

07 February, 2022

Legislative Commission on Pensions and Retirement

Senator Julie Rosen, Chair
Tuesday, February 8, 2022 - 5:00 p.m.
REMOTE HEARING

Agenda Item: HF 2610 (Rasmusson): Requires volunteer firefighters relief association special fund assets to be invested with the State Board of Investment.

Chairperson Rosen, Representative Rasmusson, and Members of the Committee, thank you for the opportunity to testify today about the proposed bill HF 2610 to require special fund asset investment in the State Board of Investment.

My name is Kevin Hruby, and I am Vice President of the Minnetonka Firefighter's Relief Association (MFRA). As an officer on the board, I am responsible for ensuring the MFRA provides the highest benefits possible to the current membership, while maintaining responsibilities to past and future membership through financially responsible processes and administration.

With conservative management, and directing growth back to the membership when able through benefit level increases, the fund managed by the MFRA is currently estimated (pending actuarial) at a 115% funding ratio and has been greater than fully funded since 2014. Since inception in 1972, the MFRA has only twice experienced periods of unfunded liability.

Our pension is currently invested through the State Board of Investment (SBI) as well as an outside advisor. The outside advisor attends MFRA board meetings annually, prepares and presents a portfolio review, and allows flexibility in allocation and other growth opportunities. This professional guidance, attention to detail, direct advice and options for change are all services not offered by SBI.

The MFRA Board opposes the recommendation to require all special funds to be invested through the State Board of Investment, regardless of board and pension fund performance, as it eliminates our freedom to choose and adjust. As fire departments are looking to evolve and adapt to the changing needs of the community, we need to allow the relief associations to maintain intimate financial counsel and flexibility of fund management. Local control also allows the membership to be directly involved in the management of the association for greater involvement, attachment, and pride.

I would encourage the Committee to eliminate the proposal to require all special funds to be invested in SBI, but instead recommend a performance-based percentage related to a portfolio review, with the option for relief associations to maintain some amount of local control.

Thank you for your time and attention.

Best regards,



Kevin Hruby
Vice President, Minnetonka Firefighter's Relief Association