



Osseo City Council

AGENDA

WORK SESSION
Monday, July 27, 2020
6:00 p.m., Council Chamber

MAYOR DUANE POPPE

COUNCILMEMBERS: JULIANA HULTSTROM, HAROLD E. JOHNSON, MARK SCHULZ, LARRY STELMACH

1. **Call to Order**
2. **Roll Call** (quorum is 3)
3. **Approval of Agenda** (requires unanimous additions)
4. **Discussion Items**
 - A. **Fire Department Relief Association Bylaws**
 - B. **Special Assessment Policy Update**
5. **Adjournment**



City of Osseo City Council Work Session Meeting Item

Agenda Item:	Osseo Fire Department Relief Association Bylaws
Meeting Date:	July 27th, 2020
Prepared by:	Mike Phenow, Fire Chief
Attachments:	OFDRA Bylaws (Proposed) (Clean Copy) OFDRA Bylaws (Proposed) (Showing Changes) OFDRA Board of Trustees Quarterly Meeting Schedule (2020-2021) OFDRA SC-20 Recent History of OFDRA Pension Analysis of Benefit Level Increase to \$2,000 Mutual Aid Department Pensions (Through CY2017) OFD Station Response Time Map Analysis of Impact of Various Benefit Level Increases

Background:

On May 26th, 2020, representatives from the Osseo Fire Department Relief Association (OFDRA) met with the City Council at a work session to discuss the latest draft of the association's bylaws. At that meeting, we presented a draft of a revised set of bylaws based on the model bylaws published by the Office of the State Auditor (OSA). The purpose of that meeting was to gain consensus on the majority of the document, while leaving the last few outstanding questions for this work session.

Attached here you will find both a clean copy of the latest draft as well as a copy showing the latest round of changes since we last met. These changes were discussed by the membership on July 9th and affirmed for proposal to the council. Here is a summary, from the least material changes to most material changes.

1. Minor Changes

- a) Title Page / Table of Contents
 - Simplified to be more compact.
- b) Article II, Section 2
 - Added "Charitable" to "Gambling Fund" for consistency with other references in the document.
- c) Article I, Section 4
 - Clarified the language regarding the membership start date as being the date of council approval, rather than the less-clear "date of hiring."

2. Article III, Section 9 – Gambling Board

- a) Added this section to codify the composition and purpose of the charitable gambling subcommittee.

3. Article IV – Meetings of the Members and of the Board

- a) Reworked this section to more closely match our actual meeting schedules.

4. Article VIII, Section 5 – Disability Benefit Qualification

- a) Entire section replaced (wholesale replacement of this section didn't show up in the track-changes version of document; the changes shown in this section are the changes from my initial draft and some improvements suggested by the City Attorney)

5. Attachment A – Benefit Level

- a) Benefit Level Amount updated to \$2,000.

Meetings of the Members of the Board

The language in the guide from the OSA was more generalized and geared towards an association that only had a special fund or a special fund and a general fund. These associations tend to need to meet less frequently. Because we also operate charitable gambling, the membership needs to meet monthly to conduct business pertaining to charitable gambling. As such, it made sense to update the language to directly reflect our actual membership meeting schedule.

Secondly, the language in the guide described a process for calling board meetings in an ad-hoc fashion and stated the board will meet “at least _____ times during the year.” We propose specifying the actual schedule that we will be employing. See the attached Quarterly Meeting Schedule for a specific schedule to be posted and kept on file. This will hopefully help avoid some of the scheduling, coordination, and communication issues we have struggled with in the past.

Finally, in the guide, this section interleaved discussion of the membership meetings and the board meetings, making it somewhat confusing and hard to follow. We instead opted to separate the two and follow a parallel structure between them.

Disability Benefit Qualification

This was the first of our two major open questions from the last work session. The OSA provides no guidance on disability qualification. We have been struggling with a few questions: 1) what sort of coverage do we currently have regarding a disability sustained on the job, 2) what would it cost to expand that coverage, and 3) how could the relief association offer a reasonable disability benefit (as described in the OSA guide) without unreasonable burden or risk to the association or the city.

First, regarding our existing coverage, I reached out to the city's insurance broker, the League of Minnesota Cities Insurance Trust (LMCIT), a member of the OSA's Fire Relief Association Working Group, and the secretary of the Volunteer Firefighters Benefit Association of Minnesota (VFBA) for more information. From what I can gather, we have pretty good coverage. First, in the event of an injury in the line of duty, work comp should cover, under various terms for different situations, temporary partial, temporary total, permanent partial, and permanent total disability. This does take into account both the firefighter's wages from their part-time/paid-on-call employment with the city *and* wages from their other, primary

employment. We also have a policy on each firefighter through the VFBA that covers temporary disability (as well as death and dismemberment). In the event of permanent total disability, the firefighter could be eligible for disability benefits from the Social Security Administration (SSA).

Regarding the purchase of additional coverage, the city's insurance broker did not seem to think there was much else available to us at a reasonable cost beyond what I stated above.

Finally, regarding the administration of a disability benefit from the relief association's funds, I drafted some language that may allow us to do that. See Article VIII, Sections 4 & 5.

Basically, we would provide no temporary or partial disability benefits. But, we would provide disability benefits for a 1) permanent, total disability that was 2) sustained in the line of duty. We would rely on the determinations of both the SSA (for the "permanent, total" aspect) and the work comp insurer (LMCIT) (for the "line of duty" aspect). I feel that this approach would offer a number of benefits:

1. Our board does not have to make the determination.
2. The determination is clear and unambiguous.
3. The administrative burden for us is minimal.
4. It is a pretty high bar.

That said, if there is a case where someone does meet these requirements, we would in fact pay, as I believe we should.

Benefit Level

The final open question is the benefit level. As mentioned in the previous work session, the current benefit level is \$1,600 per year of service (subject to the vesting schedule). It was raised to that in 2010 from \$1,532, where it had been since at least 1996. We recently completed the OSA's required form SC-20 (attached), which summarizes the financial position of the pension fund and includes a Maximum Benefit Worksheet. That form shows that, given current funding levels, statute allows us to authorize a maximum benefit level of \$2,000 per year of service.

For reference, I've included a summary of the recent history of the OFDRA pension. You can see the benefit amount each year. I've also included an analysis of the proposed rate increase. A 25% increase in one year might seem like a large jump, but I would argue that it is a long-overdue correction to get the benefit level closer to where it ought to be.

If it had been spread out in equal increases from the last increase until now, it would have been only a 2.05% increase each year (compound annual growth rate – CAGR). If we were to spread out the increase from \$1,532 to \$2,000 over the last 25 years, it would have been only a 1.07% increase each year (and I don't actually know how far back it was at \$1,532). If we were to have started at \$1,532 in 1996 and simply applied the SSA's cost of living adjustment (COLA) each year, we would have crossed \$2,000 in 2007 and be at \$2,480 now. You get the idea.

For context, I've included a summary of the pension plans of our area mutual aid departments (as of the OSA's annual report covering CY2017). Note that 8 of the departments are on a defined-contribution plan, meaning they determine the amount invested, not the amount paid out (and the OSA doesn't seem to

report on the contribution amounts). Directionally, a very rough proxy for the size of the benefit would be the ratio of the net assets to active members. The larger the fund – relative to the number of members – the larger the benefit (for example, Maple Grove and Brooklyn Park are probably comparable to Plymouth's \$9,500 benefit and Anoka/Champlin is likely comparable to Hopkins' \$6,900 benefit). Increasing our benefit to \$2,000 would put us at a tie with Dayton for the lowest pension in the northwest suburbs as of 2017 (though, looking at the recently-published 2018 year-end numbers, they raised theirs to \$2,500).

If anyone joins the Osseo Fire Department for the money, not only are they doing it for the wrong reasons, but they need a new financial advisor. Nobody expects that we can compete dollar-for-dollar with other cities in the area with much larger tax bases. But, that doesn't mean we can completely neglect monetary considerations either. 7 of our 27 firefighters reside within Osseo's borders. The rest live in neighboring communities. There are also firefighters that live in Osseo that are on other departments, but not ours. The majority of our response-time area is outside our borders (see attached response-time map). Appropriately tending to the pension fund not only helps keep us at least minimally competitive with neighboring communities, but shows an appreciation for the dedication and sacrifice of our firefighters.

If you refer back to the "Recent History of the OFDRA Pension" page, you can see that we have become over-funded in the past 8 years or so while the benefit level has remained unchanged. Also note that municipal contributions, which had been made every year for at least 20 years (whether there was a required amount or not), ceased 5 years ago. Budgeting for and making municipal contributions as a normal course of business can 1) help keep the pension funded at existing levels, 2) allow for periodic increases to the benefit level, and 3) provide some budgetary insulation from unplanned required contributions (caused by market volatility or other unforeseen events) since any municipal contribution counts towards any required minimum municipal contribution in a given year. As long as the required contribution amount is under the budgeted contribution amount, there would be no budgetary impact.

I've attached a document showing the impact of various increases to the benefit level. You can see that, starting at around a \$1,700 benefit level, we start to show a required contribution (\$351 in that case). If the benefit level is increased to \$2,000, the required contribution in 2021 would be \$12,888. We would want to budget for this (or any other required contribution) in the 2021 budget, which we are in the early stages of planning now. Twelve thousand dollars is no trivial budget item, but I don't believe it's an insurmountable challenge to fit it in. Between 2000 and 2015, the average annual municipal contribution was a little over \$8,200. Had that level been maintained in the past 5 years, \$41,000 of municipal contributions would have been made that were not.

At the \$2,000 benefit level, the financial projections in the form SC-20 show a \$3,934 funding deficit (which the required municipal contribution is designed to rectify). But, these projections are also based on the projected 2020 year-end assets, consisting of the 2019 year-end assets plus the 2020 projected incomes. The projection for 2020 year-end assets is \$394,866. As of mid-July, the fund balance was over \$415,000 without having yet received the 2020 state aid, projected to be around \$16,000. This fact would not change the required contribution for 2021, but it does paint a favorable picture of the health of the fund going into 2021, even at a raised benefit level.

Recommendation/Action Requested:

Staff recommends the City Council discuss the item and direct Staff accordingly.

Next Steps:

The Relief Association will take the guidance from the council and make any adjustments necessary to the proposed bylaws. We would then look to have the membership approve and adopt the proposed bylaws. We would then bring the approved bylaws before the council at a regularly-scheduled city council meeting to have them ratified.



Osseo Fire Department Relief Association

Bylaws

Proposed July 9th, 2020

Table of Contents

Article I – Name.....	4
Section 1 – Name.....	4
Section 2 – Type.....	4
Section 3 – Books and Records.....	4
Section 4 – Purpose.....	4
Section 5 – Fiscal Year.....	4
Article II – Membership.....	4
Section 1 – Membership.....	4
Section 2 – Membership Start Date.....	5
Section 3 – Exclusions.....	5
Section 4 – Termination.....	5
Section 5 – Active Service.....	5
Section 6 – Certification of Service Credit.....	6
Section 7 – Definition of Year of Active Service.....	6
Section 8 – Break In Service.....	6
Section 9 – Return to Service.....	6
Section 10 – Uniformed Services.....	7
Article III – Officers and Trustees.....	7
Section 1 – Powers of the Board of Trustees.....	7
Section 2 – Members of the Board of Trustees.....	8
Section 3 – Officers.....	8
Section 4 – President.....	8
Section 5 – Vice President.....	8
Section 6 – Secretary.....	8
Section 7 – Treasurer.....	9
Section 8 – Compensation.....	9
Article IV – Meetings of the Members and of the Board.....	10
Subdivision 1 – Monthly Membership Meeting.....	10
Subdivision 2 – Annual Membership Meeting.....	10
Subdivision 3 – Special Membership Meetings.....	10
Subdivision 4 – Notice of Annual Membership Meeting.....	10
Subdivision 5 – Notice of Special Membership Meetings.....	10
Subdivision 6 – Quorum for Membership Meetings.....	11

Subdivision 7 – Voting at Membership Meetings.....	11
Subdivision 8 – Order of Business at Membership Meetings.....	11
Section 2 – Board Meetings.....	11
Subdivision 1 – Quarterly Board Meetings.....	11
Subdivision 2 – Annual Board Meetings.....	11
Subdivision 3 – Special Board Meetings.....	12
Subdivision 4 – Notice of Board Meetings.....	12
Subdivision 5 – Quorum for Board Meetings.....	12
Subdivision 6 – Voting at Board Meetings.....	12
Article V – Application for Pensions and Benefits.....	13
Section 1 – Notice of Intent to Take Distribution.....	13
Section 2 – Process.....	13
Section 3 – Governing Benefit Plan Provisions.....	13
Article VI – Service Pensions.....	14
Section 1 – Lump-Sum Service Pensions.....	14
Section 2 – Eligibility.....	14
Section 3 – Deferred Status.....	14
Section 4 – Partial Vesting Schedule.....	15
Section 5 – Payment Options.....	15
Section 6 – Supplemental Benefit.....	16
Article VII – Deferred Interest.....	16
Section 1 – Deferred Interest Type.....	16
Section 2 – Deferred Interest Payment Method.....	16
Article VIII – Ancillary Benefits.....	16
Section 1 – Survivor Benefit.....	16
Section 2 – Supplemental Survivor Benefit.....	17
Section 3 – No Additional Financial Relief.....	17
Section 4 – Disability Benefit.....	17
Section 5 – Disability Benefit Qualification.....	17
Subdivision 1 – Disability Definition.....	17
Subdivision 2 – Notification.....	18
Subdivision 3 – Application.....	18
Subdivision 4 – Approval.....	18
Section 6 – Payment Options.....	18
Article IX – Funds.....	19
Section 1 – Funds.....	19
Section 2 – Special Fund.....	19
Section 3 – General Fund.....	19
Section 4 – Charitable Gambling Fund.....	20
Section 5 – Nonassignability of Benefits.....	20

Article X – Investments.....	20
Section 1 – Standard of Fiduciary Conduct.....	20
Section 2 – Investment Policy.....	20
Section 3 – Broker Certification.....	20
Article XI – Unclaimed Benefits.....	21
Section 1 – Unclaimed Benefits.....	21
Article XII – Amendments, Consolidation, and Dissolution.....	21
Section 1 – Amendments.....	21
Section 2 – Consolidation.....	21
Section 3 – Dissolution.....	21
Adoption and Approval of Bylaws.....	22
Adoption and Approval of Amendments.....	23
Attachment A – Benefit Level.....	24
Attachment B – Compensation.....	25

Bylaws of the Osseo Fire Department Relief Association

Article I – Name

Section 1 – Name

The name of this relief association is the Osseo Fire Department Relief Association (Association). It is a nonprofit corporation incorporated under the laws of Minnesota.

Section 2 – Type

The Association is a defined-benefit lump-sum relief association subject to Minn. Stat. §§ 424A.015; 424A.02; and 424A.091 to 424A.094.¹ All benefits provided by this Association derive from and are governed by Federal and State laws and these bylaws.

Section 3 – Books and Records²

The Association will keep, at a minimum, correct and complete copies of its articles of incorporation and bylaws, accounting records, records documenting Special Fund, General Fund, and Charitable Gambling Fund transactions, records necessary to determine benefits payable and paid to individual members and their beneficiaries, and minutes of each of its meetings that record the votes of actions taken. Unless a Records Retention Schedule is adopted and the Minnesota Historical Society has been notified or authority to destroy records is received from the Records Disposition Panel, relief association records may not be destroyed.

Section 4 – Purpose

The Association is a governmental entity that receives and manages public money to provide retirement and ancillary benefits for individuals providing the governmental services of firefighting and emergency first response, and for their beneficiaries.³

Section 5 – Fiscal Year

The Association's fiscal year begins on January 1 of each calendar year and ends on December 31 of the same calendar year.⁴

Article II – Membership

Section 1 – Membership

All individuals who are members of the Osseo Fire Department (Fire Department), are engaged in or qualified to provide fire suppression duties, and who meet any additional standards established by the Fire Department or by the Association are eligible for membership in the Association.

¹ Minn. Stat. § 424A.002, subd. 2

² Minn. Stat. §§ 138.17; 317A.461

³ Minn. Stat. § 424A.001, subd. 4

⁴ Minn. Stat. § 424A.001, subd. 11

If the city has approved the employment on the Fire Department of volunteer firefighters to perform fire prevention duties and to supervise fire prevention duties, the personnel serving in fire prevention positions are eligible for membership in the Association and qualify for service pensions and other benefit coverage of the Association on the same basis as members who perform fire suppression duties.⁵

If the city has approved the employment on the Fire Department of volunteer emergency medical personnel, individuals who solely perform or supervise volunteer emergency medical duties are eligible for membership in the Association and qualify for service pensions and other benefit coverage of the Association on the same basis as members who perform fire suppression duties.⁶

No member may be credited with service credit in the Association for the same hours of service for which coverage is already provided in a fund operated by the Public Employees Retirement Association.⁷

Application for membership will be made in writing on a form supplied by the Secretary of the Association. Membership will be approved by the Board of Trustees.

Section 2 – Membership Start Date⁸

Membership in the Association begins on the date the hiring of a firefighter is approved by the City Council.

Section 3 – Exclusions⁹

The Association may exclude from membership an applicant who, due to some medically determinable physical or mental impairment or condition, would constitute a predictable and unwarranted risk of imposing liability for an ancillary benefit at any age earlier than the minimum age specified for receipt of a service pension. A minor may not be a member of this Association.

Section 4 – Termination

Any member may be terminated from the Association for cause by a two-thirds vote of all members present at a special meeting of the membership. Cause for termination includes, but is not limited to, failure to account for money belonging to the Association, or feigning illness or injury for the purpose of defrauding the Association. A member may not be terminated except by a fair and reasonable process.

