MINUTES OF BOARD OF COUNTY COMMISSIONERS

OF GUILFORD COUNTY

WORK SESSION

Greensboro, North Carolina
April 30, 2019

The Board of County Commissioners met in a duly noticed Work Session at 9:00AM in the Blue Room located on the 1st floor of the Old County Courthouse, 301 W. Market St., Greensboro, NC.

PRESENT:	Chairman Alan Branson, presiding; Vice Chairman Jeff Phillips; Commissioners Alan Perdue, Justin Conrad, Carolyn Q. Coleman, J. Carlvena Foster and Melvin "Skip" Alston (in at 9:26AM).
ABSENT:	Commissioners Hank Henning and Kay Cashion.
ALSO PRESENT:	County Manager Marty Lawing; County Attorney Mark Payne; Deputy County Manager Clarence Grier; Robin Keller, Clerk to Board; Ariane Webb, Deputy Clerk to Board; Michael Halford, Budget Director; Harley Will, Finance Director; Karen Fishel, Human Resources Director; Carol Campbell, HR Benefits Coordinator; Jim Albright, Emergency Services Director; members of the staff, community and media.

I. WELCOME AND CALL TO ORDER

Chairman Branson called the meeting to order at 9:14AM and welcomed those present.

II. NEW BUSINESS

A. RESOLUTION AUTHORIZING THE ISSUANCE OF $40,000,000 IN GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS, SERIES 2019A

Finance Director Harley Will introduced the resolution and stated the County will save approximately $2,500,000 in interest costs over initial estimates. He requested the Board approve the resolution.

Motion was made by Vice Chairman Jeff Phillips, and seconded by Commissioner Justin Conrad, to adopt resolution authorizing issuance of two-thirds bonds to be designated as "General Obligation Public Improvement Bonds, Series 2019A" in an amount not to exceed forty million dollars ($40,000,000).

VOTE: **Motion carried 6 – 0**

AYES: **Alan Branson, Jeff Phillips, Alan Perdue, Justin Conrad, Carolyn Q. Coleman, J. Carlvena Foster**

NOES: **None**

ABSENT: **Hank Henning, Kay Cashion, Melvin "Skip" Alston**

RESOLUTION AUTHORIZING ISSUANCE OF BONDS

Vice Chairman Jeff Phillips moved adoption of the following resolution and the motion was seconded by Commissioner Justin Conrad.

WHEREAS, the bond orders hereinafter described have taken effect, and it is desirable to make provision for the issuance of bonds authorized thereby;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the County of Guilford, North Carolina (the "Issuer"), as follows:

1. Pursuant to and in accordance with the public building bond order adopted by the Board of Commissioners on April 4, 2019, the Issuer shall issue its bonds in the aggregate principal amount of $30,000,000. The period of usefulness of the capital projects to be financed by the issuance of the bonds is a period of 40 years, computed from the date of issuance of the bonds.

2. Pursuant to and in accordance with the school facilities bond order adopted by the Board of Commissioners on April 4, 2019, the Issuer shall issue its bonds in the aggregate principal amount of $10,000,000. The period of usefulness of the capital projects to be financed by the issuance of the bonds is a period of 40 years, computed from the date of issuance of the bonds.

3. The bonds to be issued pursuant to the bond orders described in the preceding paragraphs 1 and 2 shall be issued as one consolidated bond issue in the principal amount of $40,000,000 and designated "General Obligation Public Improvement Bonds, Series 2019A" (the "Bonds"). The Board of Commissioners has ascertained and hereby determines that the average period of usefulness declared in the preceding paragraphs 1 and 2 is not less than 40 years computed from the date of the Bonds. The Bonds shall be dated June 6, 2019, and shall bear interest from their date at a rate or rates that shall be determined upon the public sale of the Bonds, and interest shall be payable on November 1, 2019 and semi-annually thereafter on May 1 and November 1. The Bonds shall mature annually on May 1 as follows:

