St. Clair Fire Protection Board of Directors
Meeting Minutes

Date: 1/14/2025

Present
Board of Directors: Stephanie Butenhoff, Tiffany Burton, Andrew Branscum
Office Manager: K Schuchmann
Chief: Timothy Wideman
Guests & Fireman: C Butenhoff, J Bruckerhoff, N Via, D Cooley, J Read, A Hansel, B Souza, Jerry Reed, J Hatley, Dawson Turner, Sue Lackey, Rita Huellinghoff, Sarah Straatmann, Leroy Nunn, Stanley Wagner, Merilyn Wagner, Martin Ghafoori

The meeting was called to order by Director Butenhoff at 6:01pm.
Director Butenhoff: Aye
Director Branscum: Aye
Director Burton: Aye

Motion was made by Director Butenhoff to accept the agenda.
Director Butenhoff: Aye
Director Branscum: Aye
Director Burton: Aye

Motion was made by Director Burton to accept the Secretary's report for the meeting minutes on December 12th, 2024.
Director Butenhoff: Aye
Director Branscum: Aye
Director Burton: Aye

Comments from the public:
Leroy asked about the structural assessment for the buildings. Chief said that was to be discussed later in the meeting.

Motion to accept the Treasurer's Report for audit and pay bills in the amount of $62,608.84 on 1/13/2025
Director Branscum: Aye
Director Burton: Aye
Director Butenhoff: Aye

Motion to accept the Treasurer's Report for audit and pay bills in the amount of $81,540.31 on 1/14/2025
Director Branscum: Aye
Director Burton: Aye
Director Butenhoff: Aye

Motion to approve payroll and taxes in the amount of $45,154.84 for the 12/26/2024 payroll.
Director Butenhoff: Aye
Director Branscum: Aye
Director Burton: Aye

Motion to approve payroll and taxes in the amount of $44,552.49 for the 1/9/2025 payroll.
Director Butenhoff: Aye
Director Branscum: Aye
Director Burton : Aye

Old Business:

Jeff Pabst presented the Lagers options for the retirement.
Rita Huellinghoff asked if they would not even accept a company unless they pay 25% retroactively for each person. Jeff answered that is the state statue. Leroy asked if it had to be paid by the district and Jeff said yes at least 25%. Leroy Then asked about the annual prior service cost is about 70 grand a year and Jeff answered that it is 6.7% of the total gross payroll. That the 6.7% could always fluctuate due to the payroll changing. Leroy then asked if it was 2.1 million in retroactive pay over 30 years. Jeff said it will not hold that way it will be calculated year to year based on a number of different factors. They will do an actuary that has different things built in like investment return, turnover, pay raises, etc. They take assumptions verses experienced and then the adjustment and cost. Adjustment would be pay raises. So, they use a 2.25 percent assumption that every year there is going to be at least a 2.25% increase in payroll and salaries. If the payroll increases more that it would increase the contributions or if it decreases then the contribution would decrease. The investment return has been over 7% so if the system preforms well the it will fund the liability faster. In his experience there is a number of employers that earn 70 to 80 cents of the dollars that they owe in the initial liability that the liability is paid off well before 30 years. It works like a trust fund. Jeff went over the company they have 872 subdivisions and 78% cover 100% retroactive pay. He said that the pension plan was designed to give the people the ability to exit at the correct time and retain current employees. They asked how many others have Lagers in the area Jeff said that there is 20. Leroy asked how many had a prior plan. Jeff said about half. Leroy asked if he has every heard of a private company that pays the tax for these plans that Jeff is saying. Jeff asked him to say it again. Leroy said a private company that pays the real estate tax to the district if he has heard of any of them putting in a pension plan that is retroactive to the date of hire? Jeff asked if private companies exist in perpetuity? Leroy said yeah, we can assume that. Jeff said government pension funds are designed to be in perpetuity because the assumption is that the fire district is going to exist in perpetuity because the service is needed and provided by the district. And going to continue to be needed by the community. A private company even a fortune 100 or 500 companies fo bankrupt. And the majority of them back when Orissa was created in 1979 when the 401-k plan became a plan from that point forward that was a way for private companies to take the risk. Because it was a risk. But allowed those private companies to divert that risk on to the employee because a 401k plan from an employee's perspective the risk is on them. Its not just the employer because the employer can contribute or not it is entirely up to them. And from a private company perspective, its better budget control. Leroy said Companies to when they come asking for more taxes down the road to pay for some of this, the private companies are going to have to pay for this as well. You've never heard of one of us having a pension plan put in place that goes retroactive because I have never heard of one. Jeff responded I'm not going to say I have or have not. I can say that back when pension plans were the benefit choice in the private sector, I can't say that they didn't go in back in the 60's or 70's and not cover prior service of the folks that worked there. I think you might have a munity because you would have folks leave because they had been there 30 years. So, I'm not going to say one way or the other. Leroy said the answer is no you have never heard of a private company doing what they're asking us to do. Jeff said I have never heard of a private company asking to do that but I think we can all agree that a private company and public sector are two different things. Rita Huellinghoff asked what happens if you have a group like this invest with your company, you say you can't get out of it. What if the city goes under? I can see that happening.
Jeff replied in our existence we have had a few of the things happen and we become a debtor just like any other. So, if this place goes under, they will liquidate the equipment and we will get a piece of that puzzle. That is how that would work out. We have had it happen a few times where they actually fully gone bankrupt. We had them to where they've been absorbed by other companies. Rita asked then what happened. So, in an absorption what happens is the surviving entity has to pay the liability. Leroy asked if it was far to say on the other liability just to close that it is somewhere between 1.2 million and 2.1. Jeff said its fair to say that the projected unfunded liability based on the October 1st is the amount in that evaluation. I wouldn't say that it is 2.1. In terms of what the cost is going to be again, has to do with the experience of the fund. Craig Butenhoff asked on the 2.1 figure that he keeps on coming up with that's based upon the fact that these guys will get a 2.25% raise every year for 10 years. Yes or no Jeff answered yes. Leroy said plus other things, right? I mean that's the only thing. Craig said no they have to have a figure and they use that figure as a theory. But the

point is what's the average of the raises in the last 20 years. Stephanie answered not very much. Leroy asked what is the average raise in the private sector in St. Clair. Craig asked is it more than .3% every year. Leroy said yes it was more than .3% a year. Stephanie said that in average in the last 10 to 15 years maybe 3%. But will find out for sure. Leroy asked if someone who is at the rule of 80 already how does that get treated and funded. Jeff said if they are already at the rule, they have to remain employed at the district for 12 months like anyone else to receive their prior service. That is if the district were to elect rule of 80 nobody is stating that they are. If they did the individual after their 12 months of service would be eligible to retire. Leroy asked that some who is a work comp issue in the district could potentially file work comp after this goes in. How is that handled. Jeff said it would be treated the same way so after 12 months even in disability there is some exceptions to the 12-month window primarily because the funding from it is going to be likely coming from the causality reserve fund not necessarily the employer's trust. Leroy asked if they came up with a list of the 5 highest employees. Jeff said he came up with a couple of estimates One the things he used a ballpark of the average salary approximately of where folks would be for a 15-year retirement. So based on the L7 benefit that the district is considering a $50,000 salary 15 years of service. District math .015X50,000X15 and that gave me $11,250 a year. That is a way to project value. Life expectancy for men retiring at their over retirement age is around 25 years, life expectancy for women at their retirement age is 27 years. The majority of folks don't retire at their retirement age so I did an expectancy of 20years. So, for that person the value of the benefit with they were to receive the benefit for 20 years without any cost-of-living adjustments is $225,000.

