

MINUTES – MARCH 5, 2012

The Caswell County Board of Commissioners met in regular session at the Historic Courthouse in Yanceyville, North Carolina at 6:30 p.m. on Monday, March 5, 2012. Members present: Cathy W. Lucas, Vice-Chair, William E. Carter, Jeremiah Jefferies, Gordon G. Satterfield, Kenneth D. Travis and N. Kent Williamson. Absent: Nathaniel Hall. Also present: Kevin B. Howard, County Manager, Brian Ferrell, County Attorney, and Angela Evans representing The Caswell Messenger. Paula P. Seamster, Clerk to the Board, recorded the minutes.

MOMENT OF SILENT PRAYER

Before the meeting was called to order Vice-Chair Lucas asked if anyone would like to join her in the Pledge of Allegiance. The Board of Commissioners and guest stood and said the Pledge of Allegiance.

Vice-Chair Lucas opened the meeting with a Moment of Silent Prayer.

APPROVAL OF AGENDA

Commissioner Travis moved, seconded by Commissioner Jefferies to amend the agenda to include a Closed Session. The motion carried unanimously.

APPROVAL OF CONSENT AGENDA

Commissioner Travis moved, seconded Commissioner Williamson to approve the Consent Agenda. The motion carried unanimously.

The following items were included on the Consent Agenda:

- A) Approval of Minutes of February 20, 2012 Regular Meeting

PUBLIC HEARING – COMMUNITY DEVELOPMENT BLOCK GRANT

Ms. Amanda Whitaker with Hobbs, Upchurch & Association came before the Board to receive public comments concerning the submittal of a Community Development Block Grant Scattered Site Housing application.

Ms. Whitaker stated “Good evening. The purpose of this public hearing is to discuss an application to the state Department of Commerce Division of Community Investment. They have a program which is called the Scattered Site Housing Program. This is a cycled program which means that every three years the county is eligible to apply for these dollars. It is a \$400,000 grant. This grant would go towards funding at least seven rehabs throughout the county for low to moderate income folks and at least eight low income folks would be served through what is called an emergency repair program. This is just small repairs that are \$5,000 and below. I would be happy to answer any questions after the public hearing.”

Vice-Chair Lucas asked if there was anyone who would like to speak during the Public Hearing. There were none. Vice-Chair Lucas then asked the Commissioners if they had any questions for Ms. Whitaker.

Commissioner Satterfield asked "Do we have a copy of the block grant application to look at?" Ms. Whitaker responded "We do have copies of the guidelines. The application is not complete but we can get copies of the application and the guidelines to you guys." Commissioner Satterfield continued "The application is not complete yet?" Ms. Whitaker responded "No. This actually gives us the permission to submit the application which means that it gives the permission for the manager and the chairman to give us all the information and to sign off on the documents before we submit it." Commissioner Satterfield asked "But it does not give us the opportunity to look at it?" Ms. Whitaker responded "You can look at it before those documents are signed. It is not due until the 16th of March." Commissioner Satterfield continued "Do we meet again before the 16th of March?" Mr. Howard responded "No sir." Commissioner Satterfield asked "Why is it so late in being prepared?" Ms. Whitaker responded "The way that this program works is it requires that we put the application information out there and that we take applications from people throughout the county. Then we take those applications and hold a meeting with the town managers and folks from the county as well to determine who the applicants are before we could hold this meeting and put the application together. That was done, I think, February 14th."

Vice-Chair Lucas stated "It is my understanding the deadline is the 30th of March." Ms. Whitaker responded "They may have moved that. The guidelines I have originally said the 16th but I can double check that and get that information to you. From what I have in my information it is the 16th." Vice-Chair Lucas continued "It is important to know that. We would hold another meeting before that deadline on the 30th of March." Ms. Whitaker responded "We will be happy to provide all the information. I can send that information to Kevin in an email."

RESOLUTION FOR CDBG SCATTERED-SITE OWNER-OCCUPIED HOUSING

Commissioner Satterfield moved, seconded by Commissioner Travis to table this item until the next meeting to give the Board the opportunity to look at the grant application. The motion carried unanimously.

Commissioner Satterfield stated "Madam Chair maybe the Clerk can notify us by email or something when the grant application is in the county manager's office."

PUBLIC COMMENTS

Vice-Chair Lucas opened the floor for public comments. With no public comments Vice-Chair Lucas declared Public Comments to be closed.

