

STATE OF NORTH CAROLINA)
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COUNTY OF STOKES)
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OFFICE OF THE COMMISSIONERS
STOKES COUNTY GOVERNMENT
DANBURY, NORTH CAROLINA
FEBRUARY 22, 2011 – Goals Session
FEBRUARY 22, 2011 – Special Session

The Board of Commissioners of the County of Stokes, State of North Carolina, met for a Goals Planning Session (starting at 9:00 am) followed by a Special Called Meeting (starting at 11:30 am) in the Conference Room of the Ronald Wilson Reagan Memorial Building (Administration Building) located in Danbury, North Carolina on Tuesday, February 22, 2011 with the following members present:

Chairman Ernest Lankford
Vice Chairman J. Leon Inman
Commissioner Jimmy Walker
Commissioner Ronda Jones
Commissioner James D. Booth

County Personnel in Attendance:
Interim County Manager Richard D. Morris
Clerk to the Board Darlene Bullins
Finance Director Julia Edwards
County Attorney Edward Powell

Others in Attendance:
Pioneer Health Services, Inc.:
President Joseph S. McNulty
Vice President of Business Development Morgan Dunn
Director of Regional Hospital Operations Steve Fontaine

Stokes Reynolds Memorial Hospital, Inc:
Chief Operating Officer Pam Tillman

Chairman Ernest Lankford called the Goals Planning Session to order and delivered the invocation.

GENERAL GOVERNMENT-GOVERNING BODY-PLEDGE OF ALLEGIANCE

Chairman Lankford opened the meeting by inviting the citizens in attendance to join the

Board in the Pledge of Allegiance.

Agenda

Chairman Lankford noted that the Goals Planning Session would last until about 11:15 am with the Special Called Meeting to meet with Pioneer Health Services starting at 11:30 am.

Goals Planning Session

The Board continued discussion regarding the following 2010 Goals along with individual goals stated by each member at the February 2nd meeting:

2010 Goals

The Board agreed either unanimously or by a majority to the following as high priority Goals for 2010:

- **Schools (majority of the Board)**
 - Begin the next Board of Education's priority school construction project in 2010
- **Community College (majority of the Board)**
 - Hire an architect in 2010 with construction in 2011
- **Stokes Reynolds Memorial Hospital (unanimous)**
 - Make a decision regarding Stokes Reynolds Memorial Hospital by the end of 2010
- **Survival (unanimous)**
 - Use the following adopted 2009 Goals
 - Make sure the County has a safety net in place for the most vulnerable citizens in the County (first and foremost priority as far as programs)
 - Provide services to the citizens of Stokes County as cost effective as possible (Quality Cost Effective services)
 - Continue expenditures and revenues review
 - Minimize mileage on county vehicles (place mileage sheet in all county vehicles)
 - Assess county vehicles being driven home by county employees
 - Employee sharing in all departments, especially those departments associated with the current economic status
 - Meet with Department Heads for suggestions for cutting cost
 - Hiring freeze/selective hiring (any hiring must be approved by the BOCC)
 - Control Comp. Time in all departments
 - Look into imaging process to make departments more efficient

- Focus on eliminating any unnecessary spending; spending will be the key this year and next year just as the County has done during the past two years
- No funding being borrowed for recurring expenses, just capital needs
- Identify salary options
 - First, look at eliminating only the bonus with salary schedule still intact
 - Second, eliminate longevity increases
 - Third, impose a salary freeze
 - Fourth, reduce work hours
- Evaluate staffing levels
- Reminder of deep recession
- Evaluate the county's ability to bridge the gap for services with State revenue cuts
- **Grants (unanimous)**
 - Place a higher priority and more attention regarding acquiring grants by implementing the following procedures:
 - Department heads research and identify grants for their individual departments
 - County manager and department head evaluate the pros and cons of each grant
 - County manager submits the proposed grant to the Board of Commissioners for their authority to proceed with the application and appropriate funding if match is required
- **Parks and Recreation (unanimous)**
 - Evaluate options during the budget process.
- **Economic Development – Job Creation (unanimous)**
 - Encourage job creation by providing support and encouragement to the Economic Development Commission as they follow their strategic plan

Goals – (meeting of February 2, 2011)

Commissioner Jones

Continuation of the 2010 Goals as adopted by the Board
 Stokes Reynolds Memorial Hospital
 Continuation of School Capital Needs
 Economic Development

Vice Chairman Inman

Stokes Reynolds Memorial Hospital
 Schools – Capital Projects
 Economic Development
 Land Use Plan
 Safety net for the most vulnerable citizens in the county