Year	Principal Amount	Year	Principal Amount
2022	$2,225,000	2031	$2,220,000
2023	2,225,000	2032	2,220,000
2024	2,225,000	2033	2,220,000
2025	2,225,000	2034	2,220,000
2026	2,225,000	2035	2,220,000
2027	2,225,000	2036	2,220,000
2028	2,225,000	2037	2,220,000
2029	2,225,000	2038	2,220,000
2030	2,220,000	2039	2,220,000

Each Bond shall bear interest from the interest payment date next preceding the date on which it is authenticated unless it is (a) authenticated on an interest payment date, in which event it shall bear interest from that interest payment date, or (b) authenticated prior to the first interest payment date, in which event it shall bear interest from its date; provided, however, that if at the time of authentication interest is in default, such Bond shall bear interest from the date to which interest has been paid.

The principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America that is legal tender for the payment of public and private debts on the respective dates of payment thereof. Debt service will be payable to the owners of Bonds shown on the records of the hereinafter designated Bond Registrar of the Issuer on the record date, which shall be the fifteenth day of the calendar month (whether or not a business day) next preceding a debt service payment date.

4. The Bonds will be issued in fully registered form by means of a book entry system with no physical distribution of bond certificates made to the public. One bond certificate for each maturity will be issued to and registered in the name of The Depository Trust Company, New York, New York (“DTC”) or its nominee and immobilized in its custody. The book entry system will evidence beneficial ownership of the Bonds in the principal amounts of $5,000 or integral multiples thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC. Interest on the Bonds will be payable at the times stated in the preceding paragraph, and principal of the Bonds will be paid annually on May 1, as set forth in the above maturity schedule, in clearinghouse funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to

participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of those participants and other nominees of beneficial owners. The Issuer will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the Issuer determines that continuation of the book entry system of evidence and transfer of ownership of the Bonds would adversely affect the interests of the beneficial owners of the Bonds, the Issuer will discontinue the book entry system with DTC in a manner consistent with DTC's rules and procedures. If the Issuer fails to arrange for another qualified securities depository to replace DTC, the Issuer will authenticate and deliver replacement Bonds in the form of fully registered certificates in denominations of $5,000 or integral multiples thereof.

5. The Bonds shall bear the manual or facsimile signatures of the Chairman of the Board of Commissioners and the Clerk to the Board of Commissioners of the Issuer, and the official seal or a facsimile of the official seal of the Issuer shall be impressed or imprinted, as the case may be, on the Bonds.

The certificate of the Local Government Commission of North Carolina to be endorsed on all Bonds shall bear the manual or facsimile signature of the Secretary of that Commission or of a representative designated by that Secretary, and the certificate of authentication of the Bond Registrar to be endorsed on all Bonds shall be executed as provided below.

In case any officer of the Issuer or the Local Government Commission of North Carolina whose manual or facsimile signature appears on any Bonds shall cease to be that officer before the delivery of those Bonds, that manual or facsimile signature shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until delivery, and any Bond may bear the manual or facsimile signatures of such persons as at the actual time of the execution of the Bond shall be the proper officers to sign the Bond although at the date of the Bond those persons may not have been such officers.

No Bond shall be valid or become obligatory for any purpose or be entitled to any benefit or security under this resolution until it has been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed thereon.

6. The Bonds and the endorsements thereon shall be in substantially the following form:

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to issuer or its agent for registration of transfer, exchange, or payment and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

NO. R- $__________

United States of America

State of North Carolina

COUNTY OF GUILFORD

GENERAL OBLIGATION PUBLIC IMPROVEMENT BOND, SERIES 2019A

INTEREST RATE	MATURITY DATE	DATE OF BOND	CUSIP
	May 1, 2030	June 6, 2019	401784___

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: __$40,000,000__ DOLLARS

The County of Guilford (the "County"), a county of the State of North Carolina, acknowledges itself indebted and for value received hereby promises to pay to the registered owner named above, on the date specified above, upon surrender hereof, at the office of the Finance Director of the County, 201 South Greene Street, Suite 303, Greensboro, NC 27402 (the "Bond Registrar"), the principal sum shown above and to pay to the registered owner hereof, by check mailed to the registered owner at its address as it appears on the bond registration books of the County, interest on that principal sum from the date of this bond or from the November 1 or May

