.21 the commissioner in accordance with the governing laws or rules less return premiums
2.22 and dividends.

2.23 (g) "Peace officer" means any person:

2.24 (1) whose primary source of income derived from wages is from direct employment
2.25 by a municipality or county as a law enforcement officer on a full-time basis of not less
2.26 than 30 hours per week;

2.27 (2) who has been employed for a minimum of six months prior to December 31
2.28 preceding the date of the current year's certification under subdivision 2, clause (b);

2.29 (3) who is sworn to enforce the general criminal laws of the state and local
2.30 ordinances;

2.31 (4) who is licensed by the Peace Officers Standards and Training Board and is
2.32 authorized to arrest with a warrant; and

2.33 (5) who is a member of the Minneapolis Police Relief Association, the State Patrol
2.34 retirement plan, or the public employees police and fire fund.

2.35 (h) "Full-time equivalent number of peace officers providing contract service" means
2.36 the integral or fractional number of peace officers which would be necessary to provide

3.1 the contract service if all peace officers providing service were employed on a full-time
3.2 basis as defined by the employing unit and the municipality receiving the contract service.

3.3 (i) "Retirement benefits other than a service pension" means any disbursement
3.4 authorized under section 424A.05, subdivision 3, clauses (3) and (4).

3.5 (j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means:

3.6 (1) for the police state aid program and police relief association financial reports,

3.7 (i) the person who was elected or appointed to the specified position or, in the
3.8 absence of the person, another person who is designated by the applicable governing body;

3.9 (ii) in a park district, the ~~clerk is the~~ secretary of the board of park district
3.10 commissioners;

3.11 (iii) in the case of the University of Minnesota, the ~~clerk is that~~ official designated
3.12 by the Board of Regents;

3.13 (iv) for the Metropolitan Airports Commission, the ~~clerk is the~~ person designated
3.14 by the commission;

3.15 (v) for the Department of Natural Resources or the Department of Public Safety,
3.16 the ~~clerk is the~~ respective commissioner;

3.17 (vi) for a tribal police department which exercises state arrest powers under section
3.18 626.90, 626.91, 626.92, or 626.93, the ~~clerk is the~~ person designated by the applicable
3.19 American Indian tribal government; and

3.20 (2) for the fire state aid program and fire relief association financial reports, the
3.21 person who was elected or appointed to the specified position, or, for governmental
3.22 entities other than counties, if the governing body of the governmental entity designates
3.23 the position to perform the function, the chief financial official of the governmental entity
3.24 or the chief administrative official of the governmental entity.

3.25 (k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the
3.26 retirement plan established by chapter 353G.

3.27 **EFFECTIVE DATE.** This section is effective July 1, 2011.

3.28 Sec. 2. Minnesota Statutes 2010, section 69.051, subdivision 1, is amended to read:

3.29 Subdivision 1. **Financial report and audit.** (a) The board of each salaried
3.30 firefighters relief association, police relief association, and volunteer firefighters relief
3.31 association as defined in section 424A.001, subdivision 4, with assets of at least \$200,000
3.32 or liabilities of at least \$200,000 in the prior year or in any previous year, according to
3.33 the applicable actuarial valuation or financial report if no valuation is required, shall: ~~(1)~~
3.34 prepare a financial report covering the special and general funds of the relief association

4.1 for the preceding fiscal year ~~on a form prescribed by the state auditor~~, file the financial
 4.2 report, and submit financial statements.

4.3 (b) The financial report must contain financial statements and disclosures which
 4.4 present the true financial condition of the relief association and the results of relief
 4.5 association operations in conformity with generally accepted accounting principles and in
 4.6 compliance with the regulatory, financing and funding provisions of this chapter and any
 4.7 other applicable laws. The financial report must be countersigned by:

4.8 (1) the municipal clerk or clerk-treasurer of the municipality in which the relief
 4.9 association is located if the relief association is a firefighters relief association which is
 4.10 directly associated with a municipal fire department or is a police relief association; ~~or~~
 4.11 ~~countersigned by the secretary of the independent nonprofit firefighting corporation and~~

4.12 (2) by the municipal clerk or clerk-treasurer of the largest municipality in population
 4.13 which contracts with the independent nonprofit firefighting corporation if the volunteer
 4.14 firefighter relief association is a subsidiary of an independent nonprofit firefighting
 4.15 corporation and by the secretary of the independent nonprofit firefighting corporation; or

4.16 (3) by the chief financial official of the county in which the volunteer firefighter
 4.17 relief association is located or primarily located if the relief association is associated with
 4.18 a fire department that is not located in or associated with an organized municipality.

4.19 ~~(2) file~~ (c) The financial report must be retained in its office for public inspection
 4.20 and ~~present it to~~ must be filed with the city council governing body of the government
 4.21 subdivision in which the associated fire department is located after the close of the fiscal
 4.22 year. One copy of the financial report must be furnished to the state auditor after the
 4.23 close of the fiscal year; ~~and~~.

4.24 ~~(3) submit to the state auditor~~ (d) Audited financial statements ~~which have been~~ must
 4.25 be attested to by a certified public accountant, public accountant, or the state auditor and
 4.26 must be filed with the state auditor within 180 days after the close of the fiscal year. The
 4.27 state auditor may accept this report in lieu of the report required in ~~clause (2)~~ paragraph (c).

4.28 **EFFECTIVE DATE.** This section is effective July 1, 2011.

4.29 Sec. 3. Minnesota Statutes 2010, section 69.051, subdivision 1a, is amended to read:

4.30 Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighters relief
 4.31 association, as defined in section 424A.001, subdivision 4, that is not required to file
 4.32 a financial report and audit under subdivision 1 must prepare a detailed statement of
 4.33 the financial affairs for the preceding fiscal year of the relief association's special and
 4.34 general funds in the style and form prescribed by the state auditor. The detailed statement
 4.35 must show the sources and amounts of all money received; all disbursements, accounts

5.1 payable and accounts receivable; the amount of money remaining in the treasury; total
 5.2 assets including a listing of all investments; the accrued liabilities; and all items necessary
 5.3 to show accurately the revenues and expenditures and financial position of the relief
 5.4 association.

5.5 (b) The detailed financial statement required under paragraph (a) must be certified
 5.6 by an independent public accountant or auditor or by the auditor or accountant who
 5.7 regularly examines or audits the financial transactions of the municipality. In addition to
 5.8 certifying the financial condition of the special and general funds of the relief association,
 5.9 the accountant or auditor conducting the examination shall give an opinion as to the
 5.10 condition of the special and general funds of the relief association, and shall comment
 5.11 upon any exceptions to the report. The independent accountant or auditor must have at
 5.12 least five years of public accounting, auditing, or similar experience, and must not be an
 5.13 active, inactive, or retired member of the relief association or the fire or police department.

5.14 (c) The detailed statement required under paragraph (a) must be countersigned by:
 5.15 (1) the municipal clerk or clerk-treasurer of the municipality; or;
 5.16 (2) where applicable, by the secretary of the independent nonprofit firefighting
 5.17 corporation and by the municipal clerk or clerk-treasurer of the largest municipality in
 5.18 population which contracts with the independent nonprofit firefighting corporation if the
 5.19 relief association is a subsidiary of an independent nonprofit firefighting corporation; and
 5.20 by the secretary of the independent nonprofit firefighting corporation; or

5.21 (3) by the chief financial official of the county in which the volunteer firefighter
 5.22 relief association is located or primarily located if the relief association is associated with
 5.23 a fire department that is not located in or associated with an organized municipality.

5.24 (d) The volunteer firefighters' relief association board must file the detailed statement
 5.25 required under paragraph (a) in the relief association office for public inspection and
 5.26 present it to the city council within 45 days after the close of the fiscal year, and must
 5.27 submit a copy of the detailed statement to the state auditor within 90 days of the close of
 5.28 the fiscal year.

5.29 **EFFECTIVE DATE.** This section is effective July 1, 2011.