Commissioner Booth

Stokes Reynolds Memorial Hospital
Maintain services to the citizens of Stokes County
Balanced Budget for Fiscal Year 2011-12
Economic Development

Commissioner Walker

Economic Development
Community College/Early College
School Construction
Stokes Reynolds Memorial Hospital
Promote buying local
Parks and Recreation
Plan for the county – “where the county is headed”
Assistance for small farmers
Long term – conversation about reducing taxes

Chairman Lankford

Creation of Jobs (Economic Development Commission)
Keep Stokes County employment at the 2009-10 level
Hiring freeze
Travel freeze unless travel pertains to job training or mandatory new job certifications
Maintaining a safety environment for county employees
Completion of the Danbury Water System Project
Obtain grants and special appropriations for capital projects
Continue to review policies and procedures for clarity
Keep the same tax rate this fiscal year
Improve Fund Balance from 19% to 22%
Increase the tax revenue assessed value by \$5 million dollars
Economic Development – retain and promote growth for all current businesses/industries (at least to create 25 new jobs)
Completion of cell tower in the northern part of the county
Stokes Reynolds Memorial Hospital, Inc.

Commissioner Booth noted the following:

- County should know where the revenue is coming from each year before making a debt service commitment, that will save Board of Commissioners from having to find revenue for the debt service each year
- Feels revising the 2010 goals and taking the goals each Commissioner talked about at the February 2nd meeting and prioritizing them is the next step

Commissioner Jones noted the following:

- Got to get with the Board of Education and impress upon them how it is important for them to be frugal
- Need to make sure everyone understands what a tight budget this year is going to be

- The need for everyone to work together to make sure we can continue with the proposed school construction projects and that everyone is included with every step of the proposed projects
- Need to develop a plan if the hospital proposals do not work out
- Feels that the citizens are very concerned about the hospital situation

Vice Chairman Inman noted the following:

- Not a lot of new thoughts, the real challenges previously listed are still there
- Still facing a tough economy ahead
- Do not want to spend any Fund Balance for operational costs

Chairman Lankford noted the following:

- Need to remember that Hold Harmless could not be a reality this year and definitely scheduled to sunset next year (approximately \$2.1 million dollars)
- County must look now to see how to position the county with a loss of approximately \$2.1 million dollars of revenue
- Need to look at strategies
- Possibly start looking at recouping funding from the current 2010-11 budget with looking at hiring, travel/training, etc.
- State budget is in a critical state
- Governor's budget recommends counties taking over worker's compensation cost, lowering the lottery funding being given to counties for school construction, etc.
- The reduction of lottery funding would affect the county's current financial model for school construction
- Very serious financial time for the state and counties

Commissioner Jones responded to Chairman Lankford's comment regarding the current 2010-11 budget by stating that she felt the Board should do any damage control possible as soon as possible.

Vice Chairman Inman noted that he would be attending a NCACC- Board of Directors meeting tomorrow and hopefully would have an update for the Board after tomorrow's meeting.

Vice Chairman Inman noted that the NCACC is committed, on behalf of the counties, to try to make sure that all the cuts are not passed down to the counties and municipalities.

Commissioner Booth noted the governor's recommended budget includes a three-quarter cent sales tax that was scheduled to sunset this year which can make the shortfall worse if taken out by the House and Senate.

Interim Manager Rick Morris suggested that all purchases be reviewed and authorized by the Manager.

Commissioner Walker noted the following:

- Trying to be on the budget with where the citizens of the county are
- School construction projects are much needed and are currently hearing that the citizens think the Board of Commissioners will find a way to do them
- Number one topic throughout the county is Stokes Reynolds Memorial Hospital, some citizens are very concerned about the situation and are ready for something to be done
- Must do the best job the Board can do with the resources available
- As budget officer for the county, feels it is Interim Manager Morris' duty to monitor the current budget and carry out the directives of the Board of Commissioners regarding the upcoming Fiscal Year 2011-12 proposed budget
- County has worked very hard in tough times to obtain a strong Fund Balance to get the County in a position to be able to build schools
- County has worked hard during the past several years to try not to use Hold Harmless for recurring expenses
- Have been talking to citizens about a tax increase for school construction
- Some citizens feel that a tax increase up to 3 cents could be justified if the tax was for the amount needed for school construction
- Feels that there will have to have an increase due to the county not having a sustainable model, the county must increase economic development to keep low taxes
- Must have an intense effort toward economic development
- Need as a Board to develop a strategic plan towards economic development to stop county residents from having to go outside of the county for employment
- Last year's budget was a "catch-up budget" by appropriating funding for the purchase of several vehicles for DSS, approving a one-time appropriation for School Resource Officers (SRO) normally paid for by the Board of Education, etc.
- Feels that maybe the state shortfall will not be as bad as its indications
- Saw on the news that a state employee organization has identified \$10 billion dollars worth of savings and new revenue without cutting jobs and increasing taxes
- There will be a challenge with this year's budget just as we had last year
- Number one goal is to make Stokes County the number one county in this area, the county to be looked at that is doing things right
- Another goal is to win back the confidence of those citizens who currently aren't pleased with local government today and need to keep the county spirit of working together

