

Exhibit C

Municipal Ratification of Benefit Levels

Topic:

Generally, relief associations are required to obtain ratification from the affiliated municipality or independent nonprofit firefighting corporation of a benefit level change before the change becomes effective. There is authority, if certain conditions are met, for a relief association to increase its benefit level without obtaining ratification. This allows a relief association that is well-funded to make benefit level changes even if the affiliated municipality or independent nonprofit firefighting corporation does not support the change.

Whether a relief association is required to obtain ratification depends on if the relief association has a surplus and if the municipality is required to provide financial support.

However, there is a risk if a relief association decides to increase benefits on its own. If the benefit level is increased without ratification and a contribution should subsequently become required, the benefit level is no longer effective without ratification and any future benefits can only be paid using the ratified benefit level (i.e., the relief association must drop its benefit level to the last ratified level).

There currently are about 30 relief associations operating at benefit levels that have not been ratified by the affiliated municipality or independent nonprofit firefighting corporation, with almost all of them being located in Greater Minnesota.

Two topics regarding municipal ratification of benefit levels have been brought to the Working Group for discussion. The topics are:

1. Municipalities that choose not to ratify benefit level increases when the affiliated relief association has an excessively-high funding ratio; and
2. The current statutory authority that relief associations have to increase benefit levels on their own without municipal ratification.