5.30 Sec. 4. Minnesota Statutes 2010, section 69.772, subdivision 4, is amended to read:

5.31 Subd. 4. **Certification of financial requirements and minimum municipal**
 5.32 **obligation; levy.** (a) The officers of the relief association shall certify the financial
 5.33 requirements of the special fund of the relief association and the minimum obligation of
 5.34 the municipality with respect to the special fund of the relief association as determined
 5.35 under subdivision 3 ~~to the governing body of the municipality~~ on or before August 1 of

6.1 each year. The certification must be made to the entity that is responsible for satisfying
6.2 the minimum obligation with respect to the special fund of the relief association. If the
6.3 responsible entity is a joint powers entity, the certification must be made in the manner
6.4 specified in the joint powers agreement, or if the joint powers agreement is silent on this
6.5 point, the certification must be made to the chair of the joint powers board.

6.6 (b) The financial requirements of the relief association and the minimum municipal
6.7 obligation must be included in the financial report or financial statement under section
6.8 69.051. The schedule forms related to the determination of the financial requirements
6.9 must be filed with the state auditor by March 31, annually, if the relief association is
6.10 required to file a financial statement under section 69.051, subdivision 1a, or by June 30,
6.11 annually, if the relief association is required to file a financial report and audit under
6.12 section 69.051, subdivision 1.

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

6.16 ~~(c)~~ (d) The municipality may levy taxes for the payment of the minimum municipal
6.17 obligation without any limitation as to rate or amount and irrespective of any limitations
6.18 imposed by other provisions of law upon the rate or amount of taxation until the balance
6.19 of the special fund or any fund of the relief association has attained a specified level. In
6.20 addition, any taxes levied under this section must not cause the amount or rate of any other
6.21 taxes levied in that year or to be levied in a subsequent year by the municipality which are
6.22 subject to a limitation as to rate or amount to be reduced.

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

6.27 ~~(e)~~ (f) If the state auditor determines that a municipal contribution actually made
6.28 in a plan year was insufficient under section 69.771, subdivision 3, paragraph (c), clause
6.29 (5), the state auditor may request a copy of the certifications under this subdivision
6.30 from the relief association or from the city. The relief association or the city, whichever
6.31 applies, must provide the certifications within 14 days of the date of the request from
6.32 the state auditor.

6.33 **EFFECTIVE DATE.** This section is effective July 1, 2011.

6.34 Sec. 5. Minnesota Statutes 2010, section 69.773, subdivision 5, is amended to read:

7.1 Subd. 5. **Minimum municipal obligation.** (a) The officers of the relief association
7.2 shall determine the minimum obligation of the municipality with respect to the special
7.3 fund of the relief association for the following calendar year on or before August 1 of each
7.4 year in accordance with the requirements of this subdivision.

7.5 (b) The minimum obligation of the municipality with respect to the special fund is
7.6 an amount equal to the financial requirements of the special fund of the relief association
7.7 determined under subdivision 4, reduced by the estimated amount of any fire state
7.8 aid payable under sections 69.011 to 69.051 reasonably anticipated to be received by
7.9 the municipality for transmittal to the special fund of the relief association during the
7.10 following year and the amount of any anticipated contributions to the special fund
7.11 required by the relief association bylaws from the active members of the relief association
7.12 reasonably anticipated to be received during the following calendar year. A reasonable
7.13 amount of anticipated fire state aid is an amount that does not exceed the fire state aid
7.14 actually received in the prior year multiplied by the factor 1.035.

7.15 (c) The officers of the relief association shall certify the financial requirements of
7.16 the special fund of the relief association and the minimum obligation of the municipality
7.17 with respect to the special fund of the relief association as determined under subdivision 4
7.18 and this subdivision ~~to the governing body of the municipality~~ by August 1 of each year.
7.19 The certification must be made to the entity that is responsible for satisfying the minimum
7.20 obligation with respect to the special fund of the relief association. If the responsible
7.21 entity is a joint powers entity, the certification must be made in the manner specified in
7.22 the joint powers agreement, or if the joint powers agreement is silent on this point, the
7.23 certification must be made to the chair of the joint powers board.

7.24 (d) The financial requirements of the relief association and the minimum municipal
7.25 obligation must be included in the financial report or financial statement under section
7.26 69.051.

7.27 ~~(d)~~ (e) The municipality shall provide for at least the minimum obligation of the
7.28 municipality with respect to the special fund of the relief association by tax levy or from
7.29 any other source of public revenue. The municipality may levy taxes for the payment of the
7.30 minimum municipal obligation without any limitation as to rate or amount and irrespective
7.31 of any limitations imposed by other provisions of law or charter upon the rate or amount
7.32 of taxation until the balance of the special fund or any fund of the relief association has
7.33 attained a specified level. In addition, any taxes levied under this section must not cause
7.34 the amount or rate of any other taxes levied in that year or to be levied in a subsequent year
7.35 by the municipality which are subject to a limitation as to rate or amount to be reduced.

8.1 ~~(e)~~ (f) If the municipality does not include the full amount of the minimum municipal
8.2 obligation in its levy for any year, the officers of the relief association shall certify that
8.3 amount to the county auditor, who shall spread a levy in the amount of the minimum
8.4 municipal obligation on the taxable property of the municipality.

8.5 ~~(f)~~ (g) If the state auditor determines that a municipal contribution actually made
8.6 in a plan year was insufficient under section 69.771, subdivision 3, paragraph (c), clause
8.7 (5), the state auditor may request from the relief association or from the city a copy of
8.8 the certifications under this subdivision. The relief association or the city, whichever
8.9 applies, must provide the certifications within 14 days of the date of the request from
8.10 the state auditor.

8.11 **EFFECTIVE DATE.** This section is effective July 1, 2011.

Exhibit E

General Fund Revenues – Member Dues

Optional Change:

424A.06 RELIEF ASSOCIATION GENERAL FUND.

Subd. 2. **General fund assets and revenues.** ~~To~~ (a) The general fund, if established, must be credited with the following:

(1) all moneys received from dues, other than dues payable under the bylaws of the relief association to the special fund;

(2) all moneys received from fines;

(3) all moneys received from initiation fees;

(4) all moneys received as entertainment revenues; and

(5) any moneys or property donated, given, granted or devised by any person; either for the support of the general fund of the relief association or for unspecified uses purposes.

(b) The treasurer of the relief association is the custodian of the assets of the general fund and must be the recipient on behalf of the general fund of all revenues payable to the general fund.

(c) The treasurer shall maintain adequate records documenting any transaction involving the assets or the revenues of the general fund. These records must be open for inspection by any member of the relief association at reasonable times and places.

Exhibit F

Technical Changes

Technical Change #1:

69.051 FINANCIAL REPORT, BOND, EXAMINATION.

Subdivision 1. Financial report and audit.

The board of each salaried firefighters relief association, police relief association, and volunteer firefighters relief association as defined in section 424A.001, subdivision 4, with assets of at least \$200,000 or liabilities of at least \$200,000 in the prior year or in any previous year, according to the applicable actuarial valuation or financial report if no valuation is required, shall:

(1) prepare a financial report covering the special and general funds of the relief association for the preceding fiscal year on a form prescribed by the state auditor. The financial report must contain financial statements and disclosures which present the true financial condition of the relief association and the results of relief association operations in conformity with generally accepted accounting principles and in compliance with the regulatory, financing and funding provisions of this chapter and any other applicable laws. The financial report must be countersigned by the municipal clerk or clerk-treasurer of the municipality in which the relief association is located if the relief association is a firefighters relief association which is directly associated with a municipal fire department or is a police relief association, or countersigned by the secretary of the independent nonprofit firefighting corporation and by the municipal clerk or clerk-treasurer of the largest municipality in population which contracts with the independent nonprofit firefighting corporation if the volunteer firefighter relief association is a subsidiary of an independent nonprofit firefighting corporation;

(2) file the financial report in its office for public inspection and present it to the city council after the close of the fiscal year. One copy of the financial report must be furnished to the state auditor after the close of the fiscal year; and

(3) submit to the state auditor audited financial statements which have been attested to by a certified public accountant, ~~public accountant~~, or the state auditor within 180 days after the close of the fiscal year. The state auditor may accept this report in lieu of the report required in clause (2).

Technical Change #2:

69.051 FINANCIAL REPORT, BOND, EXAMINATION.

Subd. 3. Report by certain municipalities.

