

TO: HONARABLE MAYOR AND CITY COUNCIL

**FROM: Greg Hepola, Relief Assoc President
Mike Althoff, Fire Chief**

SUBJECT: Relief Assoc Bylaw Amendment

MEETING DATE: November 21st, 2023

BACKGROUND

For over 40 years the pension vesting schedule has remained unchanged within the Relief Association. The board of trustees spent the summer researching changes to this vesting schedule. One topic we are trying to combat is recruitment of volunteer firefighters. Finding willing candidates is becoming harder each year. As shown below, you can see our current vesting schedule and our new proposed schedule.

On a national level we are seeing a decline in longevity. 30-to-40-year firefighters are becoming a thing of the past. We think this new schedule will be more in line with current commitment levels of volunteers.

As you can see below, we are still overfunded with the new proposed vesting schedule.

This proposed change is allowed under Minnesota State Statute.

This proposed change also aligns our vesting with other fire departments in our area.

I have also attached our current bylaws with redline wording changes, the most notable is designating a title to the second check signer.

These changes would go in effect January 1, 2024, the changes will not be retroactive, all previously retired members will remain at the current vesting schedule.

Our current vesting schedule is 10 years partially vested to 20 years fully vested.

According to the Office of the State Auditors projection tool (SC-23) used every year for our audit, we are projected a surplus of \$17,475 for year-end 2023.

Our new vesting schedule will be 5 years partially vested and 10 years fully vested.

According to the Office of the State Auditors projection tool, we are projected:

Surplus \$9,596 year end 2023.

Surplus \$37,570 year end 2024.

Surplus \$71,427 year end 2025.

The new retirement benefit would be calculated as follows:

Completed Years of Service	Nonforfeitable percentage of pension amount.
5	40%
6	52%
7	64%
8	76%
9	88%
10 and thereafter	100%

STAFF RECOMMENDATION

The Relief Board of Trustees along with supporting vote from the Relief Membership, recommend motion and approval to change the Cannon Falls Fire Department Relief Association vesting schedule to a 5-year, 10-year plan as noted above, as well as minor language changes to the current bylaws as shown in the attached redline document.

REQUESTED COUNCIL ACTION

Motion and approval for the recommend by law changes.

BYLAWS OF THE CANNON FALLS FIRE DEPARTMENT RELIEF ASSOCIATION

ARTICLE I MEMBERSHIP

Section 1. Any active firefighter member of the Cannon Falls Fire Department shall be eligible to apply for membership in this association.

Section 2. Written application, accompanied by an application fee of \$5.00, may be made at any regular or special meeting of the board of trustees, and then laid over for one month for consideration. During this time, the board of trustees shall conduct an investigation to determine if the applicant, due to some medically determinable physical or mental impairment or condition, would constitute for the association a predictable and unwarranted risk of liability for benefits at an age earlier than the minimum age specified for receipt of a service pension. If no such impairment or condition exists, the board of trustees shall appoint the applicant to membership in the association. If the application is denied, the application fee shall be returned to the applicant.

Section 3. Resignation or expulsion from the Cannon Falls Fire Department or moving from the vicinity of Cannon Falls to take up residence elsewhere, shall terminate the membership of the member so resigning, expelled, or removing; provided, however, that any member who has served as an active firefighter in the Cannon Falls Fire Department for at least the minimum number of years required by Article VII of these bylaws for vesting of pension rights shall retain membership in this association, regardless of resignation, expulsion, or removal subject to payment of dues and such other regulations which may be from time to

time imposed. Membership shall terminate when payment of a service pension or total disability pension has been approved by the board of trustees.

Section 4. Each member shall pay to the association annual dues of \$1.00, payable on or before the date of the annual meeting of each year.

Section 5. Any member of the association who fails to pay the dues within 30 days of the time when such payment was due, stands suspended from membership and forfeits all rights and benefits there under by such non-payment without any action by the association, or any officer thereof.

Section 6. Any member who shall, in the opinion of a majority of the members of the board of trustees, fraudulently claim benefits from, or defraud or attempt to defraud the association in any way, shall be suspended from membership by the board, and shall forfeit all further rights to benefits from the association.

Section 7. Any suspended member can only be reinstated upon application for reinstatement in writing, presented at a regular or special meeting of the association, accompanied by a sum of money equal to the amount which would have been payable during the period of suspension, plus a reinstatement fee of \$10.00, upon the favorable vote of 2/3 of the members present and voting at such meeting, providing that a quorum is present, and that the suspended member has been given an opportunity to respond to the written charges which have been presented at least 5 days prior to such meeting. If the application for reinstatement is rejected, the money accompanying the same shall be returned to the applicant.

