

Village of Mukwonago  
**Notice of Meeting and Agenda**

**JOINT VILLAGE & TOWN BOARD MEETING**  
**Wednesday, December 18, 2024**

Time: **5:00 pm**

Place: **Mukwonago Town Hall, W320 S8315 Beulah Road, Mukwonago, WI 53149**

**1. Roll Call**

**2. New Business**

- 2.1 Discussion and possible action to update the Fire Department Organizational Chart  
[Org Chart 11-13-2024 Captain Drafr3 AIRF 11-07-2024.pdf](#)  
[Org Chart 11-13-2024 Captain Drafr3.pdf](#)
- 2.2 Discussion and possible action on a request for a modification to the residency requirement language in the Union Contract 4585 2020-2025.  
[FT Residency MOU Request Final AIRF 12-18-2024.pdf](#)  
[Local 4585 Residency Request 12-2024.pdf](#)
- 2.3 Discussion and possible action regarding establishing a Memorandum of Understanding to allow participation in the International Association of Fire Fighters Medical Expense Reimbursement Plan (IAFF MERP).  
[MERP MOU Request Final AIRF 12-18-2024.pdf](#)  
[MERP-Employer-Informational-Memo\\_V4\\_web.pdf](#)  
[Memorandum of Understanding IAFF MERP \(00773848-4xBE4A3\).pdf](#)

**3. Adjourn**

It is possible that a quorum of, members of other governmental bodies of the municipality may be in attendance at the above stated meeting to gather information. No action will be taken by any governmental body at the above stated meeting other than the governmental body specifically referred to above in this notice. Please note, upon reasonable notice, efforts will be made to accommodate the needs of individuals with disabilities through appropriate aids and services. For additional information or to request this service, contact the Municipal Clerk's Office, (262) 363-6420.



