

Kinloch Fire Protection District

Board Meeting Minutes

October 10, 2019

**In Attendance:** *Director A Green, Director M Peebles, Fire Chief K Stewart, Assistant Chief E Darden, Legal Officer A Gray, Fire Marshall S Gettemeier, Business Manager J Turner (Via Phone conference)*

**Director Peebles** called meeting to order at 6:20 pm October 10, 2019.

**Chief Stewart did Roll Call:** Director Peebles, Director Green, Legal Officer Grey, Fire Marshall Gettemeier were present; Director Reese was absent. The quorum has been established we may proceed with the meeting.

**Director Peebles:** All stand for the Pledge of Allegiance to the Flag.

**Director Peebles:** Opened the floor for comments from the public. There was no one present for comments from the public at this time. Old Business: The Board approved board meeting minutes from the meeting of September 27, 2019.

**Chief Stewart:** Before the Board today, we have the board meeting minutes from the Board of Directors Board meeting of September 27, 2019. In attendance was Jennifer Turner, the District's Business Manager and Accountant; Director Edna Reese, Board President; Director Andre Green, Board Secretary; Director Martha Peebles, Board Treasurer; Assistant Chief Darden and Fire Chief Stewart was on by phone. At the last meeting we held the 2019 tax rate hearing that was called to order at 6:36, pledge of allegiance was recited and the tax rate hearing was called to order. The board was presented the 2019 tax rates that were approved by the MO State Auditor's office also reviewed the tax increases that were approve by the voters in April of 2019. It was mentioned that we may need to go back to the voters to increase the Communications Tax in 2020 as it was so small this year that the Stated zeroed it out so we won't collect anything for Communications. Direct Peebles asked a question she wanted to know how much is Schnucks was paying as regard to the taxes as opposed to what they are supposed to pay. I am still following up with St. Louis County as they're pretty busy right now with processing all of the County's tax rates for this year. So I will be able to have a meeting with Mark V the county collector within the next couple of weeks. Director Peebles asked if Pepsi Co being assessed any taxes and whether they are paying and they are. Chief Stewart asked for a motion form the Board to approve the 2019 tax rates a motion was made by Director Peebles and second by Director Green, Assist Chief Darden called the vote there was no comment from public and no opposition from the Board the motion was carried. We had a motion from Director Peebles to adjourn the tax rate hearing, second by Director Green, none opposed the hearing was adjourned at 6:51 pm. The regular Open Board Meeting was called to order at 6:52 pm. Present was Jennifer Turner, the District's Business Manager and Accountant; Director Edna Reese, Board President; Director Andre Green, Board Secretary; Director Martha Peebles, Board Treasurer; Interim Assistant Fire Chief and Fire Chief Stewart was in attendance

by phone. There was a welcome to the new Directors. There was a mention that the fire truck was going down to the Jefferson County fire engine rally to showcase the truck and the Kinloch fire fighters were to compete down in Herculaneum, MO. Business Manager Turner reviewed the board meeting minutes from July 30<sup>th</sup>. We received a motion from Director Peebles to approve the minutes and second by Director Green the 2019 tax rate resolution 2019—01 was approved and signed with a motion from Director Reese, second by Director Green with the vote called all yay with none opposed. Director Peebles questioned does the fire district pays taxes? Business Manager and Accountant Turner answered, “No, due to us being a political subdivision and government entity. We had a motion from Director Reese to move the board meetings to a bi-weekly schedule on Thursday to be held at the Kinloch Fire Protection District or the Kinloch City Hall to begin at 6:15 starting October 10. This motion was second by Director Green. All Directors were in favor, none opposed. Motion carried. We then had a motion from Director Peebles to remove the old signers and add new signers to and from the District’s checking account at Simmons Bank and the letter was signed addressed to the bank notifying them of the change. This motion was second by Director Reese. None opposed and the motion was carried. We had set the date to go to Simmons Bank with the Directors for October 12 at 9am and we also set the date for the new directors to be sworn in at St. Louis County at the Clerk’s Office on Tuesday, October 1 which was completed. Both Director Peebles and Director Green were both sworn in down to St. Louis County and their oath of office has been filed with the County Clerk. The Board requested all District vehicles be cleaned regularly. We also had a motion from Director Peebles, second by Director Green to make sure that all District vehicles were cleaned regularly.