Chairman Lankford noted that North Carolina received \$1 billion dollars of stimulus funding last year that helped the budget, this year that \$1 billion dollars will not be there to help out.

Commissioner Booth continued with the following comments:

- The need to start looking at the current budget for savings
- The need to continue to work together with Board of Education
- The need to work with Board of Education to make sure facilities are well maintained
- Agree that a joint meeting with the Board of Education is needed
- Possibly look at alternative crops for the farmers such as cotton
- The farmers' "buyout payoff" will sunset in three years

Commissioner Jones continued with the following comments:

- Love to see the right type of economic growth that "severs the ties that bind us"
- Counties are so dependent on funding from other sources
- Need to project a different attitude, need to educate the citizens about Stokes County regarding its assets, low tax rate, current issues, ways to survive difficult times, etc.
- Ready to get old debt gone
- Need to educate high school students about local government, where the tax dollars are used, what it takes to run local government, etc.
- Reiterates the need for a joint meeting with the Board of Education to make sure that everyone is on the same page

Vice Chairman Inman continued with the following comments:

- Board has been a proactive Board and needs to continue to be proactive, but must be realistic
- Must be prudent in spending
- Must continue to build infrastructure to bring more businesses to Stokes County
- Suggested the new Interim Manager work with the Finance Director regarding the current financial status of the county

Chairman Lankford continued with the following comments:

- Need to push forward toward a water/sewer grant to connect the Danbury System to the Meadows area
- Need to work on connecting water on Highway #311 with Rockingham County which would eliminate the only water source which is currently Forsyth County
- Would like for the interim manager to start working on these projects after the 2011-12 budget is completed
- Need to make sure that the upcoming budget does not include the appropriation for School Resource Officers
- Need to talk about appropriations for school construction

The Board discussed the topic mentioned by Commissioner Walker regarding an organization that has found \$10 billion dollars in state savings. Chairman Lankford requested the Clerk find the article if possible for the Board's review.

Commissioner Walker noted that he had discussed issues regarding non-profit appropriations with Representative Hollaway (when he was first elected) that have never been looked at which could reduce state spending.

Commissioner Walker continued with the following comments:

- Agree a joint meeting is necessary to make sure that there is a joint effort between both the Board of Commissioners and Board of Education regarding school construction and school appropriations
- Would like the interim manager to provide the Board with a budget update as soon as possible regarding this year's budget and expectations of the upcoming year
- Time to start doing something for the farmers with the 3-year window regarding the "buyout payoff"
- Would like for the interim manager to provide the Board with an update regarding a connection between the 45 acres (community college site) and the 9 acres (former prison camp) owned by the county that the previous county manager was working on
- Would like for the interim manager to provide the Board with an update regarding Brownfield Cleanup currently being done at the former prison camp
- Would like to work with Town of Walnut Cove to run sewer to the community college site and other options that are feasible, could possibly get a joint grant to make this a reality
- Would like to look into the option of wetlands which is very low maintenance for future growth
- Would like to look at all options regarding water for the community college site
- Would like to look at Parks and Recreation and will have an update for the Board at an appropriate time regarding some concerns and issues that have been expressed by citizens of the county

Vice Chairman Inman agreed to need for a joint meeting with the Board of Education as soon as possible.

Commissioner Booth expressed concerns with architectural fees for the current school construction projects.

Chairman Lankford requested the Board give any closing comments before the Special Called Meeting.