(a) Each municipality which has an organized fire department but which does not have a firefighters' relief association governed by section 69.77 or sections 69.771 to 69.775 and which is not exempted under paragraph (b) shall annually prepare a detailed financial report of the receipts and disbursements by the municipality for fire protection service during the preceding calendar year, on a

form prescribed by the state auditor. The financial report must contain any information which the state auditor deems necessary to disclose the sources of receipts and the purpose of disbursements for fire protection service. The financial report must be signed by the municipal clerk or clerk-treasurer of the municipality. The financial report must be filed by the municipal clerk or clerk-treasurer with the state auditor on or before July 1 annually. ~~The state auditor shall forward one copy to the county auditor of the county wherein the municipality is located.~~ The municipality shall not qualify initially to receive, or be entitled subsequently to retain, state aid under this chapter if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

(b) Each municipality that has an organized fire department and provides retirement coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G qualifies to have fire state aid transmitted to and retained in the statewide lump-sum volunteer firefighter retirement fund without filing a detailed financial report if the executive director of the Public Employees Retirement Association certifies compliance by the municipality with the requirements of sections 353G.04 and 353G.08, paragraph (e), and by the applicable fire chief with the requirements of section 353G.07.

Technical Change #3:
424A.001 DEFINITIONS.

Subd. 11. Volunteer firefighter relief association. (a) “Volunteer firefighter relief association” means a nonprofit corporation that provides service pensions to volunteer firefighters and that is governed by sections 69.771 to 69.775.

(b) “Volunteer firefighter relief association” does not mean the Bloomington Fire Department Relief Association governed by section 69.77; Minnesota Statutes 2000, chapter 424; and Laws 1965, chapter 446, as amended, the Minneapolis Firefighters Relief Association governed by section 69.77 and chapter 423C, the Virginia Fire Department Relief Association governed by section 69.77, and Laws 1953, chapter 399, as amended, or the voluntary statewide lump-sum volunteer firefighter retirement plan governed by Minnesota Statutes, chapter 353G.

Technical Change #4:
424A.02 DEFINED BENEFIT RELIEF ASSOCIATIONS; SERVICE PENSIONS.

Subd. 9. **Limitation on ancillary benefits.**

...

(3)(i) If a lump sum survivor or death benefit is payable under the articles of incorporation or bylaws, the benefit must be paid:

(A) as a survivor benefit to the surviving spouse of the deceased firefighter;

(B) as a survivor benefit to the surviving children of the deceased firefighter if no surviving spouse;

(C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no surviving spouse or surviving children; or

(D) as a death benefit to the estate of the deceased active or deferred firefighter if no surviving spouse, no surviving children and no beneficiary designated.

(ii) If there are no surviving children, the surviving spouse may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit.

(4)(i) If a monthly benefit survivor or death benefit is payable under the articles of incorporation or bylaws, the benefit must be paid:

(A) as a survivor benefit to the surviving spouse of the deceased firefighter;

(B) as a survivor benefit to the surviving children of the deceased firefighter if no surviving spouse;

(C) as a survivor benefit to a designated beneficiary of the deceased firefighter if no surviving spouse or surviving children; or

(D) as a death benefit to the estate of the deceased active or deferred firefighter if no surviving spouse, no surviving children, and no beneficiary designated.

(ii) If there are no surviving children, the surviving spouse may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit.

(iii) For purposes of this clause, if the relief association bylaws authorize a monthly survivor benefit payable to a designated beneficiary, the relief association bylaws may limit the total survivor benefit amount payable.

Technical Change #5:

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

Subd. 3. Conditions on relief association consultants.

(a) If a volunteer firefighter relief association employs or contracts with a consultant to provide legal or financial advice, the secretary of the relief association shall obtain and the consultant shall provide to the secretary of the relief association a copy of the consultant's certificate of insurance.

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

(1) an actuary;

(2) ~~a licensed public accountant~~ or a certified public accountant;

(3) an attorney;

(4) an investment advisor or manager, or an investment counselor;

(5) an investment advisor or manager selection consultant;

(6) a pension benefit design advisor or consultant; or

(7) any other financial consultant.

1. Schedule Number	Date	2. New	Revision of	MINNESOTA RECORDS RETENTION SCHEDULE	
3. Agency		4. Division/Section		6. Page	1 of
5. Address				See attached page(s) for records description	
7. For Use By Records Panel Only					
AUTHORIZATION: Under the authority of M.S. 138.17, it is hereby ordered that the records listed on this application be disposed per approved schedule.			Notice: This retention schedule has been reviewed by the State Records Disposition Panel in accordance with Minnesota Statutes, Section 138.17. The records listed on this schedule have been reviewed for their historical, fiscal, and legal value.		
8. Entity Records Management Officer (signature)		Date	11. Minnesota Historical Society, Director		Date
9. Type Name / Phone			12. Legislative or State Auditor		Date
10. Entity Head or Designee (signature)		Date	13. Attorney General		Date

Original-State Records Disposition Panel

Copy 1-Agency (after approval)

1. Schedule No.	3. Entity	4. Division/Section:	6. Page ___ of ___
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** Records that relate to gambling activities must be retained for at least 3.5 years according to Minn. Stat. §§ 349.166, subds. 1(d) and 2(f), and 349.19, subd. 6. For questions about gambling records, contact the Gambling Control Board at (651) 639-4000.*

14. Item No.	15. Record Series Title and Description	16. Retention Instructions	17. Statute	18. Vital? (Yes/no)	19. Archival? (Yes/no)
1.	Administration				
a.	Articles of Incorporation	Permanent		Yes	
b.	Bylaws and Resolutions Reflecting Approval	Permanent		Yes	
c.	Attorney Opinions and Correspondence	Permanent			
d.	Publications and Meeting Notices	Until Superseded			
e.	Correspondence – General (includes paper and electronic)	3 Years			
f.	Correspondence – Official (includes paper and electronic)	Permanent			
g.	Grant Information and Documents	Consult Issuing Agency; 3 Years Minimum			
h.	Meeting Agendas and Minutes	Permanent			
i.	Policies and Procedures	Until Superseded			
2.	Contracts and Agreements	10 Years After Paid and Audited			
3.	Elections				
a.	Ballots	22 Months Unless Contested			
b.	Returns/Results	Permanent			
4.	Financial				
a.	Annual State Reporting Forms (includes Broker Certification forms, Supplemental Benefit forms, OSA annual reporting forms, and actuarial valuations)	Permanent		Yes	
b.	Audit Reports	Permanent		Yes	
c.	Bank Statements	6 Years			

1. Schedule No.	3. Entity	4. Division/Section:	6. Page ___ of ___
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** Records that relate to gambling activities must be retained for at least 3.5 years according to Minn. Stat. §§ 349.166, subds. 1(d) and 2(f), and 349.19, subd. 6. For questions about gambling records, contact the Gambling Control Board at (651) 639-4000.*

14. Item No.	15. Record Series Title and Description	16. Retention Instructions	17. Statute	18. Vital? (Yes/no)	19. Archival? (Yes/no)
d.	Budget Reports	2 Years			
e.	Certification of Required Municipal Contribution	Permanent			
f.	Checks (Cancelled and Voided)	6 Years			
g.	Check Register	Permanent		Yes	
h.	Equipment Inventories	Until Superseded			
i.	Fixed Asset Records	6 Years After Disposal			
j.	Fundraising Documents and Records	6 Years; Consult Gambling Control Board if Charitable Gambling Funds			
k.	Investment/Broker Reports and Documents	4 Years After Maturity			
l.	Ledgers and Journals	Permanent			
m.	Receipts and Receipt Books	6 Years			
n.	Treasurer's Reports	2 Years			
5.	Human Resources				
a.	Beneficiary Information	Permanent			
b.	Benefit Enrollment Forms (e.g., VFBA Insurance)	Permanent			
c.	Break in Service Information	Permanent			
d.	Disability Claim Documentation	Permanent			
e.	Employment Notices and Records	Permanent			
f.	FMLA Documents	Permanent			
g.	Grievance and Disciplinary Action Files	5 Years after Termination or Retirement			
h.	Letters of Resignation/Termination	Permanent			
i.	Membership Application Forms	Permanent			