1 next preceding the date of authentication to which interest shall have been paid, unless the date of authentication is a November 1 or May 1 to which interest shall have been paid, in which case from that date, interest to the maturity hereof being payable on November 1, 2019, and semi-annually thereafter on May 1 and November 1of each year, at the rate per annum specified above, until payment of the principal sum. The interest so payable on any interest payment date will be paid to the person in whose name this bond is registered at the close of business on the record date for that interest, which shall be the fifteenth day of the calendar month (whether or not a business day) next preceding that interest payment date. Both the principal of and the interest on this bond shall be paid in any coin or currency of the United States of America that is legal tender for the payment of public and private debts on the respective dates of payment thereof.

This bond is issued in accordance with the Registered Public Obligations Act, Chapter 159E of the General Statutes of North Carolina, and pursuant to The Local Government Finance Act of the State of North Carolina, as amended, bond orders adopted by the Board of Commissioners of the County on April 4, 2019 (the "Bond Orders") and a resolution adopted by that Board (the "Resolution") providing for the issuance of this bond.

The bonds maturing on and after May 1, 2030, shall be subject to redemption prior to their stated maturities at the option of the County on or after May 1, 2029, in whole or in part at any time at a redemption price equal to 100% of the principal amount of each bond to be redeemed, together with accrued interest thereon to the redemption date. If less than all the bonds are called for redemption, the County shall determine the maturities and the amounts thereof of the bonds to be redeemed. If less than all the bonds of any one maturity are called for redemption, the bonds of such maturity to be redeemed shall be selected by lot; provided, however, that the portion of any bond to be redeemed shall be in the principal amount of $5,000 or an integral multiple thereof and that, in selecting bonds for redemption, the Bond Registrar shall treat each bond as representing that number of bonds which is obtained by dividing the principal amount of such bond by $5,000. For so long as a book-entry system is used for determining beneficial ownership of the bonds, if less than all of the bonds within a maturity are to be redeemed, The Depository Trust Company ("DTC") shall determine by lot the amount of interest of each Direct Participant in the bonds to be redeemed.

Not more than forty-five (45) days nor less than thirty (30) days before the redemption date of any bonds to be redeemed, whether such redemption be in whole or in part, the County shall cause a notice of redemption to be mailed, postage prepaid, to DTC or its nominee. On the date fixed for redemption, that notice having been given, the bonds or portions thereof so called for redemption shall be due and payable at the redemption price provided for the redemption of those bonds or portions thereof on that date and, if moneys for payment of the redemption price and the accrued interest are held by the Bond Registrar as provided in the Resolution, interest on the bonds or the portions thereof so called for redemption shall cease to accrue. If a portion of this bond shall be called for redemption, a new bond or bonds in principal amount equal to the unredeemed portion hereof will be issued to DTC or its nominee upon the surrender hereof.

The notice of redemption may state that the County retains the right to rescind such notice on or prior to the scheduled redemption date, and such notice and redemption shall be of no effect if such notice is rescinded. Any redemption may be rescinded in whole or in part at any time prior to the scheduled redemption date if the County gives notice thereof on or prior to the scheduled redemption date in the manner provided above for redemptions. Any bonds as to which redemption has been rescinded shall remain outstanding.

The bonds will be issued in fully registered form by means of a book entry system with no physical distribution of bond certificates made to the public. One bond certificate for each maturity will be issued to and registered in the name of DTC or its nominee and immobilized in its custody. The book entry system will evidence beneficial ownership of the bonds in principal amounts of $5,000 or integral multiples thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of participants and other nominees of beneficial owners. The County will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through participants.

The Bond Registrar shall keep at its office the books of the County for the registration of transfer of bonds. The transfer of this bond may be registered only upon those books and as otherwise provided in the Resolution upon the surrender hereof to the Bond Registrar together with an assignment duly executed by the registered owner hereof or his attorney or legal representative in form satisfactory to the Bond Registrar. Upon any registration of transfer, the Bond Registrar shall deliver in exchange for this bond a new bond or bonds, registered in the name of the transferee, in authorized denominations, in an aggregate principal amount equal to the unredeemed principal amount of this bond, of the same maturity and bearing interest at the same rate.