ARTICLE II

BOARD OF TRUSTEES

Section 1. The board of trustees shall be composed of the following 9 persons: a President, a Vice President, a Secretary, a Treasurer, and 2 general trustees, each of whom shall be elected for a three year term as specified in this Article, or until a successor has been elected and qualified, at the annual meeting of the association from its members, and the statutory ex officio members; the Chief of the Cannon Falls Fire Department, the Mayor, and the city administrator of the city of Cannon Falls.

Section 2. The terms of office of the general trustees and the officers shall be paired as follows: the 2 general trustees; the President and the Treasurer; the Vice President and the Secretary. The terms shall be arranged so that one pair shall be elected at each annual meeting. If a vacancy, other than a vacancy caused by removal for cause of an officer or trustee, occurs during the term of office of any officer or trustee, the remaining members of the board of trustees shall elect a member of the association to serve for the unexpired term of the vacated position.

Section 3. A general trustee or officer may be removed for cause. Cause for removal shall include, but shall not be limited to, the breach of the duties as set forth in Articles II and III of these bylaws. One or more of the trustees or officers may be removed at a meeting of the membership which has been called for that purpose by a 2/3 vote of those present and voting at such meeting, provided a quorum is present. Notice of the meeting at which removal is to be considered shall be given to each member and shall include the purpose of the meeting. The general trustee or officer shall be furnished with a statement of the particular charges at least 5 days before the meeting is to be held. At the meeting, the general trustee or officer shall be given an opportunity to be fully heard as to each charge. If a general trustee or officer is removed, a replacement shall be

elected at the same meeting, and such replacement shall serve out the unexpired term of the removed general trustee or officer.

Section 4. It shall be the duty of the board of trustees to prepare modes and plans for the safe and profitable investment of the unappropriated funds of the association, and whenever loans or investments are made, to investigate and pass upon the securities offered and to attend to the drawing up and execution of the necessary papers. The board shall order an audit of the books and accounts of the secretary and the treasurer annually, according to law, and shall submit a written report of the condition of the association to the members at the annual meeting.

Section 5. The investment of the funds of the association shall be in the exclusive control of the board of trustees, in conformance with state statutes.

Section 6. The members of the board of trustees shall act as trustees with a fiduciary obligation to the members of the association, to the City of Cannon Falls, and to the State of Minnesota.

ARTICLE III

DUTIES OF OFFICERS

Section 1. It shall be the duty of the President to attend and to preside at all meetings of the association and the board of trustees. The President shall: (1) enforce the due observance of the Articles of Incorporation and the bylaws and see that the other officers properly perform the duties assigned to them; (2) sign all checks issued by the Treasurer and all other papers which require the President's signature; (3) be a member of all committees except the Aid Committee; and, (4) exercise

careful supervision over the affairs of the association. The President may receive such salary as may be fixed from time to time by the board of trustees, subject to approval of the association, and payable from the Special Fund of the association.

Section 2. It shall be the duty of the Vice President to perform the duties of the President in the President's absence. In the absence of both the President and the Vice President, it shall be the duty of the association to elect a President Pro Tem. who shall perform the duties incident to the office.

Section 3. It shall be the duty of the Secretary to: (1) keep a true and accurate record of the proceedings of all meetings of the association and of the board of trustees; (2) keep a correct record of all amendments, alterations and additions to the Articles of Incorporation or the bylaws in a separate book from the minute books of the association; (3) cause due notice of all special meetings of the association and of the board of trustees to be given; (4) receive all money due the association and pay the same over to the Treasurer, taking a receipt for the same, and failing to do so, may be impeached and expelled from the association; and, (5) keep a roll of membership, with the date of joining, resignation, discharge, leaves of absence, dues and assessments paid, and relief or pensions furnished. The Secretary's books shall be at all times open to inspection by the board of trustees. Prior to entering upon the duties of the office, the Secretary shall give a bond in such amount and with such sureties as may be required and approved by the board of trustees, conditioned upon the faithful discharge of the trusts and the full performance of the duties of the office. Such bond shall be paid for from the Special Fund of the association. The Secretary shall sign all orders for payment issued to the Treasurer, and jointly with the Treasurer, prepare and file all reports and statements required by law. The Secretary shall receive such salary as may be fixed from time to time by the board of trustees, subject to approval of the association, and payable from the Special Fund of the association.