1. Schedule No.	3. Entity	4. Division/Section:	6. Page ___ of ___
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** Records that relate to gambling activities must be retained for at least 3.5 years according to Minn. Stat. §§ 349.166, subds. 1(d) and 2(f), and 349.19, subd. 6. For questions about gambling records, contact the Gambling Control Board at (651) 639-4000.*

14. Item No.	15. Record Series Title and Description	16. Retention Instructions	17. Statute	18. Vital? (Yes/no)	19. Archival? (Yes/no)
j.	Member Dues Records	5 Years after Separation or Retirement			
k.	Personnel Files	Permanent			
l.	Service Credit Information (includes supporting documentation of benefit calculation and disbursement method)	Permanent			
m.	Training Materials and Records	5 Years after Separation or Retirement			
6.	Insurance				
a.	Certificates of Insurance	6 Years after Expiration			
b.	Dishonesty/Surety Bonds	6 Years after Expiration			
7.	Payroll				
a.	Tax Withholding Records	6 Years			
b.	Payroll Ledger	Permanent			
c.	Time Sheets	6 Years			
d.	Tax Forms (includes 1099-R forms Issued to benefit recipients)	6 Years			

Exhibit H

Return-to-Service Changes

The Optional Changes attempt to address two issues. First, the changes attempt to clarify how service pensions would be calculated for defined contribution plan members who return to active service and membership. Service pensions for members of defined contribution plans would include credits of allocations to their individual accounts during the resumption period of service and deductions for administrative expenses, if applicable. Any amounts that had been forfeited prior to the date that a defined contribution plan member resumed active service and membership would not be reinstated.

In addition, members of defined contribution plans would not be subject to a minimum period of resumption service requirement. In defined benefit plans, the minimum period of resumption service requirement allows relief associations to restrict benefit increases for members who were absent when the increases became effective. In contrast, defined contribution service pensions are based on allocations rather than a benefit level, and members would be ineligible for allocations during the period that they were inactive.

Second, the Optional Changes attempt to reflect the Working Group’s decision to allow firefighters who don’t meet the minimum period of resumption service requirement to receive service credit for time served after returning from the break. Service pensions for members in this situation would be based on the original or current benefit level, as specified in the relief association’s bylaws.

One remaining issue that is not addressed in the Optional Changes is the suggestion that retirees receiving a monthly service pension be allowed to continue collecting the monthly pension if they rejoin the fire department but don’t rejoin the relief association. Currently, a retiree may only continue collecting the monthly service pension if the member rejoins both the fire department and the relief association, and the association’s bylaws allow for the continuation of payments. Some reasons for and against making changes to address this issue are provided below.

Pros	Cons
Firefighters have earned their benefits, so it’s not fair if benefits are lost during a resumption of service with the fire department.	Firefighters may continue collecting their benefits if they rejoin the relief association, too, and if the bylaws allow.
The change would allow firefighters to continue collecting benefits if the association doesn’t allow for a return to service or for the continuation of payments.	It’s unclear why a firefighter would want to rejoin the fire department but not the relief association – are changes really needed?
	The change most likely would hurt firefighter retention, which was a stated purpose for creating the law.
	Firefighters choose when they want to retire; if they aren’t ready to leave, they don’t have to.

Optional Changes:

424A.01 MEMBERSHIP IN A VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION.

...

Subd. 6. **Return to active firefighting after break in service.**

(a) The requirements of this section apply to all breaks in service, except breaks in service mandated by federal or state law.

(b)(1) If a firefighter who has ceased to perform or supervise fire suppression and fire prevention duties for at least 60 days resumes performing active firefighting with the fire department associated with the relief association, if the bylaws of the relief association so permit, the firefighter may again become an active member of the relief association. A firefighter who returns to active service and membership is subject to the service pension calculation requirements under this section.

(2) A firefighter who has been granted an approved leave of absence not exceeding one year by the fire department or by the relief association is exempt from the minimum period of resumption service requirement of this section.

(3) A person who has a break in service not exceeding one year but has not been granted an approved leave of absence and who has not received a service pension or disability benefit may be made exempt from the minimum period of resumption service requirement of this section by the relief association bylaws.

(4) If the bylaws so provide, a firefighter who returns to active relief association membership under this paragraph may continue to collect a monthly service pension, notwithstanding the service pension eligibility requirements under chapter 424A.

(c) If a former firefighter who has received a service pension or disability benefit returns to active relief association membership under paragraph (b), the firefighter may qualify for the receipt of a service pension from the relief association for the resumption service period if the firefighter meets the service requirements of section 424A.016, subdivision 3, or 424A.02, subdivision 2. No firefighter may be paid a service pension more than once for the same period of service.

(d) If a former firefighter who has not received a service pension or disability benefit returns to active relief association membership under paragraph (b), the firefighter may qualify for the receipt of a service pension from the relief association for the original and resumption service periods if the firefighter meets the ~~minimum period of resumption service specified in the relief association bylaws and the~~ service requirements of section 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the original and resumption years of service credit.

(e) A firefighter who returns to active lump-sum relief association membership under paragraph (b) and who qualifies for a service pension under paragraph (c) ~~or (d)~~ must have, upon a subsequent cessation of duties, any service pension for the resumption service period calculated as a separate benefit. If a lump-sum service pension had been paid to the firefighter upon the firefighter's previous cessation of duties, a second lump-sum service pension for the resumption service period must be calculated ~~to apply by~~ applying the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of the resumption service. ~~No firefighter may be paid a service pension twice for the same period of service. If a lump-sum service pension had not been paid to the firefighter upon the firefighter's previous cessation of~~

duties and the firefighter meets the minimum service requirement of section 424A.016, subdivision 3, or 424A.02, subdivision 2, a service pension must be calculated to apply the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of service credit.

(f) A firefighter who had not been paid a lump-sum service pension returns to active relief association membership under paragraph (b), who ~~does did~~ not qualify for a service pension under paragraph (d) meet the minimum period of resumption service requirement specified in the relief association's bylaws, but who does meet the minimum service requirement of section 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the firefighter's previous original and resumption years of active service, must have, upon a subsequent cessation of duties, a service pension calculated for the previous original and resumption service periods calculated by applying years of service based on the service pension amount in effect on the date of the firefighter's termination of the resumption service, or, if the bylaws so provide, based on the service pension amount in effect on the date of the firefighter's previous cessation of duties. The service pension for a firefighter who returns to active lump-sum relief association membership under this paragraph, but who had met the minimum period of resumption service requirement specified in the relief association's bylaws, must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service.

(g) If a firefighter receiving a monthly benefit service pension returns to active monthly benefit relief association membership under paragraph (b), and if the relief association bylaws do not allow for the firefighter to continue collecting a monthly service pension, any monthly benefit service pension payable to the firefighter is suspended as of the first day of the month next following the date on which the firefighter returns to active membership. If the firefighter was receiving a monthly benefit service pension, and qualifies for a service pension under paragraph (c), the firefighter is entitled to an additional monthly benefit service pension upon a subsequent cessation of duties calculated based on the resumption service credit and the service pension accrual amount in effect on the date of the termination of the resumption service. A suspended initial service pension resumes as of the first of the month next following the termination of the resumption service. If the firefighter was not receiving a monthly benefit service pension and meets the minimum service requirement of section 424A.02, subdivision 2, a service pension must be calculated ~~to apply by applying~~ the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of service credit.

(h) A firefighter who was not receiving a monthly benefit service pension returns to active relief association membership under paragraph (b), who ~~does did not~~ qualify for a service pension under paragraph (d) meet the minimum period of resumption service requirement specified in the relief association's bylaws, but who does meet the minimum service requirement of section 424A.02, subdivision 2, based on the firefighter's previous original and resumption years of active service, must have, upon a subsequent cessation of duties, a service pension calculated for the previous original and resumption service periods calculated by applying years of service based on the service pension amount in effect on the date of the firefighter's termination of the resumption service, or, if the bylaws so provide, based on the service pension amount in effect on the date of the firefighter's previous cessation of duties. The service pension for a firefighter who

returns to active relief association membership under this paragraph, but who had met the minimum period of resumption service requirement specified in the relief association's bylaws, must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service.