That's approximately in the terms of maximum service credit. In talks of the district, you have about 20-some-odd employees and 4 would receive more than that. Then you have 2 or 3 that have 5 years of service then the rest are four or zero years of service. Leroy asked what the total amount for the employees. We know one is at retirement age its in your list. That's the only one that I can really identify I think that one was calculated around $400,000. Last time. Jeff said he has a little under that. Craig Butenhoff asked if he lived to be what age. They said 95. Jeff said what he did was based on him living 20 years and it was $377,400 total but would receive a monthly payment. If he would die 5 years after that Leroy interrupted and said, is it fair to say that the two employees here 15 and 19 years its in the hundreds of thousands of dollars of windfall is what they are going to get. Jeff said I wouldn't call it a windfall but it is the projected total amount they could potentially receive from us. Leroy said why isn't it a windfall because after a year they could retire and get $400,000. Jeff said because its for their service. They worked here for that same 17 years. Leroy said Do you understand why tax payers think it's a windfall because they have a single plan. Jeff said he can understand what you're saying but it's a service credit perspective. Its for the same service credit they earned here. They worked her and served the public here the whole time. Leroy and have a retirement plan. Jeff said whether that plan is sufficient is for the board to decide. That is what the whole discussion is does the board feel like what they have been providing is sufficient. Rita Huellinghoff asked how many members on the board are fire fighters. No one on the board is a fire fighter. Leroy said probably 7 to 800,000 of the million one unfunded liabilities is 3 people. Jeff answered potentially Leroy asked from a tax payer prospective, you don't see that as anything unfair to the tax payers. Jeff said I think that is up to the tax payers and the board to decide not for me to tell you what is fair or unfair. I think what is important in this case is that the district has existed for along time and are likely to exist. There is a mechanism to fund that and its through the contributions but whether or not that is not for Lagers to decide whether its right or wrong or anything like that. That is entirely up to the board and the tax payers to iron out. Leroy said that the tax payers don't have a say that they are going to have to pay. The board will decide to give these windfalls or whatever you want to call it to these 3 people that they have had another plan for 15 to 20 years. The tax payers have to pay for it we don't really have a say. We can come in to the meeting and complain. Jeff said so a question maybe to also ask would be what is the turnover rate been here? A group answered high. Some one said that it wouldn't have anything to do with this. Jeff answered yes it will. The induvial said if someone retires what difference would that make. A group answered they didn't retire they left to go to a different district. The individual said so if the pension was not here yesterday and we have these people here and then today the pensions here there's no reason to stay now they are not going to quit. Now they have a pension its only a gift to the people. They're who didn't pay it to the pension for the last 15 years and yet there going to get the pension. How does the retro help recrument or retention because it doesn't. Jeff Said I think that you also have folks that are here already they have only been here for 3 or 4 years or 5 or 6 or 15 or 16 it's a recognition by the board of the service they have rendered and might be an incentivize to stick around, it will be a signal from the board that yeah, we do care about your financial security. The individual said they were here before there was a pension then they get a pension wouldn't that be the reason to stay. Jeff said no there are two reasons to stay in this discussion that we are talking about prior service and we talk about the adoption of lagers coverage and the ongoing membership with our plan. The coverage of prior service from out retention perspective of the current employees is hey I've worked here and now the boards going to say I'm going to cover some or all of it. And recognize that your service here that you have worked for the citizens is going to go from this date from your actual hire date from this date forward. Now from a recrement retention prospective the is tons of studies out there in terms of the understanding of how a pension plan can enhance the retention. The individual said that he changed subjects went from retro active to say a pension is what. Jeff said he answered the question already I said by recognizing the employees that are currently here that doesn't include just the 3 folks lets keep them out. How about everyone else. The induvial said that is what they were asking how for those 3 folks getting a pension going backwards how is it going to help retention for people who are hired in or only have been here a year. Jeff asked who is taking his spot when he leaves. The induvial said who ever takes his spot will get a pension because a pension is in place. Do you need him to leave. Not that I'm trying to kick him out but think about it. There comes a point where everyone's productivity starts to decline. You don't need anyone's productivity to decrease. The induvial asked if a pension will get him to leave. Jeff said it sure could the individual said that is the opposite of what we're talking about. We were saying retention and you are saying it's a reason to leave. He said retention and leaving are two different things. Jeff said not they are not they work together. Charting in an organization, exit from higher level positions and then promoting from within how do you get promotion from within from having a pension plan that keeps people here. They all work together. What Lagers is designed to do is number one attract quality workers to come work here. The after someone comes to work hereby having a benefit that grows for each and every month that they continue to work. Every month they work for the citizens their benefit grows larger. They know that financially they have done the math then they get to a spot they are ready to exit. Then you promote from within to fill that position. By providing them a benefit that allows them to financially do so you get them to exit. The induvial asked if the problem we have is to get people to exit the problem was that people are leaving. Craig said that's right you guys kind of went off on a skew. Craig mentioned some previous firemen that left to go to other districts because they offered better benefits. Leroy said that is not why they all left that they were all interviewed and one of the people that is not why he said that he left. Craig said that an individual left to go to another department because of Lagers and more money. Leroy said there you go the retro part of the pension doesn't help that at all. Unless you raise the pay a lot. Craig said they can't do both. They should raise the pay a lot and give a $10,000 raise to keep up the surrounding districts. Leroy said OK not what does that do to your pension. Craig said they should do the pension but they had to make a decision they physically couldn't do both. So, they picked a pension from what I understand looking and doing the pension instead of the massive raise. Leroy said so do the 25% and pay people more use that $700,000 and pay more. I argued that when I was on the board. Craig asked pay them more in a salary or pay in a stipend. Leroy said what difference does it make. Craig said a stipend can be taken away. A raise is permanent. Leroy said let's say a raise why wouldn't the $700,000 be better put for the 16 that aren't going to benefit from the retro pension. They will all get 25%. Craig asked if that was brought up when he was on the board. Leroy said yeah. Craig said he doesn't know about the union negotiations so that may be of straightened it out. D Cooley said they went from 2014 to 2020 with no raise no nothing. 2020 they got a raise one 3% raise. Leroy asked if he was on the board and Dan said yes you were. He asked who brought that up to bargain and Dan said it was not him. Dan said that you talked about raises and we had one raise in 7 years. 3% raise in 7 years. Leroy said he didn't want to get off on a tangent but there are a lot of other issues. Dan said there is a lot of other issues. Leroy said like sick time so let's not get distracted on that. Because if you remember if was willing to give a big raise if you guys would give up other stuff. Dan asked how that was a raise if I have to give up vacation or PTO time just for an extra buck, I'm going to break even that's not a raise. Stephanie said I'm sorry we are going to stop this right now because we will be here all night. So, we need to get back to Lagers. Jeff said that next steps for the district is to determine and the 45 day notice that was started 12/26/2024.