Section 5 – Active Service

Active service is the supervision or performance of fire suppression duties. If the city has approved the employment on the Fire Department of fire prevention personnel, active service includes the supervision or performance of fire prevention duties. If the city has approved the employment on the Fire Department of volunteer emergency medical personnel and if their membership in the Association

5 Minn. Stat. § 424A.01, subd. 5

6 Minn. Stat. § 424A.01, subd. 5a

7 Minn. Stat. § 424A.01, subd. 4a

8 Minn. Stat. § 424A.001, subd. 12

9 Minn. Stat. § 424A.01

is permitted in Section 1 of this Article, active service also includes the supervision or performance of emergency medical response duties. Active service requires meeting minimum service requirements specified by the Fire Department in the Fire Department's rules, regulations, and policies.

Section 6 – Certification of Service Credit¹⁰

Annually, by March 31, the Fire Chief must certify the service credit for the previous calendar year of each member rendering active service with the Fire Department. The certification must be made to an officer of the Association and to the city clerk.

Section 7 – Definition of Year of Active Service¹¹

A year of active service will be defined as 12 months of active service in the Fire Department. A "month" is a completed calendar month of active service measured from the member's date of entry to the same date in the subsequent month. Service pensions and ancillary benefits will not be prorated for fractional years of service (i.e., a member only receives credit for each complete year of service).

Section 8 – Break In Service

If a member is unable to perform the duties of a firefighter for any reason, including an approved leave of absence, the member will be considered to have a break in service and will not receive service credit in the Association for that period of time, except that the resumption service requirements of this Section do not apply to leaves of absence or breaks in service made available by Federal or State statute, such as the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), Minn. Stat. § 424A.021, and the Family and Medical Leave Act (FMLA), 29 U.S.C. § 2601, et al. Active membership in the Association immediately resumes when a member returns to active service with the Fire Department, if the member's break in service was less than 60 days.¹²

Section 9 – Return to Service¹³

Any firefighter who has ceased to perform or supervise fire suppression and fire prevention duties for at least 60 days, including former members who have received payment of a service pension or disability benefit, will be eligible to resume active membership in the Association should the firefighter resume active firefighting duties with the Fire Department.

If the firefighter has previously received payment of a service pension or disability benefit, the firefighter may be eligible for a second pension or benefit for the resumption period of service if the firefighter meets the vesting requirements defined in these bylaws based on the resumption years of service. No firefighter may be paid a service pension twice for the same period of service.

If the firefighter has not received payment of a service pension or disability benefit, the firefighter must complete at least 3 years of active service with the Fire Department upon a resumption of active service. If the firefighter completes the minimum period of resumption service specified in this Section

¹⁰ Minn. Stat. § 424A.003

¹¹ Minn. Stat. § 424A.02, subd. 1(a)

¹² Minn. Stat. § 424A.01, subd. 6

¹³ Minn. Stat. § 424A.01, subd. 6

prior to a subsequent cessation of firefighting duties, the firefighter will receive a service pension (if vested) for all years of active service calculated at the benefit level in effect on the date of the firefighter's final cessation of duties. If the firefighter does not complete the minimum period of resumption service specified in this Section prior to a subsequent cessation of duties, the firefighter will receive a service pension (if vested) for all years of active service calculated at the benefit level in effect at the time of the firefighter's original cessation of duties.

A firefighter who has been granted an approved leave of absence not exceeding one year by the Fire Department or by the Association is exempt from the minimum period of resumption service requirement under this Article.

A person who has a break in service not exceeding one year but who has not been granted an approved leave of absence and who has not received a service pension or disability benefit from the Association is exempt from the minimum period of resumption service requirement under this Article.

Section 10 – Uniformed Services¹⁴

A volunteer firefighter who is absent from firefighting service because of service in the uniformed services may obtain service credit for the period of the uniformed service, not to exceed five years, unless a longer period is required by Federal law, if the volunteer firefighter returns within the time frame required by Federal law to firefighting service with coverage by this same Association or its successor upon discharge from service in the uniformed service.

Service credit will not be given if the firefighter separates from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions.

Article III – Officers and Trustees

Section 1 – Powers of the Board of Trustees

The Board of Trustees (Board) is the governing board and has exclusive control of the investment of the Association's plan assets in conformance with Federal and State law including, but not limited to, Minnesota statutes and these bylaws. The members of the Board will act as Trustees, with a fiduciary obligation to the active, deferred, and retired members of the Association, who are its beneficiaries; the taxpayers of the municipality, who help to finance the plan; and the State of Minnesota, which established the plan.¹⁵

The Board will invest and reinvest the Association's plan assets, determine benefits, determine eligibility for membership or benefits, determine the amount or duration of benefits, determine the funding requirements or amounts of contributions, oversee the expenditure of plan assets, and select financial institutions and investment products.¹⁶

¹⁴ Minn. Stat. § 424A.021. In some instances service other than service with the Armed Forces may qualify. See 38 U.S.C. § 4303(13) ("service in the uniformed services").

¹⁵ Minn. Stat. § 356A.04, subd. 1

¹⁶ Minn. Stat. § 356A.02, subd. 2

The Board will submit a written report of the financial condition of the Association to the members at the annual meeting.

The Board will develop and periodically revise a program for continuing education.¹⁷ The Trustees will participate in continuing education to keep themselves abreast of their fiduciary responsibilities.

Section 2 – Members of the Board of Trustees

The Board consists of nine members (Trustees): six Trustees elected by the membership and three Trustees drawn from officials of the city served by the Fire Department.¹⁸ Trustees will be elected for 3-year terms. The elections of the Trustees will be staggered. Of the three municipal Trustees, one must be an elected official and one must be an elected or appointed municipal official, and both must be designated annually by the municipal governing board. The third municipal Trustee must be the fire chief.

A vacancy in the position of a non-municipal Trustee may be filled by the remaining Trustees at a Board meeting. The Trustee selected to fill the vacancy holds office only until the next annual or special meeting of the Association membership when a successor will be elected by the membership.

Section 3 – Officers¹⁹

The President, Vice President, Secretary, and Treasurer will be elected from among the elected Trustees by the full Board for 1-year terms. In no event will any Trustee hold more than one Officer position at any one time. In no event will any municipal Trustee hold an Officer position.

Section 4 – President

The President will attend and preside at all meetings of the Association and the Board. The President will actively manage the business of the Association. The President will enforce the due observance of the law, including Minnesota statutes, the articles of incorporation, and the bylaws of the Association. The President will ensure that the Officers properly perform the duties assigned to them and that the orders and resolutions of the Board are carried into effect. The President will sign all checks issued by the Treasurer and all other papers requiring the President's signature. The President will be a member of all committees and will exercise careful supervision over the affairs of the Association. The President will perform other duties as prescribed by the Board.

Section 5 – Vice President

The Vice President will assist the President in the discharge of their duties and will perform the duties of the President in the event of their absence.

Section 6 – Secretary

The Secretary will keep and post a true and accurate record of the proceedings of all meetings of the Association and of the Board. The Secretary will keep a correct record of all amendments, alterations, and additions to the bylaws in a book separate from the minute books of the Association. The

¹⁷ Minn. Stat. § 356A.13, subd. 2

¹⁸ Minn. Stat. § 424A.04, subd. 1

¹⁹ Minn. Stat. § 424A.04, subd. 1; see also Minn. Stat. § 317A.305

Secretary will prepare all paperwork and obtain signatures required for benefits due. The Secretary will keep an account book in which to enter all money transactions of the Association, including the dates and amounts of all receipts and the source from which derived and the dates and the amounts of all expenditures with the payee and the object. The Secretary will keep individual files and a roll of membership, with the date of joining, resignation, discharge, retirement, dues, and service pensions and ancillary benefits paid. The books of the Secretary will be at all times open to the Board. The Secretary will prepare and process all correspondence as needed. The Secretary will, jointly with the Treasurer, prepare and file all reports and statements required by law, including reports to be filed with the Office of the State Auditor (OSA). The Secretary will perform other duties as prescribed by the Board.

Section 7 – Treasurer

The Treasurer will, together with the Secretary, keep accurate financial records of the Association. The Treasurer will receive all monies belonging to the Association and deposit them in the name of and to the credit of the Association in the banks and depositories designated by the Board. The Treasurer will disburse funds and issue checks and drafts in the name of the Association as ordered by the Board. The Treasurer will keep separate and distinct accounts of the Special Fund and the General Fund, if applicable, and will prepare and present to the Board a full and detailed statement of the assets and liabilities of each fund separately, prior to the annual meeting of the Association, and upon requests of the Board.

The Treasurer will deliver to the Treasurer's successor in office, or to any committee appointed by the Board to receive the same, all monies, books, papers, etc., pertaining to the Treasurer's term in office immediately upon the expiration of the Treasurer's term in office. The Treasurer will, prior to entering upon the duties of the Treasurer's office, give a bond in an amount equal to at least ten percent of the assets of the Association; however, the amount of the bond need not exceed \$500,000.²⁰ Jointly with the Secretary, the Treasurer will prepare and file all reports and statements required by law, including reports to be filed with the Office of the State Auditor. The Treasurer will perform other duties as prescribed by the Board.

Section 8 – Compensation²¹

Trustees of the Association identified in Attachment B may be paid a salary out of the Special Fund. The amount paid in salary is limited to the amount listed in Attachment B. Only after the amounts listed in Attachment B have been approved by the City Council may salaries be paid to non-Officer Trustees. For all Trustees, itemized expenses eligible for reimbursement are limited to those expenses incurred as a result of fulfilling responsibilities as administrators of the Special Fund.

Section 9 – Gambling Board

²⁰ Minn. Stat. § 69.051, subd. 2

²¹ Salary amounts paid to non-Officer Trustees of the relief association must be approved by the governing body of the entity responsible for meeting any minimum obligation. Salaries paid to Officers of the relief association do not require this approval.

The 6 Trustees elected by the membership and the organization's licensed Gambling Manager will constitute the Gambling Board for the OFDRA. The Gambling Board will serve as an advisory committee to the general Membership in matters relating to the conduct of charitable gambling. They will meet monthly prior to the monthly Association General Membership Meeting. The Gambling Board will review, discuss, and make recommendations to the general membership, but has no authority to act independently on any matters.

The President of the Association will also serve as the CEO for the charitable gambling operations, per Gambling Control Board rules.

The licensed Gambling Manager can also serve on the Board of Trustees, but can not be the President/CEO or the Treasurer.

Article IV – Meetings of the Members and of the Board

Section 1 – Membership Meetings

Subdivision 1 – Monthly Membership Meeting

The membership of the association will meet the second Thursday of each month at 7:00 pm in the Meeting Room of the Osseo Fire Department.

Subdivision 2 – Annual Membership Meeting²³

At the regularly-scheduled monthly meeting the second Thursday in February, the membership will elect new Trustees for those whose terms are expiring (see Article III, Section 2 – Members of the Board of Trustees).

Subdivision 3 – Special Membership Meetings²⁴

A special meeting of the Association's members may be called at any time upon the written order of the President, Secretary, and one additional Trustee, or of 25 percent of the members of the Association. The Order will be filed with the Secretary.

Subdivision 4 – Notice of Annual Membership Meeting²⁵

Notice of each annual meeting of the Association's members will be delivered to each member entitled to vote at the meeting at least five days before the date of the meeting and not more than 60 days before the date of the meeting. Notice will contain the date, time, and place of the meeting.

Subdivision 5 – Notice of Special Membership Meetings²⁶

Notice of each special meeting of the Association's members will be delivered to each member entitled to vote at the meeting at least five days before the date of the meeting and not more than 60 days before the date of the meeting. Notice will contain the date, time, and place of the meeting. The Secretary will give due notice of each special meeting, specifying the object of said meeting, and no

²³ Minn. Stat. § 317A.431. Your relief association may hold additional regular meetings during the year. Minn. Stat. § 317A.111, subd. 3(21).

²⁴ Minn. Stat. § 317A.433

²⁵ Minn. Stat. § 13D.04; see also Minn. Stat. § 317A.435

²⁶ See Minn. Stat. §§ 317A.433; 317A.435 (additional requirements regarding notice)

business will be transacted at any special meeting except the business for which the meeting was called.

Subdivision 6 – Quorum for Membership Meetings²⁷

A majority of the members of the Association will constitute a quorum for the transaction of business at the monthly, annual, or any special meeting of the Association.

Subdivision 7 – Voting at Membership Meetings²⁸

Members of the Association are entitled to one vote. Voting by proxy is not permitted. All votes, unless specified prior to the vote, will be conducted by a voice vote. If a majority cannot be determined by voice vote, the Officer in charge of the vote will ask for a vote by roll call or by ballot.

Subdivision 8 – Order of Business at Membership Meetings

The monthly and annual meetings of the members of the Association will be conducted in the following order:

1. Call to order
2. Roll call
3. Reading and approval of minutes of previous meeting
4. Special Guests / Presentations
5. Secretary's report
6. Treasurer's report
7. Gambling report
8. Committee reports
9. Old business
10. New business
11. Announcements
12. Adjournment

Section 2 – Board Meetings**Subdivision 1 – Quarterly Board Meetings²⁹**

The Board will meet the second Thursday of the second month of every quarter at 6:00 pm in the Meeting Room of the Osseo Fire Department.

Subdivision 2 – Annual Board Meetings

At the February Board Meeting, the board will elect Trustees to officer positions (see Article III, Section 3 – Officers) and approve the Trustee Compensation schedule (See Article III, Section 8 – Compensation and Attachment B – Compensation).

²⁷ Minn. Stat. §§ 317A.235; 317A.451

²⁸ Minn. Stat. §§ 317A.181, subd. 2; 317A.441; 317A.443

²⁹ Minn. Stat. §§ 13D.04; 317A.231

Subdivision 3 – Special Board Meetings

A Trustee may call a Board meeting by giving five days' notice to all Trustees of the date, time, and place of the meeting.²⁹ The Board will meet at least 1 time during the year to discuss the investments, finances, benefits, and records of the Association. These meetings will be open to any member of the Association and to the public.³⁰

Subdivision 4 – Notice of Board Meetings

Notice requirements of the Minnesota Open Meeting Law will be followed for all Board meetings.³¹ A schedule of the Board's regular meetings will be kept on file at the Board's primary office.³²

For special meetings (including any regular meeting held at a time or place different from the time or place stated in the schedule of regular meetings), the Board will post written notice of the date, time, place, and purpose of the meeting on the Board's principal bulletin board, or if the Board has no such bulletin board, on the door of its usual meeting room. The notice will also be mailed or delivered to each person who has filed a written request for notice with the Board. The notice will be posted and mailed or delivered at least three days before the date of the meeting.³³

If a meeting is a recessed or continued session of a previous meeting, and the time and place of the meeting was established during the previous meeting and recorded in the minutes of that meeting, then no further published or mailed notice is necessary.³⁴

Subdivision 5 – Quorum for Board Meetings³⁵

A majority of the Trustees will constitute a quorum for the transaction of business at the quarterly, annual, or any special meetings of the Board.

Subdivision 6 – Voting at Board Meetings³⁶

The Board has a responsibility to vote on the investment and reinvestment of Association assets, the determination of benefits, the determination of eligibility for membership or benefits, the determination of the amount or duration of benefits, the determination of funding requirements or the amounts of contributions, the maintenance of membership and financial records, the expenditure of Association assets, the selection of financial institutions and investment products, and on any other matter related to the business or affairs of the Association. Trustees are entitled to one vote and each has equal rights. Voting by proxy is not permitted. All votes, unless specified prior to the vote, will be conducted by a voice vote. If a majority cannot be determined by voice vote, the Officer in charge of the vote will ask for a vote by roll call or by ballot.

29 See Minn. Stat. § 317A.231

30 Minn. Stat. § 13D.04; see also Minn. Stat. § 317A.435

31 Minn. Stat. ch. 13D

32 Minn. Stat. § 13D.04, subd. 1

33 Minn. Stat. § 13D.04, subd. 2

34 Minn. Stat. § 13D.04, subd. 4

35 Minn. Stat. § 317A.235

36 Minn. Stat. §§ 317A.201; 356A.02, subd. 2

Subdivision 7 – Order of Business at Board Meetings

The monthly and annual meetings of the board of the Association will be conducted in the following order:

1. Call to order
2. Roll call
3. Reading and approval of minutes of previous meeting
4. Special Guests / Presentations
5. Secretary's report
6. Treasurer's report
7. Committee reports
8. Old business
9. New business
10. Adjournment

Article V – Application for Pensions and Benefits

Section 1 – Notice of Intent to Take Distribution

Each member who intends to take distribution of a service pension, including a deferred service pension, from the Association must file a Notice of Intent to Take Distribution. Such Notice of Intent to Take Distribution will be in writing, and will be filed with the Secretary not less than 90 days prior to the intended date of distribution. Upon receipt of the Notice of Intent to Take Distribution, the Secretary will provide to the applicant an Application for Distribution and any forms or notices required by Federal or State law. No Notice of Intent to Take Distribution is required for ancillary benefits.

Section 2 – Process

Each person who intends to take distribution of a service pension, including a deferred service pension, or an ancillary benefit from the Association must file an Application for Distribution. The Secretary will provide to the applicant the Application for Distribution and any forms or notices required by Federal or State law. All Applications for Distribution will be submitted to the Board for approval at a Board meeting. Applications for Distribution will state the age of the member, the period of service, the date of separation from active service with the Fire Department, and any other information the Board may require. No service pension, including any deferred service pension, or ancillary benefit will be paid until the Application for Distribution has been approved by a majority vote of the Board.

Section 3 – Governing Benefit Plan Provisions

All service pensions, deferred service pensions, and ancillary benefits payable by the Association are governed by and must be calculated based on the State law, the Association bylaw provisions, and the Association articles of incorporation that are in effect on the date that the member separates from active service with the Fire Department and active membership in the Association.³⁷

³⁷ Minn. Stat. § 424A.015, subd. 6

Article VI – Service Pensions

Section 1 – Lump-Sum Service Pensions

Upon the member's meeting the requirements in Section 2 of this Article and following the submission and approval of an Application for Distribution, the Association will pay the member out of the Special Fund the benefit level for each year that the member served as an active member of the Fire Department. The benefit level amounts can be found in Attachment A. A reduced service pension may be paid according to the partial vesting schedule contained in this Article.