RIVER DAZE FESTIVAL AT FARMER LAKE REQUEST

Mr. Chad Hall with the Dan River Basin Association came before the Board to seek permission to hold a River Daze Festival at Farmer Lake on June 16, 2012.

Mr. Hall stated “Ms. Chair and Commissioners of the Board it is good to see ya’ll. My name is Chad Hall and I work with the Dan River Basin Association. We are currently in the planning phases of what we are calling the River Daze Festival that we would like to hold on June 16th, a rain date of June 23rd at Farmer Lake. I am here to ask permission to use those facilities. The festival is our third outreach in the last nine months to the children in this county. We anticipate this event to be free to the public. It is a child-oriented festival that will be family friendly. The primary topics there will be water safety and water quality. Some of the activities will include a tub of bugs where we actually get some samples from the stream and look at the micro vertebrates and talk about the health of that stream. We will have a pollution run off game where kids can get on one of those bouncy things and roll down and wear a Velcro vest and pick up some fabric as they go and talk about pollution and things like that. We will have dirt pudding and casting lessons out there and water safety with canoes and kayaks. There will be some educational booths out there. We anticipate having a couple of vendors. Our anticipated crowd is about 200 – 400 throughout the day. We expect the time to be from 9:00 a.m. until 1:00 p.m. or 9:00 a.m. until 2:00 p.m. I will be happy to answer any questions that you may have. Thank you for the opportunity to request this.”

Commissioner Carter stated “It was discussed at the Farmer Lake Board meeting last Friday night and everyone was well please with this. I think it will be good for the kids.”

Commissioner Travis moved, seconded by Commissioner Jefferies to approve the River Daze Festival at Farmer Lake request. The motion carried unanimously.

DETENTION CENTER UPDATE

Mr. Justin Doyne stated “We are moving on down there. The slab on grade is 100% complete. The masonry walls are going up around the admin center. The structural steel is scheduled to start arriving on Wednesday so that means that HM Kerns can start that work, start setting the structural steel. The slab on deck for the actual housing unit is scheduled to be poured on March 13th. After they pour that slab on deck they will start running up the second floor walls to the housing structure. The bar joists are scheduled to arrive early May. Once the bar joists arrives they will start putting the bar joists up and start putting the decking on. If you noticed they put the new road in. It is all the way around the facility now so you have access from North Avenue over to Park Avenue. It is not the final coat. They will come back and put the topper coat at the very end. Besides that there are no change orders this month. I did attach a brief summary of payouts and percentages completed at the end. Do you have any questions?”

Commissioner Satterfield asked “Justin I was just reading the report and I noticed the report is dated March 7th but in your summary you are talking about the remaining slab on grade is scheduled to be poured on February 15th. Is that done?” Mr. Doyne responded “Yes sir. It was finished late February due to rain days. I have not discussed this with you. At the last meeting it was not poured. I just wanted to put it on there in order to discuss it with you. Yes it is completely poured.”

Vice-Chair Lucas asked “On the detention center’s expenditures report, we are over on the Architect Fees and Special Testing. We are short \$14,193.80. What is that for?” Mr. Howard

responded “That is in my section of the agenda I can explain that when we get to the County Manager’s Report.” Vice-Chair Lucas continued “Under Construction Management we have expended \$76,230 to date, is that correct?” Mr. Howard responded “Yes and when you look at the Construction Management that is actually the architectural construction part of it. That is the architectural cost to have them to do reviews and submittals and different things that construction companies turn in on the various stages of the project.” Vice-Chair Lucas stated “I am ahead of myself on this expenditure report. This is not your report, it is Kevin’s report but it is the same.” Mr. Doyne responded “Yes ma’am.” Mr. Howard added “It is the same. I included his report where he broke down each trade as well.” Vice-Chair Lucas continued “But you are going to get to this?” Mr. Howard responded “Yes ma’am.”