(i) For defined contribution plans, a firefighter who returns to active relief association membership under paragraph (b) and who qualifies for a service pension under paragraph (c) or (d) must have, upon a subsequent cessation of duties, any service pension for the resumption service period calculated as a separate benefit. If a service pension had been paid to the firefighter upon the firefighter's previous cessation of duties, and if the firefighter meets the minimum service requirement of section 424A.016, subdivision 3, based on the resumption years of service, a second service pension for the resumption service period must be calculated to include allocations credited to the firefighter's individual account during the resumption period of service and deductions for administrative expenses, if applicable.

(j) For defined contribution plans, if a firefighter who had not been paid a service pension returns to active relief association membership under paragraph (b), and who meets the minimum service requirement of section 424A.016, subdivision 3, based on the firefighter's original and resumption years of service, must have, upon a subsequent cessation of duties, a service pension for the original and resumption service periods calculated to include allocations credited to the firefighter's individual account during the resumption period of service and deductions for administrative expenses, if applicable, less any amounts previously forfeited under section 424A.016, subdivision 4.



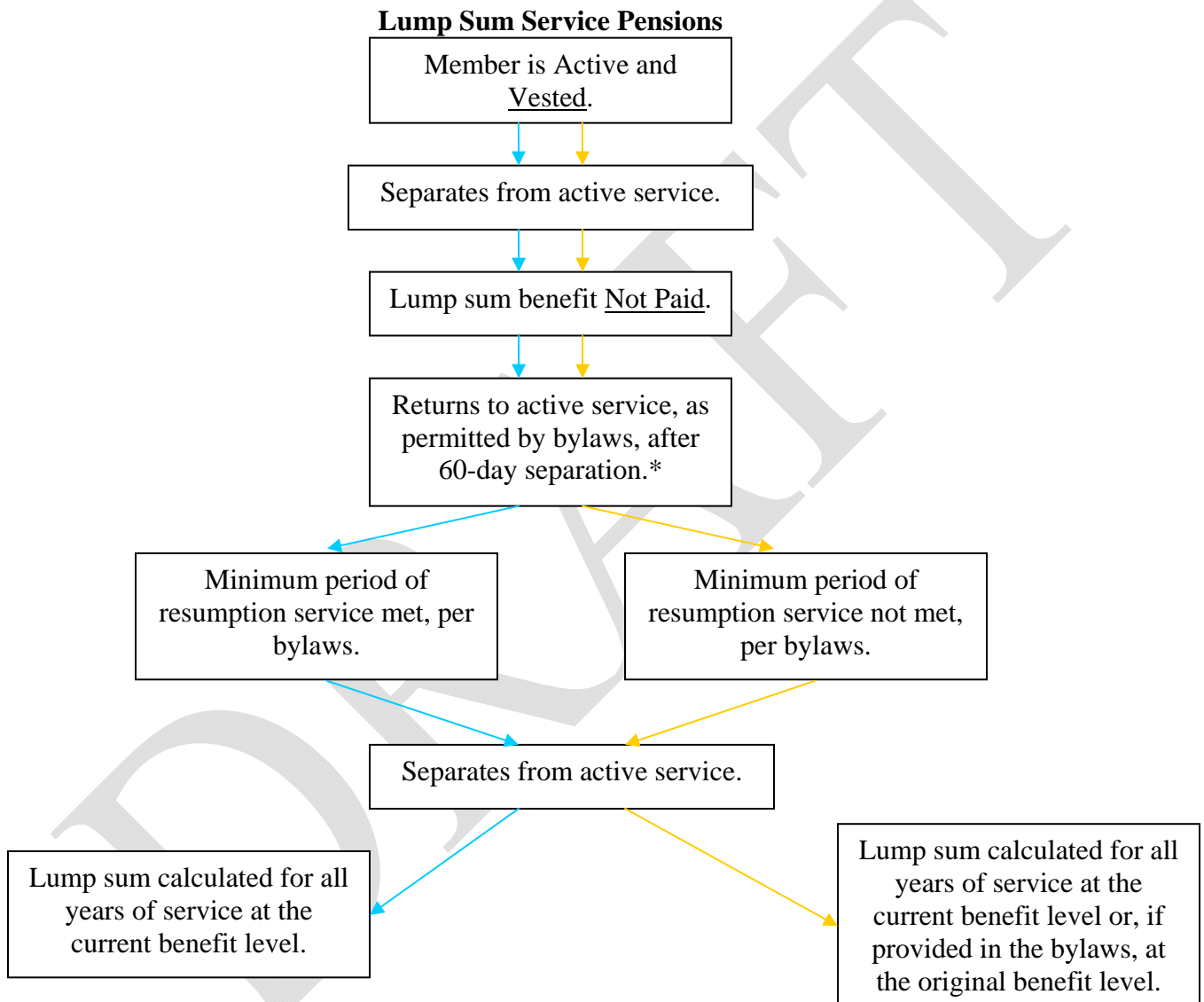
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Return to Service Flow Chart Lump Sum Benefit Recipient, Benefit Not Yet Paid



* Members with an approved leave of absence not exceeding one year are not subject to a minimum period of resumption service upon their return to service. Members with a break in service, other than an approved leave, that did not exceed one year and who have not been paid a benefit may be exempt from the minimum period of resumption service requirement by the relief association bylaws.



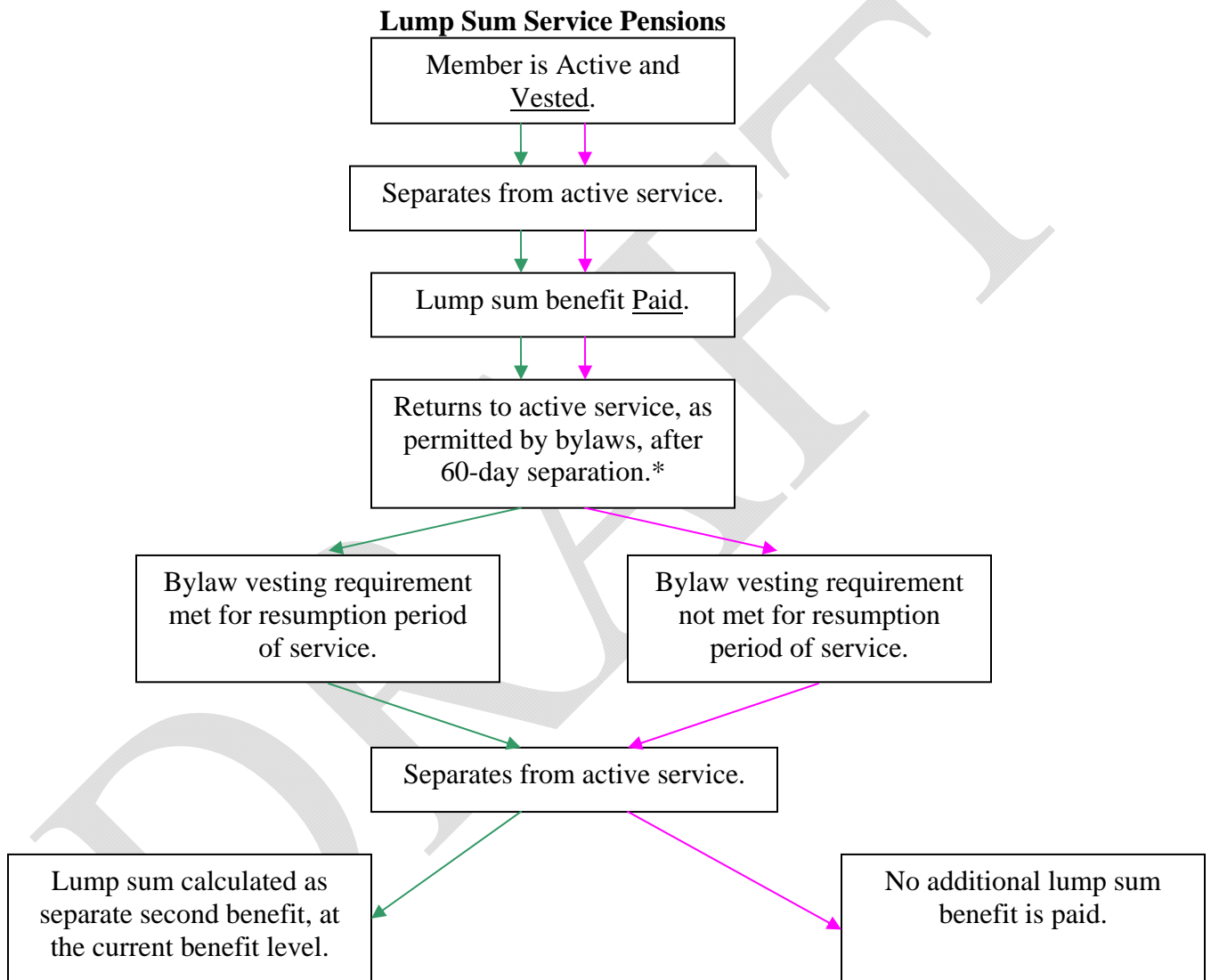
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Return to Service Flow Chart Lump Sum Benefit Recipient, Benefit Has Been Paid