Section 2 – Eligibility³⁸

To receive a service pension, a member must meet all of the following requirements:

1. Have separated from active service with the Fire Department;
2. Be at least 50 years of age;
3. Be partially vested by having completed at least 10 years of active service with the Fire Department, or be fully vested by having completed at least 20 years of active service with the Fire Department; and
4. Be partially vested by having completed at least 10 years of active membership with the Association, or be fully vested by having completed at least 20 years of active membership with the Association.

Section 3 – Deferred Status

A member who has otherwise met the eligibility requirements defined in Section 2 of this Article but who has not yet reached the age of eligibility specified in Section 2 may not collect a service pension at the time of separation from active service. The member will be placed on deferred status and be entitled to receive the service pension upon reaching the age of eligibility specified in Section 2 and following submission and approval of an Application for Distribution.

A member who has met the eligibility requirements defined in Section 2 of this Article and who has reached the age of eligibility in Section 2, but who chooses not to immediately submit an Application for Distribution following the member's separation from active service will be placed on deferred status and be entitled to receive the service pension following submission and approval of the Application for Distribution.

³⁸ Minn. Stat. § 424A.02, subd. 1

Section 4 – Partial Vesting Schedule³⁹

Completed Years of Service	Nonforfeitable percentage of pension amount:
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20 and thereafter	100%

Section 5 – Payment Options

The retiring member may elect, by making a written request, the manner of payment of the service pension. Options include:

- (a) A single lump-sum payment payable to the retiring member (subject to current income tax withholding requirements).
- (b) An annuity contract purchased with a lump-sum payment on behalf of a retiring member from an insurance carrier licensed to do business in the State of Minnesota.⁴⁰
- (c) A direct transfer on an institution-by-institution basis of the retiring member's lump-sum payment to the member's individual retirement account (IRA).⁴¹
- (d) A direct transfer on an institution-by-institution basis of the retiring member's lump-sum payment to the member's individual Minnesota deferred compensation plan.⁴²

³⁹ Minn. Stat. § 424A.02, subd. 2

⁴⁰ Minn. Stat. § 424A.015, subd. 3

⁴¹ Minn. Stat. § 424A.015, subd. 4 (Your relief association must be "a qualified pension plan under Section 401(a) of the Internal Revenue Code, as amended...."); IRC § 408(a).

⁴² Minn. Stat. § 424A.015, subd. 5

Section 6 – Supplemental Benefit⁴³

A supplemental benefit will be paid out of the Special Fund to individuals who receive a lump-sum distribution of a service pension. The amount of the supplemental benefit to be paid is ten percent of the regular pre-tax lump-sum distribution, excluding any interest that may have been credited during the period of deferral, but not to exceed \$1,000.

Article VII – Deferred Interest**Section 1 – Deferred Interest Type⁴⁴**

Interest will be paid on partially-vested and fully-vested deferred lump-sum service pensions during the period of deferral. A pooled separate investment account maintained separately from the assets of the Association will be established for the amounts payable to deferred members. Interest will be paid at the investment performance rate actually earned on the member's portion of the assets. The accrued liability for the deferred member's service pension is equal to the deferred member's portion of the separate relief association account balance. The deferred member bears the full investment risk subsequent to transfer.

Section 2 – Deferred Interest Payment Method

Interest on a deferred service pension is creditable beginning on the first date of the month next following the date on which the member separated from active Fire Department service and active Association membership, and ending on the last date of the month immediately before the month in which the deferred member commences receipt of the deferred service pension.

Article VIII – Ancillary Benefits**Section 1 – Survivor Benefit⁴⁵**

Upon the death of a member of the Association and following the submission and approval of an Application for Distribution, a survivor benefit will be paid out of the Special Fund to the member's surviving spouse; if there is no surviving spouse, to the member's surviving children; if there is no surviving spouse and there are no surviving children, to the member's designated beneficiary. If no beneficiary has been designated and if the deceased member was active or deferred, the survivor benefit will be paid as a death benefit to the estate of the deceased member.

If there are no surviving children, the member's surviving spouse may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit, so that the survivor benefit may be paid directly to the member's designated beneficiary.

A trust created under Chapter 501B may be a designated beneficiary if the survivor benefit will be distributed as a one-time lump-sum payment. If a trust was created and is payable to the surviving children and there is no surviving spouse, the survivor benefit will be paid to the trust.

⁴³ Minn. Stat. § 424A.10

⁴⁴ Minn. Stat. § 424A.02, subd. 7

⁴⁵ Minn. Stat. § 424A.02, subd. 9

For active members, a survivor benefit equal to the benefit level for each year that the member served as an active firefighter in the Fire Department, without regard to minimum or partial vesting requirements, but in no case less than five times the benefit level in effect on the date of the death, will be paid if, upon death, the member had not yet separated from active service. The benefit level can be found in Attachment A.

A survivor benefit equal to a deceased deferred member's deferred service pension will be paid on behalf of the deceased deferred member. The survivor benefit amount may not exceed the total earned service pension of the deceased deferred member.

Section 2 – Supplemental Survivor Benefit⁴⁶

A supplemental survivor benefit will be paid out of the Special Fund when a lump-sum survivor benefit is paid to the surviving spouse or, if none, to the surviving child or children of a deceased active or deferred member. The amount of the supplemental survivor benefit to be paid is 20 percent of the survivor benefit, but not to exceed \$2,000.

Section 3 – No Additional Financial Relief

Except for the relief expressly identified for survivors in these bylaws, a member or former member's surviving spouse, child or children, designated beneficiary, and/or estate are not entitled to any other or further relief or benefits from the Association.

Section 4 – Disability Benefit

Permanent disability benefits may be paid to permanently disabled members of the Association out of the Special Fund following the submission and approval of an Application for Distribution. For active members, a permanent disability benefit equal to the benefit level for each year that the member served as an active firefighter in the Fire Department, without regard to minimum or partial vesting requirements, will be paid if, upon the date of permanent disability, the member has not yet separated from active service. The benefit level can be found in Attachment A. The years of service must be determined as of the date of disability. The member is eligible to receive the disability benefit immediately upon approval by the Board.

Payment of a permanent disability benefit to a deferred member is not authorized.

Neither temporary nor partial disability benefits are provided by this Association.

Section 5 – Disability Benefit Qualification

Subdivision 1 – Disability Definition

For the purposes of the disability benefit described in Section 4, a disability must satisfy two requirements:

1. The disability must have arisen out of and in the course of employment with the city as defined and determined by the workers' compensation plan held by the city and in effect at the time of the injury.

⁴⁶ Minn. Stat. § 424A.10

2. The disability must meet the definition of a “disability” pursuant to Social Security Administration rules, which is as follows: 1) you cannot perform the work that you did before; 2) you cannot adjust to other work because of your medical condition(s); and 3) your disability has lasted or is expected to last for at least one year or to result in death.

Subdivision 2 – Notification

To be eligible to receive payment of a disability benefit from the Association, a member must notify the Secretary in writing not more than 30 days after submission of a First Report of Injury form to the employer.

Subdivision 3 – Application

An applicant for disability benefits must submit the following:

1. A copy of the approved claim from the issuer of the city’s workers’ compensation plan, showing that the disability arose out of and in the course of employment with the city.
2. A copy of the approved claim from the Social Security Administration showing that the applicant meets the requirements for a disability under social security administration rules.

These documents must be submitted to the Secretary within 30 days after the respective determinations by the workers’ compensation insurer and the Social Security Administration.

Subdivision 4 – Approval

If the conditions described in Subdivision 3 are met, the Association must pay the disability benefit as described in Section 4. No other conditions are to be placed on approval.

If the conditions described in Subdivision 3 are not met, the Association will not pay the disability benefit. No other considerations are to be given.

Section 6 – Payment Options

The recipient of an ancillary benefit may elect, by making a written request, the manner of payment of the ancillary benefit. Options include:

- (a) A single lump-sum payment payable to the intended recipient (subject to current income tax withholding requirements).
- (b) A direct transfer on an institution-by-institution basis of the lump-sum survivor benefit to the active member’s surviving spouse’s individual retirement account (IRA).⁴⁷

⁴⁷ Minn. Stat. § 424A.015, subd. 4 (Your relief association must be “a qualified pension plan under Section 401(a) of the Internal Revenue Code, as amended....”); IRC § 408(a).

Article IX – Funds

Section 1 – Funds

The Association will establish and maintain a Special Fund, a General Fund, and a Charitable Gambling Fund.⁴⁸

Section 2 – Special Fund⁴⁹

All public funds, such as fire state aid, supplemental state aid, municipal contributions, and supplemental benefit reimbursements, received by the Association will be deposited in the Special Fund. Disbursements from the Special Fund will not be made for any purpose except as authorized by Minn. Stat. §§ 69.80 and 424A.05.

The Treasurer is the custodian of the assets of the Special Fund and the recipient on behalf of the Special Fund of all revenues payable to it. The Treasurer will maintain adequate records documenting all transactions involving the financial activities of the Special Fund.

Checks or authorizations for electronic fund transfers for disbursement of Special Fund assets must be signed by the Association Treasurer and at least one other elected Association Trustee who has been designated by the Board to sign the checks or authorizations. The Association may only make disbursements by electronic fund transfers if the specific method of payment and internal control policies and procedures regarding the method are approved by the Board.⁵⁰

Section 3 – General Fund⁵¹

Money received from any nonpublic source, such as fundraising activities and donations, will be deposited into the General Fund. Funds may be disbursed by the Board for any purpose authorized by the articles of incorporation or by these bylaws. Such purposes include:

1. supporting the operations of the fire department;
2. supporting fire safety education in the community;
3. supporting community events and charitable causes;
4. showing support or expressing condolences to members or the family members thereof in the event of a death, disability, or hardship to a member, retired member, deceased member, or the family thereof; or
5. any purpose reasonably suited to promote the welfare of the Association and its members.

All Association expenses not specifically authorized by State statute to be paid out of the Special Fund must be paid out of the General Fund.

48 Minn. Stat. § 424A.06

49 Minn. Stat. §§ 69.80; 424A.05

50 Minn. Stat. § 424A.05, subd. 3

51 Minn. Stat. § 424A.06

The Treasurer is the custodian of the assets of the General Fund and the recipient on behalf of the General Fund of all revenues payable to it. The Treasurer will maintain adequate records documenting any transactions involving the financial activities of the General Fund.

Section 4 – Charitable Gambling Fund

If the Association receives funds as a result of lawful gambling pursuant to Minnesota Statutes, Chapter 349, then the Association shall maintain a Charitable Gambling Fund separate from its Special Fund and General Fund. All funds received as a result of lawful gambling shall be deposited in the Charitable Gambling Fund and shall be disbursed only in accordance with the requirements of Chapter 349 and the Minnesota Gambling Control Board.

Section 5 – Nonassignability of Benefits⁵²

Benefits paid or payable from the Special Fund are not subject to garnishment, judgment, execution, or other legal process, except as provided in Minn. Stat. §§ 518.58; 518.581; or 518A.53. Benefits paid or payable may not be assigned for any purpose.

Article X – Investments

Section 1 – Standard of Fiduciary Conduct⁵³

Trustees owe a fiduciary duty to the active, deferred, and retired members of the Association, who are plan beneficiaries; to the taxpayers of the municipality, who help finance the plan; and to the State of Minnesota, which established the plan. The Trustees will act in good faith and exercise that degree of judgment and care, under circumstances then prevailing, that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, considering the probable safety of plan capital as well as the probable investment return to be derived from the assets.

Section 2 – Investment Policy

The Board will approve an investment policy, and will investigate and prepare for the safe and profitable investment of Association funds in conformance with State statutes and the Association's investment policy. The Board may hire investment professionals to act for or on its behalf. The Special Fund assets will be invested only in securities that are authorized by Minn. Stat. §§ 69.775; 356A.06, subd. 6; and 356A.06, subd. 7 (if the Association qualifies to use the expanded list).⁵⁴ The Board will have on file a copy of the investment policy of the Association. The Board will file a copy of the Association's investment policy, and all changes to the policy, with the Office of the State Auditor.⁵⁵

Section 3 – Broker Certification⁵⁶

The Association will provide annually to its broker a written statement of investment restrictions from the applicable State laws and from the Association's investment policy. Annually, before the

⁵² Minn. Stat. § 424A.015, subd. 2

⁵³ Minn. Stat. § 356A.04

⁵⁴ Minn. Stat. § 424A.05, subd. 4

⁵⁵ Minn. Stat. § 356.219, subd. 3(a)

⁵⁶ Minn. Stat. § 356A.06, subd. 8b

Association enters into or continues business with the broker, the broker must submit to the Association a signed Broker Certification, using the form prepared by the Office of the State Auditor.

Article XI – Unclaimed Benefits

Section 1 – Unclaimed Benefits⁵⁷

In the event that the Association is unable with reasonable effort to locate a member or a survivor of a member entitled to payment or distribution under these bylaws or by State law, the benefit distributable to such member or survivor of such member will be forfeited and will be credited to the Special Fund. Efforts to locate a member or survivor must be documented. Forfeiture will occur no earlier than thirty-six (36) months after the Board concludes the Association was unable to locate such member or survivor despite reasonable efforts to locate them.

Article XII – Amendments, Consolidation, and Dissolution

Section 1 – Amendments⁵⁸

These bylaws may be amended when necessary by a majority of the members of the Board. Proposed amendments will be submitted to the Secretary to be posted with regular Board announcements.

Amendments to these bylaws which affect the amount of, the manner of payment of, or the conditions for qualification for service pensions, deferred service pensions, or ancillary benefits are not effective until they have been ratified by the City Council.⁵⁹

The Association will file a revised copy of these bylaws with the Office of the State Auditor upon the adoption of any amendments.⁶⁰

Section 2 – Consolidation

A consolidation of the Association with one or more volunteer fire relief associations will be initiated pursuant to Minn. Stat. § 424B.02, subds. 1 and 2, and will comply with the process set forth in and the requirements of Chapter 424B.

Section 3 – Dissolution

Prior to dissolution of the Association, all legal obligations of the Association other than service pensions and benefits must be settled under Minn. Stat. § 424B.20, subd. 3, a benefit trust must be established under subdivision 4, and the affairs of the Association must be concluded under subdivision 5.⁶¹

⁵⁷ If an Association's bylaws do not address the disposition of unclaimed benefits, unclaimed benefits must be handled as set forth in Minn. Stat. § 356.65.

⁵⁸ Minn. Stat. § 317A.181

⁵⁹ In certain circumstances, bylaw amendments which affect service pensions, deferred service pensions, or ancillary benefits do not require City ratification to become effective. See Minn. Stat. § 424A.02, subd. 10.

⁶⁰ Minn. Stat. § 424A.02, subd. 10

⁶¹ Minn. Stat. § 424B.20, subd. 2

Adoption and Approval of Bylaws

These bylaws are hereby adopted and approved by the members of the Osseo Fire Department Relief Association on this _____ day of _____, 20____.

Mike Cogswell, President

Date

Drew Cogswell, Vice President

Date

Barry Anderson, Secretary

Date

John Hegstrand, Treasurer

Date

Adoption and Approval of Amendments

These amendments to the bylaws are hereby adopted and approved by the members of the Osseo Fire Department Relief Association on this _____ day of _____, 20____.