Section 4. It shall be the duty of the Treasurer to: (1) receive from the Secretary all funds belonging to the association and hold them subject to the order of the President and countersigned by the Secretary; (2) keep separate and distinct accounts of the Special and General Funds; and, (3) prepare and present to the board of trustees a full and detailed statement of the assets and liabilities of each fund at each meeting of the board of trustees, and prior to the annual meeting of the association. For failure to perform the duties of the office, the Treasurer may be impeached and expelled from the association. The Treasurer shall deliver to a successor in office, or to any committee appointed by the board of trustees to receive the same, all money, books, papers and other items pertaining to the office immediately upon expiration of the term of office, Prior to entering upon the duties of the office, the Treasurer shall give a bond in such amount as required by law, and with such sureties as may be required and approved by the board of trustees, conditioned upon the faithful discharge of the trust and the faithful performance of the duties of the office. Such bond shall be paid for from the Special Fund of the association. Jointly with the Secretary, the Treasurer shall prepare and file all reports and statements required by law. The Treasurer shall receive such salary as may be fixed by the board of trustees from time to time, subject to approval of the association, and payable from the Special Fund of the association.

Section 5. There shall be an Aid Committee, composed of the Vice President and two other members of the association, who may or may not be members of the board of trustees, appointed by the President. The Vice President shall be the chairman of this committee. The duty of the committee shall be to make provisions for the assistance to be rendered to each sick or disabled member, and to the survivors of any deceased member,

ARTICLE IV

MEETINGS

Section 1. The annual meeting of the association, for the election of officers and trustees, and other business, shall be held on the first Tuesday in January of each year. If such day falls on a holiday, the annual meeting shall be held on the next following Tuesday.

Section 2. The board of trustees shall hold at least 4 regular meetings during each year.

Section 3. Special meetings of the association or the board of trustees may be called by the President, or 2 members of the board of trustees, and shall also be called upon written request of 6 or more members of the association. Members or trustees shall be notified by the Secretary of such special meetings, and the object of the meeting shall be contained in such notice.

Section 4. A majority of the board of trustees then in office, and 40% of the members of the association shall constitute quorums for the transaction of business at their meetings. Less than a quorum may adjourn a meeting to a future time, which the Secretary shall make known to all affected members. (5 board of trustees, 12 members)

Section 5. All reports and resolutions shall be submitted in writing, and no report shall be accepted unless it is the report of the majority of a committee, provided, however, that a minority shall be permitted to present its views in writing.

Section 6. All meetings shall be conducted according to Robert's Rules of Order, as revised.

Section 7. The Order of Business shall be:

1. Call to order.
2. Roll Call.
3. Reading of minutes of previous meeting.
4. Reading of reports and minutes of meetings of board of trustees.
5. Reports of Officers.
6. Propositions for membership.
7. Reports of special committees.
8. Unfinished business.
9. Election of trustees and officers. (Annual meeting)
10. New business.
11. Adjournment.

ARTICLE V

FUNDS

Section 1. The funds received by the association from dues, fines, application fees, entertainments, and other miscellaneous sources shall be kept in the General Fund of the association on the books of the Secretary and the Treasurer, and may be disbursed for any purpose reasonably related to the welfare of the association or its members, as authorized by a majority of the members present and voting at any annual or special meeting of the members.

Section 2. All funds received by the association from any tax sources, and all funds or property donated or granted to the association for the benefit of this fund shall be kept in a Special Fund on the books of the Secretary and the Treasurer and shall not be disbursed for any purpose except those specifically authorized by law.

Section 3. No disbursement of funds of this association shall be made except by checks drawn by the Treasurer and countersigned by the

President or Vice President. Except when issued for salaries, pensions and other fixed charges, the exact amount of which has previously been determined and authorized by the board of trustees (by the members, in case of disbursements from the General Fund), no check shall be issued until the claim to which it relates has been approved by the board of trustees.

Section 4. All money belonging to the association shall be deposited to the credit of the association in such banks, trust companies, savings and loan associations, or other depositories as the board of trustees may designate.

ARTICLE VI APPLICATION FOR BENEFITS

Section 1. APPLICATION: All applications for pensions or deferred pension status shall be submitted to the Board of Trustees at a regular or special meeting of the Board. An application form will be provided by the Secretary of the Association.