So, the process is started the next step is to adopt a resolution or ordinance with all the options that the board choses. And sent to Lagers within 10 days of its passing. That is the gist of it the current evaluation is good for 2 years. It can be adopted at any point in the 2 year window. With the resolution you set a effective date as the first of a month. It needs to be sent over by 10 days and make sure it is a future date not a date in the past.

Sue Lackey asked about a fire hydrant at the gun shack it is out of commission. The chief informed her the city is in charge of replacing or repairing hydrants. They do know about the hydrant but they were waiting on Modot because there is a natural gas line by the hydrant and the repair requires welding.
Sue also expressed her concern on the retroactive pay on the proposed Lagers plan.
Stephanie said that the proposed Lagers should not affect the taxes. Sue asked where the money for the district comes from. Stephanie said yes but there should not be a increase from the proposed Lagers.
Leroy said if we approve this, we will put ourselves in a position to not be able to add staff to Hwy K or Hwy 47 because this pension will make it impossible. We are looking at taking money that could be used for raises to benefit 3 people. He asked if the board was close to making a decision or given the 45 day notice? Stephanie said that the notice was posted on 12/26/2024. He asked which plan? Stephanie said we had not picked anything the board was just fully informed of the options like everyone else. Leroy went over the Lagers options that they had discussed when he was on the board. Then he said from a tax payers perspective the district would be handing a lot of money to 3 people. It would take 700 house $100 a year to pay for the retro portion. He asked that we look at the 25% it seems far. He hopes that we balance the tax payer side of it. It is a lot of money because he believes the district will have to come back for money. He said we don't want people like him to come back and raise the issues every time because he will. He believes it is a misuse of funds. Stephanie expressed that we appreciate the feedback and that they have the right to voice their opinions as well.