## Agenda Cover Report

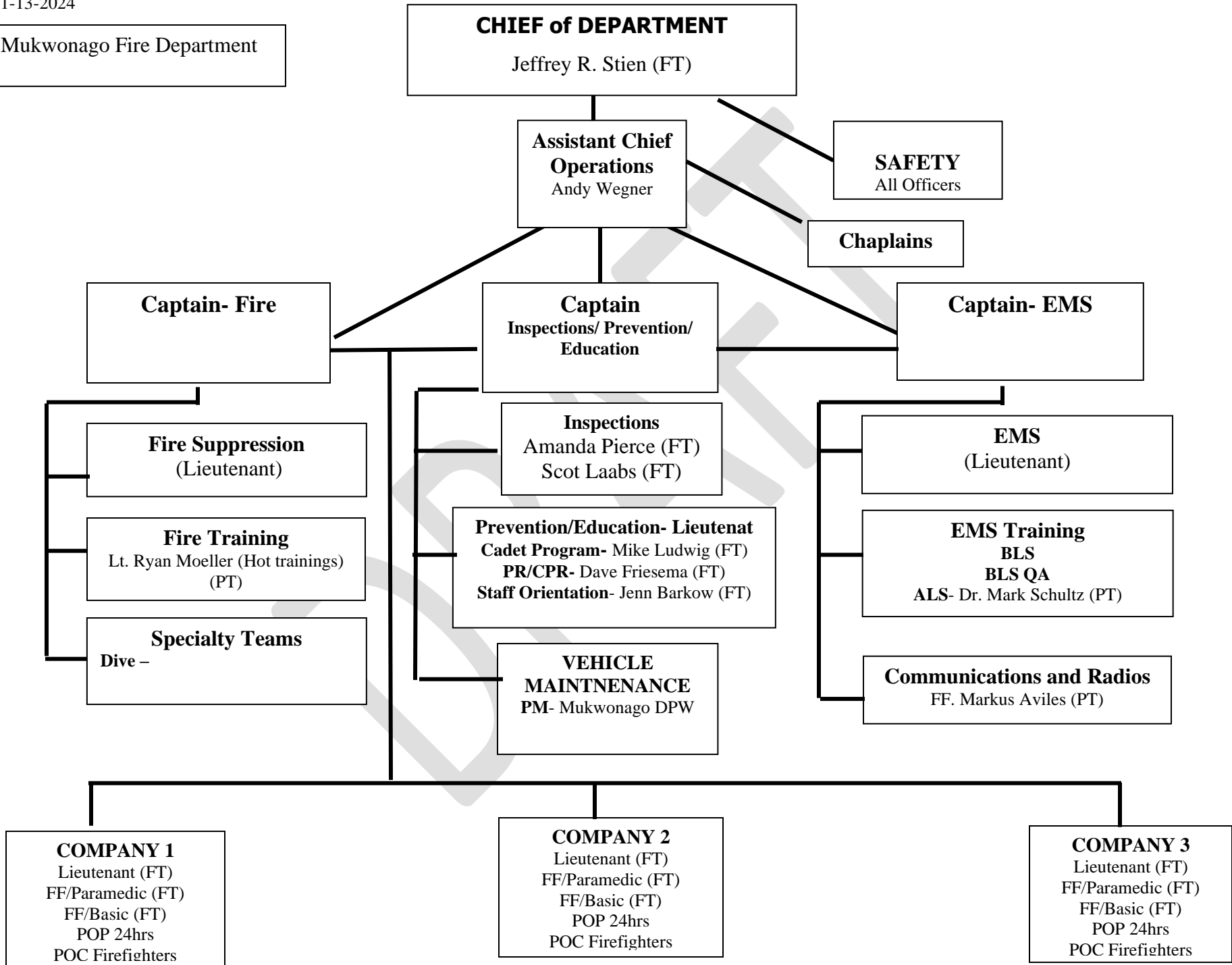
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|---|---|
| <b>Date:</b><br><b>11/07/2024</b>                     | <b>Committee/Board:</b><br><b>Joint Protective Services</b> |
| <b>Submitted by:</b><br><b>Chief Jeffrey Stien</b>    | <b>Department:</b> Fire                                     |
| <b>Date of Committee Action:</b><br><b>11/18/2024</b> | <b>Date of Village Board Action:</b> 11/20/2024             |

|   |
|---|
| <b>Subject:</b> Mukwonago FD Organizational Chart   |
| <b>Executive Summary:</b><br>Revised organizational chart to reflect operations.                                    |
| <b>Fiscal Impact:</b><br>None   |
| <b>Executive Recommendation/Action:</b><br>Recommendation to adopt the 11/13/2024 Mukwonago FD Organizational Chart |

**Attachments Included:**

- Org Chart 11-13-2024 Captain Drafr3

Mukwonago Fire Department





## Agenda Cover Report

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|---|---|
| <b>Date:</b><br><b>12/11/2024</b>                     | <b>Committee/Board:</b><br><b>Joint Protective Services</b> |
| <b>Submitted by:</b><br><b>Chief Jeffrey Stien</b>    | <b>Department:</b> Fire                                     |
| <b>Date of Committee Action:</b><br><b>12/18/2024</b> | <b>Date of Village Board Action:</b> 12/18/2024             |

|   |
|---|
| <b>Subject:</b> Memorandum of Understanding (MOU) to modify the residency requirement language in the Union Contract 4585 2020-2025.  |
| <b>Executive Summary:</b><br>Union Contract 4585 2020-2025 states Members of the bargaining unit shall reside in a 25-mile radius of the intersection of County HWY ES and HWY 83. Employees must meet this requirement within 6 months following completion of their probation. Full-time staff have never been mandated to come in for an incident only given a voluntary choice on large incidents. Resource management is handled by the Duty Officer.<br><br>The referendum was passed on 11-2022 and it took nine months to fill all the positions. We are now trying to fill a paramedic position since August 2024. There has been one paramedic applicant since that time. The pool of candidates is very competitive and limited. Mukwonago pay scale is \$6,000.00 to \$12,000.00 less than area fire departments as well as they have very expanded or no residency requirements. The Union contract states the fulltime employees make their position the priority. Having a MOU specifically stating in the contract that there is no residency requirement will provide the department with the ability to reach farther out for qualified candidates. |
| <b>Fiscal Impact:</b><br>None   |
| <b>Executive Recommendation/Action:</b><br>Recommendation to have the labor attorney create a MOU to modify the residency requirement language in the Union Contract 4585 2020-2025 as presented by the Union.  |