* Members with an approved leave of absence not exceeding one year are not subject to a minimum period of resumption service upon their return to service. Members with a break in service, other than an approved leave, that did not exceed one year and who have not been paid a benefit may be exempt from the minimum period of resumption service requirement by the relief association bylaws.



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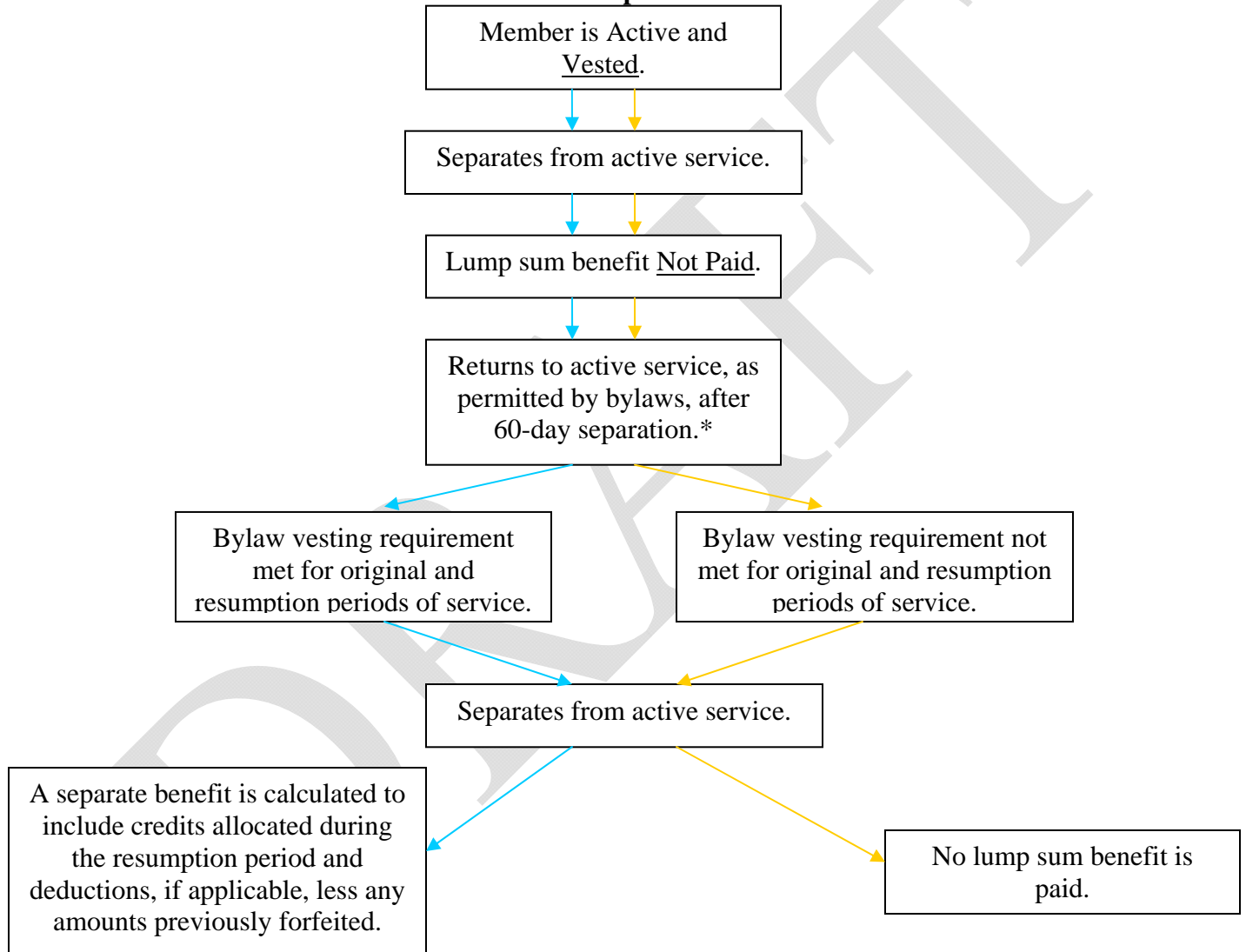
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Return to Service Flow Chart **Defined Contribution Benefit Recipient, Benefit Not Yet Paid**

Defined Contribution Lump Sum Service Pensions



* Members with an approved leave of absence not exceeding one year are not subject to a minimum period of resumption service upon their return to service. Members with a break in service, other than an approved leave, that did not exceed one year and who have not been paid a benefit may be exempt from the minimum period of resumption service requirement by the relief association bylaws.



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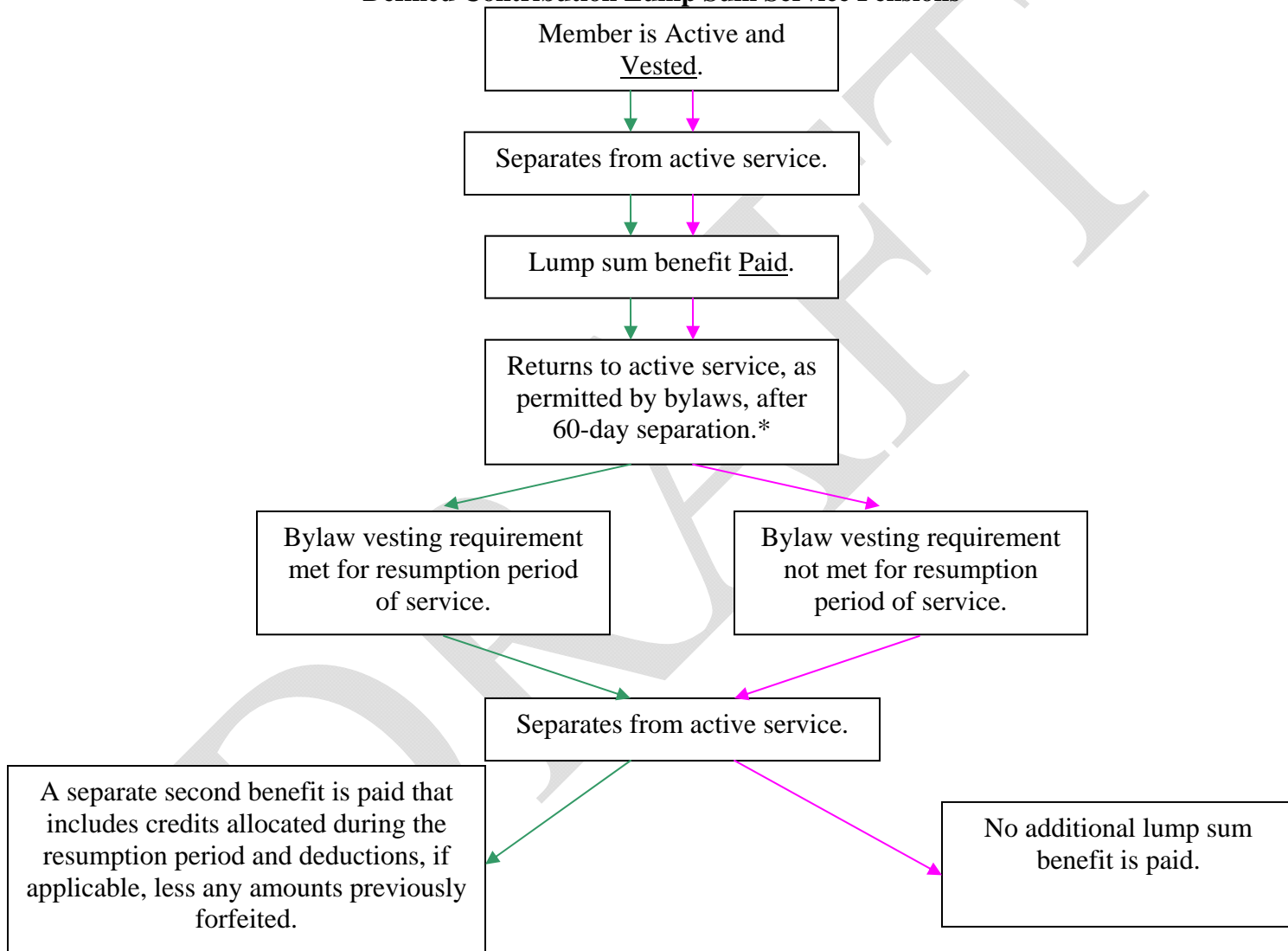
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Return to Service Flow Chart Defined Contribution Benefit Recipient, Benefit Has Been Paid

