

CUMBERLAND COUNTY FINANCE COMMITTEE
COURTHOUSE, 117 DICK STREET, 5TH FLOOR, ROOM 564
SEPTEMBER 7, 2017 – 9:30 AM
REGULAR MEETING MINUTES

MEMBERS PRESENT: Commissioner Marshall Faircloth, Chairman
 Commissioner Jeannette Council
 Commissioner Jimmy Keefe

OTHER COMMISSIONERS

PRESENT: Commissioner Glenn Adams
 Commissioner Michael Boose
 Commissioner Charles Evans
 Commissioner Larry Lancaster

OTHERS:

Amy Cannon, County Manager
Melissa Cardinali, Assistant County Manager
Tracy Jackson, Assistant County Manager
Sally Shutt, Assistant County Manager
Rick Moorefield, County Attorney
Phyllis Jones, Assistant County Attorney
Vicki Evans, Finance Director
Deborah Shaw, Budget Analyst
Heather Harris, Budget Analyst
Ivonne Mendez, Financial Specialist
Tammy Gillis, Director of Internal Audit and Wellness Services
Jeffrey Brown, Engineering and Infrastructure Director
Rodney Jenkins, Health Department Interim Director
Candice H. White, Clerk to the Board

Commissioner Faircloth called the meeting to order.

1. APPROVAL OF MINUTES – AUGUST 3, 2017 REGULAR MEETING OF
FINANCE/AUDIT COMMITTEE

MOTION: Commissioner Keefe moved to approve the minutes of the August 3, 2017 regular
 meeting of the Finance/Audit Committee.
SECOND: Commissioner Faircloth
VOTE: UNANIMOUS (3-0)

2. UPDATE ON THE HEALTH DEPARTMENT NOTIFICATION PROCESS BY
INTERIM HEALTH DIRECTOR RODNEY JENKINS

BACKGROUND:

The Cumberland County Health Department has made progress in its notification efforts. Rodney Jenkins, Interim Health Director, will provide an update on the status of the Health Department's notification process.

RECOMMENDATION/PROPOSED ACTION:

No action required. This update is for information purposes only.

Rodney Jenkins, Interim Health Director, began his update by stating there were 159 patients to be contacted as the list as opposed to 160 because one patient had been counted twice. Mr. Jenkins stated as of 9:00 a.m. September 7, contact has been made with 65 patients who have responded and of the 65 patient contacts, 3 came into the Health Department and 63 were contacted by telephone. Mr. Jenkins stated there were 26 returned letters by U.S. mail and upon receiving the returned letters, the Health Department worked with Tammy Gillis, Director of Internal Audit and Wellness Services, to utilize an enhanced tracking system to locate a current or better address. Mr. Jenkins stated many letters were returned due to the transient nature of the patient population. Mr. Jenkins stated there are 67 patients who have not responded to the letter as of this date and the Health Department will endeavor to continue to reach out to these patients. Mr. Jenkins stated the Health Department will continue this process with systems and personnel dedicated to contacting these patients. Mr. Jenkins stated 93 certified letters, which represent the 26 returned letters and the 65 patients not yet heard from, have been sent to out to patients with whom the Health Department has not made contact with as of this date and the Health Department will monitor the receipt of the certified letters. Mr. Jenkins stated per the Health Department's notification guidelines, a certified letter represents the final step in attempting to notify a patient. Mr. Jenkins stated going forward, the Health Department will make every effort to reach all of these patients.

3. CONSIDERATION OF CENTERPLATE CONTRACT EXTENSION THROUGH
FEBRUARY 28, 2018

BACKGROUND:

The Board of Commissioners (BOC) is party to a ten-year contract with Service American Corporation d/b/a Centerplate for food and beverage catering and concessions at the Crown Complex. The contract expires by its own terms on September 30, 2017. The Civic Center Commission issued a request for proposals for the services provided by Centerplate; however, no new contract will be entered prior to September 30, 2017.