- Attachments Included:**
- Local 4585 Residency Request 12-2024



## Mukwonago Professional Firefighters Local 4585

12/11/2024

Chief Stien and Joint Town and Village Boards,

As the President and chosen representative of the Union 4585 members I would like to request a platform to discuss identified significant concerns for current staff safety due to the departments inability to fill vacant positions in a timely manner. We feel an amendment to the current contract verbiage in the form of an MOU addressing a residency requirement for our full-time staff is needed to aid in recruitment and retention of staff.

We have identified hiring challenges related to:

- Comparable pay ranges in relation to area departments
- Restrictive residency requirements in relation to departments throughout Wisconsin
- Economic and financial impacts on the employee

The Union supports and would like to propose an MOU be drafted to amend the current contract verbiage to *"there is no residency requirement for fulltime employment at MFD"*.

We feel this would provide the department with more qualified applicants to choose from, thus rectifying the current staffing concerns.

Thank you in advance for your support and consideration in this matter,

Respectfully,

Captain Zachary Cuomo  
President  
Mukwonago Professional Firefighters Local 4585



## Agenda Cover Report

|   |   |
|---|---|
| <b>Date:</b><br><b>12/11/2024</b>                     | <b>Committee/Board:</b><br><b>Joint Protective Services</b> |
| <b>Submitted by:</b><br><b>Chief Jeffrey Stien</b>    | <b>Department:</b> Fire                                     |
| <b>Date of Committee Action:</b><br><b>12/18/2024</b> | <b>Date of Village Board Action:</b> 12/18/2024             |

**Subject:** IAFF Medical Expense Reimbursement Plan (MERP)

**Executive Summary:**

IAFF MERP is a Retiree Medical Trust™ that takes advantage of the power of pooled financing to help defray the costs of medical expenses after retirement by providing a regular monthly benefit payment to eligible members. It is especially attuned to the circumstances of firefighters of public employers, who regularly experience a longer period for high-cost health coverage between termination of employment and commencement of coverage under Medicare. This type of Trust program enjoys significant tax benefits: it is structured to enable financing with pre-tax monthly contributions during active employment, which are in turn used to reimburse eligible claims for medical expenditures after retirement. No taxes are due on these reimbursements. Also, investment earnings of the Trust are tax-exempt. The Trust assets are protected in perpetuity by federal law, to be spent only on permissible medical expense reimbursement benefits. Labor attorney has reviewed and created the MOU.

**Fiscal Impact:**

None

**Executive Recommendation/Action:**

Recommendation to allow to contribute to the IAFF MERP and to sign off on the attached MOU.

**Attachments Included:**

- MERP-Employer-Informational-Memo\_V4\_web
- Memorandum of Understanding IAFF MERP (00773848-4xBE4A3)



A RETIREE HEALTHCARE BENEFIT BY FIRE FIGHTERS FOR FIRE FIGHTERS



**IAFF MERP**  
**MEDICAL EXPENSE**  
**REIMBURSEMENT PLAN**

**2024**

**GENERAL INFORMATION**  
**FOR EMPLOYERS AND**  
**IAFF LOCALS**

# What is the IAFF MERP?

## A NEW KIND OF RETIREE HEALTH PLAN

IAFF MERP is a Retiree Medical Trust™ that takes advantage of the power of pooled financing to help defray the costs of medical expenses after retirement by providing a regular monthly benefit payment to eligible members. It is especially attuned to the circumstances of firefighters of public employers, who regularly experience a longer period for high-cost health coverage between termination of employment and commencement of coverage under Medicare.