The Bond Registrar shall not be required to exchange or register the transfer of any bond during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of bonds or any portion thereof and ending at the close of business on the day of such mailing or of any bond called for redemption in whole or in part pursuant to the Resolution.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of North Carolina to exist, be performed or happen precedent to or in the issuance of this bond, exist, have been performed and have happened, and that the amount of this bond, together with all other indebtedness of the County, is within every debt and other limit prescribed by said Constitution or statutes. The faith and credit of the County are hereby pledged to the punctual payment of the principal of and interest on this bond in accordance with its terms.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Bond Orders or the Resolution until this bond shall have been endorsed by the authorized representative of the Local Government Commission of North Carolina and authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the County has caused this bond to bear the facsimile signatures of the Chairman of the Board of Commissioners and the Clerk to the Board of Commissioners and a facsimile of its official seal to be imprinted hereon, and this bond to be date June 6, 2019.

B. SET A PUBLIC HEARING DATE OF MAY 16, 2019 TO AMEND THE SOLID WASTE ORDINANCE REGARDING THE TERM OF FRANCHISE GRANTED FOR SANITARY LANDFILLS

Clyde Harding, Solid Waste Division Manager, introduced the item and spoke to the need to update the County's Solid Waste Ordinance to remain in compliance with state mandates.

Motion was made by Commissioner Justin Conrad, seconded by Vice Chairman Jeff Phillips, to set a public hearing for May 16, 2019 to amend the Guilford County Solid Waste Ordinance in accordance with NCGS 130A-294 regarding the term (duration) of franchise granted for sanitary landfills.

Commissioner Coleman questioned how this amendment compares to current policy.

Harding stated the County's current policy only allows for a ten-year term of franchise, but the proposed amendment will maintain the franchise for the life of the landfill.

County Attorney Mark Payne clarified the amendment more accurately reflects the life of a landfill.

Commissioner Coleman expressed concerns with offering a fifty-year extension on the term.

Harding noted the franchisee will still be required to follow the terms of the franchise agreement, the ordinance amendment will only remove the need for the franchise to return to the Board every ten (10) years for renewals.

Payne confirmed the landfill will always be required to remain in compliance with all environmental regulations.

Harding stated this ordinance does not address any changes to the size of the landfill, only impacts the term of the landfill franchise.

Motion was made by Commissioner Justin Conrad, seconded by Vice Chairman Jeff Phillips, to set a public hearing for May 16, 2019 to amend the Guilford County Solid Waste Ordinance in accordance with NCGS 130A-294 regarding the term (duration) of franchise granted for sanitary landfills.

VOTE: **Motion carried 6 – 0**

AYES: **Alan Branson, Jeff Phillips, Alan Perdue, Justin Conrad, Carolyn Q. Coleman, J. Carlvena Foster**

NOES: **None**

ABSENT: **Hank Henning, Kay Cashion, Melvin "Skip" Alston**

C. AFFIRM AND SUBMIT THE PLANNING BOARD'S FINDINGS AND RECOMMENDATION TO APPROVE THE MAJOR BUFFER VARIANCE FOR PUBLIC SUPER MARKET'S, INC. PROPOSED CORPORATE CAMPUS, BEING TAX PARCEL #117416, LOCATED AT 311 BIRCH CREEK RD., AS GUILFORD COUNTY'S PRELIMINARY FINDINGS TO THE NC ENVIRONMENTAL MANAGEMENT COMMISSION

Payne introduced the item, and noted the Guilford County Planning Board heard the request during its April 10, 2019 meeting and approved by unanimous consent. He confirmed the request is for a buffer variance for a nearby stream that will be impacted by development, and reviewed the three-part process for approval.

Chairman Branson questioned the size of the buffer.

Teresa Andrews, Stormwater Program Administrator, reviewed the buffer zoning request and the total square footage of the impacted area.