The Civic Center Commission recommends continuation of the current contract through February 28, 2018 to ensure continued smooth operation of the food and beverage catering and concessions at the Crown.

RECOMMENDATION/PROPOSED ACTION:

Approve the contract amendment recorded below for continued food and beverage catering and concession at the Crown Complex by Centerplate through February 28, 2018.

FIRST AMENDMENT TO
FOOD AND BEVERAGE SERVICES AGREEMENT

The First Amendment ("Amendment") is entered into as of September 1, 2017 and is by and between The Cumberland County Board of Commissioners ("Board") and Service America Corporation d/b/a Centerplate ("Centerplate").

WHEREAS, pursuant to that certain Food and Beverage Services Agreement made as of August, 2007 (with this Amendment, the "Agreement"), Centerplate provides certain food/beverage catering services and other related services for and on behalf of the Board at the Cumberland County Civic Center ("Crown Center") or "Facility"); and

WHEREAS, the Board and Centerplate now desire to amend the Agreement to extend the term thereof;

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements set forth below and for good and valuable consideration, the receipt and sufficiency of which are expressly acknowledged by the Board and Centerplate, the parties agree as follows:

1. Unless the context otherwise requires, the capitalized terms used herein shall have the respective meanings assigned thereto in the Agreement (such definitions to be equally applicable to both the singular and plural forms of the terms defined).
2. The Term is extended for a five (5) month period, such that now the Term shall expire on February 28, 2018.
3. Except as expressly set forth in this First Amendment, all other terms and conditions set forth in the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, Centerplate and the Board have duly executed this First Amendment on the date last below written.

Phyllis Jones, Assistant County Attorney, reviewed the background information recorded above and noted even with the Civic Center Commission's issuance of request for proposals, no contract will be in place prior to the expiration of the current contract. Ms. Jones stated the Civic Center Commission is asking that the contract be extended until February 28, 2018 to ensure continued smooth operation of the food and beverage catering and concessions at the Crown. Ms. Jones noted the ten-year contract was between the Board of Commissioners and Centerplate, which is why the extension is being presented to the Finance Committee for forward to the full Board. Rick Moorefield, County Attorney, explained the new contract for food and beverage

services at the Crown will be between the Civic Center Commission and the vendor the Commission selects; the reason is not known as to why the ten-year contract with Centerplate was with the Board of Commissioners and not the Civic Center Commission.

MOTION: Commissioner Keefe moved to approve the contract amendment for continued food and beverage catering and concession at the Crown Complex by Centerplate through February 28, 2018.
SECOND: Commissioner Council
VOTE: UNANIMOUS (3-0)

4. AUDIT CONTRACT ITEMS WITH CHERRY BEKAERT

A. CONSIDERATION OF ENGAGEMENT WITH CHERRY BEKAERT FOR CENSUS DATA TESTING FOR THE LOCAL GOVERNMENT EMPLOYEE RETIREMENT SYSTEM (LGERS) EMPLOYER PARTICIPANTS

BACKGROUND:

The Office of State Auditor (OSA) selected a sample of employer participants of the LGERS and has asked those units and their independent auditors to provide assurance to OSA on the accuracy of certain elements of the census data. This is the third year of testing for the state but the first encounter for the County with this process. The objective of the engagement is to provide assurance to OSA and the Department of State Treasurer that the census data being provided by employers is materially correct. This is a separate engagement from the contract to audit accounts at a cost of \$5,000.

RECOMMENDATION/PROPOSED ACTION:

Management recommends the Finance Committee approve and forward to the Board of Commissioners the following action:

Approve the engagement letter with Cherry Bekaert for a fee of \$5,000 for examination services of the data reported to the LGERS related to employees.