Martin Ghafoori then spoke about dispersing the funds from the bond. He provided a perspective calendar and a summary to go over. Leroy asked what the dollar amount we are looking at issuing. Chief answered $5 million. Leroy said when the bond was proposed they were told they would do a structural assessment on the buildings because they may not need to be replaced. Chief said that the buildings would be at the end of the bond the first disbursement is for equipment. But there will be a bid in the paper to hire a structural engineer to come look at the stations. But this would be for equipment. Leroy asked for the total on the equipment. Chief said he does not have it added together but it would be 3 trucks, Air bags, rescue tools and fill stations. Leroy questioned because in the proposed bond it had 7.6 million for the stations and they are asking for 5 million in the first disbursement. And we may not have to replace the stations. Martin said what will happen is the district will have time to get the engineering and architectural checks and everything and how the bond works in they will 3 years to expend those proceeds or 85% of that. So doing 5 million the reexamine and if it is to early to do the other 5 million next year after the structural and engineering checks are finished there will be a better idea of what will be needed. So, the first disbursement is for the equipment to get that knocked out so then the district will be ready to handle whatever the building situation may be. The money can also be invested so hopefully it will earn what the bonds are paying during the time frame. Leroy asked about the roll back to taxes? Martin said that earnings would go into the project. To help support the project. Leroy said so they are borrowing 5 million and the tax payers will start paying on the 5 million. And the bond will be invested and get earnings and it will be kept. Martin said the taxes won't be on the roll till this fall and then there will be more information about the whole process. Leroy asked if the report will be published for the structural analysis. Chief said it will be posted to the website.

Went over lowering the new propsed values for the trucks. With the new values it lowers the insurance $8444.00 a year.

Director Butenhoff made a motion to go with the new proposed values for the trucks.
Director Butenhoff: Aye
Director Branscum: Aye
Director Burton : Aye

New Business:
1 person filed for the election.
Went over the 2025 budget.

Director Butenhoff made a motion to accept the proposed budget for 2025.
Director Butenhoff: Aye
Director Branscum: Aye
Director Burton : Aye

Vehicle Maintenance:
8330- replaced batteries
8313- coolant leak Siedhoff repaired.
8324- Steer axle tire replaced
8329- windshield replaced.

Station Maintenance:
Station 2 the block heater on the generator was replaced.

Chief's Report:

Other Business:

2665: None

Items for Directors:

Motion to move to Executive session at 7:34pm

Open meeting after Executive session at 8:15 pm with 2 votes

Director Butenhoff made a motion to accept Chief Widemans MOU for 2025.
Director Butenhoff: Aye
Director Branscum: Aye
Director Burton: Aye

Director Butenhoff made a motion to accept the office assistant Kim Schuchmanns MOU for 2025.
Director Butenhoff: Aye
Director Branscum: Aye
Director Burton: Aye

Motion made by Director to adjourn the meeting at 8:16 pm.
Director Butenhoff: Aye
Director Branscum: Aye
Director Burton: Aye

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Stephanie Butenhoff -President	**Andy Branscum-Treasurer**	**Tiffany Burton-Secretary**

The above Board Meeting minutes will be formally accepted at the next scheduled Board Meeting

APPROVED TB 1/14/2025