Mike Cogswell, President

Date

Drew Cogswell, Vice President

Date

Barry Anderson, Secretary

Date

John Hegstrand, Treasurer

Date

Attachment A – Benefit Level

Benefit Level Amount	Date Approved by Relief Association	Date Ratified by City	Effective Date
\$1,532.00	prior to 1996	prior to 1996	prior to 1996
\$1,600.00	2/22/2010	2/22/2010	2/22/2010
\$2,000.00	8/13/2020		

Attachment B – Compensation

Position	Name	Salary
President (officer)	Mike Cogswell	\$100
Vice President (officer)	Drew Cogswell	\$100
Secretary (officer)	Barry Anderson	\$200
Treasurer (officer)	John Hegstrand	\$500
Association Trustee #5	Troy Stalcar	
Association Trustee #6	Dave Jorgenson	
Municipal Trustee (elected official)	Duane Poppe	
Municipal Trustee (elected or appointed official)	Riley Grams	
Municipal Trustee (fire chief)	Mike Phenow	



Osseo Fire Department Relief Association

Bylaws

Proposed July 9th, 2020

Table of Contents

Article I – Name.....	4
Section 1 – Name.....	4
Section 2 – Type.....	4
Section 3 – Books and Records.....	4
Section 4 – Purpose.....	4
Section 5 – Fiscal Year.....	4
Article II – Membership.....	4
Section 1 – Membership.....	4
Section 2 – Membership Start Date.....	5
Section 3 – Exclusions.....	5
Section 4 – Termination.....	5
Section 5 – Active Service.....	5
Section 6 – Certification of Service Credit.....	6
Section 7 – Definition of Year of Active Service.....	6
Section 8 – Break In Service.....	6
Section 9 – Return to Service.....	6
Section 10 – Uniformed Services.....	7
Article III – Officers and Trustees.....	7
Section 1 – Powers of the Board of Trustees.....	7
Section 2 – Members of the Board of Trustees.....	8
Section 3 – Officers.....	8
Section 4 – President.....	8
Section 5 – Vice President.....	8
Section 6 – Secretary.....	8
Section 7 – Treasurer.....	9
Section 8 – Compensation.....	9
Article IV – Meetings of the Members and of the Board.....	10
Subdivision 1 – Monthly Membership Meeting.....	10
Subdivision 2 – Annual Membership Meeting.....	10
Subdivision 3 – Special Membership Meetings.....	10
Subdivision 4 – Notice of Annual Membership Meeting.....	10
Subdivision 5 – Notice of Special Membership Meetings.....	10
Subdivision 6 – Quorum for Membership Meetings.....	11

Subdivision 7 – Voting at Membership Meetings.....	11
Subdivision 8 – Order of Business at Membership Meetings.....	11
Section 2 – Board Meetings.....	11
Subdivision 1 – Quarterly Board Meetings.....	11
Subdivision 2 – Annual Board Meetings.....	11
Subdivision 3 – Special Board Meetings.....	12
Subdivision 4 – Notice of Board Meetings.....	12
Subdivision 5 – Quorum for Board Meetings.....	12
Subdivision 6 – Voting at Board Meetings.....	12
Article V – Application for Pensions and Benefits.....	13
Section 1 – Notice of Intent to Take Distribution.....	13
Section 2 – Process.....	13
Section 3 – Governing Benefit Plan Provisions.....	13
Article VI – Service Pensions.....	14
Section 1 – Lump-Sum Service Pensions.....	14
Section 2 – Eligibility.....	14
Section 3 – Deferred Status.....	14
Section 4 – Partial Vesting Schedule.....	15
Section 5 – Payment Options.....	15
Section 6 – Supplemental Benefit.....	16
Article VII – Deferred Interest.....	16
Section 1 – Deferred Interest Type.....	16
Section 2 – Deferred Interest Payment Method.....	16
Article VIII – Ancillary Benefits.....	16
Section 1 – Survivor Benefit.....	16
Section 2 – Supplemental Survivor Benefit.....	17
Section 3 – No Additional Financial Relief.....	17
Section 4 – Disability Benefit.....	17
Section 5 – Disability Benefit Qualification.....	17
Subdivision 1 – Disability Definition.....	17
Subdivision 2 – Notification.....	18
Subdivision 3 – Application.....	18
Subdivision 4 – Approval.....	18
Section 6 – Payment Options.....	18
Article IX – Funds.....	19
Section 1 – Funds.....	19
Section 2 – Special Fund.....	19
Section 3 – General Fund.....	19
Section 4 – Charitable Gambling Fund.....	20
Section 5 – Nonassignability of Benefits.....	20

Article X – Investments.....	20
Section 1 – Standard of Fiduciary Conduct.....	20
Section 2 – Investment Policy.....	20
Section 3 – Broker Certification.....	20
Article XI – Unclaimed Benefits.....	21
Section 1 – Unclaimed Benefits.....	21
Article XII – Amendments, Consolidation, and Dissolution.....	21
Section 1 – Amendments.....	21
Section 2 – Consolidation.....	21
Section 3 – Dissolution.....	21
Adoption and Approval of Bylaws.....	22
Adoption and Approval of Amendments.....	23
Attachment A – Benefit Level.....	24
Attachment B – Compensation.....	25

Bylaws of the Osseo Fire Department Relief Association

Article I – Name

Section 1 – Name

The name of this relief association is the Osseo Fire Department Relief Association (Association). It is a nonprofit corporation incorporated under the laws of Minnesota.

Section 2 – Type

The Association is a defined-benefit lump-sum relief association subject to Minn. Stat. §§ 424A.015; 424A.02; and 424A.091 to 424A.094.¹ All benefits provided by this Association derive from and are governed by Federal and State laws and these bylaws.

Section 3 – Books and Records²

The Association will keep, at a minimum, correct and complete copies of its articles of incorporation and bylaws, accounting records, records documenting Special Fund, General Fund, and [Charitable Gambling Fund](#) transactions, records necessary to determine benefits payable and paid to individual members and their beneficiaries, and minutes of each of its meetings that record the votes of actions taken. Unless a Records Retention Schedule is adopted and the Minnesota Historical Society has been notified or authority to destroy records is received from the Records Disposition Panel, relief association records may not be destroyed.

Section 4 – Purpose

The Association is a governmental entity that receives and manages public money to provide retirement and ancillary benefits for individuals providing the governmental services of firefighting and emergency first response, and for their beneficiaries.³

Section 5 – Fiscal Year

The Association's fiscal year begins on January 1 of each calendar year and ends on December 31 of the same calendar year.⁴

Article II – Membership

Section 1 – Membership

All individuals who are members of the Osseo Fire Department (Fire Department), are engaged in or qualified to provide fire suppression duties, and who meet any additional standards established by the Fire Department or by the Association are eligible for membership in the Association.

¹ Minn. Stat. § 424A.002, subd. 2

² Minn. Stat. §§ 138.17; 317A.461

³ Minn. Stat. § 424A.001, subd. 4

⁴ Minn. Stat. § 424A.001, subd. 11

If the city has approved the employment on the Fire Department of volunteer firefighters to perform fire prevention duties and to supervise fire prevention duties, the personnel serving in fire prevention positions are eligible for membership in the Association and qualify for service pensions and other benefit coverage of the Association on the same basis as members who perform fire suppression duties.⁵

If the city has approved the employment on the Fire Department of volunteer emergency medical personnel, individuals who solely perform or supervise volunteer emergency medical duties are eligible for membership in the Association and qualify for service pensions and other benefit coverage of the Association on the same basis as members who perform fire suppression duties.⁶

No member may be credited with service credit in the Association for the same hours of service for which coverage is already provided in a fund operated by the Public Employees Retirement Association.⁷

Application for membership will be made in writing on a form supplied by the Secretary of the Association. Membership will be approved by the Board of Trustees.

Section 2 – Membership Start Date⁸

Membership in the Association begins on the date the hiring of a firefighter is approved ~~hired~~ by the Citycity Council.

Section 3 – Exclusions⁹

The Association may exclude from membership an applicant who, due to some medically determinable physical or mental impairment or condition, would constitute a predictable and unwarranted risk of imposing liability for an ancillary benefit at any age earlier than the minimum age specified for receipt of a service pension. A minor may not be a member of this Association.

Section 4 – Termination

Any member may be terminated from the Association for cause by a two-thirds vote of all members present at a special meeting of the membership. Cause for termination includes, but is not limited to, failure to account for money belonging to the Association, or feigning illness or injury for the purpose of defrauding the Association. A member may not be terminated except by a fair and reasonable process.

Section 5 – Active Service

Active service is the supervision or performance of fire suppression duties. If the city has approved the employment on the Fire Department of fire prevention personnel, active service includes the supervision or performance of fire prevention duties. If the city has approved the employment on the Fire Department of volunteer emergency medical personnel and if their membership in the Association

5 Minn. Stat. § 424A.01, subd. 5

6 Minn. Stat. § 424A.01, subd. 5a

7 Minn. Stat. § 424A.01, subd. 4a

8 Minn. Stat. § 424A.001, subd. 12

9 Minn. Stat. § 424A.01

is permitted in Section 1 of this Article, active service also includes the supervision or performance of emergency medical response duties. Active service requires meeting minimum service requirements specified by the Fire Department in the Fire Department's rules, regulations, and policies.

Section 6 – Certification of Service Credit¹⁰

Annually, by March 31, the Fire Chief must certify the service credit for the previous calendar year of each member rendering active service with the Fire Department. The certification must be made to an officer of the Association and to the city clerk.

Section 7 – Definition of Year of Active Service¹¹

A year of active service will be defined as 12 months of active service in the Fire Department. A "month" is a completed calendar month of active service measured from the member's date of entry to the same date in the subsequent month. Service pensions and ancillary benefits will not be prorated for fractional years of service (i.e., a member only receives credit for each complete year of service).

Section 8 – Break In Service

If a member is unable to perform the duties of a firefighter for any reason, including an approved leave of absence, the member will be considered to have a break in service and will not receive service credit in the Association for that period of time, except that the resumption service requirements of this Section do not apply to leaves of absence or breaks in service made available by Federal or State statute, such as the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), Minn. Stat. § 424A.021, and the Family and Medical Leave Act (FMLA), 29 U.S.C. § 2601, et al. Active membership in the Association immediately resumes when a member returns to active service with the Fire Department, if the member's break in service was less than 60 days.¹²

Section 9 – Return to Service¹³

Any firefighter who has ceased to perform or supervise fire suppression and fire prevention duties for at least 60 days, including former members who have received payment of a service pension or disability benefit, will be eligible to resume active membership in the Association should the firefighter resume active firefighting duties with the Fire Department.

If the firefighter has previously received payment of a service pension or disability benefit, the firefighter may be eligible for a second pension or benefit for the resumption period of service if the firefighter meets the vesting requirements defined in these bylaws based on the resumption years of service. No firefighter may be paid a service pension twice for the same period of service.

If the firefighter has not received payment of a service pension or disability benefit, the firefighter must complete at least 3 years of active service with the Fire Department upon a resumption of active service. If the firefighter completes the minimum period of resumption service specified in this Section

¹⁰ Minn. Stat. § 424A.003

¹¹ Minn. Stat. § 424A.02, subd. 1(a)

¹² Minn. Stat. § 424A.01, subd. 6

¹³ Minn. Stat. § 424A.01, subd. 6

prior to a subsequent cessation of firefighting duties, the firefighter will receive a service pension (if vested) for all years of active service calculated at the benefit level in effect on the date of the firefighter's final cessation of duties. If the firefighter does not complete the minimum period of resumption service specified in this Section prior to a subsequent cessation of duties, the firefighter will receive a service pension (if vested) for all years of active service calculated at the benefit level in effect at the time of the firefighter's original cessation of duties.

A firefighter who has been granted an approved leave of absence not exceeding one year by the Fire Department or by the Association is exempt from the minimum period of resumption service requirement under this Article.

A person who has a break in service not exceeding one year but who has not been granted an approved leave of absence and who has not received a service pension or disability benefit from the Association is exempt from the minimum period of resumption service requirement under this Article.

Section 10 – Uniformed Services¹⁴

A volunteer firefighter who is absent from firefighting service because of service in the uniformed services may obtain service credit for the period of the uniformed service, not to exceed five years, unless a longer period is required by Federal law, if the volunteer firefighter returns within the time frame required by Federal law to firefighting service with coverage by this same Association or its successor upon discharge from service in the uniformed service.

Service credit will not be given if the firefighter separates from uniformed service with a dishonorable or bad conduct discharge or under other than honorable conditions.

Article III – Officers and Trustees

Section 1 – Powers of the Board of Trustees

The Board of Trustees (Board) is the governing board and has exclusive control of the investment of the Association's plan assets in conformance with Federal and State law including, but not limited to, Minnesota statutes and these bylaws. The members of the Board will act as Trustees, with a fiduciary obligation to the active, deferred, and retired members of the Association, who are its beneficiaries; the taxpayers of the municipality, who help to finance the plan; and the State of Minnesota, which established the plan.¹⁵

The Board will invest and reinvest the Association's plan assets, determine benefits, determine eligibility for membership or benefits, determine the amount or duration of benefits, determine the funding requirements or amounts of contributions, oversee the expenditure of plan assets, and select financial institutions and investment products.¹⁶

¹⁴ Minn. Stat. § 424A.021. In some instances service other than service with the Armed Forces may qualify. See 38 U.S.C. § 4303(13) ("service in the uniformed services").

¹⁵ Minn. Stat. § 356A.04, subd. 1

¹⁶ Minn. Stat. § 356A.02, subd. 2

The Board will submit a written report of the financial condition of the Association to the members at the annual meeting.

The Board will develop and periodically revise a program for continuing education.¹⁷ The Trustees will participate in continuing education to keep themselves abreast of their fiduciary responsibilities.

Section 2 – Members of the Board of Trustees

The Board consists of nine members (Trustees): six Trustees elected by the membership and three Trustees drawn from officials of the city served by the Fire Department.¹⁸ Trustees will be elected for 3-year terms. The elections of the Trustees will be staggered. Of the three municipal Trustees, one must be an elected official and one must be an elected or appointed municipal official, and both must be designated annually by the municipal governing board. The third municipal Trustee must be the fire chief.

A vacancy in the position of a non-municipal Trustee may be filled by the remaining Trustees at a Board meeting. The Trustee selected to fill the vacancy holds office only until the next annual or special meeting of the Association membership when a successor will be elected by the membership.

Section 3 – Officers¹⁹

The President, Vice President, Secretary, and Treasurer will be elected from among the elected Trustees by the full Board for 1-year terms. In no event will any Trustee hold more than one Officer position at any one time. In no event will any municipal Trustee hold an Officer position.

Section 4 – President

The President will attend and preside at all meetings of the Association and the Board. The President will actively manage the business of the Association. The President will enforce the due observance of the law, including Minnesota statutes, the articles of incorporation, and the bylaws of the Association. The President will ensure that the Officers properly perform the duties assigned to them and that the orders and resolutions of the Board are carried into effect. The President will sign all checks issued by the Treasurer and all other papers requiring the President's signature. The President will be a member of all committees and will exercise careful supervision over the affairs of the Association. The President will perform other duties as prescribed by the Board.

Section 5 – Vice President

The Vice President will assist the President in the discharge of their duties and will perform the duties of the President in the event of their absence.

Section 6 – Secretary

The Secretary will keep and post a true and accurate record of the proceedings of all meetings of the Association and of the Board. The Secretary will keep a correct record of all amendments, alterations, and additions to the bylaws in a book separate from the minute books of the Association. The

¹⁷ Minn. Stat. § 356A.13, subd. 2

¹⁸ Minn. Stat. § 424A.04, subd. 1

¹⁹ Minn. Stat. § 424A.04, subd. 1; see also Minn. Stat. § 317A.305

Secretary will prepare all paperwork and obtain signatures required for benefits due. The Secretary will keep an account book in which to enter all money transactions of the Association, including the dates and amounts of all receipts and the source from which derived and the dates and the amounts of all expenditures with the payee and the object. The Secretary will keep individual files and a roll of membership, with the date of joining, resignation, discharge, retirement, dues, and service pensions and ancillary benefits paid. The books of the Secretary will be at all times open to the Board. The Secretary will prepare and process all correspondence as needed. The Secretary will, jointly with the Treasurer, prepare and file all reports and statements required by law, including reports to be filed with the Office of the State Auditor (OSA). The Secretary will perform other duties as prescribed by the Board.

Section 7 – Treasurer

The Treasurer will, together with the Secretary, keep accurate financial records of the Association. The Treasurer will receive all monies belonging to the Association and deposit them in the name of and to the credit of the Association in the banks and depositories designated by the Board. The Treasurer will disburse funds and issue checks and drafts in the name of the Association as ordered by the Board. The Treasurer will keep separate and distinct accounts of the Special Fund and the General Fund, if applicable, and will prepare and present to the Board a full and detailed statement of the assets and liabilities of each fund separately, prior to the annual meeting of the Association, and upon requests of the Board.

The Treasurer will deliver to the Treasurer's successor in office, or to any committee appointed by the Board to receive the same, all monies, books, papers, etc., pertaining to the Treasurer's term in office immediately upon the expiration of the Treasurer's term in office. The Treasurer will, prior to entering upon the duties of the Treasurer's office, give a bond in an amount equal to at least ten percent of the assets of the Association; however, the amount of the bond need not exceed \$500,000.²⁰ Jointly with the Secretary, the Treasurer will prepare and file all reports and statements required by law, including reports to be filed with the Office of the State Auditor. The Treasurer will perform other duties as prescribed by the Board.

Section 8 – Compensation²¹

Trustees of the Association identified in Attachment B may be paid a salary out of the Special Fund. The amount paid in salary is limited to the amount listed in Attachment B. Only after the amounts listed in Attachment B have been approved by the City Council may salaries be paid to non-Officer Trustees. For all Trustees, itemized expenses eligible for reimbursement are limited to those expenses incurred as a result of fulfilling responsibilities as administrators of the Special Fund.

Section 9 – Gambling Board

²⁰ Minn. Stat. § 69.051, subd. 2

²¹ Salary amounts paid to non-Officer Trustees of the relief association must be approved by the governing body of the entity responsible for meeting any minimum obligation. Salaries paid to Officers of the relief association do not require this approval.

The 6 Trustees elected by the membership and the organization's licensed Gambling Manager will constitute the Gambling Board for the OFDRA. The Gambling Board will serve as an advisory committee to the general Membership in matters relating to the conduct of charitable gambling. They will meet monthly prior to the monthly Association General Membership Meeting. The Gambling Board will review, discuss, and make recommendations to the general membership, but has no authority to act independently on any matters.

The President of the Association will also serve as the CEO for the charitable gambling operations, per Gambling Control Board rules.

The licensed Gambling Manager can also serve on the Board of Trustees, but can not be the President/CEO or the Treasurer.

Article IV – Meetings of the Members and of the Board²²

~~Section 1 – Annual Meeting~~

a time and place specified by the Board. An annual meeting of the membership of the Association will be held in February of each year, at Section 1 – Membership Meetings

Subdivision 1 – Monthly Membership Meeting

The membership of the association will meet the second Thursday of each month at 7:00 pm in the Meeting Room of the Osseo Fire Department.

Subdivision 2 – Annual Membership Meeting²³

At the regularly-scheduled monthly meeting the second Thursday in February, the membership will elect new Trustees for those whose terms are expiring (see Article III, Section 2 – Members of the Board of Trustees).

Section Subdivision 32 – Special Membership Meetings²⁴

A special meeting of the Association's members may be called at any time upon the written order of the President, Secretary, and one additional Trustee, or of 25 percent of the members of the Association. The Order will be filed with the Secretary.

Subdivision 4 – Notice of Annual Membership Meeting²⁵

Notice of each annual meeting of the Association's members will be delivered to each member entitled to vote at the meeting at least five days before the date of the meeting and not more than 60 days before the date of the meeting. Notice will contain the date, time, and place of the meeting.

²² Minn. Stat. § 317A.431. Your relief association may hold additional regular meetings during the year. Minn. Stat. § 317A.111, subd. 3(21).

²³ Minn. Stat. § 317A.431. Your relief association may hold additional regular meetings during the year. Minn. Stat. § 317A.111, subd. 3(21).