Vicki Evans, Finance Director, reviewed the background information recorded above and asked the Finance Committee to consider this item an unfunded mandate since Cumberland County is one of the employer participants selected by the OSA. Commissioner Keefe asked why it was assumed that the census data being provided by employers was not correct. Ms. Evans stated the State auditor's function is similar to the audit function associated with the 401(K) which to tests that withholdings are correct, the withholdings have been made at the proper percentages and for eligible employees as required by the plan.

MOTION: Commissioner Council moved to approve the engagement letter with Cherry Bekaert for a fee of \$5,000 for examination services of the data reported to the LGERS related to employees and move the item forward to the September 18 Board of Commissioners' meeting.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS (3-0)

B. CONSIDERATION OF AUDIT CONTRACT AMENDMENT WITH CHERRY BEKAERT

BACKGROUND:

One goal with financial system conversion was for the Finance Department to be able to complete the Comprehensive Annual Financial Report (CAFR) internally. However, the final set up is not yet complete.

The report writing function of CAFR completion has historically been completed by Cherry Bekaert. Cherry Bekaert has agreed to perform the report writing function for the fiscal year 2017 CAFR at the previously proposed cost of \$15,000, which brings the revised contract total to \$91,625.

Finance staff will continue to move forward in completing this project and an update will be provided to the finance committee before the fiscal year 2018 contract is presented for approval.

RECOMMENDATION/PROPOSED ACTION:

Management recommends the Finance Committee approve and forward to the Board of Commissioners the following action:

Approve the Amendment to Contract to Audit Accounts with Cherry Bekaert to now include the provision of Cherry Bekaert LLP preparing the financial statements for the FY2017 audit along with a fee increase of \$15,000.

Ms. Evans reviewed the background information recorded above and stated one of the goals of the Finance Department was that it would be able to perform the report writing function without having to contact that to Cherry Bekaert; however, the Finance Department is not ready and is at the point where action is needed to allow Cherry Bekaert to perform the function of the report writing. Ms. Evans stated the revised contract total of \$91,625 is still lower than the previous year total amount of \$111,500. Ms. Evans stated staff continue to work with the financial software to be able to write the report but additional time is needed to do that. In response to a question posed by Commissioner Faircloth, Ms. Evans stated this should not impair the excellency award.

MOTION: Commissioner Faircloth moved to approve the amendment to the Contract to Audit Accounts with Cherry Bekaert to now include the provision of Cherry Bekaert LLP preparing the financial statements for the FY2017 audit along with a fee increase of \$15,000.

SECOND: Commissioner Council

VOTE: PASSED (2-1) (Commissioners Faircloth and Council voted in favor; Commissioner Keefe voted in opposition)

5. UPDATE ON RFP PROCESS FOR EMPLOYEE BENEFITS/INSURANCE BROKER AND CONSULTANT SERVICES

BACKGROUND:

The RFP for employee benefits/insurance broker and consultant services was approved by the Board of Commissioners on August 7, 2017.

The RFP was issued on August 8 through:

- Advertisement in the Fayetteville Observer
- Direct emails to vendors with 33 confirmed receipts (covering 20 potential vendors)
- Posting on the County's vendor self-service site

The deadline for questions was August 16 at 3 PM

- Questions were received from three separate vendors before the deadline
- Questions were received from one vendor after the deadline
- Answers to questions received before the deadline were responded to by August 18

One local vendor emailed, stating they were declining to offer a quote because the timeline was not adequate to truly evaluate.

Responses were due by 3 PM on August 31 and six responses were received. Evaluators are scheduled to review proposals on September 8. The top proposers will be asked to make an oral presentation on September 18. It is anticipated a recommendation will be brought forward to the Finance Committee at its meeting on October 5, 2017.

RECOMMENDATION/PROPOSED ACTION

No action needed – for information purposes only.

Ms. Evans stated at the August meeting of the Finance Committee, Commissioner Keefe asked to have the Committee informed throughout the process. Ms. Evans reviewed the background information recorded above noting that seven proposals had been received but six were considered responsive. Commissioner Keefe stated with employee insurance/benefits being a big ticket item at 8% of the budget, he felt commissioners should be part of the review team because commissioners can sometimes see things differently from staff and there may be a better way. Questions and discussion followed.

