

**HUGO FIREFIGHTER'S
RELIEF ASSOCIATION BYLAWS**

**Bylaws approved by membership
May 16th 2017**

Revised: 2003, 2006, 2009, 2013, 2014, 2016, 2017

ARTICLE I

NAME

Section 1.1. Name. The name of the association is the Hugo Firefighter's Relief Association.

ARTICLE II

PURPOSE

Section 2.1. Purpose. This instrument constitutes the Bylaws of the Hugo Firefighter's Relief Association, hereinafter referred to as "Association," adopted for the purpose of regulating and managing the internal affairs of the corporation and shall serve as the written pension plan for the relief association. The Association is a governmental entity that receives and manages public money to provide retirement benefits for individuals providing the governmental services of firefighting. The objectives of the plan shall be to provide service pensions and ancillary benefits to members and dependants of the Hugo Fire Department, hereinafter "Fire Department". All benefits issued by this association shall be governed by these bylaws and Federal and State laws.

ARTICLE III

EFFECTIVENESS

Section 3.1. Effectiveness: This document when approved by a majority of the membership present and voting by roll call vote shall supersede any previous versions of the Hugo Firefighter's Relief Associations bylaws, policies, or past precedences set by the membership, or the Board of Trustees.

ARTICLE IV

DEFINITIONS

Section 4.1. Surviving spouse. The term "surviving spouse" means the spouse of a deceased member who was legally married to the member at the time of death

Section 4.2. Fiduciary responsibility. In the discharge of their respective duties, the officers and trustees shall be held to the standard of care and all other statutory requirements enumerated in Minn. Stat. § 356A. No trustee of the Association shall cause the relief association to engage in a transaction, if the fiduciary knows or should know that a transaction constitutes one of the following direct or indirect transactions.

- (1) sale or exchange or leasing of any real property between the relief association and a board member;
- (2) lending of money or other extension of credit between the relief association and a board member or member of the relief association;
- (3) furnishing of goods, services, or facilities between the relief association and a board member; or

(4) transfer to a board member, or use by or for the benefit of a board member, of any assets of the relief association. Transfer of assets does not mean the payment of relief association benefits or administrative expenses permitted by law.

Section 4.3. Beneficiary. Pursuant to Minn. Stat. 424A.05, the beneficiary under this plan, that is entitled to receive a benefit following the death of an active, disabled, deferred or early vested member. The benefit shall be the following persons, in the following succession:

- (1) The surviving spouse, if no surviving spouse,
- (2) The surviving child, and if no surviving child,
- (3) Any ancillary survivor's benefit shall be paid to the estate, as a funeral benefit.

Section 4.4. Trustees. The individuals designated as such by Minn. Stat. §424A.04 and by virtue of elected office, those that qualify as the ex-officio trustees.

Section 4.5. Ex-Officio Trustees. The Board of Trustees of the Relief Association as specified under Minn. Stat. §424A.04, shall have three Ex-Officio Trustees. The three Ex-Officio Trustees shall be the Chief of the fire department, One Elected City Official, and one City Staff Member. The City Official and City Staff Member shall formally be appointed annually by the City Council.

Section 4.6. Breaks in Service. Any time during which the member does not receive credit for active service. Any member returning from a break in service must remain in active service equal in time to the break in service, up to a maximum of five years, in order to qualify for any pension increases having occurred during the time. If this requirement is not met prior to the individual's resignation, the retirement benefits will revert to those in effect at such time the break in service began.

Section 4.7. Active Service. Active service shall be defined as meeting the requirements and certification of firefighter as determined by the City of Hugo, The EMSRB requirements and certifications for Emergency Medical Responder, and ability to perform those functions on behalf of the Hugo Fire Department. Active service shall also include going to, serving at, and returning by a direct route from: Fire calls, medical emergencies, fire prevention, regularly and specially ordered meeting, drills, training sessions, floods, storms, riots, and any natural or manmade disasters, national, regional or state fire schools, meetings, conferences or conventions, local celebrations or fundraising activities on behalf of the Hugo Fire Department or the Hugo Firefighters Relief Association. Active service shall also include fire suppression or fire supervision. Active service shall be certified by the Secretary of the Hugo Firefighters Relief Association upon application for retirement benefits.

Section 4.8. Year of Active Service. For purposes of computing benefits, service pension's payable or calculating vesting requirements, a year of active service shall be defined as: full compliance with the Hugo Firefighter's Relief Association Bylaws, and maintaining minimum requirements as is listed in section 4.9, along with active status within the Hugo Fire Department. Service pensions will be prorated for fractional years of service pursuant to Minn. Statue 424A.02, Subdivision 2, and these bylaws.