Commissioner Jones noted the following comments:

- A tax increase may be a reality, but before any tax increase, the public needs to be educated, and would be my preference that this is on a ballot so that the public would have an understanding of the situation
- Reiterated the need to make the public aware of the current situation that faces the county
- Need to possibly look at a Land Use Plan to protect the county especially if a community college is built in the Meadows area
- Would also like to educate the public about the two major school projects that have already been done – Nancy Reynolds Elementary School for approximately 125 students and the Early College Site
- Would like to see a “roadmap or a timeline” for Stokes County to visually see where we are going with school construction projects, Stokes Reynolds Memorial Hospital, infrastructural, budgetary cuts, where we want to be in 10 years, etc.
- Would like to talk to the Board of Education about using an established school plan saving architectural fees

Commissioner Booth noted the following comments:

- Would like to add another school construction project to Commissioner Jones’ list – the POD that is remaining at Pinnacle Elementary School which has decreased the overcrowding at Pinnacle
- Must have good communication between Board of Education and Board of Commissioners

Commissioner Walker noted the following comments:

- Could have looked at other options before the Nancy Reynolds Project, could possibly done a bond referendum for all projects – new elementary school, Southeastern renovations, Community College, Lawsonville Elementary, etc.
- Some citizens concerned that the proposed school construction projects may not be completed
- Feels the citizens want to see results regarding the two proposed school construction projects
- A tax increase must be justified, directly connected to a need

Chairman Lankford agreed that the Board should have possibly looked at a bond referendum for all the school construction needs.

Commissioner Jones noted that the funding expected for the school construction projects may not be there due to the state shortfalls, economy, etc. and that is why the public needs to be educated now about the current situations.

Vice Chairman Inman noted the following comments:

- Ready to prioritize the 2011-12 goals

The Board discussed having a joint meeting with the Board of Education.

The Board unanimously agreed to have the Clerk discuss having a joint meeting with the Board of Education before the regular meeting on March 14th at 11:00 am or either on March 16th in the am.

The Board unanimously agreed to start prioritization of the goals at the March 4th meeting following the Special Called Meeting.

The Board discussed possible cuts for the upcoming budget.

Commissioner Walker noted that he would like to see Interim Manager Morris' budget update before deciding on issues such as hiring, travel/training, etc.

Commissioner Jones noted that all items regarding the budget need to be looked at carefully.

Commissioner Walker noted that he felt the interim manager as the budget officer for the County would look at all budget items during the budget process.

Commissioner Jones stated that the County needs to be fiscally responsible for each budget.

Chairman Lankford noted that in speaking with Representative Holloway, there would probably not be any chance of Hold Harmless being extended due to the current economic situation.

Chairman Lankford recessed until 11:30 am for the Special Called Meeting.

Special Called Meeting – Pioneer Health Services

Chairman Lankford called the Special Called Meeting to order and noted that the Board would have general discussion with Pioneer Health Services prior to going into Closed Session.

Chairman Lankford on behalf of the Board welcomed Pioneer Health Services to Stokes County and expressed the Board's appreciation for coming to Stokes County to discuss the proposal regarding Stokes Reynolds Memorial Hospital.

President Joe McNulty thanked the Board of Commissioners for the opportunity to discuss their proposal regarding Stokes Reynolds Memorial Hospital.

Vice President Morgan Dunn presented the following comments:

- Critical care access hospital company
- First facility leased in 1999
- Converted the first critical care access hospital in Mississippi in 2000
- Built and maintained a hospital business that is a long-term financial success
- Recruit new primary care physicians, mid-level providers, and specialty medical staff for the community
- Add new medical service lines and outlying medical clinics
- Headquartered in Magee, Mississippi
 - Over 1800 employees within the entire system
 - Currently operates five Critical Access Hospitals
 - Introduced the first two CAH facilities to Mississippi
 - Provides consulting management services to CAH facilities across the United States
- Understand how important health care access is to rural communities for attracting new business
- Pioneer has its own model that works in rural communities
- Pioneer Health Services currently owns/leases, operates and manages five Critical Access Hospitals in two states
 - Forest, Mississippi
 - Aberdeen, Mississippi
 - Newton, Mississippi
 - Stuart, Virginia
 - Collins, Mississippi(Pioneer Health Managed)
- Mission - We provide superior and compassionate healthcare services to rural communities
- Have 21 physical therapy clinics, five within Pioneer's hospitals
- Contract physical therapy out to other hospitals
- Contract out inpatient and outpatient psychiatric and geriatric services for critical care access hospitals

Director of Regional Hospital Operations Steve Fontaine noted the following comments:

- Model is to recruit the primary care providers whether it be the doctors or sub providers (PA or Nurse Practitioners) and build the hub out – set up satellite clinics for the referral base back to the hospital
- Must have referral base for providers to come
- Come in and upgrade the current facility and then reinvest into a new facility later
- Must make sure that the primary care providers want to be at your facility
- Must have a referral system to make the model work
- Tough to recruit primary care providers in rural areas