Commissioner Faircloth inquired regarding the proposed contract period. Ms. Cannon stated a three-year contract with an option to renew for another year or two is reasonable but this is a relationship that needs to be reviewed on a periodic basis. Commissioner Faircloth asked why the RFP process was being conducted at this time. Ms. Cannon stated management feels this is the time to look at what the County is doing and meet with other brokers to hear their thoughts about health insurance and reducing healthcare costs. Ms. Cannon stated although not a respondent, conversations continue with the hospital but one troubling piece for the hospital was the retiree population. Ms. Cannon stated the intent is to follow up with the hospital. Questions and discussion continued.

Commissioner Faircloth asked what the situation would be if none of the respondents are chosen and the plan is scrapped. Ms. Cardinali stated Mark III will get the County through the enrollment period in April and she has no doubt Mark III will renew a contract for one year. Ms. Cannon suggested that staff review the information and provide the Finance Committee written summary of key provisions for the six responses. Ms. Cannon stated more will then be known and work can begin on the next steps. Commissioner Adams asked that in addition to the summary, the notebooks also be provided.

Commissioner Faircloth stated if this process is only going to engage another broker for a three-year period, then the County is locked in. Commissioner Faircloth stated it seems like this was put together in a way that goes down one line and excludes other possible paths, and the Committee is thinking there might be a better way. Ms. Cannon stated staff will continue to communicate before the next Committee meeting, even if it is just by email.

Commissioner Council asked what other counties of similar size are doing. Ms. Evans stated contact was made with six other local governments. Ms. Cannon stated that information will also be provided.

6. MONTHLY FINANCIAL REPORT

BACKGROUND:

The financial report is included as of the 13th period of fiscal year 2017.

Highlights of the general fund include:

- Revenues
 - Ad valorem taxes in total exceed budget by 1.78%, or just over \$3 million.
 - Sales tax total reflects only ten months of collections as shown for FY17; the year-end projection is in line with the budgeted total.
- Expenditures
 - Overall general fund expenditures continue to be in-line with budget and prior year amounts.

Crown center expense summary/prepared food and beverage and motel tax

- Spectra figures have not changed from last month's summary.

RECOMMENDATION/PROPOSED ACTION:

No action needed – for information purposes only.

Ms. Evans stated the 13th month is used for adjustment entries in preparation for the audit. Ms. Evans reviewed the information recorded above for the 13th period of fiscal year 2017 and stated the majority of 1.78% ad valorem revenues are made up of motor vehicle tax collections. Ms. Evans stated the expectation is the sales tax revenues will come in just above the budgeted amount. Ms. Evans also pointed out that Spectra does not do a 13th month report so the figures are the same as in the prior month's report.