²⁴ Minn. Stat. § 317A.433

²⁵ Minn. Stat. § 13D.04; see also Minn. Stat. § 317A.435

Subdivision 5 – Notice of Special Membership Meetings²⁶

Notice of each special meeting of the Association's members will be delivered to each member entitled to vote at the meeting at least five days before the date of the meeting and not more than 60 days before the date of the meeting. Notice will contain the date, time, and place of the meeting. The Secretary will give due notice of each special meeting, specifying the object of said meeting, and no business will be transacted at any special meeting except the business for which the meeting was called.

Subdivision 6 – Quorum for Membership Meetings²⁷

A majority of the members of the Association will constitute a quorum for the transaction of business at the monthly, annual, or any special meeting of the Association.

Subdivision 7 – Voting at Membership Meetings²⁸

Members of the Association are entitled to one vote. Voting by proxy is not permitted. All votes, unless specified prior to the vote, will be conducted by a voice vote. If a majority cannot be determined by voice vote, the Officer in charge of the vote will ask for a vote by roll call or by ballot.

Subdivision 8 – Order of Business at Membership Meetings

The monthly and annual meetings of the members of the Association will be conducted in the following order:

1. Call to order
2. Roll call
3. Reading and approval of minutes of previous meeting
4. Special Guests / Presentations
5. Secretary's report
6. Treasurer's report
7. Gambling report
8. Committee reports
9. Old business
10. New business
11. Announcements
12. Adjournment

Section 2 – Board Meetings**SectionSubdivision 31 – Quarterly Board Meetings²⁹**

The Board will meet the second Thursday of the second month of every quarter at 6:00 pm in the Meeting Room of the Osseo Fire Department.

26 See Minn. Stat. §§ 317A.433; 317A.435 (additional requirements regarding notice)

27 Minn. Stat. §§ 317A.235; 317A.451

28 Minn. Stat. §§ 317A.181, subd. 2; 317A.441; 317A.443

29 Minn. Stat. §§ 13D.04; 317A.231

Subdivision 2 – Annual Board Meetings

~~At the February Board Meeting, the board will elect Trustees to officer positions (see Article III, Section 3 – Officers) and approve the Trustee Compensation schedule (See Article III, Section 8 – Compensation and Attachment B – Compensation).~~

Subdivision 3 – Special Board Meetings

A Trustee may call a Board meeting by giving five days' notice to all Trustees of the date, time, and place of the meeting.³⁰ The Board will meet at least 1 time during the year to discuss the investments, finances, benefits, and records of the Association. These meetings will be open to any member of the Association and to the public. — ~~Notice of Annual Meeting4Section-~~

~~³¹ Notice of each special meeting of the Association's members will be delivered to each member entitled to vote at the meeting at least five days before the date of the meeting and not more than 60 days before the date of the meeting. Notice will contain the date, time, and place of the meeting. The Secretary will give due notice of each special meeting, specifying the object of said meeting, and no business will be transacted at any special meeting except the business for which the meeting was called.~~

~~³² — Notice of Special Meetings5Notice of each annual meeting of the Association's members will be delivered to each member entitled to vote at the meeting at least five days before the date of the meeting and not more than 60 days before the date of the meeting. Notice will contain the date, time, and place of the meeting.
Section-~~

SectionSubdivision 64 – Notice of Board Meetings

Notice requirements of the Minnesota Open Meeting Law will be followed for all Board meetings.³³ A schedule of the Board's regular meetings will be kept on file at the Board's primary office.³⁴

For special meetings (including any regular meeting held at a time or place different from the time or place stated in the schedule of regular meetings), the Board will post written notice of the date, time, place, and purpose of the meeting on the Board's principal bulletin board, or if the Board has no such bulletin board, on the door of its usual meeting room. The notice will also be mailed or delivered to each person who has filed a written request for notice with the Board. The notice will be posted and mailed or delivered at least three days before the date of the meeting.³⁵

If a meeting is a recessed or continued session of a previous meeting, and the time and place of the meeting was established during the previous meeting and recorded in the minutes of that meeting,

³⁰ See Minn. Stat. § 317A.231

³¹ Minn. Stat. § 13D.04; see also Minn. Stat. § 317A.435

³² See Minn. Stat. §§ 317A.433; 317A.435 (additional requirements regarding notice)

³³ Minn. Stat. ch. 13D

³⁴ Minn. Stat. § 13D.04, subd. 1

³⁵ Minn. Stat. § 13D.04, subd. 2

then no further published or mailed notice is necessary.³⁶ ~~A majority of the members of the Association will constitute a quorum for the transaction of business at the annual or any special meeting of the Association.~~

~~³⁷ Meetings Annual and Special — Quorum for 7 Section~~

SectionSubdivision 85 – Quorum for Board Meetings³⁸

A majority of the Trustees will constitute a quorum for the transaction of business at the quarterly, annual, or any special meetings of the Board. ~~Members of the Association are entitled to one vote. Voting by proxy is not permitted. All votes, unless specified prior to the vote, will be conducted by a voice vote. If a majority cannot be determined by voice vote, the Officer in charge of the vote will ask for a vote by roll call or by ballot.~~

~~³⁹ Meetings Annual and Special — Voting at 9~~

~~Section~~

SectionSubdivision 106 – Voting at Board Meetings⁴⁰

The Board has a responsibility to vote on the investment and reinvestment of Association assets, the determination of benefits, the determination of eligibility for membership or benefits, the determination of the amount or duration of benefits, the determination of funding requirements or the amounts of contributions, the maintenance of membership and financial records, the expenditure of Association assets, the selection of financial institutions and investment products, and on any other matter related to the business or affairs of the Association. Trustees are entitled to one vote and each has equal rights. Voting by proxy is not permitted. All votes, unless specified prior to the vote, will be conducted by a voice vote. If a majority cannot be determined by voice vote, the Officer in charge of the vote will ask for a vote by roll call or by ballot.

Subdivision 7 – Order of Business at Board Meetings

The monthly and annual meetings of the board of the Association will be conducted in the following order:

1. Call to order
2. Roll call
3. Reading and approval of minutes of previous meeting
4. Special Guests / Presentations
5. Secretary's report
6. Treasurer's report

³⁶ Minn. Stat. § 13D.04, subd. 4

³⁷ Minn. Stat. §§ 317A.235; 317A.451

³⁸ Minn. Stat. § 317A.235

³⁹ Minn. Stat. §§ 317A.181, subd. 2; 317A.441; 317A.443

⁴⁰ Minn. Stat. §§ 317A.201; 356A.02, subd. 2

7. Committee reports
8. Old business
9. New business
10. Adjournment-business
11. New-business
12. AdjournmentUnfinishedReading and approval of minutes of previous meeting
13. Secretary's report
14. Treasurer's report
15. Committee reports
- 16.
17. —Order of Business
 1. The annual meeting of the members of the Association will be conducted in the following order:
 2. Call to order
18. Roll call11
19. Section

Article V – Application for Pensions and Benefits

Section 1 – Notice of Intent to Take Distribution

Each member who intends to take distribution of a service pension, including a deferred service pension, from the Association must file a Notice of Intent to Take Distribution. Such Notice of Intent to Take Distribution will be in writing, and will be filed with the Secretary not less than 90 days prior to the intended date of distribution. Upon receipt of the Notice of Intent to Take Distribution, the Secretary will provide to the applicant an Application for Distribution and any forms or notices required by Federal or State law. No Notice of Intent to Take Distribution is required for ancillary benefits.

Section 2 – Process

Each person who intends to take distribution of a service pension, including a deferred service pension, or an ancillary benefit from the Association must file an Application for Distribution. The Secretary will provide to the applicant the Application for Distribution and any forms or notices required by Federal or State law. All Applications for Distribution will be submitted to the Board for approval at a Board meeting. Applications for Distribution will state the age of the member, the period of service, the date of separation from active service with the Fire Department, and any other information the Board may require. No service pension, including any deferred service pension, or ancillary benefit will be paid until the Application for Distribution has been approved by a majority vote of the Board.

Section 3 – Governing Benefit Plan Provisions

All service pensions, deferred service pensions, and ancillary benefits payable by the Association are governed by and must be calculated based on the State law, the Association bylaw provisions, and the

Association articles of incorporation that are in effect on the date that the member separates from active service with the Fire Department and active membership in the Association.⁴¹

Article VI – Service Pensions

Section 1 – Lump-Sum Service Pensions

Upon the member's meeting the requirements in Section 2 of this Article and following the submission and approval of an Application for Distribution, the Association will pay the member out of the Special Fund the benefit level for each year that the member served as an active member of the Fire Department. The benefit level amounts can be found in Attachment A. A reduced service pension may be paid according to the partial vesting schedule contained in this Article.

Section 2 – Eligibility⁴²

To receive a service pension, a member must meet all of the following requirements:

1. Have separated from active service with the Fire Department;
2. Be at least 50 years of age;
3. Be partially vested by having completed at least 10 years of active service with the Fire Department, or be fully vested by having completed at least 20 years of active service with the Fire Department; and
4. Be partially vested by having completed at least 10 years of active membership with the Association, or be fully vested by having completed at least 20 years of active membership with the Association.

Section 3 – Deferred Status

A member who has otherwise met the eligibility requirements defined in Section 2 of this Article but who has not yet reached the age of eligibility specified in Section 2 may not collect a service pension at the time of separation from active service. The member will be placed on deferred status and be entitled to receive the service pension upon reaching the age of eligibility specified in Section 2 and following submission and approval of an Application for Distribution.

A member who has met the eligibility requirements defined in Section 2 of this Article and who has reached the age of eligibility in Section 2, but who chooses not to immediately submit an Application for Distribution following the member's separation from active service will be placed on deferred status and be entitled to receive the service pension following submission and approval of the Application for Distribution.

⁴¹ Minn. Stat. § 424A.015, subd. 6

⁴² Minn. Stat. § 424A.02, subd. 1

Section 4 – Partial Vesting Schedule⁴³

Completed Years of Service	Nonforfeitable percentage of pension amount:
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20 and thereafter	100%

Section 5 – Payment Options

The retiring member may elect, by making a written request, the manner of payment of the service pension. Options include:

- (a) A single lump-sum payment payable to the retiring member (subject to current income tax withholding requirements).
- (b) An annuity contract purchased with a lump-sum payment on behalf of a retiring member from an insurance carrier licensed to do business in the State of Minnesota.⁴⁴
- (c) A direct transfer on an institution-by-institution basis of the retiring member's lump-sum payment to the member's individual retirement account (IRA).⁴⁵
- (d) A direct transfer on an institution-by-institution basis of the retiring member's lump-sum payment to the member's individual Minnesota deferred compensation plan.⁴⁶

⁴³ Minn. Stat. § 424A.02, subd. 2

⁴⁴ Minn. Stat. § 424A.015, subd. 3

⁴⁵ Minn. Stat. § 424A.015, subd. 4 (Your relief association must be "a qualified pension plan under Section 401(a) of the Internal Revenue Code, as amended...."); IRC § 408(a).

⁴⁶ Minn. Stat. § 424A.015, subd. 5

Section 6 – Supplemental Benefit⁴⁷

A supplemental benefit will be paid out of the Special Fund to individuals who receive a lump-sum distribution of a service pension. The amount of the supplemental benefit to be paid is ten percent of the regular pre-tax lump-sum distribution, excluding any interest that may have been credited during the period of deferral, but not to exceed \$1,000.

Article VII – Deferred Interest**Section 1 – Deferred Interest Type⁴⁸**

Interest will be paid on partially-vested and fully-vested deferred lump-sum service pensions during the period of deferral. A pooled separate investment account maintained separately from the assets of the Association will be established for the amounts payable to deferred members. Interest will be paid at the investment performance rate actually earned on the member's portion of the assets. The accrued liability for the deferred member's service pension is equal to the deferred member's portion of the separate relief association account balance. The deferred member bears the full investment risk subsequent to transfer.

Section 2 – Deferred Interest Payment Method

Interest on a deferred service pension is creditable beginning on the first date of the month next following the date on which the member separated from active Fire Department service and active Association membership, and ending on the last date of the month immediately before the month in which the deferred member commences receipt of the deferred service pension.

Article VIII – Ancillary Benefits**Section 1 – Survivor Benefit⁴⁹**

Upon the death of a member of the Association and following the submission and approval of an Application for Distribution, a survivor benefit will be paid out of the Special Fund to the member's surviving spouse; if there is no surviving spouse, to the member's surviving children; if there is no surviving spouse and there are no surviving children, to the member's designated beneficiary. If no beneficiary has been designated and if the deceased member was active or deferred, the survivor benefit will be paid as a death benefit to the estate of the deceased member.

If there are no surviving children, the member's surviving spouse may waive, in writing, wholly or partially, the spouse's entitlement to a survivor benefit, so that the survivor benefit may be paid directly to the member's designated beneficiary.

A trust created under Chapter 501B may be a designated beneficiary if the survivor benefit will be distributed as a one-time lump-sum payment. If a trust was created and is payable to the surviving children and there is no surviving spouse, the survivor benefit will be paid to the trust.

⁴⁷ Minn. Stat. § 424A.10

⁴⁸ Minn. Stat. § 424A.02, subd. 7

⁴⁹ Minn. Stat. § 424A.02, subd. 9

For active members, a survivor benefit equal to the benefit level for each year that the member served as an active firefighter in the Fire Department, without regard to minimum or partial vesting requirements, but in no case less than five times the benefit level in effect on the date of the death, will be paid if, upon death, the member had not yet separated from active service. The benefit level can be found in Attachment A.

A survivor benefit equal to a deceased deferred member's deferred service pension will be paid on behalf of the deceased deferred member. The survivor benefit amount may not exceed the total earned service pension of the deceased deferred member.

Section 2 – Supplemental Survivor Benefit⁵⁰

A supplemental survivor benefit will be paid out of the Special Fund when a lump-sum survivor benefit is paid to the surviving spouse or, if none, to the surviving child or children of a deceased active or deferred member. The amount of the supplemental survivor benefit to be paid is 20 percent of the survivor benefit, but not to exceed \$2,000.

Section 3 – No Additional Financial Relief

Except for the relief expressly identified for survivors in these bylaws, a member or former member's surviving spouse, child or children, designated beneficiary, and/or estate are not entitled to any other or further relief or benefits from the Association.

Section 4 – Disability Benefit

Permanent disability benefits may be paid to permanently disabled members of the Association out of the Special Fund following the submission and approval of an Application for Distribution. For active members, a permanent disability benefit equal to the benefit level for each year that the member served as an active firefighter in the Fire Department, without regard to minimum or partial vesting requirements, will be paid if, upon the date of permanent disability, the member has not yet separated from active service. The benefit level can be found in Attachment A. The years of service must be determined as of the date of disability. The member is eligible to receive the disability benefit immediately upon approval by the Board.

Payment of a permanent disability benefit to a deferred member is not authorized.

Neither temporary nor partial disability benefits are provided by this Association.

Section 5 – Disability Benefit Qualification

Subdivision 1 – Disability Definition

For the purposes of the disability benefit described in Section 4, a disability must satisfy two requirements:

1. The disability must have arisen out of and in the course of employment with the city as defined and determined by the workers' compensation plan held by the city and in effect at the time of the injury.

⁵⁰ Minn. Stat. § 424A.10

2. ~~The disability must be total and permanent as defined and determined by the Social Security Administration. The disability must meet the definition of a "disability" pursuant to Social Security Administration rules, which is as follows: 1) you cannot perform the work that you did before; 2) you cannot adjust to other work because of your medical condition(s); and 3) your disability has lasted or is expected to last for at least one year or to result in death.~~

Subdivision 2 – Notification

~~Each member who intends to receive payment of a disability benefit from the Association must notify the Secretary in writing not more than 30 days from submission of First Report of Injury form. To be eligible to receive payment of a disability benefit from the Association, a member must notify the Secretary in writing not more than 30 days after submission of a First Report of Injury form to the employer.~~

Subdivision 3 – Application

~~To apply for payment of disability benefits from the Association, the applicant must submit: An applicant for disability benefits must submit the following:~~

1. A copy of the approved claim from the issuer of the city's workers' compensation plan, showing that the disability arose out of and in the course of employment with the city.
2. ~~A copy of the approved claim from the Social Security Administration, showing that the disability is total and permanent. A copy of the approved claim from the Social Security Administration showing that the applicant meets the requirements for a disability under social security administration rules.~~

~~These documents must each be submitted to the Secretary within 30 days of receipt from the insurer and the Social Security Administration. These documents must be submitted to the Secretary within 30 days after the respective determinations by the workers' compensation insurer and the Social Security Administration.~~

Subdivision 4 – Approval

If the conditions described in Subdivision 3 are met, the Association must pay the disability benefit as described in Section 4. No other conditions are to be placed on approval.

If the conditions described in Subdivision 3 are not met, the Association will not pay the disability benefit. No other considerations are to be given.

Section 6 – Payment Options

The recipient of an ancillary benefit may elect, by making a written request, the manner of payment of the ancillary benefit. Options include:

- (a) A single lump-sum payment payable to the intended recipient (subject to current income tax withholding requirements).

- (b) A direct transfer on an institution-by-institution basis of the lump-sum survivor benefit to the active member's surviving spouse's individual retirement account (IRA).⁵¹

Article IX – Funds

Section 1 – Funds

The Association will establish and maintain a Special Fund, a General Fund, and a Charitable Gambling Fund.⁵²

Section 2 – Special Fund⁵³

All public funds, such as fire state aid, supplemental state aid, municipal contributions, and supplemental benefit reimbursements, received by the Association will be deposited in the Special Fund. Disbursements from the Special Fund will not be made for any purpose except as authorized by Minn. Stat. §§ 69.80 and 424A.05.

The Treasurer is the custodian of the assets of the Special Fund and the recipient on behalf of the Special Fund of all revenues payable to it. The Treasurer will maintain adequate records documenting all transactions involving the financial activities of the Special Fund.

