MINUTES
EDGECOMBE COUNTY BOARD OF COMMISSIONERS RETREAT
TUESDAY, MARCH 22, 2016, 9:00 A.M.
EAST CAROLINA AGRICULTURE AND EDUCATION CENTER
1175 KINGSBORO ROAD, ROCKY MOUNT, NC

MEETING CALLED TO ORDER BY CHAIRMAN LEONARD WIGGINS AT 9:00 A.M.

Members present: Mr. Leonard Wiggins, Chairman, Mr. Jonathan Felton, Vice-Chairman, Mr. Donald Boswell, Rev. E. Wayne Hines, Mrs. Evelyn Powell, Mr. William Wooten, and Mrs. Viola Harris.

Members absent: None.

Others present: Mr. Eric Evans, County Manager, Mr. Mahlon DeLoatch and Mr. Michael Peters, County Attorneys, Mrs. Joanne Crabtree, Finance Director, Mr. William Johnson, Assistant Finance Director, Mrs. Kim Myers, Administrative Assistant/Risk Management Coordinator and Ms. Frangie Mungo, Clerk to the Board.

MANAGER'S REPORT.
Mr. Eric Evans presented a power point of the State of the County as follows:

Accomplishments:
- **Biotech Training Facility**
- **Kingsboro Mega Site**
- **Landfill Gas to Energy Project**
- **Expansion of Sewer**

SWOT Analysis
Strengths:
- **Seasoned and experienced staff**
- **Young and energetic up&comers**
- **Stability in leadership**
- **Relatively good debt position**

Weaknesses:
- **Noncompetitive salaries in key positions**
- **High tax rate & limited revenue sources to lessen burden on tax payers**
- **Need improvement in customer service**

Opportunities:
- **Poised for economic growth**
- **Proceeds from the sale of Homecare & Hospice**
- **Stabilize & build fund balance**

Threats:
- **Unfunded state mandates**
- **Outside agency plans that require County funding**
- **Key staff reaching retirement age**
- **Rising costs of health insurance**
- **Deferred capital improvements**

BUDGET PLANNING.
Mr. Wooten provided the following Budget Committee Report:

Committee members: Mrs. Powell, Mr. Boswell and Mr. Wooten, Chairman.

Meeting dates: November 19, 2015, December 17, 2015 and February 18, 2016.

Mission: The committee is to meet with staff to review the County budget and to discuss and help identify areas for improvement that can be presented to the full Board of Commissioners.

I. November meeting action item requests/topics of discussion.

A. Identify local sources of revenue
B. Identify County department with largest local dollar expenditure
C. Identify current non-budget items that will impact future budgets.
D. Update on tax re-evaluation and forecast of changes
E. Discuss tax collection rate (93.4%) and option to improve to state average for similar size county (98.4%)
   1. Property foreclosures
   2. Wage garnishment/debt set-off
   3. Tax return garnishments

II. December meeting action item/review/requests/discussion.
A. Financial comparisons with similar demographic counties in NC
B. Internal property tax audit results over last 3 years
   1. Large discoveries in 2013 & 2014 netted $1,099,150 in new tax revenue for the county ($0.03834 on the current tax rate)
C. Public Safety identified as largest local dollar expenditure
D. Tax re-evaluation prediction

III. February meeting action item review/requests/discussion.
A. Employee Health Insurance cost
B. Sheriff Department inmate health insurance
C. BioTech new annual operating cost
D. N C Connect Bond indirect cost, if any, operating expense
E. Audit delay
F. Unassigned fund balance comparison with similar NC Counties

MARK III UPDATE ON HEALTH PLAN

Mr. Mark Browder, Vice-President Mark III Employee Benefits, came forth to provide the following update on the Employee Health Plan:

- Plan Trend
  - 2010-2011: +35%
  - 2011-2012: +31%
  - 2013-2014: -31%
  - 2013-2014: +28%
  - 2014-2015: -3%
  - 2015-2016: +28%
  - Edgecombe County Average: 16%
  - Normal County Trend is 8%
- Self-funding
  - The County has a self-funded health plan
  - Long-term, self-funding is the lowest cost strategy
  - Self-funding avoids 2% NC State Premium Tax - $107,646
  - Self-funding avoids 3% Federal Health Insurer Tax - $161,469
  - Provides greater flexibility
- Health Care Reform Costs
  - There are plan costs that are outside the plan's ability to control
  - Health Care Reform allows 2016 plan maximums to be no greater than $6,850 for a single and $13,700 for a family
- 2015-2016 Plan Performance
  - 2015-20016 Plan Experience through November
  - 2015-2016 High Claimants
- 2016-2017 Renewal Cost and Plan Options
  - 2016-2017 Renewal Calculation through December 2015
  - 2016-2017 Renewal Calculation
  - 2016-2017 Renewal Options
- Health of the population and Wellness Recommendation
  - Health Issues
  - Employee Health Improvement Initiative
- 2016-2017 Plan Actions and Recommendations
  - The plan is being bid for 2016-2017
  - Option 1 is the expected option combined with the HSA