Motion made by Vice Chairman Jeff Phillips, seconded by Commissioner Justin Conrad, to affirm and submit the Planning Board's findings and recommendation to approve the major buffer variance for Publix Super Market's, Inc. proposed corporate campus, being Tax Parcel #117416, located at 311 Birch Creek Rd., as Guilford County's preliminary findings to the NC Environmental Management Commission.

VOTE: **Motion carried 6 – 0**

AYES: **Alan Branson, Jeff Phillips, Alan Perdue, Justin Conrad, Carolyn Q. Coleman, J. Carlvena Foster**

NOES: **None**

ABSENT: **Hank Henning, Kay Cashion, Melvin "Skip" Alston**

Commissioner Alston arrived to the meeting at 9:26AM.

D. ITEMS OF NOTABLE BUDGETARY IMPACT DURING THE FY 2019-20 BUDGET PREPARATION PROCESS

County Manager Marty Lawing introduced the item. He stated revenue growth is lower than expected and spoke to the need to remain conservative during the budget process.

DEBT REPAYMENT

Budget Director Michael Halford began the presentation by reviewing overall debt and noted this will be a major budget driver over the next few years. He explained the use of bond premiums towards payment on the $40 million in two-thirds bonds that will be issued and noted the estimated decrease in debt repayment following two-thirds bond issuance.

Halford discussed the concept of debt leveling and leveraging the expected $2.6 million decrease in the FY 2019-20 debt repayment budget towards future payments that will begin to increase effective FY 2020-21, or towards a one-time cash infusion to support capital infrastructure needs.

Lawing noted the need for Board approval of a project ordinance to use the funds in specific capital projects.

Commissioner Alston questioned if the savings could be placed in a restricted fund to avoid using it for capital needs.

Halford shared one of his recommendations is to use the savings towards capital needs.

Commissioner Alston shared his preference to allocate the savings towards debt repayment.

Vice Chairman Phillips expressed his support for debt leveling, but noted the need for additional time to consider how to direct those savings.

Lawing stated he would provide a recommendation on the use of these funds within the next two (2) weeks, and confirmed he would recommend not reducing the FY 2019-20 budget by the expected savings amount of $2.6 million. He spoke to the need for Board consensus to keep the upcoming debt repayment budget at its current funding amount.

Commissioner Coleman stated if the funds are allocated towards a capital project, they remain available for use. She expressed her concern with allocating the funds towards debt services and shared the other option will give the County more flexibility.

The Board discussed appropriation options.

Halford spoke to the need for a long-term strategy to manage debt funding.

Commissioner Perdue clarified staff's request for the Board to consider the debt leveling option in the FY 2019-20 budget.

Lawing echoed Commissioner Perdue's clarification and questioned if the Board would be interested in reducing fund balance by $2.6 million to reflect the decrease in estimated debt repayments in FY 2019-20.

Halford reviewed the estimated debt repayment schedule and noted the potential to utilize savings from decreased payments to support upcoming school bonds, future repayments or other capital needs.

Commissioner Alston questioned if the school bond option would eliminate the need for a property tax increase.

Halford stated the savings from debt leveling could result in less of a property tax increase, as repayments are subsidized by bond premiums and tax revenues.

By general consensus, the Board directed staff to move forward with the debt leveling option as they prepared the FY 2019-20 recommended budget.

YEAR-TO-DATE BUDGET PERFORMANCE UPDATE

Halford introduced the FY 2018-19 budget performance update through March 31, 2019. He reviewed sales tax revenues and noted they continue to decline. He spoke to decreases in intergovernmental revenue, but noted they correspond with decreased program-related expenses, and shared overall County revenues are down by $1.6 million.

Halford noted decreased personnel expenses reflect issues with turnover and retention, but confirmed the County will use more fund balance this fiscal year to cover expenses. He spoke to a need to focus on property tax collection rates and shared concerns that sales tax actual revenues will not meet the amount budgeted for FY 2018-19.

Vice Chairman Phillips questioned if staff anticipate additional revenues being received within the next few months.