Checks or authorizations for electronic fund transfers for disbursement of Special Fund assets must be signed by the Association Treasurer and at least one other elected Association Trustee who has been designated by the Board to sign the checks or authorizations. The Association may only make disbursements by electronic fund transfers if the specific method of payment and internal control policies and procedures regarding the method are approved by the Board.⁵⁴

Section 3 – General Fund⁵⁵

Money received from any nonpublic source, such as fundraising activities and donations, will be deposited into the General Fund. Funds may be disbursed by the Board for any purpose authorized by the articles of incorporation or by these bylaws. Such purposes include:

1. supporting the operations of the fire department;
2. supporting fire safety education in the community;
3. supporting community events and charitable causes;
4. showing support or expressing condolences to members or the family members thereof in the event of a death, disability, or hardship to a member, retired member, deceased member, or the family thereof; or

51 Minn. Stat. § 424A.015, subd. 4 (Your relief association must be “a qualified pension plan under Section 401(a) of the Internal Revenue Code, as amended....”); IRC § 408(a).

52 Minn. Stat. § 424A.06

53 Minn. Stat. §§ 69.80; 424A.05

54 Minn. Stat. § 424A.05, subd. 3

55 Minn. Stat. § 424A.06

5. any purpose reasonably suited to promote the welfare of the Association and its members.

All Association expenses not specifically authorized by State statute to be paid out of the Special Fund must be paid out of the General Fund.

The Treasurer is the custodian of the assets of the General Fund and the recipient on behalf of the General Fund of all revenues payable to it. The Treasurer will maintain adequate records documenting any transactions involving the financial activities of the General Fund.

Section 4 – Charitable Gambling Fund

If the Association receives funds as a result of lawful gambling pursuant to Minnesota Statutes, Chapter 349, then the Association shall maintain a Charitable Gambling Fund separate from its Special Fund and General Fund. All funds received as a result of lawful gambling shall be deposited in the Charitable Gambling Fund and shall be disbursed only in accordance with the requirements of Chapter 349 and the Minnesota Gambling Control Board.

Section 5 – Nonassignability of Benefits⁵⁶

Benefits paid or payable from the Special Fund are not subject to garnishment, judgment, execution, or other legal process, except as provided in Minn. Stat. §§ 518.58; 518.581; or 518A.53. Benefits paid or payable may not be assigned for any purpose.

Article X – Investments

Section 1 – Standard of Fiduciary Conduct⁵⁷

Trustees owe a fiduciary duty to the active, deferred, and retired members of the Association, who are plan beneficiaries; to the taxpayers of the municipality, who help finance the plan; and to the State of Minnesota, which established the plan. The Trustees will act in good faith and exercise that degree of judgment and care, under circumstances then prevailing, that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, considering the probable safety of plan capital as well as the probable investment return to be derived from the assets.

Section 2 – Investment Policy

The Board will approve an investment policy, and will investigate and prepare for the safe and profitable investment of Association funds in conformance with State statutes and the Association's investment policy. The Board may hire investment professionals to act for or on its behalf. The Special Fund assets will be invested only in securities that are authorized by Minn. Stat. §§ 69.775; 356A.06, subd. 6; and 356A.06, subd. 7 (if the Association qualifies to use the expanded list).⁵⁸ The Board will have on file a copy of the investment policy of the Association. The Board will file a copy of the Association's investment policy, and all changes to the policy, with the Office of the State Auditor.⁵⁹

⁵⁶ Minn. Stat. § 424A.015, subd. 2

⁵⁷ Minn. Stat. § 356A.04

⁵⁸ Minn. Stat. § 424A.05, subd. 4

⁵⁹ Minn. Stat. § 356.219, subd. 3(a)

Section 3 – Broker Certification⁶⁰

The Association will provide annually to its broker a written statement of investment restrictions from the applicable State laws and from the Association's investment policy. Annually, before the Association enters into or continues business with the broker, the broker must submit to the Association a signed Broker Certification, using the form prepared by the Office of the State Auditor.

Article XI – Unclaimed Benefits**Section 1 – Unclaimed Benefits⁶¹**

In the event that the Association is unable with reasonable effort to locate a member or a survivor of a member entitled to payment or distribution under these bylaws or by State law, the benefit distributable to such member or survivor of such member will be forfeited and will be credited to the Special Fund. Efforts to locate a member or survivor must be documented. Forfeiture will occur no earlier than thirty-six (36) months after the Board concludes the Association was unable to locate such member or survivor despite reasonable efforts to locate them.

Article XII – Amendments, Consolidation, and Dissolution**Section 1 – Amendments⁶²**

These bylaws may be amended when necessary by a majority of the members of the Board. Proposed amendments will be submitted to the Secretary to be posted with regular Board announcements.

Amendments to these bylaws which affect the amount of, the manner of payment of, or the conditions for qualification for service pensions, deferred service pensions, or ancillary benefits are not effective until they have been ratified by the City Council.⁶³

The Association will file a revised copy of these bylaws with the Office of the State Auditor upon the adoption of any amendments.⁶⁴

Section 2 – Consolidation

A consolidation of the Association with one or more volunteer fire relief associations will be initiated pursuant to Minn. Stat. § 424B.02, subds. 1 and 2, and will comply with the process set forth in and the requirements of Chapter 424B.

⁶⁰ Minn. Stat. § 356A.06, subd. 8b

⁶¹ If an Association's bylaws do not address the disposition of unclaimed benefits, unclaimed benefits must be handled as set forth in Minn. Stat. § 356.65.

⁶² Minn. Stat. § 317A.181

⁶³ In certain circumstances, bylaw amendments which affect service pensions, deferred service pensions, or ancillary benefits do not require City ratification to become effective. See Minn. Stat. § 424A.02, subd. 10.

⁶⁴ Minn. Stat. § 424A.02, subd. 10

Section 3 – Dissolution

Prior to dissolution of the Association, all legal obligations of the Association other than service pensions and benefits must be settled under Minn. Stat. § 424B.20, subd. 3, a benefit trust must be established under subdivision 4, and the affairs of the Association must be concluded under subdivision 5.⁶⁵

⁶⁵ Minn. Stat. § 424B.20, subd. 2

Adoption and Approval of Bylaws

These bylaws are hereby adopted and approved by the members of the Osseo Fire Department Relief Association on this _____ day of _____, 20____.

Mike Cogswell, President

Date

Drew Cogswell, Vice President

Date

Barry Anderson, Secretary

Date

John Hegstrand, Treasurer

Date

Adoption and Approval of Amendments

These amendments to the bylaws are hereby adopted and approved by the members of the Osseo Fire Department Relief Association on this _____ day of _____, 20____.

Mike Cogswell, President

Date

Drew Cogswell, Vice President

Date

Barry Anderson, Secretary

Date

John Hegstrand, Treasurer

Date

Attachment A – Benefit Level

Benefit Level Amount	Date Approved by Relief Association	Date Ratified by City	Effective Date
\$1,532.00	prior to 1996	prior to 1996	prior to 1996
\$1,600.00	2/22/2010	2/22/2010	2/22/2010
\$12,800.00*	4/9/20208/13/2020		

*Proposed, pending adjustment (up or down), depending on results of Maximum Benefit Worksheet, due to the OSA in August 2020.

Attachment B – Compensation

Position	Name	Salary
President (officer)	Mike Cogswell	\$100
Vice President (officer)	Drew Cogswell	\$100
Secretary (officer)	Barry Anderson	\$200
Treasurer (officer)	John Hegstrand	\$500
Association Trustee #5	Troy Stalcar	
Association Trustee #6	Dave Jorgenson	
Municipal Trustee (elected official)	Duane Poppe	
Municipal Trustee (elected or appointed official)	Riley Grams	
Municipal Trustee (fire chief)	Mike Phenow	



Osseo Fire Department Relief Association

415 Central Ave
Osseo, MN 55369
www.OsseoFire.org

Quarterly Meetings of the Board of Trustees

The Board of Trustees of the Osseo Fire Department Relief Association will meet on the second Thursday of the second month of every quarter at 6:00 pm in the Osseo Fire Department meeting room in the lower level of the Osseo City Hall.

A majority (5) of the 9 Trustees will constitute a quorum for the transaction of business at the meetings of the Board.

Board meetings are open to any member of the Association and to the public.

Details pertaining to all meetings are as follows:

Day of the Week	Time	Location
Thursday	6:00 pm	OFD Meeting Room

The schedule for the second half of 2020 and all of 2021 is as follows:

Quarter	Date	Special Topic
2020 Q3	August 13 th	Review SC-20 (certification due 8/1/2020), Bylaws, Benefit Levels
2020 Q4	November 12 th	Review of investment performance with broker
2021 Q1	February 11 th	(New Trustees elected at Annual Membership Meeting same night) First meeting with newly-appointed municipal trustees Election of Officer positions by the Board
2021 Q2	May 13 th	Review FIRE-20 and SC-20 (due 3/31/2021)
2021 Q3	August 12 th	Review SC-21 (certification due 8/1/2021), Bylaws, Benefit Levels
2021 Q4	November 11 th	Review of investment performance with broker

In the event that the OFD Meeting Room is unavailable or the Board of Trustees is unable to meet in person, the meeting will take place using video conference software using the following access credentials:

<https://us02web.zoom.us/j/5530147884?pwd=VGdjWURVbmxpTS9PTedZbFNpK1NRUT09>

Meeting ID: 553 014 7884
Password: ofd1915

Dial in: +1 312 626 6799 US
Meeting ID: 553 014 7884
Password: 526131

OFFICE OF THE STATE AUDITOR

Active Member Information

Enter Annual Benefit Level in effect for 2020: \$1,600

(If you change your benefit level before 12/31/2020, the SC must be recalculated and recertified at the new level.)

							2020	2021		
Total Active Member Liabilities							289,792		327,680	
	Name	Status	Date of Birth	Fire Department Entry Date	Leaves of Absence and Breaks in Service (months)	Return to Service Member ?	To end of 2020		To end of 2021	
							Years of Service	Accrued Liability	Years of Service	Accrued Liability
1		Active		4/1/1993	0		28	44,800	29	46,400
2		Active		9/1/1995	43		22	35,200	23	36,800
3		Active		11/1/2003	0		17	24,960	18	27,168
4		Active		6/1/2004	60		12	15,392	13	17,120
5		Active		2/1/2006	0		15	20,864	16	22,848
6		Active		7/1/2008	0		13	17,120	14	18,944
7		Active		7/1/2008	0		13	17,120	14	18,944
8		Active		7/1/2009	0		12	15,392	13	17,120
9		Active		5/1/2011	0		10	12,160	11	13,728
10		Active		5/1/2011	0		10	12,160	11	13,728
11		Active		5/1/2011	0		10	12,160	11	13,728
12		Active		10/1/2011	0		9	10,656	10	12,160
13		Active		8/1/2012	0		8	9,216	9	10,656
14		Active		8/1/2012	0		8	9,216	9	10,656
15		Active		8/1/2013	0		7	7,872	8	9,216
16		Active		9/1/2016	0		4	4,160	5	5,344
17		Active		10/1/2017	0		3	3,040	4	4,160
18		Active		10/1/2017	0		3	3,040	4	4,160
19		Active		10/1/2018	0		2	1,984	3	3,040
20		Active		10/1/2019	0		1	960	2	1,984
21		Active		10/1/2019	0		1	960	2	1,984
22		Active		10/1/2019	0		1	960	2	1,984
23		Active		10/1/2019	0		1	960	2	1,984
24		Active		10/1/2019	0		1	960	2	1,984
25		Active		10/1/2019	0		1	960	2	1,984
26		Active		10/1/2019	0		1	960	2	1,984
27		Active		10/1/2014	0		6	6,560	7	7,872

OFFICE OF THE STATE AUDITOR

Deferred Member Information

(fully or partially vested)

Total Deferred Member Liabilities 2020 0

Total Deferred Member Liabilities 2021 0

1

Enter all information as it pertains to this member.

Member Name:			Benefit Level at Separation:	1,600	Months of Service Are Paid						
Minimum Years Required to Vest:	10	DOB:									
Service Dates: Entry:	9/1/1995	Separation:	7/1/2013								
LOAs and BIS (in months):	0	Vesting %:	85								
Return to Service Member ?	(Select "Yes" if applicable.)										
Total Service: Years:		Months (if paid):									
2020 Estimated Liability:											
2021 Estimated Liability:	Status: Deferred										
For Relief ROR up to 5%, OSA ROR up to 5% or Board Set ROR up to 5% enter interest rates below.											
1989:	%	1994:	%	1999:	%	2004:	%	2009:	%	2015:	%
1990:	%	1995:	%	2000:	%	2005:	%	2010:	%	2016:	%
1991:	%	1996:	%	2001:	%	2006:	%	2011:	%	2017:	%
1992:	%	1997:	%	2002:	%	2007:	%	2012:	%	2018:	%
1993:	%	1998:	%	2003:	%	2008:	%	2013:	%	2019:	%
+Rate of return is calculated using the earnings projected on Page 4 of this form.								2014:	%	2020:	% +

Deferred Interest Paid

(Select "Yes" if offered.)

If Interest is Paid, Choose Type:

Choose Type

Period Interest is Paid:

Choose Interest Payment Period

2

Enter all information as it pertains to this member.

Member Name:			Benefit Level at Separation:	1,600	Months of Service Are Paid						
Minimum Years Required to Vest:	10	DOB:									
Service Dates: Entry:	11/1/1996	Separation:	2/1/2011								
LOAs and BIS (in months):	0	Vesting %:	60								
Return to Service Member ?	(Select "Yes" if applicable.)										
Total Service: Years:		Months (if paid):									
2020 Estimated Liability:											
2021 Estimated Liability:	Status: Deferred										
For Relief ROR up to 5%, OSA ROR up to 5% or Board Set ROR up to 5% enter interest rates below.											
1989:	%	1994:	%	1999:	%	2004:	%	2009:	%	2015:	%
1990:	%	1995:	%	2000:	%	2005:	%	2010:	%	2016:	%
1991:	%	1996:	%	2001:	%	2006:	%	2011:	%	2017:	%
1992:	%	1997:	%	2002:	%	2007:	%	2012:	%	2018:	%
1993:	%	1998:	%	2003:	%	2008:	%	2013:	%	2019:	%
+Rate of return is calculated using the earnings projected on Page 4 of this form.								2014:	%	2020:	% +

Deferred Interest Paid

(Select "Yes" if offered.)

If Interest is Paid, Choose Type:

Choose Type

Period Interest is Paid:

Choose Interest Payment Period

OFFICE OF THE STATE AUDITOR

Financial Projections

	2020	2021	
Total Active Member Liabilities	289,792	327,680	
Total Deferred Member Liabilities	36,560	36,560	
Total Unpaid Installments	0	0	
Grand Total Special Fund Liability	A. 326,352	B. 364,240	
Normal Cost (Cell B minus Cell A)			C. 37,888

Projection of Net Assets for Year Ending December 31, 2020

Special Fund Assets at December 31, 2019 (FIRE-19 Form ending assets) 1 360,775

Projected Income for 2020

Fire State Aid (2019 fire state aid of \$13,035 may be increased by up to 3.5%)	D.	13,035	
Supplemental State Aid (actual 2019 supplemental state aid)	E.	3,018	
Municipal / Independent Fire Dept. Contributions	F.	0	
Interest / Dividends	G.	9,019	
Appreciation / (Depreciation)	H.	9,019	
Member Dues	I.		
Other Revenues	J.		
Total Projected Income for 2020 (Add Lines D through J)			2 34,091

Projected Expenses for 2020

Service Pensions (fill in individual pension amounts below)	K.	0	
Names:	\$ Amounts:		
Other Benefits	L.		
Administrative Expenses	M.		
Total Projected Expenses for 2020 (Add Lines K through M)			3 0
Projected Net Assets at December 31, 2020 (Add Lines 1 and 2, subtract Line 3)			4 394,866

Projection of Surplus or (Deficit) as of December 31, 2020

Projected Assets (Line 4)	5	394,866
2020 Accrued Liability (Page 4, cell A)	6	326,352
Surplus or (Deficit) (Line 5 minus Line 6)	7	68,514

OFFICE OF THE STATE AUDITOR

Calculation of Required Contribution

Deficit Information - Original			Deficit Information - Adjusted		
Year Incurred	Original Amount	Amount Retired as of 12/31/2019	Original Amount	Amount Retired as of 12/31/2020	Amount Left to Retire 1/1/2021
2011	0	0			
2012	0	0			
2013	0	0			
2014	0	0			
2015	0	0			
2016	0	0			
2017	0	0			
2018	0	0			
2019	0	0			
2020					
Totals			0		0

Normal Cost	8	37,888
Projected Administrative Expense	9	931
Amortization of Deficit (Total of Original Amount column x 0.10)	10	0
10% of Surplus	11	6,851
Fire and Supplemental State Aid	12	16,053
Member Dues	13	0
5% of Projected Assets at December 31, 2020	14	19,743
Required Contribution (Add Lines 8, 9 and 10, subtract Lines 11, 12, 13 and 14. If negative, zero is displayed.)	15	0
No required contribution due in 2021.		

Enter 2019 Admin Exp here:

9

900

OFFICE OF THE STATE AUDITOR**2020 Maximum Benefit Worksheet**

	A	B	C	D	E
	Fire State Aid and Supplemental State Aid	Municipal Contribution	10% of Surplus *	Active Members in Relief Association	Per Year Average [(A + B + C) / D]
	(From FIRE-19)	(From FIRE-19)	(From SC-19)	(From FIRE-19)	
2019	16,052	0	16,179	27	1,194
	(From FIRE-18)	(From FIRE-18)	(From SC-18)	(From FIRE-18)	
2018	15,546	0	10,468	22	1,182
	(From FIRE-17)	(From FIRE-17)	(From SC-17)	(From FIRE-17)	
2017	14,987	0	8,348	25	933

* If deficit for the year, leave blank.