Section 2. SERVICE PENSION BENEFIT AMOUNT: The Association shall pay to each member who shall have served as an active firefighter in the Cannon Falls Fire Department for a period of 10 years, who has reached the age of 50 years, the amount provided in SCHEDULE A, attached hereto, for each year that the member served as an active firefighter in the Cannon Falls Fire Department. For retiring members who have reached the age of 50 years and have served at least 5 years but less than 10 years, a prorated service pension shall be paid based upon the completed years of service percentages contained in, ARTICLE VII, Section 1. Said lump sum payment shall be in lieu of all rights to a further service pension, or survivor's benefit. For purposes of calculating benefits payable, a "year of service" shall be defined as a period of 12 full months of active duty in the Cannon Falls fire Department, beginning on the date

when the member first became an active firefighter in said fire department. If a member's period of active service has not been continuous, parts of years shall be added together to calculate full years. Periods of time during which a member is on leave of absence or suspension from the Cannon Falls Fire Department shall not be used to calculate active duty time or years of service. **For purposes of computing benefits or calculating vesting requirements, a year of service shall be defined as a period of 12 full months of active service in the Fire Department. Service pensions and ancillary benefits shall be prorated monthly for fractional years of service pursuant to Minn. Stat. § 424A.02, Subd. 1.**

Section 3. TRUSTEE REVIEW: All applications for pensions or other benefits shall be submitted to the Board of Trustees at a regular or special meeting of the Board. Applications shall be verified by oath of the applicant and shall state the age of the applicant, the period or periods of service in the Fire Department, and the date of retirement from active duty, the length of time he has been a member of the association, and such other information as the Board may require. No benefits or pensions shall be paid until the application therefore has been approved by a majority vote of the Board of Trustees. Decisions of the Board shall be final as to payment benefits or pensions. No other benefits shall be paid to or on behalf of any member who has received a service pension.

Section 4. APPROVAL: It shall be the duty of the Board to approve applications for service pensions if the applicant meets all of the eligibility requirements set forth in these bylaws. It shall also be the duty of the Board not to approve the application if any of the eligibility requirements are not met. If an application is not approved, the Board shall return the application to the applicant within 30 days, noting thereon, with particularity, which requirements the applicant does not meet. If the applicant disagrees with the decision of the board, the applicant may file an appeal by following the grievance procedure contained herein.

Section 5. GRIEVANCE: Any applicant that is aggrieved by a decision of the board regarding eligibility or amount of benefits may file a written appeal with the Board of Trustees within sixty (60) days of notice of such Board action. The applicant shall be furnished with the opportunity to be heard by the full Board within 30 days of filing a written objection or appeal stating the full particulars of the objection. Within thirty (30) days of the hearing, the Board shall issue a written decision on the appeal. Such decision shall be final.

Section 6. OPTIONAL FORMS OF PAYMENT:

1. A single lump sum check payment payable to the retiree (subject to current income tax withholding requirements).
2. Direct transfer of the member's lump sum payment to the member's individual retirement account under 408(a) of the Federal Internal Revenue Code.

Section 7. RECEIPT OF PENSION: Those members electing to retire and receive a pension at age 60 shall receive payment of benefits within 90 days of their retirement date. All other applications for payment of pension benefits shall be paid following the annual meeting at which notice of retirement is made to the Membership of the Association. Payment shall be made within 90 days of application or at the annual meeting, whichever is later.

ARTICLE VII EARLY VESTING

Section 1. A member who has served for more than 5 years as an active member of the Fire Department, but has not yet reached age 50, may retire from the department and be placed on deferred status. For purposes of calculating benefits payable, a "year of service" shall be defined as a period of 12 full months of active duty in the Cannon Falls fire Department, beginning on the date when the member first became an

active firefighter in said fire department. If a member's period of active service has not been continuous, parts of years shall be added together to calculate full years. Periods of time during which a member is on leave of absence or suspension from the Cannon Falls Fire Department shall not be used to calculate active duty time or years of service. If the final period of a member's active service is less than a year, payment shall be made for such a partial year at 1/12 of the rate of Schedule A in effect at the end of the last full year of service for each additional full month served.