Vice-Chair Lucas asked “My next question would be about the lift station, where are we with that process?” Mr. Doyne responded “Late last week I actually got a calculation of the existing flow coming from the old jail, that is going to go off line, to sort of compare it to what the new jail is going to add. We will take the old jail number out of the new jail which will be gallons per minute of water flow that goes to that. Ultimately now we are going to submit it to the city but I believe that they are going to want a new lift station or an upgraded lift station added down there.” Vice-Chair Lucas asked “So that is going to be the Town. Do you know if we are going to be leaning more towards the new or an updated? Do we know at this point?” Mr. Doyne responded “Meeting with the Town I think an updated system would satisfy their needs and it would be the most cost effective way to do it.” Vice-Chair Lucas asked “What are the differences in the costs?” Mr. Howard responded “With an upgrade we would have to put in a new force main and larger pumps versus having to dig a whole new well and everything else.” Vice-Chair Lucas continued “Do you have a dollar amount?” Mr. Howard responded “I don’t have a dollar amount.” Mr. Doyne added “Yes ma’am it would be a dollar amount and ultimately it would almost be like putting a new lift station in. We would be adding two 5 hp pumps. I believe the current lift station has two 3 hp pumps. They say the well down there is actually oversized so it can handle the additional load. It is just the pumps and the force main that has to be upgraded. The force main is a 2” force main and they are requesting a 4” force main.” The only thing left would essentially be the well and they would need to upgrade the mechanical parts of it.” Vice-Chair Lucas stated “That does not sound too complicated.” Mr. Doyne responded “It is complicated.”

Commissioner Carter asked “Are you still going to put the grinder pump in?” Mr. Doyne responded “Yes sir.” Commissioner Carter continued “I think that was the problem with the one that is in there now. I think you need something in there to grind that stuff up before it gets there.” Mr. Doyne responded “Yes sir. It causes the pump to get blocked up. The force main will get blocked up with rubber gloves and other types of stuff that goes in there.” Vice-Chair Lucas asked “Will it grind up sheets?” Mr. Doyne responded “It will grind up everything, yes.”

COUNTY DAY IN APRIL 2012

Mr. Howard stated “This is just something that we discussed on the staff level to possibly have a County Day here in the county sometime in April. It will be held on a Saturday at the Civic Center or somewhere. Have each department to set up some type of informational booth and possibly invite the School System and the Court System as well. This will be a day where folks

can come in and get information about each department, the services they provide and answer questions from the public. I just wanted to see if this is something that the Board would be interested in doing. If you are interested we will follow up with more details at the next meeting.”

Vice-Chair Lucas asked “Have you done this previously?” Mr. Howard responded “We have not done one since I have been here.” Commissioner Travis added “It has not been done since I have been here.”

Commissioner Williamson stated “It sounds like it is something good that can make the community aware of what is going on in the county.”

Commissioner Satterfield asked “Is there a particular date that they recommended?” Mr. Howard responded “No sir just sometime in April. I think we will do it towards the end of the month to give us time. I think we will do it the 3rd or 4th Saturday in April.”

All the commissioners agreed that it would be a good thing for the citizens of the county.

REGISTER OF DEEDS REQUEST

Mr. Howard stated “You have a request from the Register of Deeds in your packets for \$16,375 from the Automation Fund to go in and clean up some of the documents they have on line now to remove personal information that does not need to be in there.”

Commissioner Carter asked “Is this different from what she approached the Board about before?” Mr. Howard responded “Yes, she asked for a printer/scanner the last time. This is actually software to go in, when records are entered some of them have social security numbers on them, this software will automatically take that information out as it is being entered.”

Vice-Chairman Lucas asked “What was the cost?” Mr. Howard responded “\$16,375.” Vice-Chair Lucas continued “And that will leave a balance of what in her account?” Mr. Howard responded “About ten or eleven thousand dollars.”

Commissioner Carter moved, seconded by Commissioner Jefferies to approve the Register of Deeds’ request to purchase the Automated Redaction Software for \$16,375. The motion carried unanimously.

Commissioner Satterfield asked “Mr. Manager, are we replacing a piece of equipment that is already down there or what?” Mr. Howard responded “No sir, this is a process that has not been done down there yet. Other counties have already done this. This software will remove any sensitive information from the records. The larger counties have already completed this and now some of the smaller counties are looking at doing this. An example would be social security numbers that are on there. This software removes that data from the documents.” Commissioner Satterfield continued “So this is an optional thing?” Mr. Howard responded “No sir.” Mr. Ferrell added “The North Carolina General Statutes provides some direction to the Register of Deeds about protecting social security numbers, driver’s license numbers and other personal

identifying information from being recorded on the public record when they record deeds or property transfers and things like that. In years past it was not uncommon to get a taxpayer's identification number, a social security number recorded on line and so somebody could essentially search and find a social security number from a legacy filing from years ago. The legislature in 2010, I believe it was, amended NCGS 132-1.10 to give Register of Deeds the authority to go back into these past records and to scrub them, if you will, from this personal identifying information that could be used by those mining for this for various purposes. The legislature gives specific authority to register of deeds to buy software like we are talking about here to go back and scrub filings. Many jurisdictions have taken the step to do that. The way I read the statute it is "a may" institute this type of software product and not "a must" that is the way I am reading the statute but again I do think lots of jurisdictions are doing this in order to protect their constituents that may have inadvertently in years past had their social security numbers put on record or driver's licenses or things like that."

