

BALDWIN TOWNSHIP SPECIAL MEETING

February 13, 2018

Present – Supervisors Brad Schumacher, Jay Swanson, Bryan Lawrence, Larry Handshoe and Tom Rush.

Call to Order – The Baldwin Township special meeting of February 13, 2018 was called to order by Chairman Schumacher at 7:00 p.m.

Pledge of Allegiance – All present recited the Pledge of Allegiance.

Discuss Fire Relief Retirement - Present along with the Town Board were Andy Walker, Relief Association President, Bob Ruppe, Township Attorney, Scott Case, Fire Chief, Jim Oliver, Relief Association Treasurer and John Rudi, Parr McKnight Wealth Management Group (Wells Fargo).

Mr. Rudi stated he brought along the 2017 results along with the end of January. Schumacher stated that the Town Board wants to hear how we are currently funded. The Town Board has approved \$2,000 for fire department retirement. The Relief Association increased that to a \$2,600 level. Is \$2,600 sustainable for what we currently have in the fund? Mr. Rudi replies yes, a dollar of promise needs to be covered by a dollar of assets and we are over 100% funded. It is the relief association's perspective, as trustees, to do what is in the best interest of the members and the township. Even at \$2,800 dollars it is 117% funded. It is still overfunded given a regular decline in the market. His company works with over 60 fire departments. He likes to tell the departments to have a funded level of over 110% but no more than 120%. Even in 2008, no cities had to make a municipal contribution for over 2 years. Overall, a funded level of 110-115% is recommended. He likes to see consistent and smaller increases as it is nice feedback to the firefighters. It encourages them to retire when they are ready and not when they get the big increase. It keeps guys on for a long period of time. With the township ratified at \$2,000 he feels it is too high at 126%. Lawrence asked if everybody retired tomorrow would there be enough money to cover it. Mr. Rudi replied 26% more.

Lawrence questioned that whether or not anybody retires we have to match it and bring it back immediately. Case stated that it would be a 10 year payback. Ruppe stated that there is a formula that is statutory. The benefit level can be increased by the Relief Association without ratification. Why not just do that without ratification by the Town Board? The Town Board would be at \$2,000 but could still be at \$2,700 with the appropriate ratio. Is there a need for the Town Board to actually ratify that action? Mr. Rudi stated that the trustees have a fiduciary obligation to secure support. Does this body need to bring it up from \$2,000? Strictly speaking: no. Swanson stated that if it is ratified by the board it can never go under that. What we are doing, if we bring it up, is we are taking the oneness off the investment firm as the town is saying we have it covered no matter what investments do. Mr. Rudi stated that there is some truth to that

and, if we had something worse than 2008, the funded status goes from 127% to 97% and we have 10 years to make up that margin.

Rush stated that the contribution used to be \$680.00 and then the fire department raised it to \$2,000. At the Annual Meeting last year \$15,000 was approved to go to the Relief Association as well. Schumacher stated that the Town Board was blindsided at the Annual Meeting last year with the \$15,000. We asked for a meeting again so we are all on the same page. Discussion on the Relief Association being able to reduce or auto correct their benefit level without the Town Board involved. Swanson stated that if we do go underfunded it would show up in the town's audit and would detract bond ratings and interest rates.

Discussion regarding retention and recruitment. Walker stated that the retirement amounts are varied. We offer \$2,600; Princeton is at \$3,200; Zimmerman is at \$4,100 and Elk River is at \$6,800. The City of Princeton contributes \$20,000/year to their relief and the City of Zimmerman contributes \$30,000/year. Discussion on moving the program to PERA. Mr. Rudi handed out an illustration which shows asset allocation risk and reward and stated that they recommend relief associations be funded at 110% and suggested having a policy to be funded above these scenarios along with an agreement that may move things up slowly.

Lawrence asked what the repercussion of the township's \$15,000 contribution on the benefit level. Does that cause the benefit level to rise? Mr. Rudi stated that there is not an easy straight answer to that. There are 3 sources of income: 2% money, municipal contribution and investment gains. Discussion on the average year payout. Mr. Rudi also distributed a sample resolution which establishes policy guidelines for pension benefits. Mr. Rudi stated that, by statute, Baldwin cannot go below 117%. Lawrence questioned why the relief association wasn't proposing \$2,800 or \$3,000. Oliver responded that they are very conservative. Their maximum benefit worksheet says \$3,100. The accountant figures out enough of a dollar level without a contribution. We don't want to go up too much and too fast and we don't have a lot of people retiring. Discussion on the Town Board working with the Relief Association to ensure not being underfunded. Lawrence questioned if the Town Board could contribute before the worksheet is filed with the state if a shortfall is noticed. Oliver stated that he needs to have all the information in March 31st. Swanson asked if there were any legal ramifications for the board to decide to take taxpayer dollars and put it in the Relief Association fund. Ruppe stated that the board has that authority but cannot take it out once it is put in. Discussion on being blindsided by the motion for a \$15,000 donation at the last Annual Meeting. Walker handed out a paper which showed what the proposed motion will be at this year's Annual Meeting which shows a contribution of \$500.00 per firefighter. Schumacher stated that \$15,000 was put in the budget for 2018 and questioned how the payment would be broken down. Ruppe stated that it does not obligate the Town Board to put that money into the Relief Fund. It is not a legal obligation. If the Town Board is looking at using cash infusions periodically you have to work with the Relief Association ahead of time i to get put in by the State Auditor officially. Walker stated he would like to have something at the Annual Meeting that

people can vote on and would help bump up numbers over time. Lawrence suggested adding it to the agenda or it could also come from the floor (Annual Meeting). The \$500.00 proposed motion would equal \$14,000. A \$15,000 infusion equals a 3% increase.

Schumacher stated that the Town Board will discuss on Tuesday (regular meeting). The retirement payment for 2018 that was approved at the Annual Meeting and also work on the adjustment of the Annual Meeting Agenda or budget. Ruppe stated that even if the board added this to the budget it would still be a discussion item on all the different options there are. A big talking point would be retention and attraction of new firefighters.

Oliver stated that he thoroughly enjoyed the meeting. He understands the reasoning and would love support from the employer. With current PERA benefits for the Town Board and employees enjoyed, he would like to see the same effort to keep firefighters.

Adjourn – Lawrence/Swanson unanimous to adjourn at 8:51 p.m.



Submitted By: (s/) Cathy Stevens
Clerk/Treasurer
Baldwin Township



Approved By: (s/) Brad Schumacher
Chairman, Board of Supervisors
Baldwin Township

3-19-18

Date

Attendees: Bob Ruppe, Jim Oliver, Scott Case, Andy Walker, John Rudi