Halford confirmed additional sales tax revenues will be received within the next six (6) months, but they will not be sufficient to cover the deficit. He reviewed fund balance and noted the FY 2018-19 budget commits $40.9 million, of which $7 million is debt bond premium. Halford noted he projects revenues will be under by $3.1 million, resulting in a $11.3 million anticipated shortfall. He shared the County is not receiving sufficient tax revenue to support its expenses and confirmed bond rating agencies have referenced the decline in fund balance in their narratives. Halford stated the recurring use of fund balance should be covered with ongoing revenue and shared the need for a different approach to budgeting moving forward.

Vice Chairman Phillips spoke to the County's high level of debt service obligations as a primary driver in the ongoing use of fund balance. He noted the need to keep this under consideration when discussing the school bond referendum and to exercise great caution when making these decisions.

Commissioner Coleman spoke to the need to consider other options besides the impact of school bonds.

Halford shared the need to prioritize based upon available funding and to fill fund balance gaps with recurring revenue.

Lawing stated the County should achieve a AAA bond rating for the recently approved two-thirds bond issuance, but spoke to the need to retain this rating during an anticipated issuance within the next two (2) years, to maintain good interest rates. He spoke to operational and personnel costs as additional drivers and noted the need to remain competitive with other entities in salaries and benefits. Lawing spoke to the critical nature of the budget in light of decreasing revenues and combined with the current tax rate.

Commissioner Alston questioned the availability of lapsed salaries from vacant positions, and if there was a need for positions that remained vacant for 6-9 months, or longer.

Halford shared the County currently has approximately sixty (60) positions that have been vacant for six months or longer, and noted the bulk of those remain vacant due to turnover. He confirmed lapsed salaries are reallocated to other areas to balance the budget.

Commissioner Alston questioned if staff anticipated an increase in sales tax revenue.

Halford stated that, while the County is growing, we are not keeping up with state growth or inflation. He noted one of our challenges is that the County continues to lose a portion of its revenue to the State's allocation distribution formula.

Commissioner Conrad questioned if the County accounts for internet sales tax revenues.

Halford stated that, while sales tax revenue increased from last year, growth does not meet our current expenses. He noted that sales tax refunds to local non-profit organizations depressed expected revenues, and confirmed these refund amounts are difficult to estimate or project.

Commissioner Coleman questioned the benefits from economic development and noted the need for more industry and development within our community.

Lawing shared Site Selection magazine ranked the Piedmont Triad as 8th in the 200,000 to one million population size category for economic development in FY 2018-19, down from 2nd in FY 2017-18. He noted the region continues to achieve top 10 ranking amongst comparably-sized metropolitan areas.

Commissioner Coleman questioned the dollars generated from these projects.

Lawing spoke to the difficulty in determining how the State calculates revenue distribution.

Vice Chairman Phillips shared the projects can translate into increased revenues, but it takes time to realize the additional funds.

The Board discussed additional pending projects in the region.

Halford spoke to the current unemployment rate in the community and noted population growth for those eligible for public assistance outpaces overall population growth, which impacts revenues. Halford shared his observation of a small decline in property tax collections during this fiscal year.

GUILFORD COUNTY SCHOOLS SUPERINTENDENT FY 2019-20 BUDGET REQUEST

Halford reviewed the Guilford County Schools (GCS) superintendent's budget request and shared their strategic plan goals. He reviewed the priorities established by the Board of Education.

Commissioner Perdue questioned if prior year goals and associated outcomes could be presented as a dashboard and benchmarked against this year's goals.

Halford stated the request amounts to an increase in $80 per pupil expenditures over the prior year. He noted the budget requests an additional $10 million in operating expenses and an additional $12.2 million towards capital outlay. Halford shared Guilford County ranks 14th in the state and 5th amongst the ten largest counties in per pupil funding.

Halford reviewed the FY 2019-20 budget requested from Guilford Technical Community College.

Halford discussed FY 2019-20 budget drivers and noted the Board should consider exploring corporate best-practice operating philosophy when reviewing County services. He noted the opportunity to support high level service needs while reducing turnover costs through the salary study and total compensation review. He provided an update on the salary study and noted the recommendations would require $2.4 million in County funds, in addition to the 3% merit raise and retirement system contributions that would be included in the recommended budget.