Commissioner Satterfield stated "The only reason I asked the question, Mr. Manager, is because it only leaves \$10,000 in her Automation Fund. Is that going to be sufficient, I mean is her other equipment in good shape and everything?" Mr. Howard responded "Yes sir. It is my understanding that everything else is fine. This will actually be paid in two payments. We will make one payment now and another payment in the next fiscal year so she will have some opportunity to build that fund up just a little bit with the fees she collects that go into that fund. There will not be a huge increase between the two payments but there will be some increase."

Vice-Chair Lucas asked "Mr. Ferrell how long has the statute been in place?" Mr. Ferrell responded "That statute has been in place for some time. It was amended in the last few years to allow for this OCR and its recognition software to be used so that is a relatively new addition to the statute. The statute regarding social security numbers and personal identifying information was enacted in, it looks like 2005, in the first instance."

Mr. Howard stated "Back then you had to go in manually to do that. The larger counties at that time actually had staff to go in and do that. The smaller counties did not have the staff to go in to do those kinds of changes."

Vice-Chair Lucas asked "So you are saying most counties have gone in and done this?" Mr. Howard responded "I know the larger counties have." Mr. Ferrell added "The county to the south, Orange County, in 2009 purchased a similar software component to do this. That is one example for you in the recent history of a neighboring county doing this same thing."

Mr. Howard stated "There is a report at the end of this that shows you how much goes into the Automation Fund. It is usually about a thousand dollars a month that goes in there so we will add some to build it back up."

Upon a vote of the motion to approve the Register of Deeds' request to purchase the Automated Redaction Software for \$16,375, the motion carried unanimously.

COUNTY MANAGER'S REPORT
Pelham Water Tank

Mr. Howard stated "The Pelham Water Tank project is continuing on schedule. I have not quite completed the breakdown on the budget yet. You should have it in your packets at the next meeting."

Vice-Chair Lucas asked "Is there knowledge of an application being made by the Town to Rural Development for a \$600,000 grant for the proposed water line to North School? Are we in the discussions of that?" Mr. Howard responded "No ma'am. They started that application before they came to us to discuss that project." Vice-Chair Lucas continued "So they have made application for that?" Mr. Howard responded "I don't know where they are with that."

Detention Center Project Budget Update

Mr. Howard stated "The first graph you see breaks down the project into several categories. To answer your question about Admin/Engineering, the issue with that is back last fiscal year there were some costs in there that was from the survey we did for the project. We could have included that in the loan origination fees section which was \$99,000. We have only spent \$80,000 of that. That one is under \$19,000 and nothing else will come out of that line item. So that is one reason why the Architect Fees and Special Testing is off somewhat. We could not go back and change that and I wanted this report to reflect what is actually in the books. There are a couple of things that were included in the last fiscal year that could not be moved to another line item. This summer when we approved the project budget it was a much broader, we had more line items to choose from once we borrowed that money."

Commissioner Satterfield asked "What line item was that put in on last year's budget?" Mr. Howard responded "We had one line item which was Architect Fees and everything went into that because we took money out to design the project and we took it out of that line item. Then we did a budget amendment, I think back in July or August, we expanded the line items to include the construction, the connectors, and general conditions and everything else as part of that project."

Vice-Chair Lucas asked "What is included in the Special Testing?" Mr. Howard responded "That includes the soil testing that we have done with the unsuitable soils we have had. We have to test the concrete that is poured to make sure that what is being poured meets the specs for the building. They will test the steel and the soil samples at the beginning of the project." Vice-Chair Lucas continued "Refresh my memory but with this unsuitable soil situation did we try to get the engineers or whoever was responsible for this testing to incur the cost of that since it was evidently done incorrectly?" Mr. Howard responded "The issue was the soil that was unsuitable was under the parking lot and they did not do tests on the parking lot. They did tests on the building pad. That is what is normally done for a project." Vice-Chair Lucas asked "But shouldn't that have been their responsibility though?" Mr. Howard responded "I can look into that." Vice-Chair Lucas continued "That is my personal opinion, but after saying we have unsuitable soils after the soil borings were done?" Mr. Howard responded "All I can say is every project I have been involved in my career you run into those issues if they are outside of the