Section 4.9 Membership Requirements: For the purpose of receiving benefits from this Association, each member must be in good standing with the fire department as defined by the City of Hugo Personnel Policy.

Section 4.10 Failure to meet the requirements: In the event a member does not meet the minimum requirements as listed in section 4.8 and section 4.9, a member will be notified of their delinquency and will have an opportunity to present their case to the Board of Trustees or general membership, as to why he/she should receive service credit for that calendar year. Board decisions will only apply to the member in dispute and does not set any precedence for any other members to fall back upon. Each case will be considered separate based on the merits provided. A member shall have the rights to appeal the decision of the Board to the membership final disposition.

Section 4.11. Reports of Active Service. Every January, the Board of Trustees shall request a report from the Chief of the Fire Department, showing the total percentages for calls and drills from the previous calendar year for each member of the fire department. All reports given to the Board of Trustees are confidential, and any Board member divulging said information, shall be immediately terminated from their elected position.

Section 4.12. Reports of service credit: On February 1st of each year, The Secretary of the Association shall provide each member with a report showing the total service credit earned from his\her inception into the Association to the close of the previous calendar year. Members of the Association will have thirty (30) days to file a dispute of any inaccuracies to the Board of Trustees. After thirty (30) days following the distribution of service credit reports to each individual member, unless in dispute, the service credit report for each member shall stand as official record, for the purpose of pension credit.

Section 4.13. Quarters: For the purpose of this document, a quarter shall be defined as three months. There shall be four quarters per calendar year. The first (1st) quarter shall begin on January 1st and conclude on March 31st. The second (2nd) quarter shall begin on April 1st and conclude on June 30th. The third (3rd) quarter shall begin on July 1st and conclude on September 30th and the fourth (4th) quarter shall begin on October 1st and conclude on December 31st.

Section 4.13.1 Months: for the purpose of this document a month shall be considered as a minimum of 28 days.

Section 4.13.2 Calendar Year: for the purpose of this document a calendar year shall be defined as twelve (12) months, beginning on January 1st and concluding on December 31st.

Section 4.14. Fractional Years of Service Calculation: For the purpose of calculating service pension for fractional years of service, the total yearly benefit sum will be divided by twelve (12) months to give a monthly pension amount.

Section 4.15. Domestic Relations Order: Any judgment, decree or order (including approval of a property settlement agreement) that complies with the provisions of Minn. Stat. §§518.58, 518.581, or 518.611, and is consistent with these bylaws and adopted by the Board of Trustees.

Section 4.16. Classifications of Members:

(1) Active Member. An active member is a person who has applied and been accepted for membership in the Association and is currently in active status on the fire department and has not been either suspended or expelled from the association. Active members may attend meetings, run for elected office and are entitled to voting rights within the Association.

(2) Deferred Member. A person who is a member of the Association; and who has terminated from the Fire Department; and who has completed at least ten (10) years of active service in the Fire Department; and has not made application for his or her service pension, in accordance with section 13.2 of these bylaws. Deferred members, are not allowed to run for elected office, nor are they entitled to voting rights within the Association

(3) Retired Member. A retired member is a member of the Association, who has terminated from the Fire Department, and has completed at least ten (10) years of active service in the fire department, and has made application for his or her pension but has not received final distribution of his or her pension in full. Retired members, are not allowed to run for elected office, nor are they entitled to voting rights within the Association

Section 4.17. Subject to a waiver: for the purpose of this document, the term subject to a waiver shall mean a signed document authorizing this Association to notify a member of any meetings of the Association via electronic mail, fax, and text messaging.

ARTICLE V

MEMBERSHIP

Section 5.1. Eligibility: Any active member of the Fire Department is eligible for membership in this Association. Upon acceptance of a new member's application, the active member shall receive credit for all time served on probation with the fire department prorated to the start date with the Fire Department.

Section 5.2. Application for membership: Written application may be made at any regular or special meeting of the Board of Trustees, or at any general membership meeting of the Association and must be approved by 51% of the membership present and voting.

Section 5.3. Membership Termination: Resignation or expulsion from the Fire Department shall terminate membership of the member so resigning, expelled, or removing from the Hugo Firefighters Relief Association.

Section 5.4. Suspension and Expulsion: Any member may be suspended or expelled

from the Association for cause by a two-thirds (2/3) vote of the Association membership. Cause for expulsion 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. The member shall have the right to a hearing before a quorum of the Board of Trustees. Written notice via registered mail with return receipt will be sent to the individual at least 15 days prior to the hearing.