- One key point to remember is the in-house infrastructure that Pioneer provides, 35 employees who provide services in management, accounting, human resources, cost report analysis, budgeting, financial reporting, marketing, along with billing services
- Work with hospital administrators on a daily basis
- Have developed four specifically designed programs to build and maintain success in critical access hospitals
- Partner with the larger facilities to bring specialists to the rural areas
- Build relationship with physicians within the area
- Started out leasing Patrick County Memorial Hospital, now owns Patrick Memorial Hospital
 - Patrick County Memorial Hospital was almost closed
 - Had only 22 employees with an ER, lab, and radiology
 - Currently hospital is up and running with 85 employees
 - Done tremendously well within the past 2 years
 - All departments now back open
 - Have recruited two new doctors along with 2 sub-providers
 - Looking to add more services
 - Things don't happen overnight
- Have expertise in managing four nursing homes
- Objections to look at for Stokes Reynolds Memorial
 - Must recruit physicians to come to Stokes Reynolds to refer patients to the hospital
 - Must have more sub-providers possibly in other locations of the county to refer patients to the hospital
 - Normally takes 6-8 months to recruit a physician
 - Recruit physicians who fit the area and who want to come to the area
- Looked at Stokes Reynolds for the critical care access
- Very good location adjacent to the hospital in Stuart, VA which could recruit specialists to possibly both hospitals
- Population of Stokes County would benefit the Pioneer model

President Joe McNulty presented the following comments:

- Pioneer's structure is built for critical care access hospitals
- Must have good providers
- Do leadership and management training
- Pay attention to cost reports and details
- Must get paid for every service provided after getting the patient in the hospital
- Reiterate the need to make sure that physicians who are recruited want to come to a rural area and are planning on staying
- Physicians who come represent Pioneer Health Services
- Want to recruit a physician that wants to be a part of the community
- Must have updated technology
- Primary care is what Pioneer focuses on
- Don't focus on specialty physicians such as cardiology, orthopedic, etc.
- Have social workers located at the larger hospital to recruit patients for swing bed patients, physical therapy, etc.

- See opportunities in the King area
- Must educate the citizens and build confidence within the county
- Larger hospitals normally do not know how to manage critical care hospitals
- Larger hospitals normally do not know how to manage smaller hospitals
- Will partner with larger hospitals (Novant and Baptist) to bring services that are not available to the rural areas
- There are challenges at Stokes Reynolds Memorial Hospital, but Pioneer would be ready to take on those challenges
- Majority of the citizens prefer to use a smaller hospital if services are available
- Stuart operation is doing very well
- Reiterated that physicians are the key
- Would look at a primary clinic in King
- Pioneer's goal would be to be in business for the long haul and to take care of the people that are served everyday
- Can manage Home Health Services
- Would be happy to provide the necessary references from the other hospitals

The Board expressed appreciation for the information provided by Pioneer.

Chairman Lankford noted the Board would need to enter Closed Session to continue discussion with Pioneer.

Closed Session

Chairman Lankford entertained a motion to enter Closed Session for the following:

- To prevent the disclosure of information that is privileged or confidential pursuant to the law of this State or of the United States, or not considered a public record within the meaning of Chapter 132 of the General Statutes pursuant to G.S. 143-318.11(a)(1)
- To discuss matters related to the location or expansion of industries or other businesses in the County pursuant to G.S. 143-318.11(a)(4)
- To consult with an attorney employed or retained by the public body in order to preserve the attorney client privilege between the attorney and the public body, which privilege is hereby acknowledged pursuant to G.S. 143-318.11(a)(3)

Vice Chairman Inman moved to enter Closed Session for the following:

- To prevent the disclosure of information that is privileged or confidential pursuant to the law of this State or of the United States, or not considered a public record within the meaning of Chapter 132 of the General Statutes pursuant to G.S. 143-318.11(a)(1)

- To discuss matters related to the location or expansion of industries or other businesses in the County pursuant to G.S. 143-318.11 (a)(4)
- To consult with an attorney employed or retained by the public body in order to preserve the attorney client privilege between the attorney and the public body, which privilege is hereby acknowledged pursuant to G.S. 143-311.11(a)(3)

Commissioner Booth seconded and the motion carried unanimously.

The Board re-entered the regular session of the February 22nd Special Called Meeting.

Adjournment

There being no further business to come before the Board, Chairman Lankford entertained a motion to adjourn the recessed meeting.

Commissioner Booth moved to adjourn the meeting. Commissioner Jones seconded and the motion carried unanimously.

Darlene M. Bullins
Clerk to the Board

Ernest Lankford
Chairman