Defined Contribution Lump Sum Service Pensions



* Members with an approved leave of absence not exceeding one year are not subject to a minimum period of resumption service upon their return to service. Members with a break in service, other than an approved leave, that did not exceed one year and who have not been paid a benefit may be exempt from the minimum period of resumption service requirement by the relief association bylaws.



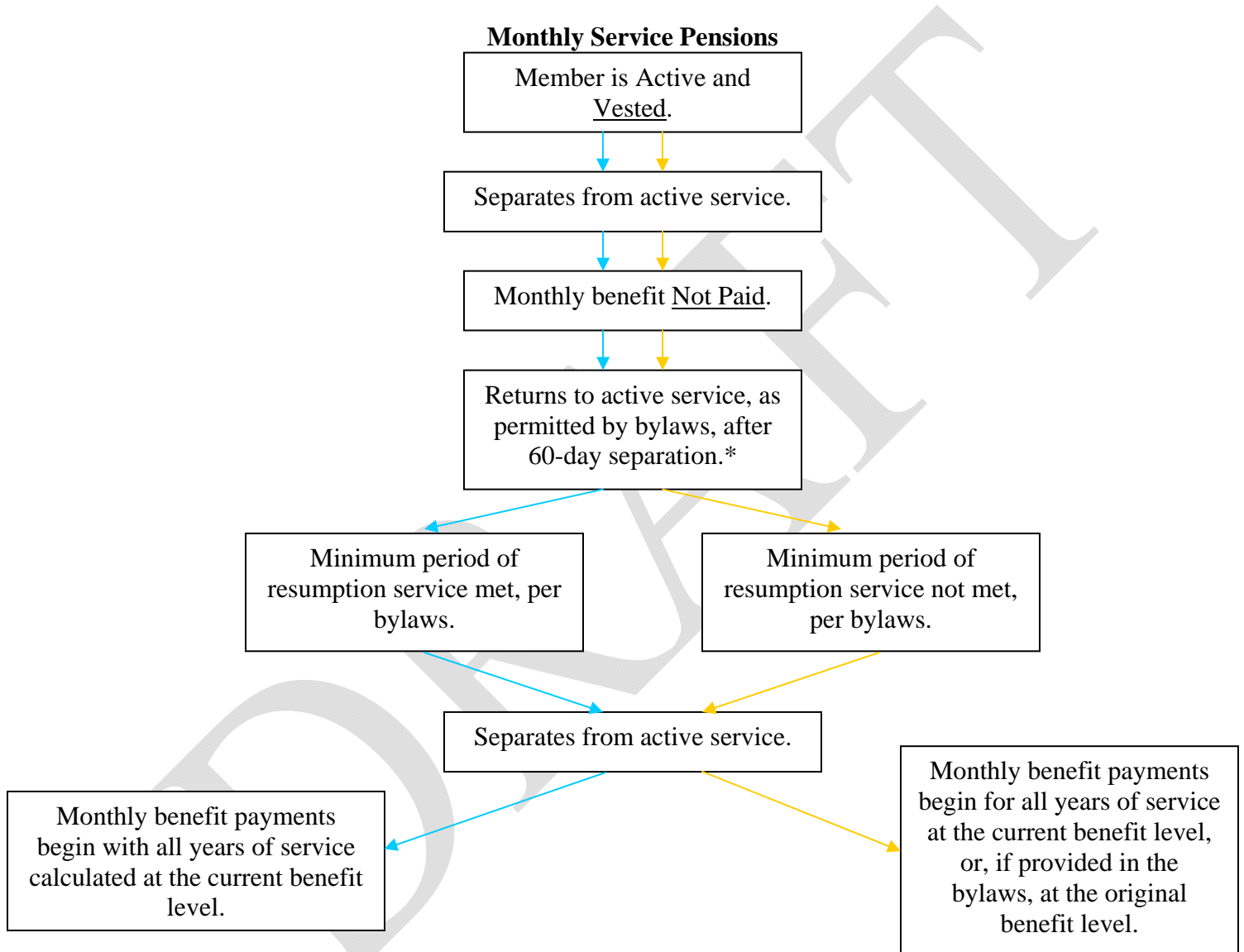
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Return to Service Flow Chart Monthly Benefit Recipient, Benefit Not Yet Paid



* Members with an approved leave of absence not exceeding one year are not subject to a minimum period of resumption service upon their return to service. Members with a break in service, other than an approved leave, that did not exceed one year and who have not been paid a benefit may be exempt from the minimum period of resumption service requirement by the relief association bylaws.



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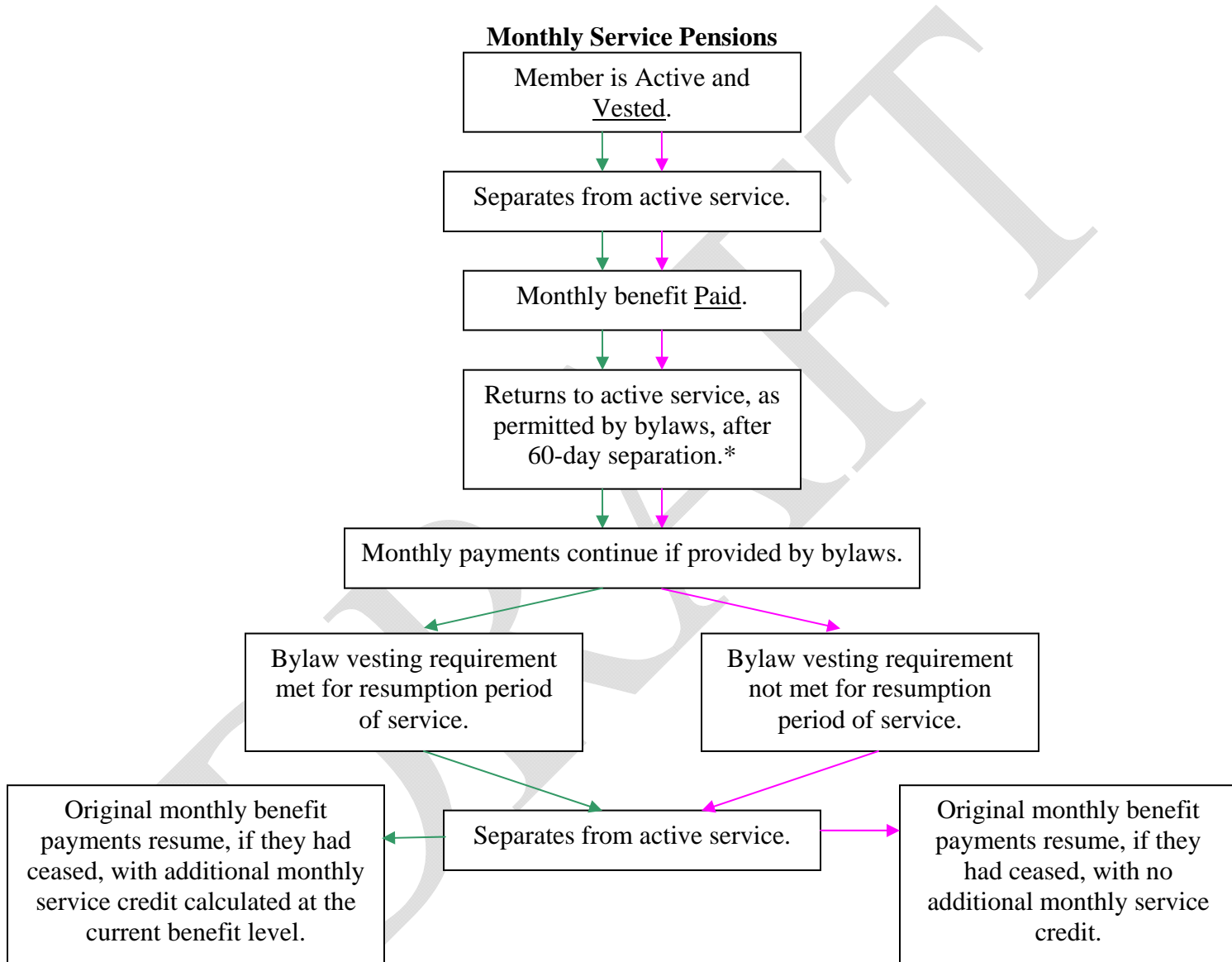
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Return to Service Flow Chart Monthly Benefit Recipient, Benefits Being Paid