Section 5.5. Reinstatement and Approval: Any member suspended or expelled by the Association can only be reinstated upon application for reinstatement in writing, presented at a regular or special meeting of the association, and approved by two-thirds (2/3) of the Association membership.

Section 5.6. Leave of Absence: Leave of absence shall be granted to members for a reasonable length of time, not to exceed one (1) year upon submitting the member's written notice to the Secretary *of the Association*. A leave of absence from the Hugo Fire Department that is approved by the Hugo City Council shall be considered a leave of absence from the Association. The member shall receive a prorated monthly share of the year in which the leave of absence occurred. In no case, shall a member receive pension credit while on a leave of absence, other than those members on a leave of absence in accordance with Section 5.7 of these bylaws. If the approved leave of absence exceeds more than one (1) year and becomes an unapproved leave of absence as defined by section 5.8, the member shall not receive credit for a full year of active service for that year and subsequent years of absence. Such member, upon returning to the performance of active service, shall recommence membership in this association and adjustments shall be made to the total service credit of the member for subsequent full years of active service.

Section 5.7. Military Leave: See Minnesota State Statute 424A.021

Section 5.8. Unapproved Leave of Absence: A leave of absence beyond one (1) year and any period of suspension will not count toward active service.

Section 5.9. Voting: Each active member shall be entitled to one vote on any matter voted upon by the membership. Voting by proxy is not permitted. All votes, unless specified prior to the vote, shall be conducted by a voice vote. If a majority cannot be determined by voice vote, the Officer in charge of the vote shall ask for a show of hands.

ARTICLE VI

BOARD OF TRUSTEES

Section 6.1. Board of Trustees: The Board of Trustees shall consist of nine (9) members, six (6) of whom shall be elected by the membership and three (3) of whom shall be Ex-Officio Trustees. A President, a Vice President, a Secretary, a Treasurer, and two (2) general trustees, shall be elected for a three-year term as specified in this Article, or until a successor has been elected and qualified.

- (1). Eligibility for Trustee Positions. A member seeking a Trustee position shall have a minimum two (2) years membership with the Association.
- (2). Filing for election. Any member wishing to hold an elected position on the Board of Trustees, and meets the requirements set forth herein, shall forward a letter of intent to the Secretary of the Association 30 calendar days prior to the election at the annual meeting. A listing of open position(s) will be posted no more than 45 calendar days prior to the elections at the annual meeting.
- (3). Nominations. Nominations will only be allowed in the event the Secretary has not received any letters of intent for an open position(s).
- (4). Elections. Any member eligible for a Trustee position shall be elected by a majority vote, by ballot, at the annual meeting of the Association. If more than one name is marked on any one ballot. The ballot will be discarded and not count. The President will announce the total number of ballots handed out, once voting has concluded, the president will announce the total number of ballots collected, the total number of ballots that have been discarded, and the total number of votes received for each candidate.

Section 6.2. Terms: The terms of office of the general trustees and the officers shall be paired as follows: The two (2) general trustees; the President and The Treasurer; the Vice President and the Secretary. The term of the officers and general trustees shall be 3 years. The terms shall be staggered so that one pair shall be elected at each annual meeting. If a vacancy occurs during the term of office of any elected officer or general trustee, the general membership shall elect a member of the Association to serve for the unexpired term of the vacated position at the next regular or annual meeting of the Association.

Section 6.3. Removal of Trustees: 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 Article VII of these bylaws. One or more of the trustees or officers may be removed at a meeting of the Association which has been called for that purpose by two-thirds (2/3) vote of the Association membership. 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 written statement via registered mail with return receipt of the particular charges at least 15 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 next regular or special meeting of the Association, and such replacement shall serve out the unexpired term of the removed general trustee or officer.

Section 6.4. Fiduciary Duty: The members of the board shall act as trustees with a fiduciary obligation to the members of the Association, to the City of Hugo, and to the

State of Minnesota.

Section 6.5. Meeting Expenses: The President of the Association shall be paid an annual amount of \$500.00. The Secretary and Treasurer shall be paid an annual amount of \$500.00. The Vice President of the Association shall be paid an annual amount of \$400. Said amounts can be changed at any time by a majority of the membership present and voting at any regular or special meeting. Trustees of this Association may be reimbursed for reasonable expenses to attend their respective committee assignments, training sessions, conferences, and meetings where attendance is required.

Section 6.6. Voting: At each meeting of the Board of Trustees, every member shall be entitled to vote in person but not by proxy. Each member shall have one (1) vote. All votes shall be conducted by roll call vote, if the item in question, has a fiscal note impact. All votes shall be documented in the minutes of the meeting.