Assistant Chief Darden presented two new hires to the Board - Chase Edwards and Brian Drach, neither were present. Director Peebles suggested that we table the new hires until they can appear before the Board. When the tax rate resolution was approved, there as a motion to go into closed session.. [here it is, I went ahead of myself]. After Director Peebles motioned that the District vehicles be cleaned regularly, we had a motion from Director Peebles and second by Director Green to go into closed session. During the closed session, Assistant Chief Darden presented Chase Edwards and Brian Drach to be appointed to the District as firefighters. Due to them not being present at the board meeting, Director Peebles suggested that we table the new hires until they can appear before the Board. We then received a motion from Director Peebles and second by Director Green to end the close session and go back into regular meeting at 7:58 were we had a motion by Director Peebles and a second by Director Green to adjourn the board meeting. All were in favor, none opposed and the meeting was adjourned 8:01. These are the official minutes of the meeting of the Board of Directors of the Kinloch Fire Protection District held on September 27, 2019, and we would need a signature from Board Secretary Green.

**Gray:** Once they’ve been voted and approved...

**Chief Stewart:** After we get a motion to approve then a vote.

**Director Peebles:** I make a motion to approve the minutes as read.

Chief: Seconded?

**Gray:** So that means the tax rate minutes which were separate from the regular open session meeting?

**Chief Stewart:** Correct.

**Gray:** Ok.

**Chief Stewart:** Seconded?

**Director Green:** I second that motion.

**Chief Stewart:** So all in favor? Aye?

**ALL:** Aye.

**Chief Stewart:** None opposed. Board meeting minutes have been accepted and approved. We're going on with the new business.

**Director Peebles:** Okay, now we're going to discuss new business. First on the agenda will be an update on the Pepsi Co expansion.

**Chief Stewart:** Okay, so uh this week I had the opportunity ... during my survey of the District I drove by Pepsi and I noticed they had a couple tract hoes down there some heavy equipment moving some ground, was able to speak with the Superintendent from RPA Construction. They are responsible for excavating and clearing the ground for Pepsi to install new parking lots for their new trailers that they will be receiving. Pepsi Co has shut down their Goodfellow warehouse and relocated all their warehouse out here to Kinloch. They're also bringing out their new fleet of delivery trucks which should be here in January so right now they're preparing that property to be able to store those trailers and their new trucks that they will be bringing. We were also informed by the Superintendent that Clayco will be handling the build-up on the inside of the building. They're installing... they're building new office space, break rooms, restrooms, and more storage space inside of the warehouse. So Pepsi is actually taking half of that warehouse down there at 5400 North Hanley. The other half is going to be leased out to another company they are still in negotiation with the other company. We don't know who they are yet, but they're in the final stages of finalize that deal. So they will be relocating several trailer and several trucks and they'll be building maintenance facility for their vehicles as well and they're going to have an outside charging station for all of their batteries that they use for their forklifts and things on the inside of the building.

**Director Peebles:** Is that it? Okay, thank you. Update on tax rate filing for 2019.

**Chief Stewart:** Alright. So our tax rates for 2019 have been filed and received by the County Collector. At this time, the County Collector is vetting all of the tax rates and making sure they are correct and we should be receiving a certification letter from the State of Missouri any day now, probably within a week or two.

**Director Peebles:** update on Schnucks taxation and payment.

**Chief Stewart:** okay, due to the high volume of work that the County Collectors Office is undergoing right now due to the filling of the County's tax rates, I have not been able to sit down with Mr. DeVore cause he's just tied up right now. He's processing all of the tax rates for every taxing entity in the County of St. Louis. So after he gets those tax rates filed for the entire County, I will be able to schedule a meeting to meet with him so we can look at these records on Schnucks and see what their taxation is and what their payout is.

**Director Peebles:** Okay. Update on internal two-year end audit.

**Chief Stewart:** Alright. Our bi-ennial two-year end audit is underway. Hochschild-Bloom and Company is performing that audit. The State of Missouri did send us a letter acknowledging that they are aware that we are having a two-year end audit. They are aware that it is late but they did give us a pass. They're not going to charge us the \$500 a day penalty because we did notify them and secure affirm to complete that audit. This audit must be done on a yearly basis if the District receives more than \$50,000 in tax revenue. Because we didn't have it done last year, they gave us the option of having a two-year end audit done. So that's what we decided to do. It should be complete before the end of November.

**Attorney Gray:** Where did they get that from, that we had to have it every year if we get over \$50,000?

**Chief Stewart:** That's the statute. They said if we bring in more than ...

**Attorney Gray:** that's not a statute.

Chief Stewart: That's what we got from Heather when she did our follow-up.

**Attorney Gray:** How much is the audit process?

**Chief Stewart:** We're looking at probably close to a \$20 - \$25,000 bill.

**Attorney Gray:** So, half of what we bring in goes out for an auditor?

**Chief Stewart:** Well.

**Attorney Gray:** That's crazy. Let's see if we can ... [in audible, paper shuffling] we're supposed to have a bi-ennial ... statute calls for two-years, an audit every two-years, the statute calls for an audit every two-years and not every year. I've never heard of an income threshold for an audit.