7. MONTHLY HEALTH INSURANCE REPORT

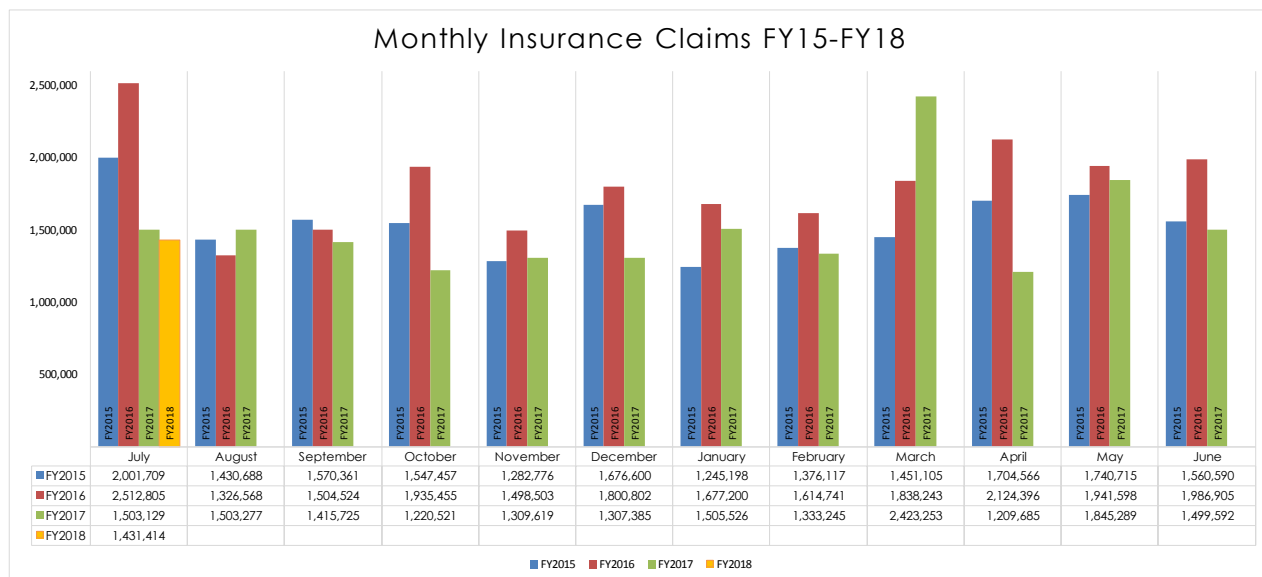
BACKGROUND:

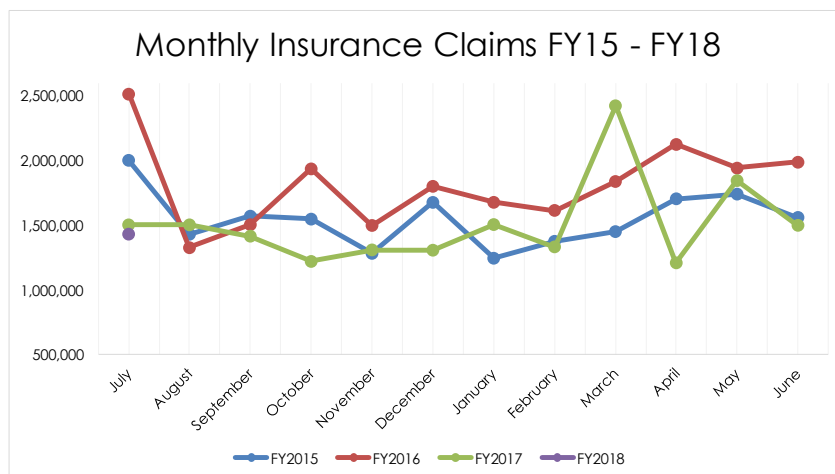
Each month an update on health insurance trends will be provided to the Finance Committee.

Claims hit their highest mark of the past five years in Fiscal Year 2016. Since that time, claims have started to decline and are currently just below the average for Fiscal Year 2015.

RECOMMENDATION/PROPOSED ACTION:

No action needed – for information only.





Ms. Cardinali stated presentation of the monthly health insurance report is a work in progress with the goal to broaden the presentation to include the wellness program, clinic and pharmacy for an overall picture. Ms. Cardinali stated claims hit their highest mark in 2016 and have declined since that time. Ms. Cardinali stated the year started off well with FY16 ending just below FY15 and some progress has been made on the claims side. Questions followed. Ms. Cardinali stated the IBNR has been recorded so the anticipated payout is book for FY17.

8. OTHER ITEMS OF BUSINESS

Commissioner Adams advised the invoice from the Greater Fayetteville Chamber raised the membership dues from \$500 to \$5,000. Ms. Cardinali stated staff are in contact with the Greater Fayetteville Chamber to determine what created the difference and to also be sure County departments are not also being charged and paying membership dues.

There being no further business, the meeting adjourned at 10:35 a.m.