Chairman Branson questioned if there was an update on the joint project between the school facilities study and the Fire/EMS study, to provide updated CAD drawings of school facilities for emergency services staff.

Lawing stated the bulk of the CAD work would be completed this week, with a few school exceptions.

Commissioner Coleman questioned the status of certain school closings resulting from April 2018 tornado damage.

Lawing shared that recommendations from the GCS superintendent would be forthcoming.

GROUP HEALTH PLAN UPDATES

Karen Campbell, Human Resources (HR) Director, introduced the topic.

Carol Campbell, HR Benefits Coordinator, noted the unprecedented large claims filed during the current fiscal year. She noted while the number of subscribers has only increased by a few more members, medical claims costs have increased by approximately $3 million. She reviewed primary drivers for claims and noted those related to cancer have increased by 59%, circulatory-related claims have increased by approximately 50% and those related to mental disorders have increased by 20.9%.

Campbell shared approximately 76% of plan members have claim costs less than $5,000 and make up approximately 16% of the total cost. She noted approximately 13% of plan members account for the majority of plan costs.

Campbell stated prescription costs have increased for individuals and noted eight (8) subscribers account for $718,500 in prescription expenses.

Campbell reviewed changes in top 10 claimant year-to-date spending compared to March 2018, and noted claims have increased by $1 million. She presented recommended changes to deductibles and out-of-pocket expenses for FY 2019-20, which would decrease plan costs by 1%. Campbell compared these recommendations to changes required to decrease plan costs by 10%.

Vice Chairman Phillips questioned if the top 10 claimants are utilizing in-network providers.

Campbell shared 98.4% of subscribers utilize in-network services.

Vice Chairman Phillips requested additional confirmation on in-network usage.

Campbell recommended a more vigorous review of medical necessity prior to approval for certain procedures. She noted the need to review orthopedic claims to identify options for lower cost alternatives.

Commissioner Coleman questioned the need to research providers and their billings rates. She expressed concerns with increased mental health claims and questioned the need to consider alternative providers.

Campbell shared the County transitioned to a more robust employee assistance plan that is being widely promoted. She spoke to the Wellness Recovery Access Program (WRAP) that was designed to offer coping mechanisms for employees in high-stress jobs.

Commissioner Coleman questioned if staff were aware of the virtual visit program.

Campbell confirmed program utilization is slowly increasing and shared the service is promoted during new employee orientation, as well as, bimonthly road shows.

Vice Chairman Phillips questioned the accessibility and possible incentives for utilizing the virtual visit program to address basic illnesses.

Fishel noted the program has $0 co-pay effective FY 2018-19 as an incentive to encourage use.

Vice Chairman Phillips requested data on utilization. He expressed concerns over the necessary incremental adjustments to maintain plan costs and noted the recommendations are reasonable.

Commissioner Perdue noted the need for a video tutorial on use of the virtual visit tool to increase utilization.

Campbell shared tutorials are posted on the County’s intranet and shared during roadshows.

Lawing shared staff will return in late fall with plan recommendations that would become effective in January 2020. He confirmed there is no change to the general fund appropriation in the recommended FY 2019-20 budget.

Commissioner Coleman questioned the types of diseases typically observed in top 10 claimants.

Campbell noted cancer and circulatory issues as primary drivers in these claims.

Vice Chairman Phillips confirmed there was no change to projected costs for the health plan in the FY 2019-20 budget.

Staff confirmed there would be no increase in the general fund appropriation to cover increased health plan costs in the FY 2019-20 recommended budget. They noted increases would be covered through the internal service fund balance or through changes to premiums and other expenses.

The Board discussed entering into closed session.

Motion was made by Commissioner Alan Perdue, and seconded by Vice Chairman Jeff Phillips, to enter into closed session pursuant to NCGS 143-318.11 for the purpose of consulting with the County Attorney.

VOTE:	**Motion carried 7 – 0**
AYES:	**Alan Branson, Jeff Phillips, Alan Perdue, Justin Conrad, Carolyn Q. Coleman, J. Carlvena Foster, Melvin "Skip" Alston**
NOES:	**None**
ABSENT:	**Hank Henning and Kay Cashion**

Lawing noted the need to cover a few additional agenda items before entering into closed session.