Section 6.7. Continuing Education Plan: Annually, all trustees shall complete four (4) hours of continuing education, related to their duties per year, of which four (4) hours should come from attending state fire conferences, State fire Schools or courses approved by the President of the Association. A fifty (\$50) dollar a day fee will be paid to all Board of Trustees that attend any required training as required by the State of Minnesota and in compliance with these bylaws. This fee is to be paid out only if the member is missing work to accomplish these required training hours. Additionally Trustees will be paid a per diem per day based on the federal per diem rates for the location the trustee is attending the training. All hotel costs will be reimbursed, mileage if personal vehicle is driven.

ARTICLE VII

DUTIES OF OFFICER

Section 7.1. President's Duties: It shall be the duty of the President to (a) attend and preside at the meetings of the Association and the Board of Trustees; (b) enforce the due observance of Minnesota State Statues, the Association's Articles of Incorporation and the Bylaws; (c) see that the officers properly perform the duties assigned to them; (d) sign all checks issued by the Treasurer and all other papers which required his/her signature; (e) Assign all committee appointments (f) exercise careful supervision over the affairs of the association, and (g) perform such other duties as may be assigned by the Board of Trustees or be required by law. It shall be the duty of the President to ensure completion of continuing education for the Trustees. (h) Attend sixty (60) percent of all Board of Trustee meetings. In the event that the President is unable to maintain the requirements listed in his/her duties, he/she shall resign and a new member shall be elected by the membership to fulfill the remaining term

Section 7.2. Vice President's Duties: It shall be the duty of the Vice President to (a) perform the duties of the President in his/her 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, and perform such other

duties as may be assigned by the Board of Trustees or be required by law. (b) Attend sixty (60) percent of all Board of Trustee meetings (C) It shall be the duty of the Vice President to act as the liaison between the Association and any organized civic group doing business with the Association. (Example: Lions Club etc...) In the event that the Vice President is unable to maintain the requirements listed in his/her duties, he/she shall resign and a new member shall be elected by the membership to fulfill the remaining term

Section 7.3. Secretary's Duties: It shall be the duty of the Secretary to (a) keep a true and accurate record of the proceedings of all meetings of the association and of the Board of Trustees; (b) keep a correct record of all amendments, alterations and additions to the Articles of Incorporation and Bylaws in a book separate from the minute books of the association; (c) cause due notice of all special meetings of the Association and of the Board of Trustees to be given; (d) receive all monies due the Association and pay the same over to the Treasurer, taking a receipt for the same, Failure to do so constitutes cause for purpose of removal under section 6.3 of the above bylaws and the Secretary may be expelled from the Association pursuant to the provisions of Article V; (e) keep a roll of membership, with the date of joining, resignation, discharge, leaves of absence, and relief or pensions furnished; (f) sign all orders for payment issued to the Treasurer, and joint with the Treasurer, prepare and file all reports and statements required by law. And (g) perform such other duties as may be assigned by the Board of Trustees or be required by law. The Secretary's records shall be at all times open to inspection by the Board of Trustees. (h) Attend sixty (60) percent of all Board of Trustee meetings. In the event that the Secretary is unable to maintain the requirements listed in his/her duties, he/she shall resign and a new member shall be elected by the membership to fulfill the remaining term

Section 7.4. Treasurer's Duties: It shall be the duty of the Treasurer to (a) receive from the Secretary all monies belonging to the Association and hold them subject to the order of the President and countersigned by the Secretary. (b) prepare a full and detailed statement of the assets and liabilities of each fund and present same to the Board of Trustees prior to their meetings and prior to the annual meeting of the Association; and (c) jointly with the Secretary prepare and file all reports and statements required by law, and (d) perform such other duties as may be assigned by the Board of Trustees or be required by law and (e) ensure newly elected President, or Vice President set up a signature all relief association accounts Prior to entering upon the duties of his/her office, the Treasurer shall give a bond with such sureties as may be required and approved by the Board of Trustees, conditioned upon the faithful discharge and performance of the duties of his/her office. The amount of the bond will be equal to at least 10% of the assets of the Association; however, the amount of the bond need not exceed \$500,000. Such bond shall be payable from the special fund of the Association. (e)Attend sixty (60) percent of all Board of Trustee meetings. In the event that the Treasurer is unable to maintain the requirements listed in his/her duties, he/she shall resign and a new member shall be elected by the membership to fulfill the remaining term

Section 7.5. Trustee Duties: It shall be the duty of the elected trustee positions to (a) attend sixty (60) percent of all Board of Trustee meetings (b) participate in committee assignments (c) perform such other duties as may be assigned by the Board of Trustees or be required by law. In the event that the Trustee is unable to maintain the requirements listed in his/her duties, he/she shall resign and a new member shall be elected by the membership to fulfill the remaining term

Section 7. 6. End of Term Duties: It shall be the duty of all officers to deliver to their successors in office, or any committee appointed by the Board of Trustees to receive the same, all monies, books, papers and other items pertaining to their respective offices within thirty (30) days upon the expiration of their terms of office.

