



November 9, 1999  
Room 200 State Office Building

2nd Meeting

### **Fire Subcommittee of the Legislative Commission on Pensions and Retirement**

#### MINUTES

Representative Rich Stanek, Chair of the Fire Subcommittee, called the meeting to order at 1:09 P.M. He invited the volunteer firefighter representatives and the State Auditor's Office representatives to the table.

#### **Subcommittee members present:**

Representatives Rich Stanek and Mary Murphy (Representative Harry Mares also attended this meeting)  
Senators Don Betzold and Dean Johnson

#### **Agenda Items Discussed:**

##### **1. Volunteer Firefighters; Various Changes to the Volunteer Firefighter Laws**

Lawrence A. Martin, LCPR Executive Director, referred members to page four of the staff memo which provided a brief summary of the 15 changes proposed in this legislation, and to the "delete everything" Amendment LCPR99-253, which includes the language Mr. Zikmund requested.

Nyle Zikmund, Spring Lake Park Fire Chief and President of the Minnesota Area Relief Association Coalition (MARAC), referred to a handout showing the proposed benefit cap increase. He noted that only five volunteer firefighter relief plans out of approximately 700 plans in the state are approaching the current cap. Since 1991, an average of 28% of the plans have increased their benefit every year. He said there is no cap on defined contribution plans, which is about 15% of the plans in the state. He then reviewed several colored charts. He said the turnover in volunteer firefighting is a problem and the pension is one factor that helps to reduce that turnover.

Eric Willette, representing the League of Minnesota Cities (LMC), testified that the cities do appreciate the work of volunteer firefighters and the money that taxpayers save with volunteer firefighters. He again testified in opposition to doubling the cap. There are a lot of departments that benchmark themselves against the cap. A dramatic increase in the cap may have a more general pressure on increases around the state. He said the money is not just for the benefit of the current members but also for future members and questioned whether an increase is sustainable over time. Recent investment returns are not permanent. He said the LMC will continue to work with the volunteer firefighter community on a cap increase that all parties can support.

Mr. Zikmund responded to Mr. Willette's testimony by saying they will consider step increases rather than doubling the cap.

Senator Johnson asked what the comparison would be between paid fire and volunteer fire for a municipality with a comparable population. Mr. Zikmund referred to page 10 of his handout, career firefighter versus volunteer firefighter.

Mr. David Ganfield, Secretary, State Fire Association, testified in support of this bill. He said the volunteer arena uses the pension to recruit and retain firefighters.

Mr. Zikmund addressed the repeal of investment disclosure reporting and testified in support of going back to the previous reporting method. Deno Howard, Deputy Auditor, State Auditor's Office, said the investment reporting law was passed in 1994. 1998 was the first year that small relief associations (less than \$300,000) were required to report to the State Auditor's Office. She said the reports are two years old when produced because the data is not required until the year after it is received and it takes a year to produce the report.

Mr. Zikmund continued briefly reviewing other benefit changes in the amendment. This included legislation allowing relief associations to pay interest on deferred pensions equal to what the plan or separate account in the plan earns. This would be prospective and would require a bylaw change at the local level. Another change is a mechanism where new relief associations would qualify for additional State aid as soon as all requirements are met. He also discussed the designation of a beneficiary, applicable only if the member has no surviving spouse or dependent children. Mr. Tom

Pressler, President, Minnesota State Fire Department Association, testified in support of adding a beneficiary designation.

Mr. Zikmund continued to review other changes. He testified in support of the self-direction of individual defined contribution plan investments in Article 6.

Mr. Zikmund stated the clarification of separation from service in Article 7 is to prevent a person from retiring and then being reemployed with the same department.

Mr. Zikmund asked that item "h," ancillary benefit coverage clarification, be removed from this bill.

Regarding data privacy and open meeting laws, Mr. Zikmund said they want some clarification on whether they are subject to an open meeting law. Senator Betzold requested a separate bill on this issue and that it be referred to the House Civil Law Committee and the Senate Judiciary Committee.

Mr. Zikmund continued with discussion of the portability issue and said this needs further definition. He asked that they meet with the State Auditor's Office to define some of the parameters of this article.

Regarding the requirement of filing economic interest statement with Campaign Finance And Public Disclosure Board, Mr. Zikmund said this is an unnecessary requirement and felt it should be eliminated. Mr. Martin said this does apply broader than just volunteer fire. Senator Betzold suggested looking at who may be impacted by changing this law.

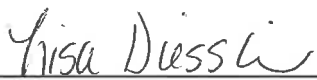
Mr. Zikmund reviewed Article 14, ex-officio board of trustee membership for reliefs associated with unincorporated territory which provides outside board of trustee for reliefs located in unincorporated territory where no municipal officials who could be ex-officio board members exist. Mr. Martin went over the pension issues associated with this proposed change.

The last issue was the inclusion of MARAC dues as authorized expenditure. Mr. Zikmund said that MARAC is already authorized to be paid from the special fund. Mr. Ganfield agreed with this. Mr. Martin asked what MARAC's legal situation is. Mr. Zikmund stated they are a non-profit corporation under state law.

Marcus Marsh, Manager, Minnesota Farm Mutual Insurance Companies, noted that they are on track for the last Subcommittee meeting on November 23, 1999.

Representative Stanek said the Subcommittee will meet on November 19, 1999 to discuss the Minneapolis Fire issues.

The meeting adjourned at 2:35 P.M.

  
Lisa Diesslin, Secretary