**Chief Stewart:** Yeah, that's what she said.

**Attorney Gray:** that's a .... [Inaudible paper shuffling]... I was just curious

**Director Peebles:** I have a question about that too. So what book or where do I go on the website to look up the statute about this two-year audit?

**Attorney Gray:** You can see, for your and Mr. Green you go on the website and look up 321, section 321.100. That's the bible for all fire districts in the state of Missouri. Every law you need to know, every authority you wonder if we have, every requirement we got to fill. It's in chapter 321.

**Director Peebles:** Chapter 321.100?

**Chief Stewart:** uhn hum. You can just Google Missouri fire statue 321.100.

**Attorney Gray:** it tells you about everything, what we do, how we supposed to do everything it's in there.

**Director Peebles:** what's the name of the audit company again?

**Chief Stewart:** Hochschild. It's H-O-C-H-S-C-H-I-L-D Bloom and Company.

**Director Peebles:** And they are commissioned by?

**Chief Stewart:** It's a private accounting firm.

**Director Peebles:** Okay and so they're auditing us based on whose recommendation? They're ....

**Chief Stewart:** it's the law.

**Director Peebles:** it's the law. Okay

**Chief Stewart:** yes, ma'am. I brought that question up too about the price. And you know I was told by Hochschild and Stiefel that we're going to be looking at... for this year our charges for auditing and accounting services are going to be a little bit steeper because there has not been any accounting or auditing in the past 30 years. So they're just going back 2017-2018 but we didn't have the records other than what the state auditor had acquired during their investigation from the Smalls' Administration. So they're just having to do a little more work to get us where we need to be but they said going forward we won't have to pay that much.

**Director Peebles:** it seems a little steep to me but considering what type of income - revenue we're actually receiving in the City or have received. It sounds like basically we're on life support. But to come up with that amount of a fee for an audit – maybe I just – I don't know about that line of business but that seems quite high for what they want to do – audit what? If the State has already come in and audit, what are they going to do on top of what the State's done to justify a \$25,000 fee?

**Chief Stewart:** Yes. We still owe the State \$54,000 for their audit. Which, you know, we had to enter into – we haven't entered into a payment agreement yet but I did communicate with them and let them know that the Board is – that we are willing to enter into a payment agreement. We have to pay that money to the State for them conducting their audit. That was prompted by the previous Administration by not having an audit done. So because the Administration did not have an internal audit done, the State did an audit and that's when all the fraudulent activity came about. But we have to pay for the audit that the State came in and did.

**Director Peebles:** so is it customary that all fire protection districts is audited every year by the State or is it special circumstance, misappropriation of funds... I mean I'm a little confused.

**Chief Stewart:** Ours were a special circumstance because it is by law mandated that fire districts submit their own audit to the State every two years. But because Kinloch didn't do that, it raised a red flag with the Missouri State Auditor's Office. So that gave them the authority to come in and conduct their inquiry/audit like they did.

**Jennifer Turner:** Chief I thought the price was \$7,000 when you were first in discussion with Hochschild and Bloom. So when did the price increase?

**Chief Stewart:** Well, I received an email from Mr. Pursley after asking him what type of bill we are looking at for these services. And I'm going to have everybody here... I'm just going to pull it up.

**Jennifer Turner:** can you forward that email to me as well?

**Chief Stewart:** Uhm hum.

**Jennifer Turner:** Thank you.

**Chief Stewart:** All right. So it says, "*Chief Stewart* [this is from Jim Pursley he is the CPA handling our audit for Hochschild Bloom and Company. It's dated September 25, 2019]. It says, "*Chief Stewart, per your request, you wanted an estimate of what our fees would be for our 2020 budget purposes. [Because have to budget paying this audit in our next 2020 budget]. He says, "Per our audit engagement project, the fees were estimated at \$7,000 to \$9,000 for each year audited." For 2017, we're looking at \$7,000 to \$9,000 and for 2018 we're looking at an additional \$7,000 to \$9,000. Since we're doing two years, 2017 and 2018 now and then, the 2019 audit next spring, I will estimate a bill of \$14,000 to \$18,000 submitted to the District this December. That another \$7,000 to \$9,000 next May or June. In addition, we will bill estimated \$1,000 to \$2,000 preparation work for the four new 2019 tax initiatives. In future years, that should be much less since I don't foresee significant changes to those levies. So maybe budget \$400 expense this time next year for tax rate prep. So in total, \$23,000 to \$30,000 for 2020 anticipated auditing expense. We understand the limited resources and financial situation of the District and I could extend financing terms to pay the bills over a period of time which could be worked out later. Another idea is to check if Ms. Turner's back fees and HBC audit fees can be paid out of bond proceeds as a cost of issuance. Generally, we don't do that but we will accept that method of payment if it is cleared with your legal counsel. Then operations money can be used in 2020 and 2021 to pay off the State auditor's bill."* So what he's speaking of is he received a bond issue from the taxpayers of roughly about \$600,000, \$450,000 of that money is going to be used toward the purchase of our new pumper. Then we have the remaining balance left to pay for the cost of issuance. That means, the fees to Stiefel-Nicolas because they're the bond agents. The fees to getting the law firm because they're the bond attorneys and then we have the..We needed the audit from Hochschild-Bloom for the bond issue to be issued. And we needed Ms. Turner's audit information and financial statements for those bonds to be issued as well. So what he's saying possibly if the legal counsel will agree, we can possibly use the remaining of those bond monies after we purchase our truck to pay off those fees that were incurred getting the auditing work done to get these bonds issued.