ARTICLE VIII

MEETINGS

Section 8.1. Annual Meeting: The annual meeting of the Association for the election of officers and trustees, and other business shall take place in December. The place of the meeting shall be designated and may be changed from time to time by the Board of Trustees. Subject to waiver, written notice of the annual meeting shall be given to members at least 5 days in advance.

Section 8.2. Board of Trustees Meetings: The Board of Trustees, must meet at least six (6) times during the calendar year. Subject to waiver, a notice of every Board of Trustees meeting shall be sent or delivered by the Secretary to all Trustees, and Ex-Officio Trustees, at least five (5) days before the meeting, excluding the date of the meeting. Such notice shall set forth the date, place, and time of the meeting.

Section 8.3 .Regular meeting of the Association: In addition to the annual meeting, there shall be a minimum of three (3) regular meetings of the Association each calendar year.

Section 8.4. Special Meetings of the Board of Trustees: Special meetings of the Board of Trustees may be called by the President along with one (1) member of the Board of Trustees, or by three (3) members of the Board of Trustees. Trustees shall be notified by the Secretary of such special meetings, and the subject of the meeting shall be contained in such notice. Special meetings only allow for discussion and action of the item in question and does not allow for other business of the Association to be conducted. Special meetings shall be noticed within five (5) days following receipt of such a request.

Section 8.5. Special Meetings of the Association: Special meetings of the association shall be called by the President and three (3) members of the Association, and can also be called upon written request of six or more members of the Association. Members shall be notified by the Secretary of such special meetings, and the subject of the meeting shall be contained in such notice. Special meetings only allow for discussion and action of the item in question and does not allow for other business of the Association to be conducted. Special meetings shall be noticed within five (5) following receipt of such a request.

Section 8.6. Quorum: For the transaction of business at any annual, regular, and special meetings of the Association, a quorum shall be defined as, fifty-one percent (51%) of the Associations members. For the transaction of business at all Board of Trustees meeting, a quorum shall be defined as fifty-one percent (51%) of the trustees. A quorum must be present the entire meeting. Any time during any meeting a quorum is not present; the meeting shall recess and only reconvene upon a quorum being present.

Section 8.7. Meeting notices and conduct: the annual, regular and special meetings of the Association shall conform with applicable provisions of Minnesota's Open Meeting Law and Minnesota's Nonprofit Corporations Act. Subject to a waiver, notice shall be sent to every member at least five (5) days before the meeting. Such notice shall set forth the date, time, place, and in case of a special meeting, the purpose. The Secretary shall also post the time, date, location and purpose of the meeting on the bulletin board at the Fire Station at least five (5) days in advance of the meeting. Subject to waiver.

Section 8.8. Reports: 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 8.9. Parliamentary Procedure: All meetings shall be conducted in accordance with Robert's Rules of Order, as revised.

Section 8.10. Order of Business: The order of business shall be:

1. Call to Order
2. Pledge of Allegiance
3. Roll Call
4. Reading of minutes of previous meeting
5. Reading of Reports and Minutes of the Board of Trustees' Meeting
6. Reports of Officers
7. Applications for Membership
8. Reports of Special Committees
9. Unfinished Business
10. Election of Officers and Trustees (Annual Meeting or if there is a vacancy on the board)
11. New Businesses
12. Good and Welfare of the Association
13. Adjournment

Section 8.11. Location of Board Meeting: A meeting of the Board of Trustees shall be held at the registered office of the Association in the City of Hugo unless noticed for another place within the state as designated by the board.

ARTICLE IX

INVESTMENTS

Section 9.1. Prudent Person: Trustees shall discharge their duties in good faith and

with that diligence and care which an ordinarily prudent person would exercise under similar circumstances. Trustees shall comply with all applicable laws including applicable provisions of the Minnesota Statutes, Chapter 356A, The Public Pension Fiduciary Responsibility Act and Minnesota Statutes, Chapter 424A, governing Minnesota's Volunteer Firefighter Relief Associations.

Section 9.2. Investment Duties: 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 Associations general fund The Board of Trustees 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 of the Association. The members of the Board shall act as Trustees with a fiduciary obligation to the State of Minnesota, to the City of Hugo and the members of the Association.