This type of Trust program enjoys significant tax benefits: it is structured to enable financing with pre-tax monthly contributions during active employment, which are in turn used to reimburse eligible claims for medical expenditures after retirement. No taxes are due on these reimbursements. Also, investment earnings of the Trust are tax-exempt. The Trust assets are protected in perpetuity by federal law, to be spent only on permissible medical expense reimbursement benefits.

Membership in IAFF MERP is based on national affiliation with the IAFF. Hence, participation is available to any IAFF Local associated with a governmental entity.

## LEGAL FOUNDATION

IAFF MERP is a multi-employer Trust established under IRC 501(c)(9) (a “Voluntary Employees’ Beneficiary Association” or “VEBA”) and essentially has the same tax exemptions for public sector employers as an IRC Section 115 trust. A VEBA however is an independent pass-through entity rather than an extension of a governmental employer’s essential functions.

IAFF MERP must meet the requirements stated in IRC Sections 501(c)(9)-1 through 501(c)(9)-8, including the requirement that virtually all the VEBA’s operations take place to provide eligible benefits to members.

The VEBA must be controlled by its members, independent trustees, or outside fiduciaries appointed by its membership to act on their behalf. IAFF MERP is controlled by a board of firefighter trustees who are plan fiduciaries and most of whom participate in the Trust.

## BASIC PLAN DESIGN

**CONTRIBUTIONS.** The participating firefighter unions and their employers negotiate to make mandatory, defined contributions into the Trust fund during employment. Each employer and Local select a contribution amount (e.g., \$100/month/employee). Even though there are several unions and employers who participate in the Trust, the contribution amount can vary by bargaining unit and employer. Minimum contribution to participate is \$75 per month; there is no maximum monthly contribution.

Each Local will negotiate its own contribution rate (some may be at \$100/month, others at \$200/month, etc.). Contributions may be uniform across the bargaining unit or may vary by defined eligible classes. For example, bargaining units with different retiree medical benefits, usually based on date of hire, may structure contributions to address the specific needs of the various tiers of employees. Therefore, employees with more robust retiree benefits may participate in IAFF MERP at a reduced level, or be fully excluded, so as not to be a barrier to participation by junior employees who lack similar benefits.

Note: Contributions cannot be based on a percentage of an individual employee's salary. However, contributions can be based on a percentage of a specific benchmarked salary step (e.g., "all employees shall contribute a monthly amount equivalent to 1% of top step firefighter base salary")

**POOLING OF CONTRIBUTIONS.** The IAFF MERP is designed to pool all recurring contributions to provide a lifetime stream of payments to retirees. This is roughly analogous to a defined benefit pension plan. Although no benefits are vested, the Trustees work with an actuary and investment manager to set benefit levels based on investment returns, demographics, etc. The pooled plan design has the following advantages over an individual account plan:

1. **LIFETIME, MONTHLY BENEFIT PAYMENTS.** By comparison, an individual account might run out when retirees may need it most, in older age.
2. **HIGHER AGGREGATE BENEFITS** than HRA or other individual account plan, due to pooling of contributions. Investment of an individual HRA (or individual account "VEBA") normally gets more conservative at retirement age. There is no need for that move to conservatism when there is a continual stream of contributions from new employees joining the pool, resulting in the long-term smoothing of investment returns.
3. **PROFESSIONAL INVESTMENT MANAGEMENT** of all contributions to get access to more high-quality investment options, expert advice, and reductions in investment fees.

**INDIVIDUAL ACCOUNTS.** In combination with the pooled account above, the IAFF MERP offers an Individual Account component for Locals that negotiate the transfer of lump sums to the Trust. Generally, this would include the transfer of vacation and/or sick leave either during active service or at separation of employment. Individual Accounts offer participants self-directed investment options and a secondary funding source to augment the monthly pooled benefit.

