

MEETING NOTES
Statewide Voluntary Firefighters Retirement Plan (SVFRP)
Advisory Board
February 2, 2017

Members Present

Rose Hennessy-Allen, State Auditor's Office
Cal Larson, Cities Representative (via conference call)
Jay Wood, Volunteer Firefighters Representative
John King, Volunteer Firefighters Representative
Dan Anderson, Volunteer Firefighters Monthly Benefit Representative

Members Excused

Jeff Sanborn, Fire Chief Representative
Eric Hedtke, Townships Representative
Sam Hansen, Cities Representative

Others Present

Nyle Zikmund, Retired Fire
Susan Lenczewski, LCPR Executive Director
Rachael Barth, LCPR Deputy Director
Doug Anderson, PERA Executive Director
Mary Daly, PERA Staff
Amy Collins, PERA Staff
Phil Coleman, PERA Staff
David Andrews, PERA Staff
Mike Hagerty, PERA Staff
Shana Jones, PERA Staff
Julie Leppink; PERA Staff

1. Introductions

Since the last Advisory Board meeting in May 2014, two new members have been appointed – Jay Wood and Dan Anderson. PERA and the LCPR also have many new staff members.

2. Update of current plan participation

- Thirty new groups entered the Plan on January 1, 2017, bringing the total number of fire departments participating in the Plan to 142.
- Plan assets as of July 1, 2016, are \$54 million, with an average rate of return of 8.22 percent since the Plan started in 2011.

3. Discussion of potential legislation allowing an entity to withdrawal from SVFRP

Questions before the Advisory Board:

- Can a group choose to leave the Plan?
- Can they come back in at some point after they leave?
- What would the process be?
- Where will the money be going?
- Is there a difference between leaving due to a merger or just choosing to leave?
- Would this require special legislation or can general legislation be written?

King noted that entities are hesitant to enter the Plan because they can't withdraw. If withdrawal is allowed, it might spur more departments to join.

Wood wants to be sure that departments that want to withdraw their assets receive education on the all the costs associated with investing; to ensure they look at more than the return on investments.

Hennessy-Allen spoke on the need to make sure all the criteria is in place before withdrawal is allowed.

Lenczewski stated that the LCPR prefers general legislation with parameters.

Leppink stated that before funds are withdrawn, there needs to be an eligible entity to receive the funds.

After considerable discussion, Wood moved that the SVFRP Advisory Board ask staff to work with LCPR staff to draft legislation to allow withdrawal of funds from the State Volunteer Firefighters Retirement Plan. The motion was seconded King and passed by consensus.

The draft legislative language will be circulated to the Advisory Board members before it is introduced.

4. Discuss the process for making benefit increases

There was a recommendation to increase the SVF Retirement Plan's cap's maximum level from \$7,500 to \$15,000 to be consistent with the maximum level allowed for lump-sum volunteer fire relief association plans covered by Chapter 424A. Larson made that motion; it was seconded by Wood and carried by consensus.

5. Review of administrative fee structure

The current fee for the SVFRP is \$30 per member per year. The Board advised that staff should do an analysis to see if costs to administer the Plan are still being covered. Considerable staff resources are needed for evaluation before entry into the Plan and now, if departments are allowed to withdraw, there would be an exit fee.

6. Other agenda items

Composition of the SVFRP Advisory Board

In 2015, the composition of the Advisory Board was changed from seven members to eight with the addition of a monthly annuity defined benefit plan. The eighth seat would represent the monthly benefit members. The position is appointed by the Minnesota State Fire Chiefs Association.

Legislation was re-written so that the Minnesota State Fire Chiefs Association now appoints three members to this Board and the Minnesota State Fire Departments Association appoints one member.

King moved that Minnesota Statute 353G.03, Subd 3(5) be amended to change Advisory Board Membership to include a requirement that board members participate in the plan and to create equal balance in appointments made by the Fire Department Association and the Fire Chiefs Association. The motion was seconded by Anderson and passed by consensus.

Education and Promotion of SVFRP

PERA's education staff is pleased and willing to education firefighter relief members on the benefits of the SVFRP. It is more efficient if they can reach more than one department at a time. The group discussed staff attending conferences and writing news articles for regional publications. Members interested in the Plan can also be directed to PERA's website.

7. Future Advisory Board Meetings

It was decided that this group should meet once a year, preferably before the legislative session. The next meeting of the Statewide Volunteer Firefighters Retirement Plan Advisory Board has tentatively been scheduled for Thursday, September 21, 2017, with a backup date of September 28.