Section 9.3. Broker's Acknowledgement: The board of trustees shall comply with Minnesota Statutes §356A.06, Subd. 8b that requires the relief association to provide annually to any brokers, a written statement of investment restrictions pursuant to statute or the investment policy that applies to the special fund. Upon receipt of the written statement of investment restrictions, each broker handling investments of the Association shall acknowledge, in writing annually the receipt of the investment restrictions. The acknowledgment shall contain a statement that the broker agrees to handle the Association's investments pursuant to the written restrictions, and in accordance with Minnesota law governing the investment of volunteer firefighter relief association assets.

ARTICLE X

FUNDS

Section 10.1. Funds: All money received from the Association shall be kept in two separate funds. Disbursements from the funds shall be in accordance with Minnesota Statutes and Rules and the bylaws of the Relief Association.

Section 10.2. General Fund: The funds received by this Association from, entertainment revenues, fundraisers, property and gifts donated to the Association shall be kept in the general fund of the Association. The treasurer shall be the custodian of the assets of the general fund and maintain adequate records documenting any transaction involving the assets or the revenues of the general fund. The assets of the general fund may be disbursed for any purpose reasonably related to the welfare of the Association or its members, as authorized by the Board of Trustees. Any purchases from the general fund account, which has a fiscal note greater than five thousand dollars (\$5,000) must be brought to the membership of the Association for approval.

Section 10.3. Special Fund: All funds received by this Association qualifying as state aid received pursuant to law, all taxes levied by or other revenues received from the city pursuant to law providing for municipal support for the relief association, any moneys or property donated, given, granted or devised excluding fundraiser proceeds, by any person

which is specified for the use for the support of the Special Fund, and any interest earned on the assets of the Special Fund. Any tax sources and other money which may be directly donated or transferred to said fund, shall be kept in a separate account on the books of the Treasurer known as the Special Fund and shall be disbursed only for the following purposes.

1. Payment of members' service pension benefits in accordance with these bylaws;
2. Payment of ancillary benefits in accordance with these bylaws;
3. Administrative expenses in accordance with the laws of Minn. Stat. §69.80, as amended, as follows:
 - a) Office expense including but not limited to rent, utilities, equipment, supplies, postage, periodical subscriptions, furniture, fixtures and salaries of administrative personnel.
 - b) Salaries and itemized expenses of the president, vice-president, secretary, and the treasurer of the association or their designees, incurred as a result of fulfilling their responsibilities as administrators of the special fund.
 - c) Tuition, registrations fees, organizational dues, and other authorized expenses of the officers or members of the Board of Trustees incurred in attending educational conferences, seminars or classes relating to the administration of the relief association.
 - d) Audit, actuarial, medical, legal and investment expenses.
 - e) Reimbursement to the officers and members of the Board of Trustees, or their designees, for reasonable and necessary expenses actually paid and incurred in the performance of their duties as officers or members of the board; and
 - f) Premiums on fiduciary liability insurance and official bonds for the officers, members of the Board of Trustees, and employees of the Relief Association.

All other expenses of the Association shall be paid out of the General Fund.

Section 10.4. Authorization: No disbursement of the funds of this association shall be made except by checks drawn by the Treasurer and countersigned by either the President or Secretary. 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 (or the members in the 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 10.5. Depositories: All money belonging to the Association shall be deposited to the credit of the Association in such banks, trust companies, or other depositories as the Board of Trustees may designate. The board of trustees shall make deposits in

conformance with state statute and the investment policy, attached hereto.

ARTICLE XI

APPLICATION FOR BENEFITS

Section 11.1. Application for Pension Benefits: All applications for relief or pension benefits shall be made in writing on forms furnished by the Secretary

Section 11.2. Notice of intent to retire: It shall be the duty of each member who intends to retire and request a service pension from the association, to file a notice of intent to retire. Such notice shall be in writing and shall be filed by the Secretary not less than thirty days (30) prior to the date of retirement and submission of application for service pension. Upon receipt of a notice of intent to retire, the Secretary shall provide any notices to the applicant as required by state or federal law with respect to pension or benefit payments.

Section 11.3. Submission: All applications for relief or pension benefits shall be submitted to the Board of Trustees at a regular or special meeting of the board or at a regular membership meeting. Applications shall be verified by an oath of the applicant and shall state the age of the applicant, the period or periods of service in, and the date of termination from active service with the Fire Department, and such other information as the Board of Trustees may require.

