



September 2009

Pension Division Newsletter

- *State Aid Certification*
- *Deposit of State Aid*
- *Working Group Update*
- *Statewide Plan*
- *Membership Dues*
- *Deferred Members as Trustees*
- *Open Meeting Law Reminder*

State Aid Certification

The Office of the State Auditor is pleased to announce that 547 volunteer fire relief associations and other pension plans met all reporting requirements to be certified as eligible for receipt of their 2009 fire state aid for the first round of aid disbursements. We sincerely appreciate the assistance we received from relief association trustees, municipal representatives, accountants and auditors, brokers, and other consultants during the certification process. State aid will be disbursed on or about October 1 for relief associations that met the reporting requirements. The second certification deadline for fire state aid is November 1, and all 2008 reporting information must be submitted to our office by November 30 to avoid automatic forfeiture of 2009 state aid.

A list of the 2009 fire state aid amounts is available on the Office of the State Auditor's website at: <http://www.auditor.state.mn.us/list.aspx?type=frm&div=pen>

Deposit of State Aid

Please recall that the municipal treasurer is required under state law to transmit the fire state aid to the treasurer of the affiliated relief association within 30 days after receipt, if there is a relief association organized and the association has filed a financial report with the municipality. If the relief association has not filed a financial report with the municipality, the municipal treasurer shall delay transmission of the fire state aid to the relief association until the complete financial report is filed. The Reporting Form that must be signed annually by the municipal clerk and submitted to the Office of the State Auditor may be used as the financial report referred to in this statutory provision. The relief association treasurer should ensure that the fire state aid is promptly deposited into the association's special fund. A copy of the applicable state statute is available at <https://www.revisor.leg.state.mn.us/statutes/?id=69.031>.

Working Group Update

The Working Group held its second meeting of the season on Tuesday, September 22. The Group began discussions on three proposals to change municipal contribution calculations and payments. The proposals were: 1) to extend the deficit amortization period for defined benefit plans; 2) to extend the time period by which required contributions must be paid to the relief

association; and 3) to use an averaging of investment returns to smooth the required contribution amount. The Working Group tabled the discussion and will revisit it at the next meeting on Tuesday, October 6. The Working Group also began discussions on several clean-up and clarification items related to the recently enacted return-to-service law. These topics will also be revisited at the October 6 meeting.

Working Group agendas and meeting materials, including information about the municipal contribution topics, are available on the Office of the State Auditor's website at: <http://www.auditor.state.mn.us/default.aspx?page=reliefworkinggroup>

If you have questions about the Working Group please contact Rose Hennessy Allen at (651) 296-5985 or at Rose.Hennessy-Allen@state.mn.us.

Statewide Plan

As you may be aware, during 2009 the Minnesota Legislature created the Statewide Volunteer Firefighter Retirement Plan. The statewide plan will be operational January 1, 2010, and will be administered by the Public Employees Retirement Association (PERA) with the plan assets invested by the State Board of Investment.

Participation in the new statewide plan is voluntary. The first step in joining the plan is for the relief association board of trustees (if an association exists) and the municipality or independent nonprofit firefighting corporation to request a cost analysis from PERA for prospective retirement coverage. Once both entities make the decision to request a cost analysis from PERA, the final decision to join the statewide plan is made by the municipal governing body or firefighting corporation. Relief association consent is not required after the initial cost-analysis request. Unless a legislative change is made, once a relief association joins the statewide plan there is no mechanism in place to opt out.

Detailed information about the new statewide plan and the process for joining the plan is available on PERA's website at:

http://www.mnpera.org/index.asp?Type=B_BASIC&SEC={D09EE783-90AF-4CE0-B34E-4A85C43E3EFA}

In addition, a "tool kit" is provided on the League of Minnesota Cities website to assist entities that are interested in joining the statewide plan. The tool kit includes a model resolution, answers to frequently asked questions, and a checklist with steps for joining the plan. The tool kit can be accessed at <http://www.lmc.org/page/1/firefighterretirement.jsp>.

Finally, PERA is preparing an application to the IRS for an advance determination on the qualification of the statewide volunteer firefighter retirement plan. If the plan meets the qualification requirements of Section 401 of the Internal Revenue Code, lump sum retirement payments will be eligible to be rolled over to an IRA without having taxes withheld. The application will be filed by the end of September.

Membership Dues

Sometimes relief associations have an arrangement with their affiliated municipality to withhold a certain amount from the firefighter's per-call money as membership dues, payable to the relief association. It is unclear whether municipalities have authority to withhold membership dues from amounts earned by the firefighters. If a relief association or municipality is interested in

pursuing such an arrangement it should consult with an attorney to determine whether it would have such authority.

Deferred Members as Trustees

We have received questions recently regarding the authority for deferred members to serve as trustees on the relief association board. State law requires that six trustees on the relief association board be elected from among the relief association membership. Relief associations only have authority to exclude from membership persons under the age of 18 or persons that would constitute an unwarranted health risk. Relief associations therefore don't have authority to exclude deferred members from membership in the relief association. As a member of the relief association, a deferred member would be able to be elected as a trustee to the relief association board.

Open Meeting Law Reminder

Many relief associations are beginning preparations for their annual meetings. Please remember that relief associations are subject to Open Meeting Law requirements. This means that relief association meetings must be open to the public unless the meeting is closed for a purpose expressly authorized under state law. The Open Meeting Law also contains notice requirements and requirements for providing meeting materials to the board members and for making the materials available in the meeting room for public inspection. Relief associations must keep meeting minutes that record the votes on actions taken during open meetings and the minutes must be open to the public during normal business hours where records of the association are kept.

The Information Policy Analysis Division (IPAD) of the Department of Administration has the authority to review Open Meeting Law questions and to issue advisory opinions about these issues. Information regarding Open Meeting Law requirements, including a PowerPoint presentation, is available on the IPAD website at <http://www.ipad.state.mn.us/omlinfo.html>.

Please also remember that municipal ex officio trustees have all the same rights and duties as any other trustee except the right to be an officer of the board. Ex officio trustees therefore have the right to vote and should be provided notice of meetings and meeting materials.

If you have questions please contact us:

Aaron Dahl, Pension Analyst
(651) 297-2765 Aaron.Dahl@state.mn.us

Michael Johnson, Pension Analyst
(651) 282-5430 Michael.A.Johnson@state.mn.us

Gail Richie, Office & Administrative Specialist
(651) 282-6110 Gail.Richie@state.mn.us

Luke Hinz, Pension Analyst
(651) 296-6279 Lucas.Hinz@state.mn.us

Sara Toft, Student Intern
(651) 282-5376 SToft@auditor.state.mn.us

Rose Hennessy Allen, Pension Director
(651) 296-5985 Rose.Hennessy-Allen@state.mn.us