* Members with an approved leave of absence not exceeding one year are not subject to a minimum period of resumption service upon their return to service. Members with a break in service, other than an approved leave, that did not exceed one year and who have not been paid a benefit may be exempt from the minimum period of resumption service requirement by the relief association bylaws.

Volunteer Fire Relief Association Working Group

Office of the State Auditor

Tuesday, January 25, 2011

11 a.m. to 1 p.m.

Members Present

Bruce Duncan, Excelsior Fire Relief Association President (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

Dave Jaeger, Mahnomon Fire Relief Association Treasurer (defined benefit lump sum plans)

John King, Minnesota State Fire Department Association 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

Wayne Anderson, Coon Rapids Fire Department Inspector (defined contribution plans)

Bruce Roed, Mentor Fire Relief Association Trustee (defined contribution plans)

Others Present

Andy Berg, Abdo, Eick & Meyers Representative

Colleen Bollom, Minnesota Firefighter Pension Consultants Representative

Aaron Dahl, Pension Analyst

Celeste Grant, Deputy State Auditor/General Counsel

Rose Hennessy Allen, Pension Director

Lucas Hinz, Pension Analyst

Deb Jezierski, HLB Tautges Redpath Representative

Michael Johnson, Pension Analyst

Brian McKnight, Wells Fargo Advisors Representative

The following motions were duly made, seconded and approved:

RESOLVED to approve the January 11, 2011, Working Group Meeting Minutes;

RESOLVED to adopt the draft legislation that expands the authority to pay salaries from the special fund to trustees of a relief association's board with municipal approval, and to clarify that government filing and application fees may be paid from the special fund;

RESOLVED to adopt the draft legislation that allows defined contribution plans to offer the option of installment payments to recipients of a survivor benefit;

RESOLVED to adopt the draft legislation that clarifies who must sign the annual Reporting Form and Schedule Form that are submitted to the Office of the State Auditor;

RESOLVED to adopt the draft legislation that clarifies member dues may, if permitted by the bylaws, be deposited into a relief association's special fund;

- RESOLVED to adopt the draft legislation that makes five technical corrections;
- RESOLVED to submit the proposed general record retention schedule to the Records Disposition Panel on behalf of the Apple Valley Fire Relief Association and groups represented by the various Minnesota fire service organizations;
- RESOLVED to adopt the draft legislation that clarifies how service pensions are calculated for defined contribution plan members who return to active service and membership, and allows members who don't meet the minimum period of resumption service requirement to receive service credit for time served after returning from the break; and
- RESOLVED to allow Office of the State Auditor and Pension Commission staff to make any necessary technical corrections to the legislation that was adopted by the Group.

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 January 11, 2011, meeting minutes that had been provided in advance. Zikmund made a motion to adopt the meeting minutes. Duncan seconded the motion that was adopted unanimously.

III. Review of Working Group Draft Legislation

- Special Fund Administrative Expenses (B)

The members reviewed draft legislation that would allow salaries for the non-officer trustees of a relief association's board to be paid from the special fund, provided that the amounts and their payment are approved by the governing body of the affiliated municipality or independent nonprofit firefighting corporation. A relief association already has authority to be pay salaries to the president, secretary, and treasurer from the special fund. The draft legislation would also clarify that filing and application fees payable by the relief association to federal or other governmental entities may be paid from the special fund. Ganfield made a motion to adopt the draft legislation. Jaeger seconded the motion. After some discussion, the members agreed to strike "designees" and "their payment" from the draft. Ganfield amended his motion. Jaeger seconded the amended motion, which was adopted unanimously.

- DC Plan Installment Payments (C)

The members reviewed draft legislation that would allow defined contribution plans to offer the option of installment payments to recipients of a survivor benefit. Defined benefit plans already have this authority. Zikmund made a motion to adopt the draft legislation. Duncan seconded the motion that was adopted unanimously.

- Form Signature Requirements (D)

The members reviewed the draft legislation that clarifies who must sign the annual Reporting Form and Schedule Form that are submitted to the Office of the State Auditor.

Ganfield made a motion to adopt the draft legislation. Wallner seconded the motion, which was adopted unanimously.

- **General Fund Revenues (E)**

The members reviewed draft legislation that clarifies member dues may be deposited into a relief association's special fund, if required by the bylaws. Ganfield made a motion to adopt the draft legislation. Duncan seconded the motion, which was adopted unanimously. The members revisited this topic later in the meeting and agreed that a change to the draft language should be made to clarify that dues payable "as contributions" under the bylaws of the relief association may be credited to the special fund. Zikmund made a motion to adopt the change. Ganfield seconded the motion, which was adopted unanimously.

- **Technical Changes (F)**

The members reviewed draft legislation for five technical changes. The technical changes would eliminate the out-dated term "public accountant" from two statutory provisions, eliminate an unnecessary requirement that copies of Restricted Fire Reporting Forms be sent to the applicable county auditor, adds a definition for the term "volunteer firefighter relief association," and adds language to the defined benefit ancillary benefit provision that had been inadvertently omitted last session. Jaeger made a motion to adopt the draft legislation for the five technical changes. Hansen seconded the motion that was adopted unanimously.

IV. Review of Draft Record Retention Schedule

The members reviewed the draft general record retention schedule. Ganfield offered to submit the general record retention schedule to the Records Disposition Panel on behalf of the Apple Valley Fire Relief Association. Members agreed that approval of the general record retention schedule should be sought by the entire fire service community. Zikmund made a motion to allow Ganfield to submit the general record retention schedule to the Records Disposition Panel on behalf of the Apple Valley Fire Relief Association and groups represented by the various Minnesota fire service organizations. King seconded the motion that was adopted unanimously.

V. Discussion of Return to Service Changes

The members continued their discussion about whether monthly retirees receiving a monthly service pension should be allowed to continue collecting the monthly pension if they rejoin the fire department but don't rejoin the relief association. The Group agreed not to pursue this issue. The members also reviewed draft language that would clarify how service pensions are calculated for defined contribution plan members who return to service and membership, and that would allow all members who don't meet the minimum period of resumption service requirement to receive service credit for time served after returning from the break. Ganfield made a motion to adopt the draft language. Jaeger seconded the motion that was adopted unanimously.

VI. Other Business

Auditor Otto requested the Group's permission to make technical modifications, if necessary, to the draft legislation that the members adopted. Zikmund made a motion to allow Office of the State Auditor and Pension Commission staff to make any necessary technical corrections. Wallner seconded the motion that was adopted unanimously.

King requested that the Working Group continue its discussion of the audit requirement threshold when the Group reconvenes later this year.

VII. Adjournment

The meeting was adjourned shortly after 1:00.

DRAFT