Average available financing per active member for the most recent 3-year period:
(sum of column E divided by 3)

1,103

Maximum Lump Sum Benefit Level under Minn. Stat. § 424A.02, subd. 3

2,000

Recent History of OFDRA Pension

	Financial Position							Pension Benefit	Investment Performance			Revenues					Expenditures			Number of Members		
		Accrued Liabilities (Required Reserves)	Surplus or Deficit	Funding Ratio	Deficit Amrtiz Paymnt	Normal Cost	Required Municipal Contrib															
Year	Net Assets							Benefit Amount	Rate of Return	%-ile	State Aid	SBR	Municipal Contrib	Investment Earnings	All Other	Admin	Service Pensions	Other Benefits	Active	Retired	Deferred	
1996	\$304,828	\$444,308	-\$139,480	69%	\$22,704	\$39,497	\$40,942	\$1,532			\$9,579		\$49,922	\$24,379	\$23,661	\$3,441	\$55,168	\$1,000	26	0	3	
1997	\$368,386	\$451,571	-\$83,185	82%	\$22,704	\$37,565	\$35,449	\$1,532			\$9,179		\$49,006	\$37,075	\$2,090	\$2,684	\$31,108	\$0	25	0	2	
1998	\$413,545	\$456,964	-\$43,419	90%	\$22,704	\$39,280	\$19,985	\$1,532			\$9,498		\$36,100	\$32,353	\$1,370	\$2,522	\$31,640	\$0	24	0	2	
1999	\$430,139	\$420,563	\$9,576	102%	\$0	\$37,624	\$9,240	\$1,532			\$9,210		\$33,285	\$47,469	\$2,000	\$2,898	\$72,472	\$0	24	0	1	
2000	\$453,335	\$439,558	\$13,777	103%	\$0	\$35,483	\$0	\$1,532			\$9,479		\$9,735	\$5,627	\$0	\$1,645	\$0	\$0	22	0	1	
2001								\$1,532														
2002	\$330,986	\$415,110	-\$84,124	80%	\$156	\$36,003	\$8,403	\$1,532			\$9,929		\$2,745	-\$29,968	\$1,000	\$1,715	\$25,819	\$0	25	1	1	
2003								\$1,532														
2004	\$403,716	\$413,301	-\$9,585	98%	\$0	\$39,283	\$5,842	\$1,532	10.3%	78%	\$9,394		\$13,597	\$35,149	\$1,000	\$1,775	\$25,818	\$0	28	1	2	
2005	\$448,879	\$445,904	\$2,975	101%	\$0	\$38,821	\$5,200	\$1,532	6.6%	81%	\$15,739	\$0	\$6,148	\$26,432	\$0	\$3,156	\$0	\$0	27	0	0	
2006	\$467,406	\$434,843	\$32,563	107%	\$0	\$39,433	\$0	\$1,532	11.5%	70%	\$12,441	\$0	\$6,148	\$48,601	\$0	\$3,235	\$45,428	\$0	26	1	2	
2007	\$498,726	\$441,093	\$57,633	113%	\$0	\$37,411	\$0	\$1,532	11.2%	96%	\$6,995	\$1,000	\$7,000	\$51,992	\$0	\$4,027	\$31,640	\$0	25	1	2	
2008	\$403,969	\$444,187	-\$40,218	91%	\$0	\$34,561	\$0	\$1,532	-23.0%	42%	\$11,562	\$1,000	\$9,460	-\$14,673	\$32,576	\$5,574	\$0	\$29,108	27	1	2	
2009	\$518,696	\$484,448	\$34,248	107%	\$2,546	\$38,850	\$12,653	\$1,532	24.0%	84%	\$9,742	\$0	\$9,460	\$97,500	\$0	\$1,975	\$0	\$0	29	0	3	
2010	\$538,539	\$481,868	\$56,671	112%	\$0	\$41,440	\$0	\$1,600	9.3%	50%	\$10,475	\$0	\$12,653	\$46,372	\$0	\$5,457	\$44,200	\$0	28	1	3	
2011	\$411,575	\$383,980	\$27,595	107%	\$0	\$40,064	\$1,304	\$1,600	-2.7%	21%	\$10,473	\$5,000	\$6,267	-\$14,209	\$0	\$4,095	\$83,600	\$46,800	29	3	4	
2012	\$403,195	\$349,036	\$54,159	116%	\$0	\$36,544	\$4,558	\$1,600	8.1%	39%	\$9,164	\$1,000	\$10,500	\$31,711	\$0	\$3,835	\$56,920	\$0	28	2	1	
2013	\$454,670	\$355,404	\$99,266	128%	\$0	\$37,856	\$1,981	\$1,600	9.9%	33%	\$13,167	\$0	\$10,500	\$39,748	\$0	\$5,200	\$6,740	\$0	29	1	4	
2014	\$439,873	\$345,196	\$94,677	127%	\$0	\$34,304	\$0	\$1,600	0.2%	3%	\$13,578	\$0	\$1,981	\$786	\$0	\$950	\$30,192	\$0	28	3	5	
2015	\$413,402	\$324,604	\$88,798	127%	\$0	\$30,816	\$0	\$1,600	-3.9%	14%	\$14,282	\$0	\$9,059	-\$16,397	\$0	\$1,775	\$31,640	\$0	26	1	5	
2016	\$390,265	\$303,260	\$87,005	129%	\$0	\$34,688	\$0	\$1,600	1.3%	27%	\$14,230	\$0	\$0	\$15,092	\$0	\$100	\$53,800	\$0	26	1	3	
2017	\$403,511	\$287,248	\$116,263	140%	\$0	\$34,272	\$0	\$1,600	9.6%	31%	\$14,987	\$0	\$0	\$34,081	\$0	\$2,650	\$33,172	\$0	25	1	1	
2018	\$386,876	\$311,856	\$75,020	124%	\$0	\$31,552	\$0	\$1,600	-7.4%	10%	\$15,546	\$0	\$0	-\$30,388	\$0	\$1,793	\$0	\$0	22	0	2	
2019	\$360,775	\$284,848	\$75,927	127%	\$0	\$37,888	\$0	\$1,600			\$16,052	\$0	\$0			\$900	\$45,058	\$0	27	0	2	
2020	\$411,000	\$326,352	\$84,648	126%	\$0		\$0	\$1,600					\$0						27	0	2	

Analysis of Benefit Level Increase to \$2,000	
1	100%
2	100%
3	100%
4	100%
5	100%
6	100%
7	100%
8	100%
9	100%
10	100%
11	100%
12	100%
13	100%
14	100%
15	100%
16	100%
17	100%
18	100%
19	100%
20	100%
21	100%
22	100%
23	100%
24	100%
25	100%
26	100%
27	100%
28	100%
29	100%
30	100%
31	100%
32	100%
33	100%
34	100%
35	100%
36	100%
37	100%
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	Actual		Repeat Last Increase		11-Year CAGR		25-Year CAGR		SSA COLA [1]		\$1k / yr @ 60/40 Historical [2]		
Year	Benefit	Increase	Increase	Benefit	Increase	Benefit	Increase	Benefit	Increase	Benefit	Increase	Balance	Benefit
1996	\$1,532							\$1,532		\$1,532		\$1,000	\$1,000
1997	\$1,532	0.00%					1.07%	\$1,548	2.10%	\$1,564	8.77%	\$2,088	\$1,044
1998	\$1,532	0.00%					1.07%	\$1,565	1.30%	\$1,585	8.77%	\$3,271	\$1,090
1999	\$1,532	0.00%					1.07%	\$1,582	2.50%	\$1,624	8.77%	\$4,558	\$1,133
2000	\$1,532	0.00%					1.07%	\$1,599	3.50%	\$1,681	8.77%	\$5,957	\$1,191
2001	\$1,532	0.00%					1.07%	\$1,616	2.60%	\$1,725	8.77%	\$7,480	\$1,247
2002	\$1,532	0.00%					1.07%	\$1,633	1.40%	\$1,749	8.77%	\$9,136	\$1,305
2003	\$1,532	0.00%					1.07%	\$1,651	2.10%	\$1,786	8.77%	\$10,937	\$1,367
2004	\$1,532	0.00%					1.07%	\$1,668	2.70%	\$1,834	8.77%	\$12,896	\$1,433
2005	\$1,532	0.00%					1.07%	\$1,686	4.10%	\$1,909	8.77%	\$15,027	\$1,503
2006	\$1,532	0.00%					1.07%	\$1,704	3.30%	\$1,972	8.77%	\$17,345	\$1,577
2007	\$1,532	0.00%					1.07%	\$1,723	2.30%	\$2,017	8.77%	\$19,866	\$1,656
2008	\$1,532	0.00%					1.07%	\$1,741	5.80%	\$2,134	8.77%	\$22,608	\$1,739
2009	\$1,532	0.00%		\$1,532		\$1,532	1.07%	\$1,760	0.00%	\$2,134	8.77%	\$25,591	\$1,828
2010	\$1,600	4.44%	4.44%	\$1,600	4.44%	\$1,600	1.07%	\$1,779	0.00%	\$2,134	8.77%	\$28,836	\$1,922
2011	\$1,600	0.00%	4.44%	\$1,671	2.05%	\$1,633	1.07%	\$1,798	3.60%	\$2,211	8.77%	\$32,364	\$2,023
2012	\$1,600	0.00%	4.44%	\$1,745	2.05%	\$1,666	1.07%	\$1,817	1.70%	\$2,249	8.77%	\$36,203	\$2,130
2013	\$1,600	0.00%	4.44%	\$1,823	2.05%	\$1,700	1.07%	\$1,836	1.50%	\$2,282	8.77%	\$40,378	\$2,243
2014	\$1,600	0.00%	4.44%	\$1,904	2.05%	\$1,735	1.07%	\$1,856	1.70%	\$2,321	8.77%	\$44,919	\$2,364
2015	\$1,600	0.00%	4.44%	\$1,988	2.05%	\$1,771	1.07%	\$1,876	0.00%	\$2,321	8.77%	\$49,858	\$2,493
2016	\$1,600	0.00%	4.44%	\$2,076	2.05%	\$1,807	1.07%	\$1,896	0.30%	\$2,328	8.77%	\$55,231	\$2,630
2017	\$1,600	0.00%	4.44%	\$2,169	2.05%	\$1,844	1.07%	\$1,916	2.00%	\$2,375	8.77%	\$61,075	\$2,776
2018	\$1,600	0.00%	4.44%	\$2,265	2.05%	\$1,882	1.07%	\$1,937	2.80%	\$2,441	8.77%	\$67,431	\$2,932
2019	\$1,600	0.00%	4.44%	\$2,366	2.05%	\$1,921	1.07%	\$1,958	1.60%	\$2,480	8.77%	\$74,345	\$3,098
2020	\$1,600	0.00%	4.44%	\$2,471	2.05%	\$1,960	1.07%	\$1,979		\$2,480	8.77%	\$81,865	\$3,275
2021	\$2,000	25.00%	4.44%	\$2,580	2.05%	\$2,000	1.07%	\$2,000		\$2,480	8.77%	\$90,044	\$3,463
https://www.ssa.gov/OACT/COLA/colaseries.html													
https://advisors.vanguard.com/VGApp/iip/advisor/csa/analysisTools/portfolioAnalytics/historicalRiskReturn													

Mutual Aid Departments
(Through CY2017)

[illegible]

Analysis of Impact of Various Benefit Level Increases

Funding Level

Fund Assets

A	Special Fund Assets at 2019YE		\$360,775	\$360,775	\$360,775	\$360,775	\$360,775	\$360,775	\$360,775	\$360,775
B	Total Projected Income for 2020	state aid, muni contrib, investments	\$34,091	\$34,091	\$34,091	\$34,091	\$34,091	\$34,091	\$34,091	\$34,091
C	Projected Special Fund Assets at 2020YE	A + B	\$394,866	\$394,866	\$394,866	\$394,866	\$394,866	\$394,866	\$394,866	\$394,866

Fund Liabilities

D	Benefit Level		\$1,600	\$1,650	\$1,700	\$1,750	\$1,800	\$1,850	\$1,900	\$1,950	\$2,000
E	Total Active Member Accrued Liabilities (2020)	D * \sum (weighted YoS through 2020)	\$289,792	\$298,848	\$307,904	\$316,960	\$326,016	\$335,072	\$344,128	\$353,184	\$362,240
F	Total Deferred Member Liabilities (2020)	2 deferred members	\$36,560	\$36,560	\$36,560	\$36,560	\$36,560	\$36,560	\$36,560	\$36,560	\$36,560
G	Total Accrued Liabilities (2020)	E + F	\$326,352	\$335,408	\$344,464	\$353,520	\$362,576	\$371,632	\$380,688	\$389,744	\$398,800
H	Projected Funding Surplus or (Deficit)	C - G	\$68,514	\$59,458	\$50,402	\$41,346	\$32,290	\$23,234	\$14,178	\$5,122	\$(3,934)

Required Contribution Calculation

Credits (contributing to higher required contribution)

I	Benefit Level		\$1,600	\$1,650	\$1,700	\$1,750	\$1,800	\$1,850	\$1,900	\$1,950	\$2,000
J	Total Active Member Accrued Liabilities (2020)	I * \sum (weighted YoS through 2020)	\$289,792	\$298,848	\$307,904	\$316,960	\$326,016	\$335,072	\$344,128	\$353,184	\$362,240
K	Total Active Member Accrued Liabilities (2021)	I * \sum (weighted YoS through 2021)	\$327,680	\$337,920	\$348,160	\$358,400	\$368,640	\$378,880	\$389,120	\$399,360	\$409,600
L	Normal Cost	K - J	\$37,888	\$39,072	\$40,256	\$41,440	\$42,624	\$43,808	\$44,992	\$46,176	\$47,360
M	Projected Administrative Expenses		\$931	\$931	\$931	\$931	\$931	\$931	\$931	\$931	\$931
N	Amortization of Deficit	10% of total deficits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$393
O	Projected Calculation Credits	L + M + N	\$38,819	\$40,003	\$41,187	\$42,371	\$43,555	\$44,739	\$45,923	\$47,107	\$48,684

Debits (contributing to a lower required contribution)

P	5% of Projected Assets at 2020YE	C * 0.05	\$19,743	\$19,743	\$19,743	\$19,743	\$19,743	\$19,743	\$19,743	\$19,743	\$19,743
Q	Fire and Supplemental State Aid		\$16,053	\$16,053	\$16,053	\$16,053	\$16,053	\$16,053	\$16,053	\$16,053	\$16,053
R	10% of Surplus	H * 0.10	\$6,851	\$5,946	\$5,040	\$4,135	\$3,229	\$2,323	\$1,418	\$512	\$0
S	Projected Calculation Debits	P + Q + R	\$42,648	\$41,742	\$40,837	\$39,931	\$39,025	\$38,120	\$37,214	\$36,309	\$35,796
T	Required Contribution	O - S	\$0	\$0	\$351	\$2,440	\$4,530	\$6,619	\$8,709	\$10,799	\$12,888



City of Osseo City Council Work Session Meeting Item

Agenda Item:	Special Assessment Policy Update
Meeting Date:	July 27, 2020
Prepared by:	Riley Grams, City Administrator
Attachments:	Current Special Assessment Policy Info from League of MN Cities Copy of MN Statute 429.061, subd. 3 Minutes from Feb 24 Work Session

Background:

The City Council briefly discussed proposed changes to the Special Assessment Policy during the [February 24, 2020 work session meeting](#). At that meeting, it was noted that there is some confusion when a resident makes a partial pre-payment prior to the 30-day interest free period versus after, and how that affects the interest charges after the partial pre-payments are made. When this happens, the amount of Staff time involved in addressing this type of situation can be substantial. City Attorney Mary Tietjen noted that under State Statute there was an option to allow for some partial pre-payments per an Ordinance rather than a policy. Staff noted that the hope was to bring this back to the Council for update prior to the certification of the 2020 street project special assessments, however, noting that creating an Ordinance and giving proper notification takes time, the City could not have changed the policy (or created a new Ordinance) in time to take effect.

City Attorney Tietjen recently alerted Staff that State Statute (429.061, subd. 3) says: “The Council may by ordinance authorize the partial prepayment of assessments, in such manner as the ordinance may provide, prior to certification of the assessment or the first installment thereof to the county auditor...”. Although this language does not explicitly prohibit partial pre-payments by policy instead of an ordinance, City Attorney Tietjen recommends that if the Council wants to continue to allow partial pre-payments, they should adopt an ordinance authorizing this and including any terms/conditions upon which such prepayments would be allowed. Authorizing partial pre-payments by Ordinance is allowed, but not required. Whether or not to do so is a policy decision for the City Council.

Questions for the Council:

- **Does the City Council want to continue to allow for partial pre-payments on Special Assessments?**
- **If yes, does the Council want to allow partial pre-payments only during the initial 30-day interest free period, or at any time up until the special assessments are certified to the County?**

The answers to those questions will help direct Staff on what the next steps will be (updating the current policy and possibly creating a new Ordinance).

Recommendation/Action Requested:

Staff recommends the City Council discuss the item and direct Staff accordingly.

City of Osseo Special Assessment Policy

Policy Purpose: To serve as a guide to be utilized by the City of Osseo Staff and City Council when preparing assessment rolls associated with Street & Utility Improvement Projects.

Three basic criteria must be satisfied before a particular parcel can be assessed. They are:

- 1) The land must have received Special Benefit from the improvement.
- 2) The amount of the assessment must not exceed the Special Benefit.
- 3) The assessment must be uniform in relation to the same class of property within the assessment area.

Special Benefit Defined: The increase in market value to a property because of the project or public improvements.