Section 11.4. Board of Trustees Decisions: No relief or pension benefits shall be paid until the application has been approved by a majority vote of the Board of Trustees. Decisions of the board shall be final as to the payment of such benefits or pensions. Decisions of the board shall be subject to appeal in accordance with the Procedure for Review under these bylaws, as laid out in Article XVII. No other benefits shall be paid to or on behalf of any member who has received a service pension.

Section 11.5. Appeal Rights: It shall be the duty of the Board of Trustees 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 of Trustees not to approve the application if any of the eligibility requirements are not met. If an application is not approved, the Board of Trustees shall return the application to the applicant within 30 days, noting thereon, with particularity, which requirements the applicant does not meet. Thereafter, the applicant shall be furnished with the opportunity to be heard by the full Board of Trustees, pursuant to the Procedure for Review as provided by Article XVII of these bylaws. If the application is approved, the service pension shall be paid in the manner requested by the applicant pursuant to Article XIV, of these bylaws.

ARTICLE XII

ANCILLARY BENEFITS

Section 12.1. Survivor Benefits: Following the receipt of a lump sum survivor or

funeral benefit neither a member's surviving spouse nor estate is entitled to any other or further financial relief or benefits from the Association.

(1) A member's Beneficiary shall be eligible to receive a benefit upon the death of an Active, Deferred or Retired Member who has not yet received his or her full retirement benefit. In no case shall the member receive less than one (1) times the benefit amount or the amount equal to his/her years of active service in the Hugo Fire Department, unless the member is vested.

(2) If the member has no Surviving Spouse or surviving children, the member's benefit shall be distributed in a lump sum to the estate of the member

ARTICLE XIII

SERVICE PENSIONS

Section 13.1. Lump Sum Pension: The exclusive pension benefit provide by the Association shall be a defined benefit lump sum service pension, paid based on the members years of active service. Upon meeting the requirements in Section 13.2 of this article, the member shall be entitled to the benefit amount for each year that the member has served as an active member of the fire department. In accordance with, Minnesota Statute 424A.10, the Association shall pay a supplement benefit to the qualified member in addition to the lump sum pension. The amount of this benefit shall equal ten (10) percent of the regular lump sum distribution, but in no case shall exceed one thousand dollars (\$1,000.00). This supplemental benefit shall be reimbursed to the Association, in accordance with Minnesota Statute 424A.10

Section 13.2. Eligibility Requirements: To be eligible to receive a service pension a member must meet all of the following requirements.

- (1) Be at least fifty (50) years of age;
- (2) Have terminated from the Fire Department
- (3) Have completed at least ten (10) years of active service with the fire department before termination; and
- (4) Have been a member of the Association at least ten (10) years prior to such termination.

Section 13.3. Benefit Amount: The current benefit amount per year of service is \$3,500.00

ARTICLE XIV

TIMING AND MODES OF DISTRIBUTION

Section 14.1. Independent Expertise Encouraged: Because of the varying circumstances in each member's retirement planning, optional benefit payment methods are offered. Selection should occur after consultation with a tax consultant, insurance and/or estate planner, or an attorney. Alternate payment methods on the Application Form shall include:

- (1) Check. A single Lump sum check payment payable to the eligible retiree.
- (2) Annuity. Lump Sum payment by the Association to a recognized insurance carrier licensed to do business in this state and approved for this product by the Commerce Commissioner under Minn. Stat. § 60A.40.
- (3) Rollover. Rollover to an IRA account pursuant to Article XIV, Section 14.2 of these Bylaws.

Section 14.2. Rollover to IRA. Upon written request from the retiring member who has given proper notice of retirement, the Secretary or Treasurer shall directly transfer the service pension amount into an Individual Retirement Account under Section 408(a) of the Internal Revenue Code, as amended.

ARTICLE XV

EARLY VESTING PROVISION

Section 15.1. Vesting Schedule: In the event a member with ten (10) years or more but less than twenty (20) years of active service on the Fire Department resigns or otherwise becomes a nonmember, that person shall be entitled to the following benefit that represents the nonforfeitable portion of.

| Completed Years of Active Service | Non-forfeitable Percentage of Pension Amount |
|-----------------------------------|--|
| 10 | 60 percent |
| 11 | 64 percent |
| 12 | 68 percent |
| 13 | 72 percent |
| 14 | 76 percent |
| 15 | 80 percent |
| 16 | 84 percent |
| 17 | 88 percent |
| 18 | 92 percent |
| 19 | 96 percent |

20 and thereafter 100 percent

ARTICLE XVI

DEFERRED PENSION STATUS

Section 16.1. Deferred pension rolls: A member of the Association who has served as an active firefighter in the Fire Department for at least ten (10) years, but has not reached the age of fifty (50) years, may terminate from the Fire Department and be placed on the deferred pension roll. Upon reaching age fifty (50) and provided that membership in the Association has been maintained for at least ten (10) years, upon approval of a valid written application, in accordance with Section 13.2, and Section 13.3 of these Bylaws such member shall be paid the base sum for each year of active service in the Fire Department as was payable at the time of termination from active service in the Fire Department and reduced pursuant to the early vesting schedule in Article XV of the Bylaws. A member who is on the deferred pension roll shall not be eligible to receive any of the ancillary benefits provided for in these By-laws except those that are specified.