testing areas that were tested. The issue here was there was a pond there at some point in time in one section of the site. Most of the unsuitable soils were under the parking lot where we dug up barbed wire and tires and different things that were buried back when they were building the courthouse and they put that parking lot in that place. The borings they did, which was 5 or 6, was not in those areas.” Vice-Chair Lucas stated “What surprised me was that most of the unsuitable soils were relocated down to the basketball courts down here. There were some concerns if it was suitable for that purpose. Did they claim to cover it or treat it or do something with that unsuitable soil?” Mr. Howard responded “I will have to check and I can give you that information when I receive it.” Vice-Chair Lucas continued “I would not want them to come back and hold the County liable.” Mr. Howard responded “We are not. The soils, once they leave the site, is not ours. It belongs to that construction company that removes the soil and they took it to that site. I don’t think anything that had any of that stuff in it when it went to that site. I can’t say that for sure just sitting here but I don’t think it did. Most of the concrete and the soil we could use was taken over to CDOT to expand that parking lot. Some did go to fill in that basketball court, yes ma’am. I don’t think it was anything that would be toxic. We do not have any concerns about that. This is going to be a basketball court so you don’t need quite the same soils you would need under a building or something that will have a heavy load like a parking lot or a driveway. What happened with those soils is they could not compact them where they could be solid. It would move as vehicles moved across it and when you come in and put something on top of that it is not going to last long especially when you have heavy trucks coming in to deliver things and things of that nature.”

Commissioner Carter stated “That was the problem with the old jail. There is an underground spring down there. There has been a problem with dampness because of this underground spring. Years ago there used to be an underground well there.” Vice-Chair Lucas asked “Is the spring still there?” Commissioner Carter responded “Yes.” Mr. Howard added “There was a sump pump installed back when the jail was built. It is not affecting the current site at all.”

Workshop with the Detention Center’s Transition Team

Mr. Howard stated “The Sheriff is requesting a workshop with the Board of Commissioners. We are looking at March 15th at 5:00 p.m. to meet with the Transition Team to discuss the staffing plan. The consultant who helped on this and the policies and procedures will be in attendance to answer any questions. We are just trying to set that meeting up for that date if that works with the Board.”

Vice-Chair Lucas asked “Were there any dates given out?” Mr. Howard responded “He gave the dates of March 8th and March 15th. The 8th would be this Thursday and the 15th is next Thursday.” Vice-Chair Lucas continued “What time?” Mr. Howard responded “At 5:00.”

Commissioner Williamson asked “Can we move it to 5:30 p.m.?” Vice-Chair Lucas asked “Can we move it to 5:30 p.m.?” Mr. Howard responded “That is up to this Board. That was just a suggestion.”

Commissioner Carter stated “That is the same night as the Fire Department’s Pancake Supper.”

Commissioner Satterfield asked “What is the meeting for?” Mr. Howard responded “Butch Reynolds who is the consultant who has been helping with the transition plan, staffing plan and other items is going to present that plan to the Board of Commissioners and he would be able to answer any questions at that meeting. Those are two days that he could be here.”

Vice-Chair Lucas asked “What is the transition going to involve?” Mr. Howard responded “There is training for the new facility. The policies and procedures will be totally different for that facility versus the current facility. The biggest part they are working on is two things: preparing for training and beginning to hire folks and train them for that facility prior to opening. Then the new policies and procedures, they will be completing them between now and by the time we open the new building. Also the timing of ordering different items for the jail such as mattresses and other items. They are working on that as well.”

Vice-Chair Lucas stated “We will set the meeting for March 15th and hopefully 5:30 p.m.”

Farm Bureau Dinner Meeting

Mr. Howard stated “Last week I was approached by Hester Vernon the President of Farm Bureau. Two or three years ago they had a meal for the Commissioners so they could meet with you and speak with you, a joint meeting with the Farm Bureau board. They requested that meeting on March 20th or March 22nd at 6:30 p.m. if the Board can do that.”

Vice-Lucas asked “Will that be at Farm Bureau?” Mr. Howard responded “Yes ma’am.”

Commissioner Carter asked “What time?” Mr. Howard responded “6:30.”

The Commissioners decided that March 20th at 6:30 p.m. would be the date to meet with the Farm Bureau board.

Welcome Home Vietnam Veterans

Mr. Howard stated “At the next commissioners meeting we will be doing a proclamation on March 19th. March is Welcome Home Vietnam Veterans and we will do a proclamation to recognize the six Caswell County Veterans that were killed in action in Vietnam. I just wanted to make everyone aware of that.”