Policy Procedure: The City shall follow the procedures set forth in Minnesota Statutes Chapter 429. Chapter 429 describes the necessary steps Council and Staff must follow and the required timelines for issuing public notices and legal publications. The following is a brief summary of the Chapter 429 procedure:

1. Initiation of Proceedings: Either a petition from affected property owners (at least 35% of adjacent property frontage) or the Council initiates Chapter 429 proceedings.
2. Feasibility Report: Whether initiated by petition or by Council, Chapter 429 requires that the city engineer, or another person with similar skills, prepare a feasibility report. (Bond attorneys also require a certified copy of a feasibility report before issuing bonds to finance a local improvement that is also utilizing special assessments.)
3. Notice of Public Hearing on Improvement: A public hearing must be held on the proposed improvement. The City must publish notice of the public hearing to consider the proposed improvement. The City must also mail notice to each of the property owners in the proposed assessment area.
4. Public Improvement Hearing: Interested persons may voice their comments and concerns regarding the project, whether or not they are in the proposed assessment area.
5. Ordering Improvement and Preparation of Plans: A resolution ordering the improvement may be adopted at any time within six months after the date of the improvement hearing. A four-fifths (4/5) vote is required of the Council to advance the project if the project was not initiated by a qualifying petition.
6. Competitive Bidding: Advertise, open, and tabulate bids.
7. Public Assessment Hearing: Prepare proposed assessment roll, publish notice of assessment hearing, and mail individual notices of assessment hearing, including the specific amount of each property assessment. At the public assessment hearing the Council shall hear and consider all objections to the proposed assessment. The Council must adopt the assessment roll by resolution.

Special Assessment Policy:

1. Cost of street improvements, including curb and gutter, shall be assessed at 50% of the total project cost (including administrative costs: legal, engineering, financing, etc.).

2. Cost of watermain, storm sewer, and sanitary sewer improvements shall be paid for by their respective enterprise funds and/or other City-secured funding source. In some cases, the City may want to consider assessing improvements to private utility service lines.
3. Residential properties, including single-family dwelling lots, duplexes, townhomes, row homes, and similar residential properties, shall be assessed on a PER UNIT basis.
4. Residential corner lots shall be assessed one unit when the street it fronts is reconstructed and 0.5 units for each adjacent street being improved. The street a home fronts shall be defined by that which its address is on.
5. Generally, single-family residential lots, townhome, and row home properties shall be assessed one unit and duplex properties shall be assessed two units. The Council, however, may apply multiples of or some fraction of a unit in order to address unique circumstances or to more equitably distribute assessable costs.
6. Multi-family Housing (e.g., apartment buildings), Institutional, Commercial, and Industrial Properties shall be assessed on the actual street frontage being improved, adjacent footage basis.
7. Payback period of special assessments shall be over a period of years as determined by the Council.
8. Assessment interest rate shall be 2% higher than the true interest cost (TIC) of the bonds.
9. The City will accept both partial pre-payments and full pre-payments on assessments before certifying the assessment roll to the County.
10. Special assessment deferrals on homesteads are available for senior citizens and disabled persons for whom it would be a hardship to make payments. The assessment is still imposed, but deferred, for those that qualify until such time as:
 - 1) The property or any part thereof is sold, transferred, or subdivided.
 - 2) Death of the owner and the spouse not otherwise eligible for deferment.
 - 3) The property loses homestead status.
 - 4) The owner is no longer determined to be in a hardship category.

Policy Modifications: The Special Assessment Policy is to serve as a guide for a systematic assessment process. Assessment methodology shall be evaluated independently on each project to determine if any modifications need to be made. The Council may adjust the amount of an assessment calculated for a property or properties to address unique features or circumstances of the property or to more equitably distribute the assessable costs of a project, so long as the amount of the assessment does not exceed the Special Benefit to the property. Any such adjustment will only occur if it is recommended by the city engineer and approved by the City Council.



Duane E. Poppe, Mayor



Riley Grams, City Administrator

RELEVANT LINKS:

Minn. Stat. § 429.061, subd. 3.



LMC model, *Certificate to County Auditor* (Form 17).

Minn. Stat. § 429.061, subd. 3.



LMC model, *Alternate Certificate to County Auditor* (Form 17-Alt.).

Minn. Stat. § 429.061, subd. 3.

Minn. Stat. § 429.061, subd. 3.

There are two ways for a city to collect assessments:

- The city clerk, on council direction, certifies a duplicate copy of the assessment roll and sends it to the county auditor who spreads the assessments every year for collection with taxes.
- The city clerk retains the assessment roll in his or her office and annually certifies to the county auditor the total amount of principal and interest due on special assessments from each parcel of property for the following years.

In the first method, the certification of assessments should be filed with the county auditor on or before Nov. 30 if the auditor is to spread the first installment on the books for collection the following year. The auditor is then responsible for spreading the assessment against the properties every year that an installment payment is due. This is the preferred method for two reasons. First, it eliminates the clerk having to do an annual computation and, thus, avoids errors in later years.

Second, once all the assessments have been certified, the city may retain the ability to collect the assessments if the land is forfeited due to nonpayment of property taxes, or the owner declares bankruptcy.

If the council prefers the second method it may direct the clerk to file all the special assessment rolls in the clerk's office, and to certify annually to the county auditor only the total amount of principal and interest due on special assessments from each parcel of property for the following year. The clerk must certify all assessments to the county auditor on or before Nov. 30 if the auditor is to spread the first installment on the books for collection in the following year.

A. Payment of assessments and interest

Once the clerk has prepared the special assessment roll and the council has approved it, property owners initially have two options:

- either pay the total amount of their assessment immediately, or
- pay the assessments in annual installments (with interest) under the terms set by the council.

Alternatively, the property owner can:

- Pay the entire amount of the assessment within 30 days after the council adopts the assessment rolls. In this situation, the city cannot charge any interest.
- Pay the entire amount at any time after 30 days, but before any certification to the county auditor. The property owner pays only the amount of interest accrued as of the date of payment.

RELEVANT LINKS:

Minn. Stat. § 429.061, subd. 3.

See Section II-J-3: *Council decides interest on special assessments.*

Minn. Stat. § 462.353, subd. 5.

Minn. Stat. § 429.051.
Minn. Stat. § 429.052.

Minn. Stat. § 429.051.

- At any time after the certification, the property owner may still pay the entire remaining unpaid amount to the county treasurer. However, the property owner must pay the entire remaining unpaid amount of the assessment before Nov. 15 of any year, and must also pay all interest accrued until the end of that calendar year.

The council may authorize, by ordinance, partial prepayment of assessments prior to certification to the county auditor.

If the property owner elects not to pay the entire amount of the assessment at once, he or she may pay it in annual installments spread over the number of years the council has allowed. As noted previously, postponement of payment may require city borrowing to pay for the improvement so the city must add an interest charge to each year's assessment payment.

As an added collection tool, a city may require payment of all delinquent assessments before granting a building permit, a conditional use permit, variance, or a zoning change.

The city must notify residents of this requirement in an ordinance or in the application materials used to request such a change or permit.

B. Postponed assessments

Postponed assessments occur when a city pays the cost of a local improvement, and delays assessing one or more benefited properties.

Postponed assessments are not generally a good idea as they are not liens against the property and the city may not recoup what has already been spent on a project. If a city wishes to eventually reimburse itself for improvement costs by applying postponed assessments, those assessments may only be collected if 1) the property was not previously assessed for the project, and 2) the property owners were provided notice and hearing at the same time as those whose assessments were not postponed. A successful appeal of the assessment leaves the city with less money to pay for the completed project.

Given that concern, there are certain situations where the council may postpone the assessment of the cost of water, storm sewer, sanitary sewer, and street construction or road improvements until a later date. Such situations include:

- Property is unplatted and undeveloped; the owner will subdivide or otherwise make it available for building sites in the future.
- The city cannot immediately use a trunk main because of the absence of laterals.

Sample

16. Notice of Final Assessment¹

_____, Minnesota, (month) (day), (year).

To Whom It May Concern:

This is to notify you that the final assessment for Improvement No. _____ was adopted by the city council on (month) (day), (year), pursuant to Minnesota Statutes, Chapter 429. The final assessment is on file for inspection in the office of the city clerk.

The owner of any property so assessed may, at any time prior to certification of the assessment to the county auditor, pay the whole of the assessment on such property, with interest accrued to the date of payment, to the city treasurer, except that no interest shall be charged if the entire assessment is paid within 30 days from the adoption of this resolution; and he/she may, at any time thereafter, pay to the city treasurer the entire amount of the assessment remaining unpaid, with interest accrued to December 31 of the year in which such payment is made. Such payment must be made before November 15 or interest will be charged through December 31 of the next succeeding year.

An owner may appeal his/her assessment to the district court pursuant to Minn. Stat. § 429.081, by serving notice of the appeal upon the mayor or clerk of the city within 30 days after the adoption of the assessment and filing such notice with the district court within ten days after service upon the mayor or clerk. However, no appeal may be taken on the amount of the assessment unless a written objection signed by the property owner was filed with the city clerk before the assessment hearing or presented to the presiding officer at the hearing, unless the failure to object was due to reasonable cause.

Under Minn. Stat. §§ 435.193 to 435.195 and Ordinance (Resolution) No. _____, the council may, in its discretion, defer the payment of this special assessment for any homestead property owned by a person 65 years of age or older, one retired by virtue of a permanent and total disability, or a member of the National Guard or other reserves ordered to active military service for whom it would be a hardship to make the payments. When deferment of the special assessment has been granted and is terminated for any reason provided in that law, all amounts accumulated plus applicable interest shall become due. Any assessed property owner meeting the requirements of this law may, within 30 days of the confirmation of the assessment, apply to the city clerk on the prescribed form for such deferral of payment of this special assessment on his/her property.²

City Clerk

END OF FORM

¹ The law does not require a final notice of assessment to be given to property owners if the initial notice fulfilled the statutory requirements. A final notice is required, however, when the assessment has changed or the interest rates given on the original notice have been changed.

The assessment, with accruing interest, shall be a lien upon all private and public property included therein, from the date of the resolution adopting the assessment, concurrent with general taxes; but the lien shall not be enforceable against public property as long as it is publicly owned, and during such period the assessment shall be recoverable from the owner of such property only in the manner and to the extent provided in section 435.19. Unless otherwise provided in the resolution, all assessments shall be payable in equal annual installments extending over such period, not exceeding 30 years, as the resolution determines, payable on the first Monday in January in each year, but the number of installments need not be uniform for all assessments included in a single assessment roll if a uniform criterion for determining the number of installments is provided by the resolution. Assessments on property located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, may be payable in variable annual installments if the resolution provides for a variable payment. The first installment of each assessment shall be included in the first tax rolls completed after its adoption and shall be payable in the same year as the taxes contained therein; except that the payment of the first installment of any assessment levied upon unimproved property may be deferred until a designated future year, or until the platting of the property or the construction of improvements thereon, upon such terms and conditions and based upon such standards and criteria as may be provided by resolution of the council. If special assessments against the property have been deferred pursuant to this subdivision, the governmental unit shall record with the county recorder in the county in which the property is located a certificate containing the legal description of the affected property and of the amount deferred. In any event, every assessment the payment of which is so deferred, when it becomes payable, shall be divided into a number of installments such that the last installment thereof will be payable not more than 30 years after the levy of the assessment. All assessments shall bear interest at such rate as the resolution determines. To the first installment of each assessment shall be added interest on the entire assessment from a date specified in the resolution levying the assessment, not earlier than the date of the resolution, until December 31 of the year in which the first installment is payable, and to each subsequent installment shall be added interest for one year on all unpaid installments; or alternatively, any assessment may be made payable in equal annual installments including principal and interest, each in the amount annually required to pay the principal over such period with interest at such rate as the resolution determines, not exceeding the maximum period and rate specified above. In the latter event no prepayment shall be accepted under subdivision 3 without payment of all installments due to and including December 31 of the year of prepayment, together with the original principal amount reduced only by the amounts of principal included in such installments, computed on an annual amortization basis. When payment of an assessment is deferred, as authorized in this subdivision, interest thereon for the period of deferment may be made payable annually at the same times as the principal installments of the assessment would have been payable if not deferred; or interest for this period may be added to the principal amount of the assessment when it becomes payable; or, if so provided in the resolution levying the assessment, interest thereon to December 31 of the year before the first installment is payable may be forgiven.

Subd. 3. Transmitted to auditor, prepayment. After the adoption of the assessment, the clerk shall transmit a certified duplicate of the assessment roll with each installment, including interest, set forth separately to the county auditor of the county to be extended on the proper tax lists of the county; but in lieu of such certification, the council may in its discretion direct the clerk to file all assessment rolls in the clerk's office and to certify annually to the county auditor, on or before November 30 in each year, the total amount of installments of and interest on assessments on each parcel of land in the municipality which are to become due in the following year. If any installment and interest has not been so certified prior to the year when it is due, the clerk shall forthwith certify the same to the county auditor for collection in the then succeeding year; and if the municipality has issued improvement warrants to finance the improvement, it shall pay out of its general funds into the fund of the improvement interest on the then unpaid balance of the assessment for the year or years during which the collection of such installment is postponed. All assessments and interest thereon shall be collected and paid over in the same manner as other municipal taxes. The owner of any property so assessed may, at any time prior to certification of the assessment or the first installment thereof to the county auditor, pay the whole of the assessment on such property, with interest accrued to the date of payment, to the municipal treasurer, except that no interest shall be charged if the entire assessment is paid within 30 days from the adoption thereof; and, except as hereinafter provided, the owner may at any time prior to November 15 of any year, prepay to the treasurer of the municipality having levied said assessments, the whole assessment remaining due with interest accrued to December 31 of the year in which said prepayment is made. If the assessment roll is retained by the municipal clerk, the installment and interest in process of collection on the current tax list shall be paid to the county treasurer and the remaining principal balance of the assessment, if paid, shall be paid to the municipal treasurer. The council may by ordinance authorize the partial prepayment of assessments, in such manner as the ordinance may provide, prior to certification of the assessment or the first installment thereof to the county auditor.

Subd. 4. Collection, tax-exempt property. On the confirmation of any assessments the clerk shall mail to the county auditor a notice specifying the amount payable by any county, to the clerk or recorder of any other political subdivision a notice specifying the amount payable by the political subdivision and to the owner of any right-of-way, at its principal office in the state, a notice specifying the amount payable on account of any right-of-way. The amount payable on account of any right-of-way or public property shall be payable to the municipality's treasurer and shall be payable in like installments and with like interest and penalties as provided for in reference to the installments payable on account of assessable real property, except that interest accruing shall not begin to run until the notice provided in this subdivision has been properly given and 30 days thereafter have elapsed. The governing body of any such political subdivision shall provide for the payment of these amounts and shall take appropriate action to that end. If the assessment is not paid in a single installment, the municipal treasurer shall annually mail to the owner of any right-of-way and, as long as the property is publicly owned, to the owner of any public property a notice stating that an installment is due and should be paid to the municipal treasurer of the municipality which levied the special assessment. The municipality may collect the amount due on account of the right-of-way of any railroad or privately owned public utility by distress and sale of personal property in the manner provided

Grams requested feedback from the Council on how to proceed. He asked if the Council preferred the gray tones or the earth tones.

Schulz stated he preferred the earth tones, but understood the gray tones may be more practical long term.

Johnson agreed.

Poppe indicated he preferred Option 1C.

Stelmach stated if durability and longevity are the same, he preferred Option 1C as well. Mr. Gustafson commented Option 1C could still be amended slightly in order to create a streetscape hybrid that the entire Council could support.

Schulz stated it would be important for the City to have a snow removal process in place to ensure the new streets and sidewalks along Central Avenue were properly taken care of.

Hultstrom explained she had no strong opinion about the matter and appreciated the work conducted by the Streetscape Committee.

Grams summarized the comments from the Council noting the majority supported an earth tone pallet with the drive lane having standard concrete panels. He indicated the parking lanes would have colored and stamped or scored concrete. He asked what the Council wanted in the boulevard area.

Johnson suggested colored and stamped concrete be considered for the boulevard area. The Council supported this suggestion.

Grams questioned what the Council wanted to do for the pedestrian crosswalks.

Schulz recommended a contrasting color be chosen to set the crosswalk apart from the concrete drive lanes.

Grams reported staff would work with WSB to revise the concept plan based on the feedback received from the City Council and would report back at a future meeting.

B. SPECIAL ASSESSMENT POLICY

Grams stated for the past number of years the City Council has allowed partial pre-payments of special assessments for new street/alley reconstruction projects (before certification of the assessment rolls to the County). Staff understanding was that it was a way to reduce the amount of principal subject to interest, thereby a nice gesture to affected taxpayers prior to certification. The Council has approved a Special Assessment Policy which allows the option of partial and full pre-payments in Special Assessment Policy. All information provided by LMC and State Statute supports full (not partial) pre-payment of new assessments.

Grams reported as a practical matter one resident subject to a special assessment for the 2019 street project made six different smaller payments toward their special

assessment principal, but not all payments happened prior to the 30-day initial interest-free period. There was confusion then about the calculation of interest based on multiple payments and how to calculate the interest. The amount of staff time involved (for City Accountant, Finance Consultant, and City Clerk) to mind partial pre-payments is not warranted, and the practice seems to be in "conflict" with State Statute.

Stelmach thanked staff for looking into this matter. He stated he supported the City following State Statute.

Johnson commented he would like to see the City allowing residents to make a partial payment within the first 30 days in order to help residents save a little bit on interest. Grams reviewed the language within State Statute 429.061 stating property owners have the right to pay the whole of the assessment and noted the City has allowed partial payments.

City Attorney Tietjen commented under State Statute there was an option to allow for some partial per an Ordinance versus policy. She explained she would investigate this further and would report back to the City Council.

Grams stated he would try and have this matter back to the Council prior to the Council approving the 2020 Street Assessments in April.

5. ADJOURNMENT

The Work Session adjourned at 6:55 p.m.

Respectfully submitted,

Heidi Guenther
Minute Maker Secretarial