The retirement benefit shall be calculated as follows:

Completed Years of Service	Nonforfeitable percentage of pension amount.
5	40%
6	52%
7	64%
8	76%
9	88%
10 and thereafter	100%

ARTICLE VIII

DEFERRED PENSION

Section 1. DEFERRED RETIREMENT. A member of the Association who is otherwise qualified for a retirement benefit but who has not reached the age of 50 years may retire from the Cannon Falls Fire Department without forfeiting his right to such retirement. Upon the application of such

member, he shall be placed on a deferred status and be entitled to receive said retirement benefit upon reaching the age of 50 years and making application for retirement. The value of the deferred pension shall be based on the pension amount per year of service in effect on the date on which the member separated from active service from the Cannon Falls Fire Department. For purposes of calculating benefits payable, a "year of service" shall be defined as a period of 12 full months of active duty in the Cannon Falls fire Department, beginning on the date when the member first became an active firefighter in said fire department. If a member's period of active service has not been continuous, parts of years shall be added together to calculate full years. Periods of time during which a member is on leave of absence or suspension from the Cannon Falls Fire Department shall not be used to calculate active duty time or years of service. If the final period of a member's active service is less than a year, payment shall be made for such a partial year at 1/12 of the rate of Schedule A in effect at the end of the last full year of service for each additional full month served.

ARTICLE IX

SICK AND DISABILITY BENEFITS

Section 1. If a member of this association shall become totally and permanently disabled, to the extent that a physician or surgeon acceptable to the board of trustees shall certify that such disability will permanently prevent said member from performing a substantial part of the duties of a firefighter, the association shall pay to such member the amount provided in Section 2 of Article IX. If a member who has received such a disability pension should subsequently recover and return to active duty in the Cannon Falls Fire Department, any amount which was paid as a disability pension shall be deducted from the amount of the service pension. All applications for disability benefits shall be made within six months after such applicant has ceased to be active member of the Fire Department. Written application shall be made to the Board of Trustees setting out the nature and cause of such disability. The Board of Trustees has the

discretion to request that another doctor, selected by the Board, examine the applicant. Final determination of disability will be based upon the reports of at least one doctor and the decision shall require by five votes of the Board of Trustees.

Section 2. Long Term Disability. If a member of the Association shall become totally and permanently disabled, the Association shall pay the amount per year of service as shown in Appendix A for each year that the member served as an active firefighter in the fire department, without regard to minimum or partial vesting requirements. The member shall be eligible to receive the disability benefit immediately upon approval of the board of trustees.

"Total and permanently" shall be determined by a physician or surgeon acceptable to the board of trustees who shall certify that such disability will permanently prevent that member from performing the members duties in the fire department. The member shall be eligible to receive the disability benefit immediately upon approval of the board of trustees.

ARTICLE X

DEATH BENEFITS

Section 1. Upon the death of any active member, the Association shall pay to the surviving spouse, if any, and if there is no surviving spouse, to the surviving child or children, if any and if no child or children, to the estate of such deceased member an amount calculated by multiplying the number of full years of active service times the annual pension amount contained in Schedule A, provided that the minimum benefit shall be for two times the annual pension amount from Schedule A. For purposes of calculating benefits payable, a "year of service" shall be defined as a period of 12 full months of active duty in the Cannon Falls fire Department, beginning on the date when the member first became an active firefighter in said fire department. If a member's period of active

service has not been continuous, parts of years shall be added together to calculate full years. Periods of time during which a member is on leave of absence or suspension from the Cannon Falls Fire Department shall not be used to calculate active duty time or years of service. If the final period of a member's active service is less than a year, payment shall be made for such a partial year at 1/12 of the rate of Schedule A in effect at the end of the last full year of service for each additional month served.

ARTICLE XI AMENDMENTS

Section 1. The bylaws of this association may be amended at any regular or special meeting of the association by a favorable vote of 2/3 of the members present and voting, providing a quorum is present; and provided further that notice of any proposed amendment or amendments shall be given by reading the same at a regular or special meeting not more than 31 days next preceding the date upon which such amendment or amendments are to be acted upon, and that a notice be mailed to each member at the member's last known address not less than 10 days prior to the scheduled date of such meeting; and provided further, that if such amendment or amendments shall change the amount of benefits or pensions, approval of the city council of Cannon Falls must be obtained, as required by law, before such amendment or amendments shall become effective.

Approved by the members on September 2, 1997

Approved by the city council on September 18, 1997

Revised and approved by the membership on 01/05/2010

Revised and approved by the membership on 09/07/2010

Revised and approved by the membership on 11/07/2023.

Approved by the city council on ?.

Changes effective 01/01/2024

SCHEDULE A

ANNUAL BENEFIT AMOUNT. The annual benefit amount payable for each year of service with the Cannon Falls Fire Department shall be \$2,700.

Adopted by the Membership on this 5th day of November, 2019.

Approved by the City Council on this 19th day of November, 2019.