Assets in the Individual Account may also be transferred to the pooled account and converted into lifetime benefits or be utilized to meet Active Service requirements to qualify for lifetime benefits as an Eligible Retiree.

**FUNDING SOURCES.** In addition to recurring payroll contributions from employees and/or employers and annual or terminal leave transfers, IAFF MERP can accept contributions of monetary incentives in lieu of an employer-sponsored health plan or surplus flexible benefits dollars.

**MONTHLY BENEFIT LEVELS.** The Lifetime<sup>1</sup> Monthly Benefit is determined by the number of Active Service Units (ASUs) one has accrued during his/her active employment (or accrued because of conversion of leave transfer, other Lump Sum Transfer, or Individual Account balance) and the Unit Multiplier (UM). The UM is an actuarially derived number based on the Trust plan design, investment performance, and various demographic factors. Higher contribution rates and longer plan participation mean more ASUs which equate to higher benefit levels after retirement.

**RETIREE CONTRIBUTIONS.** IAFF MERP can accept tax-exempt employer contributions on behalf of retired employees provided that the retiree contributed to IAFF MERP as an active employee. Retiree contributions eliminate the administrative need for employers to verify the retiree utilized these funds for qualifying healthcare expenses, as the IAFF MERP assumes this responsibility.

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<sup>1</sup> Monthly Benefit Levels are intended to last for the lifetime of the Eligible Retiree. However, benefits are not vested, and the Trustees have the right to increase, decrease or terminate benefits at any time to preserve the financial stability of the Plan.

## EMPLOYER CONSIDERATIONS

All contributions to IAFF MERP must come directly from the employer. The employer may not transfer any contributions to the Local for payment to the Trust. The employer must agree to provide identifying employee demographics, withhold, transfer, and report contributions to the IAFF MERP Trust Office. For most employers this will likely be a similar administrative process to group insurance programs.

**LIMITATIONS OF LIABILITY.** As stated above, VEBAs are not a component of an employer benefit program. Therefore, employers are not a party to the Trust. Except for the obligation to make and report contributions to the Trust per the collective bargaining agreement, a participating employer shall have no obligation to provide benefits to which its employees may be entitled from the VEBA. A participating employer shall not be a fiduciary of the Trust, or any employee benefit plan funded through the Trust, and shall have no responsibility or liability for Trust investments, the income tax treatment of Trust earnings or benefits provided under the employee benefit plans of the Trust.

**JOINDER AGREEMENT.** Local and employer representatives will be asked to execute a Joinder Agreement for participation in IAFF MERP. The employer signs acknowledging the Local's terms of participation in the Trust and agrees to withhold, transfer, and report contributions.

**EMPLOYER OBLIGATION.** The employer's sole obligation is to transfer and report contributions in compliance with the collective bargaining agreement with the Local. As benefit levels from the Trust are not vested, the Trust will adjust benefit levels based upon the bargained contributions, investment returns, and demographics of the Trust. Unlike a defined benefit pension plan, the Trust has no right to request or require a change in contributions. The level of contributions to fund the Trust benefits is purely subject to negotiation with the Local in collective bargaining.

## TAX ADVANTAGES

Participation in the IAFF MERP can offer one or more of the following tax advantages:

- a. **TAX ADVANTAGE TO THE EMPLOYER.** Employers avoid payroll taxes on the contributions, which they generally would be required to pay if the amount were paid in salary.
- b. **TAX ADVANTAGE TO THE EMPLOYEE.** Contributions are generally deposited pre-tax and earnings on the contributions are tax-exempt. The contributions can be negotiated by the Local so that they reduce the taxable income of the employee (i.e., pre-tax contributions). Also, the contributed funds in the pool realize significant earnings over time, none of which are taxed.
- c. **NO CONSTRUCTIVE RECEIPT.** To allow pre-tax treatment and avoid constructive receipt of Trust contributions, contributions are mandatory for the entire bargaining unit or a designated class of the bargaining unit. These contributions are made mandatory through collective bargaining agreements that prohibit the employee from electing whether to participate and at what level. Bargaining agreements must prohibit any election to receive the contribution in cash. For tax purposes, income is not constructively received if the taxpayer's control of its receipt is subject to substantial limitations or restrictions. The IRS has determined on multiple occasions that mandatory collectively bargained contributions to this type of plan without a cash option for the employee are not constructively received and are instead excludable from the taxable income of the employee.

- d. **TAX ADVANTAGE TO THE RETIREE.** Benefits received from the Trust are non-taxable income to the retiree (and his/her dependents). When the retiree eventually takes benefits from the plan to reimburse for premiums or miscellaneous medical expenses the Trust Office will verify that reimbursements are tax-deductible IRS medical expenses in accordance with IRS regulations and guidance, including IRS Publication 502.

## **BARGAINING LANGUAGE REQUIREMENTS**

For employers and Locals subject to collective bargaining, IAFF MERP terms of participation are made mandatory pursuant to the Memorandum of Understanding/Collective Bargaining Agreement between the employer and the Local. Required MOU/CBA provisions include:

1. Defined Class of employees participating (no employee in the Defined Class is permitted to opt-out of participation or receive any portion of contributions in cash)
2. Source(s) and amount(s) of contributions (i.e., employee and/or employer, leave transfer, etc.)
3. Employer commitment to withhold, transfer, report contributions to the Trust

Note regarding *Janus* decision: Employees opting out of union membership, but who are still bound by the terms of the MOU/CBA, must mandatorily participate in IAFF MERP if they would otherwise be included in the Defined Class of participating employees.

IAFF MERP will assist with development of approved bargaining language. Trust legal counsel will review and approve all bargaining language for IRS compliance prior to adoption and commencement of contributions to the Trust.

**PROMOTING EMPLOYEES.** Employees promoting out of the Local and into another bargaining unit (i.e., management unit) may only continue contributions to IAFF MERP pursuant to the terms of the MOU/CBA applicable to that unit. If the management unit MOU/CBA does not contain IAFF MERP provisions, contributions must cease.

Employees promoting out of the Local to a non-represented classification may only make contributions to IAFF MERP subject to a Resolution adopted by the employer's governing body. The Resolution shall make mandatory continued contributions at terms mirroring those of the participating Local. IAFF MERP will assist with the development of such a Resolution.

**HIGHLY COMPENSATED INDIVIDUALS (HCIs).** To satisfy IRS discrimination testing and avoid discrimination in favor of HCIs, promoted management employees cannot contribute to IAFF MERP at a higher recurring amount than rank and file employees represented by the Local. This is also the reason that the Trust cannot accept contributions based upon a percent of individual salary.

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## NON-BARGAINING CONSIDERATIONS

For Locals without collective bargaining, IAFF MERP contributions can be made pre-tax or post-tax. Contributions can be employer-funded or employee-funded but must be restricted to dues-paying members of the IAFF Local. Non-Association members must be excluded from participating.

**PRE-TAX CONTRIBUTIONS** require:

1. Special Agreement in place between the Trust, the Employer, and the Local
2. The Special Agreement must make contributions mandatory on behalf of all Local members within the Defined Class

IAFF MERP will assist with development of an approved Special Agreement. Trust legal counsel will review and approve the Special Agreement for IRS compliance prior to adoption and commencement of contributions to the Trust.

**POST-TAX CONTRIBUTIONS** are permissible and no Special Agreement is needed with the Employer. However, a Joinder Agreement is required to be signed by the Local that commits to reporting for contributions on behalf of Local members. Individual approval for employee payroll deduction is permissible for post-tax contributions.

## THE IAFF MERP TRUST OFFICE

Vimly Benefits Solutions is the IAFF MERP Trust Office.