Friends of the Library Drama

Mr. Howard stated “The Friends of the Library will be holding a Murder Mystery in the Library on April 13th at 7:00 and on April 14th at 6:00 and tickets are \$10.00 each. It is a play.

ANNOUNCEMENTS

Commissioner Carter stated “The Yanceyville Volunteer Fire Department will be having their Pancake Supper Thursday night, March 15th at the high school cafeteria.”

Commissioner Travis stated “The Chamber of Commerce Banquet will be tomorrow night at 6:00 at the golf course.”

Vice-Chair Lucas asked “I have a question, I would like to ask if the County Attorney would explain where we are in the process of the LME dissolution with Alamance/Caswell. Just brief us on where we stand with that process.” Mr. Ferrell responded “Just a brief history on October 1st of last year Behavioral Health Services and Caswell County and Alamance County started being provided by Piedmont Behavioral Health instead of the Alamance/Caswell LME. The Alamance/Caswell LME since that date has been in a period of winding down its business operations in anticipation of being dissolved in accordance with Chapter 122C of the North Carolina General Statutes. Just last week on Thursday the County Manager, county manager and county attorney from Alamance County and the attorney and chairman of the board of the Alamance/Caswell LME as well as Mark Botts, who is a professor at the School of Government, we all met together in Chapel Hill for the purpose of dissecting the relevant statutes and getting a plan together to dissolve the Alamance/Caswell LME. That process has been underway but has been challenged on certain levels but I believe at this meeting we have a clear path forward that is going to involve the following processes to formally dissolve the LME and the Alamance/Caswell LME entity no later than the end of this fiscal year. The two step process that this Board will become aware of is an intent to dissolve resolution which will come before you and we anticipate that coming in April. That will be accompanied by a letter from the existing LME board chair where he requests the dissolution and highlights a few issues that need to be addressed during this final winding down period. That includes getting a final audit done of the LME activities. Getting a final report on an alleged healthcare breach of protected healthcare information that is being investigated right now. The outcome of which is not certain at this present time and wrapping all those issues up so that the entity can be dissolved prior to the end of the fiscal year. That is a high level brief update of where it is and I will be happy to respond to particular questions that you may have about that.”

Vice-Chair Lucas asked “This meeting you are speaking of has happened since the last Alamance and Caswell commissioners meetings, is that correct?” Mr. Ferrell responded “Yes indeed it has. It was just Thursday of last week that this joint meeting took place. The Alamance County board was asked to consider a dissolution resolution at its last board meeting and that resolution was tabled.” Vice-Chair Lucas continued “That was what was so disturbing to me because I was under the impression that this Board passed a resolution.” Mr. Ferrell responded “This Board did pass a resolution to join PBH.” Vice-Chair Lucas stated “I thought it was a resolution to dissolve the LME.” Mr. Ferrell responded “The LME has not yet been formally dissolved.” Vice-Chair Lucas continued “Well do we have a resolution to that affect?” Mr. Ferrell responded “This Board conducted a public hearing on withdrawal from the LME which is separate and distinct from dissolution according to the statutes. Following that public hearing on withdrawal the board did not choose to withdraw and instead stayed with Alamance/Caswell LME in its efforts to provide a new home for these services in which it did in PBH. It is somewhat confusing. In fact there is quite a confusion all across the state as LMEs are being consolidated under recent legislation that expanded the catchment area and I can dive into the details if you would like but essentially recently the legislature has decided that you must have a large, 500,000 person population for these LMEs and smaller counties, like Alamance and Caswell are not even close to these thresholds so they are being forced to team up...” Vice-