By general consensus, the Board delayed entering into closed session in order to hear the remaining items on the work session agenda.

<u>FEE SCHEDULE CHANGES</u>

Halford reviewed potential fee scheduled changes and noted user fees should place the burden of the cost of service on the user of the service. He discussed the potential increase revenues in other areas to reallocate property tax revenue primarily towards debt service and other expenses.

Halford reviewed Animal Services fee changes, which would result in an additional $60,000 in annual revenue and better align shelter fees with those in community organizations and other counties. He discussed potential Security fee changes and reviewed Emergency Service special event and franchise fee changes.

Jim Albright, Emergency Services Director, noted there had been no changes in this fee category since 2010 and noted they receive more requests than there are staff available. He noted the increase will better align County fees with market rates, and noted to need cover prep time and event staffing. He confirmed the recommended fee changes will cover the costs associated with prep and staffing.

Albright introduced the EMS fee structure and compared our rates to peer agencies. He noted the recommended change could result in approximately $2.1 million in additional revenue. Albright shared the request is designed to decrease the tax burden and could offset the budget needs for additional staffing and equipment. He confirmed there would be no changes in costs for Medicare and Medicaid subscribers, as the cost burden will primarily be placed on privately insured users.

Commissioner Foster left the meeting at 11:23AM.

Albright explained the impact of the potential fee changes on the service population.

Commissioner Coleman questioned potential fees for the working poor.

Albright shared the options available to assist with paying outstanding bills, which included payment plans or medical hardship options.

Commissioner Perdue noted a large portion of the service population are transient visitors who are not Guilford County residents. He recommended the proposed fee structure change to reduce the burden on Guilford County citizens.

Commissioner Alston questioned if those who fail to pay their bills are referred to credit rating agencies.

Albright confirmed they are referred and noted he works directly with these customers to resolve payment issues.

Vice Chairman Phillips requested additional follow-up regarding the recommended fee change, along with requests for additional staffing and equipment.

Albright stated the proposed fee structure options were presented to determine the will of the Board to implement these changes. He noted EMS calls were increasing by 3-7% annually and outpaced population growth.

Halford shared the need to consider the fee differential between Guilford and its peer counties. He spoke to the opportunity to generate additional revenues to cover recurring costs resulting from these services.

Lawing questioned if the Board would consider increasing Emergency Service fees with no change to the recommended budget, or increasing fees in conjunction with increases to the recommended budget.

Commissioner Coleman questioned Emergency Services billing practices.

Albright reviewed the billing practices and cost recovery options.

Vice Chairman Phillips shared his belief that a majority of the Board would be willing to consider the recommended fee changes.

FIRE DISTRICT RATE CHANGE REQUESTS/ECONOMIC DEVELOPMENT AGENCIES BUDGET REQUESTS

Halford discussed requests from two (2) fire districts for tax rate increases and reviewed FY 2019-20 requests from economic development agencies.

Commissioner Alston questioned the number of retirees enrolled in Medicare.

Campbell shared approximately fifty (50) retirees enroll in Medicare annually and shared that when a retiree turns age 65 they are automatically enrolled in Medicare Part A. She noted the County cannot incentivize active employees who are of age to utilize Medicare versus primary insurance.

III. OTHER BUSINESS

Motion was made by Vice Chairman Phillips, and seconded by Commissioner Melvin "Skip" Alston, to enter into closed session pursuant to NCGS 143-318.11 for the purpose of consulting with the County Attorney.

VOTE: **Motion carried 6 – 0**

AYES: **Alan Branson, Jeff Phillips, Alan Perdue, Justin Conrad, Carolyn Q. Coleman, Melvin "Skip" Alston**

NOES: **None**

ABSENT: **Hank Henning, Kay Cashion, J. Carlvena Foster**

The Board entered into closed session at 11:45AM.

IV. ADJOURN

The Board reconvened from closed session at 12:25PM.

There being no further business, the Board adjourned the meeting by unanimous consent at 12:26PM.

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Chairman J. Alan Branson

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Clerk to Board