Section 16.2. Interest paid: The Association shall, add to the deferred member's account, interest, at the rate of five percent (5%) compounded annually.

Section 16.3. Deceased Deferred Member: If the member dies while on the deferred pension roll, the total deferred pension applicable at the time of death shall be paid to the members surviving spouse or children, or estate pursuant to Article XII of the Bylaws.

ARTICLE XVII

PROCEDURE FOR REVIEW

Section 17.1. Right to Appeal: In the event that the Board of Trustees denies an application for a service or ancillary pension benefit, the member shall be entitled to the right to appeal the determination.

Section 17.2. Asserting Appeal Rights: If an application is not approved. The Board of Trustees shall return the application to the applicant within thirty (30) days. noting thereon, with particularity, to which requirements the applicant has not met. Thereafter, the applicant shall be furnished with the opportunity to be heard by the full Board of Trustees, on the question of whether the applicant meets all of the eligibility requirements. The member shall indicate that the member intends to appeal by furnishing the Board of Trustees with a written intent to appeal that is filed with the Secretary of the association within thirty (30) days of receiving an adverse determination. The intent to appeal shall be certified by the member.

Section 17.3. Procedure: Upon receipt of the written intent to appeal, the Board of Trustees shall hold a special meeting within sixty (60) days of receipt of the written intent to appeal. Timely notice of the meeting shall be given to the member at least fifteen (15) days prior to the special meeting. The member shall have the reasonable opportunity to

be heard by the Board of Trustees at the special meeting with regard to the negative determination. The board reserves the right to engage the services of a mediator or arbitrator, acceptable to both parties, at any time during the appeal. The mediator or arbitrator shall be selected from the Rule 114 Supreme Court Roster. The cost of the mediator or arbitrator shall be split in half among both parties.

ARTICLE XVIII

LIMITS ON BENEFITS

Section 18.1. Domestic Relations Order: A domestic relations order shall be accepted by the plan administrator if in compliance with state and federal law. No benefits shall be paid under a domestic relations order which requires the plan to provide any type or form of benefit, or any option, not otherwise provided under the Plan or under state law.

Section 18.2. Garnishment, judgment or legal process: No service pension or ancillary benefits paid or payable from the special fund of a relief association to any person receiving or entitled to receive a service pension or ancillary benefits shall be subject to garnishment, judgment, execution, or other legal process, except as provided in Minn. Stat. §§518.58, 518.581, or 518.611.

Section 18.3. Assignments: No person entitled to a service pension or ancillary benefits from the special fund of a relief association may assign any service pension or ancillary benefit payments, nor shall the association have the authority to recognize any assignment or pay over any sum which has been assigned.

Section 18.4. Limits on Pensions: No provision, which places limits on benefits, as contained within Section 415 of the Internal Revenue Code shall be exceeded. Plan participants cannot receive an annual benefit greater than the amount specified in Section 415 of the code as may subsequently be amended.

ARTICLE XIX

AMENDMENTS

Section 19.1 Amendment (s) Procedures: The bylaws of the Association may be amended at any regular or special meeting of the Association by a majority of the members present and voting, provided that a quorum is present. At the meeting, the membership shall have an opportunity to discuss the proposed amendments (s). After the discussion the proposed amendments (s) may be acted upon. Subject to a waiver, the Secretary of the Association shall mail notice to each member, at their last known address, not less than thirty (30) days prior to the reading and vote of the proposed amendment (s). Such notice shall set forth the date, time, place, proposed amendment (s) and any other purpose of the meeting. The Secretary shall also post the same notice on the bulletin board at the Fire Department. If such amendment or amendments shall change the amount of benefits or pensions, approval of the Hugo City Council must be obtained if a municipal contribution is required to fund such change or if state law so requires.

ARTICLE XX

REVIEW

Section 20.1. Periodical review: These bylaws shall be reviewed by a committee of no less than three (3) people on a biannual basis. The review committee shall be composed of the President of the Association and members of the General membership. This review shall occur on an as needed basis.