Chair Lucas stated "Into a 17 county entity." Mr. Ferrell continued "That is exactly right so PBH is one of the experimental managed care organizations. The model of which has been adopted by the state as sort of the "go to" model for consolidation over the next few years of these LME entities. We are not the only ones going through this consolidation, dissolution and merger processes with larger entities. It is a source of some confusion at the state level and at the local level we are doing our best through the administration and working with the School of Government to make this as smooth as possible but there have certainly been bumps in the road. We are doing our best to work through it." Vice-Chair Lucas asked "I understand that Alamance County is going to address this at their meeting tonight. Are they going to be given a resolution to dissolve or whatever the terminology is? Are they going to be presented with that tonight and act on it?" Mr. Ferrell responded "I don't believe so. I believe our understanding coming out of the meeting was that this dissolution resolution would not come until April. That was our tentative agreement leaving the group but I can't tell you per say what Alamance will do. What I will say is the resolution that they previously considered essentially does very little other than say that the LME will be dissolved. Everybody recognizes the LME will be dissolved. The dissolution by statute requires the constituent counties that is Alamance County and Caswell County, to dissolve. It also requires the LME to hold a public hearing and that has not happened yet. There are some prerequisites to dissolution that need to take place." Vice-Chair Lucas asked "There will be several public hearings that will need to take place, is that right?" Mr. Ferrell responded "That is incorrect. There is a single public hearing that is to be held only by the LME. This Board does not need to hold another public hearing. It just needs to adopt a resolution to dissolve. There is a process and again the purpose of our meeting Thursday was really to drill down on that process and to make sure that all parties involved, the three parties, the LME, Alamance County and Caswell County have a good understanding of that and to the extent possible to get everybody on the same page. I think we made some good strides towards that. You will be hearing more about this in the coming meetings." Vice-Chair continued "To your knowledge we have not been given a resolution of dissolution to this Board to pass?" Mr. Ferrell responded "This Board, to my knowledge, has not considered yet a resolution to dissolve the existing LME, that is correct but you will get one in the future." Vice-Chair Lucas asked "My next question is about the funding. What Caswell contributed to the LME is that still intact? Our contribution, is it still in place?" Mr. Ferrell responded "I am not sure quite how to answer that question. The Maintenance of Effort that Alamance/Caswell, all the constituent counties of a LME put in, are used to fund services throughout the year, if you will, and so I think..." Vice-Chair Lucas continued "It is not providing services anywhere." Mr. Ferrell responded "No, but funds were transferred to PBH. When the constituent counties joined PBH there was a payment made to PBH for the provision of services and Kevin Howard may have some more information for you." Vice-Chair Lucas stated "It is my understanding that there are funds still available at the Alamance/Caswell LME." Mr. Howard responded "Those funds or any funds remaining would go to Alamance County to help fund their retirement insurance program. That is the way it was set up. On the Maintenance of Effort, we have not made a Maintenance of Effort payment to the PBH this fiscal year. At the end of September we made the last payment to the Alamance/Caswell LME. We have not made a payment to PBH yet, I got the invoice last week actually." Vice-Chair Lucas asked "How much is it?" Mr. Howard responded "The total for the year is one hundred and twenty something thousand. I think the request was for sixty some thousand. By statute we are required to pay that." Mr. Ferrell added "There is a non-supplant clause which means that the money we were previously sending to

support the provision for mental health services in the county, we still need to send that on to PBH just as we have done in years past. This non-supplant provision, if you will, is applicable. Let me just touch on the remaining money in the Alamance/Caswell LME account. You asked a question about that. The way the statute reads that is upon payment of all existing liabilities to the extent there is a cash balance, if you will, in the operating account of the LME it will be returned to the counties in proportion to our Maintenance of Effort payments throughout the year. In our case there is no money. The liability to this organization far exceeds any available balance and that liability comes most directly from these retiree benefits off into the future. Alamance County has taken the responsibility to administer those benefits off into the future as well as to collect the funds and to put it into a project fund for whatever is left at the end of the day when this LME is wound down to pay whatever is available towards those liabilities. That is the way it is set up. LME business is complicated, I will be happy to be more detailed on any other questions you may have. You will hear from me again about this in the upcoming meetings.”

Vice-Chair Lucas asked “What is the status of the investigation, the federal investigation, has it been concluded?” Mr. Ferrell responded “It has not. We hope within the next two weeks we are going to get some feedback from the computer forensic analysis that will determine whether or not there was a breach of the computer servers which is the concern. All the information I have to date is that there was no breach but a professional forensic analysis is being completed to hopefully arrive at that same conclusion. When that is completed I will certainly update this Board.” Vice-Chair Lucas stated “My concern was that we had signed or approved the resolution of dissolution. I knew that something came before us.” Mr. Ferrell responded “The answer is...” Vice-Chair Lucas continued “And knowing that Alamance County still has a debate going on presently.” Mr. Ferrell responded “Alamance County decided to put that on their agenda before us, my view was we were not quite there yet so this Board has not considered that.”

Mr. Ferrell stated “I have one more announcement, if you will, and that is to offer my condolences to the Blackburn Family. Jim Blackburn, the former General Counsel of the North Carolina Association of County Commissioners, passed away today of a heart attack. He was a friend to county government and worked hard for the benefit of the counties in North Carolina for a career’s worth of effort and I just offer my condolences to Mr. Blackburn and his family.”