- Because of Health Care Reform, few benefit changes will be available to the County in the future
- The recommendations is to add the weight incentive for July 1, 2017.
- Use the elimination of the $150 allowance for the weight incentive

FINANCIAL ANALYSIS AND LONG-TERM STRATEGIES.

Mr. Ted Cole, Davenport & Company, provided the following:

- Overview of the County's current credit ratings and introduce the County's rating peers.
  - Edgecombe County is currently rated A1 by Moody's Investors Service (May 2013) and A+ by Standard and Poor's (June 2013)
  - Regional peers with ratings:

    Halifax County A1
    Martin County A1
    Nash County Aa2
    Pitt County Aa2
    Wilson County Aa2
  - Strengths: Stable, primarily rural tax base; Strong financial position with satisfactory degree of financial flexibility
  - Challenges: Below-average demographic profile that weakened over last decade; High levels of unemployment
  - What could change the long term rating (up): Significant increases in the County's socio-economic profile; Strengthened reserve levels
  - What could change the long term rating (down): Deterioration of the County's financial position and reserves; increased unemployment figures
- The County's historical general fund operations and fund balance levels.

- Preliminary perspective on the County's existing tax supported debt and financial profiles.
- Overview of the County's utility debt profiles.

PRESENTATION OF A PROCLAMATION FOR SAINT PAUL AFRICAN METHODIST EPISCOPAL ZION CHURCH.

Mr. Wooten read the Proclamation which was adopted at the Board of Commissioners March 7, 2016 meeting proclaiming March 27, 2016 as Saint Paul African Methodist Episcopal Zion Church Day for their 150th anniversary. He and Mrs. Harris presented the Proclamation to Ms. Lovie Rooks, Church member.

Ms. Rooks thanked the Board and provided a brief history of the Church.

UPDATE OF REVALUATION PROCESS

Tarasa Lewis, Tax Administrator, presented the following:

- What is revaluation? Revaluation is the process of reappraising all real property in the County to current market value as of an effective date.
- Why do we do a revaluation?
  - It is law: NCGS 105-286(a) states that each county must reappraise all real property.
  - Assure all properties reflect current market prices.
  - Equalize the tax base between real, personal and public service properties.
- When do we do a revaluation:
  - Octennial Plan – unless the date shall be advanced, each county of the State, as of January 1 of the scheduled year shall reappraise all real property every eighth year.
  - Advancing schedule octennial reappraisal – any county desiring to conduct a reappraisal of real property earlier

DOWNTOWN ROCKY MOUNT DEVELOPMENT UPDATE

Charles Penny, Rocky Mount City Manager, provided information to the Board on the following:

- Rocky Mount Sports Complex

- ✓ Impact of amateur sports to date
- Downtown Community Facility
  - ✓ Goals
  - ✓ City Council's due diligence
  - ✓ SFA Pro Forma results
- Existing and future downtown development

WATER & SEWER

Mike Matthews, Edgecombe County Water and Sewer Director, updated the Board on the following:

- Speed Project
- District 6 needs and funding opportunities
- Rate Structure

Mr. Bucky Moore, The Wooten Company, was present to answer any questions from the Board.

ECONOMIC DEVELOPMENT TRENDS AND OPPORTUNITIES

Mrs. Oppie Jordan and Mr. Norris Tolson, Carolina's Gateway Partnership, came forth to update the Board on economic trends and opportunities. They provided information on possible projects and existing expansions.

Mr. Evans stated that he recently had the opportunity to tour Glenoit Fabrics and he was blown away about the type of products they produce so he invited them to the retreat to share how they have taken an old building and old equipment and made good use of them. He wanted to show the successes of the small companies.

Mr. Brent A. Birkhoff and Mr. George Freeman with Glenoit Fabrics provided background information and the expansion process of their company located in Tarboro. A power point presentation was provided along with samples of their products.

WRAP-UP

The agenda for the joint meeting with the Nash County Board of Commissioners was distributed to the Board.

ADJOURNMENT.

Rev. Hines moved to adjourn the meeting. Mr. Wooten seconded the motion, which carried by unanimous vote.

Approved May 2, 2016.

Frangie Mungo

Frangie Mungo, Clerk to the Board