**Director Peebles:** So when do we anticipate on receiving the \$600,000 bond? When is the anticipated date?

**Chief Stewart:** Mr. Boyd had said we are looking at December/January because we have to wait until the auditors are done so he can present them to the investors to purchase the bonds and the audit is going to be done in November. Do we have any more questions?

**Director Peebles:** No more questions.

**Chief Stewart:** Okay for miscellaneous items. I don't have anything. Oh, here's the directors' cell phone. So between the two of you all you have to decide who wants to carry the bat phone.

**Director Peebles:** I have a personal phone, a work phone, another phone?

**Attorney Gray:** it's for whoever is on duty.

**Director Peebles:** I'm probably more flexible. I'm more flexible. I have no obligations.

**Chief Stewart:** okay, so here's the number. The only people that should be calling this phone Ms. Peebles is myself, the assistant chief or if something happens really, really bad and they need to get in touch with the director immediately. Since we were going to the bank this Saturday, we don't have any bills to approve yet we'll save that for the next meeting. At this time I need a motion to go into close session to handle some personnel issues.

**Director Peebles:** I make a motion to go into close session and at this time I would like to dismiss any of the public.

**Director Green:** I second the motion.

**Chief Stewart:** Motion by Director Peebles and second my Director Green to go into closed session at 6:47pm.

**Attorney Gray:** We got to have a vote. It's a roll call vote because it's a closed session.

**Chief Stewart:** We're going to call a vote at this time. Director Peebles.

**Director Peebles:** Okay, I'm calling. Let's see how to do this. Roll call for close session –

**Attorney Gray:** It's just a vote.

**Director Peebles:** Okay, A vote for the closed session. Chief Stewart?

**Attorney Gray:** Naw, he's not counted as a vote.

**Director Peebles:** Oh Okay so it's just for me, Director Green and Ms. Turner.

**Attorney Gray:** Right.

**Turner:** I can't vote either.

**Director Peebles:** Okay, you can't vote either. Director Green.

**Attorney Gray:** Why can't you vote?

**Turner:** I'm not a Director.

**Chief Stewart:** She's our business manager. So it's just you two. Mrs. Reese called and said she wasn't feeling well.

**Attorney Gray:** when it comes down to closed session it really only supposed to be the Directors, and the legal officer but we allow the Chief to stay in. because when you're talking personnel, generally he's going to lead the discussion. So he's here. I'm in all closed sessions. I'm here because there's really only certain things we're supposed to talk about. And if anybody ever challenge whether we went beyond our sub-section, then I'm the person that should be able to say, "no" I vouch for the Board that we stayed within the sub-section we allowed to talk about. We have nobody in here which people do have closed session meeting with nobody around, they run the risk all the time you just have to understand that if you get challenged you won't have nobody to vouch for you.

**Chief Stewart:** This is you all first time meeting. He's our District attorney. Mr. Gray has been with the District 10 years now. He came on when the District was in dire strays and we were about to lose our fire truck and he saved us from losing our fire truck. There was some misappropriation of funds and thing didn't get taken care of and he stopped the people from repo'ing the fire truck and he's been doing it for free this entire time.

[CLOSED SESSION]

*Director Peebles made a motion to appoint Darden to be the permanent Assistant Fire Chief to the Kinloch Fire Protection District. Director Green seconded the motion.*

*Attorney Gray: All votes in closed session are roll call*

*Vote: 2 of 2. The Board appointed Marques Blackmon as Battalion Chief to the Kinloch Fire Protection District; roll call,*

*Vote: 2 of 2.*

*Director Peebles: Made a motion to adjourn the meeting.*

*Director Green: Seconded the motion to adjourn the meeting; roll call, 2-2.*

*All in favor say, Aye; none opposed.*

*Meeting adjourned at 7:02 p.m.*

These are the Final and complete minutes of the Board of Directors of the Kinloch Fire Protection District October 10, 2019

Signature of Approval: \_\_\_\_\_  
(Title) \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

***Prepared by Administrative Assistant Ms. Donna Stewart***