CLOSED SESSION

Commissioner Travis moved, seconded by Commissioner Jefferies that the Board enter into Closed Session to consider the compensation, terms of appointment and performance of an individual public officer (NCGS 143-318.11(a)(6)). The motion carried unanimously.

REGULAR SESSION

Commissioner Travis moved, seconded by Commissioner Jefferies to resume regular session. The motion carried unanimously.

Vice-Chair Lucas asked "What is the contract period for the auditing firm?" Mr. Howard responded "I think they will perform two more audits. It was for a three year term." Vice-Chair Lucas continued "We have a three year term for the auditors?" Mr. Howard responded "It is either a two or three year term, I can't remember. I will find out." Commissioner Satterfield responded "We just signed a three year contract about a year ago. I think we can get out of that contract though." Vice-Chair Lucas asked "How is that?" Commissioner Satterfield responded "If the auditor is making errors that we don't think are justifiable errors we can get out of the contract." Mr. Ferrell stated "I will be happy to take a look at it to see what it says about termination and report back to the Board." Commissioner Travis stated "I think before we do it we need for him to look at it." Vice-Chair Lucas asked "Could you give all of us a copy of that contract?" Commissioner Satterfield responded "That contract was signed since you have been on the Board." Vice-Chair Lucas continued "I can't believe that I would agree to three years. I can't believe that I would agree to a \$55,000 audit." Commissioner Travis stated "The best thing to do is to let him look over the contract and let him come back to us and tell us what we need to do if we want to get out of it." Commissioner Satterfield stated "I think the auditor needs to know at least that we have a concern about how that was handled, why they chose to handle it the way they did and why the budget officer for the County was not informed about what was going on." Commissioner Travis responded "I am pretty sure he was on the Board when this happened, when they first found it, it was not too long when she took that job and they said to let it go and straighten it out the next year. Am I right?" Mr. Howard responded "Correct. The issue we are talking about is retirement withholdings not being sent in like they were supposed to be sent in." Commissioner Travis continued "Right, the first time they sort of overlooked it." Commissioner Satterfield responded "That is not a way you deal with it as an auditor. You don't overlook things like that in an audit." Commissioner Travis stated "When they came before us, me and Mr. Hall met with them." Vice-Chair Lucas asked "You did?" Commissioner Travis responded "Yes." Commissioner Satterfield asked "Two years ago?" Commissioner Jefferies responded "They met with the auditors." Commissioner Satterfield continued "And they told ya'll that? They told ya'll about that problem?" Commissioner Travis responded "When they found the problem the first time, yes. There were no findings or anything on the audit." Mr. Howard asked "What I in that meeting? I don't remember that." Commissioner Travis responded "I wish Mr. Hall was here. I am pretty sure they did." Commissioner Satterfield asked "You were not in on the meeting?" Mr. Howard responded "I don't remember it." Commissioner Travis added "I don't think you were in on this." Commissioner Satterfield continued "No one at that meeting said anything or thought the County Manager should be informed about it." Commissioner Travis stated "It has been two years or so since we met on it." Mr. Howard responded "When we meet with the auditors what comes up is what we are going to discuss in the audit." Commissioner Travis stated "You may have been there." Mr. Howard responded "Honestly I don't remember that coming up in the conversations two years ago. We have not formally had a committee that has met in three or four years." Vice-Chair Lucas asked "Kevin if you could research the issue and report back to the Board with your findings." Commissioner Travis responded "Mr. Hall will remember it."

Commissioner Carter asked "Didn't the auditor discuss it this year?" Vice-Chair Lucas responded "No, they were not going to talk about it." Commissioner Carter continued "They did discuss it when they were talking about the retirement." Vice-Chair Lucas responded "They did when I brought up the findings in the letter. It was not in the audit. It was in a separate letter."

Vice-Chair Lucas asked "Will you look at the contract for the auditors and come back with some information for the Board?" Mr. Ferrell asked "You want me to look at the contract just for performance clauses and termination clauses, is that correct?" Vice-Chair Lucas responded "Yes."

Mr. Howard asked "For clarification, what exactly does the Board want me to bring back, a detailed explanation of what happened from the time the money was not transferred, an explanation for that and then from that time forward?" Vice-Chair Lucas responded "And what is your plan of action."

ADJOURNMENT

At 7:45 p.m. Commissioner Travis moved, seconded by Commissioner Jefferies to adjourn. The motion carried unanimously.

Paula P. Seamster
Clerk to the Board

Cathy W. Lucas
Vice-Chair