Vimly administers all aspects of the IAFF MERP that interact with plan participants and employers.

### Vimly Benefit Solutions

PO Box 6

Mukilteo, WA 98275

Phone: 425-367-0743 or 844-353-7839

Email: [iaff-merp@vimly.com](mailto:iaff-merp@vimly.com)



## RESOURCES

DiMartino Associates is the IAFF MERP Benefits Consultant.

Contact our office to learn more about how to bring this important benefit to your firefighters.

### DiMartino Associates

206-623-2430 or 800-488-8277

Email: [IAFFTrust@dimarinc.com](mailto:IAFFTrust@dimarinc.com)



Scan this QR code for  
more information at:

[IAFFMERP.org](http://IAFFMERP.org)



- Plan Documents
- Participating Locals
- Service Providers
- FAQs

**MEMORANDUM OF UNDERSTANDING BETWEEN**  
**MUKWONAGO FIRE DEPARTMENT, IAFF LOCAL 4585, THE VILLAGE OF**  
**MUKWONAGO AND THE TOWN OF MUKWONAGO**  
**REGARDING THE IAFF MERP**

WHEREAS, the Mukwonago Fire Department (“Department”) and IAFF Local 4585 (“Union”) asked the Village of Mukwonago (“Village”) and the Town of Mukwonago (“Town”) to consider participating in a Voluntary Employees Beneficiary Association (“VEBA”) designed to provide post-employment medical benefit to its participants; and

WHEREAS, the Village and the Town, despite maintaining that the VEBA is not a mandatory subject of bargaining and that the Village’s and Town’s involvement in discussion about the VEBA is voluntary and nonprecedential, have agreed to consider participating in a VEBA only if the Union agreed to reduce wages to ensure neither the Village nor the Town would incur any additional costs; and

WHEREAS, the Department, the Union, the Village and the Town have entered into this Memorandum of Understanding (“MOU”) to clearly outline the impact of the VEBA agreement on the Collective Bargaining Agreement between the parties.

NOW, THEREFORE, the parties agree to the following MOU:

1. The Village and Town each agree to begin participation in the International Association of Fire Fighters Medical Expense Reimbursement Plan (“IAFF MERP”) and to make a contribution of **[DESCRIBE CONTRIBUTION]** on behalf of each eligible Department employee who is represented by the Union.
2. The Union, Village and Town agree that the VEBA, the IAFF MERP and/or this MOU will not be used to directly or indirectly require the payment of unused leave benefits or any similar arrangement, whether paid annually, at termination of employment or any time thereafter.
3. The Union agrees to a mandatory unilateral wage reduction from any wage established under an applicable collective bargaining agreement or modification thereto, to reflect both any direct contribution made on behalf of a participating employee and an allocable portion of any additional costs or expenses the Village or Town incur for active or former employees under the IAFF MERP.

4. The wage reduction described above shall continue so long as the Village or Town do not incur any costs associated with the IAFF MERP.

5. The Village and Town each retain the unilateral right to stop participation in the IAFF MERP at any time if they determine their continued participation presents a reasonable risk of net costs or liabilities to either municipality or their employees, if the IAFF MERP imposes significant additional administrative burdens on either municipality or if either municipality determines the IAFF MERP no longer represents a desired part of either municipality's employee benefit program.

6. The terms of this MOU are approved by the parties, shall not be changed without the agreement of parties.

Dated and signed at Mukwonago, Wisconsin this \_\_\_\_ day of \_\_\_\_\_, 2024.

**MUKWONAGO FIRE DEPARTMENT**

**MUKWONAGO PROFESSIONAL  
FIREFIGHTERS LOCAL 4585**

\_\_\_\_\_  
Chief Jeff Stien

\_\_\_\_\_  
Zachary Cuomo, President

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On behalf of the Village of Mukwonago

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On behalf of the Town of Mukwonago