

PASQUOTANK COUNTY, NORTH CAROLINA
JULY 15, 2013

The Pasquotank County Board of Commissioners met today in a regular meeting on Monday, July 15, 2013 in Courtroom C in the Pasquotank County Courthouse.

MEMBERS PRESENT:

Jeff Dixon, Chairman
Joseph S. Winslow, Jr., Vice-Chairman
Lloyd E. Griffin, III
Cecil Perry
Dr. William R. Sterritt
Gary G. White
Frankie Meads

MEMBERS ABSENT: None

OTHERS PRESENT:

Rodney Bunch, Interim County Manager
R. Michael Cox, County Attorney
Karen Jennings, Clerk to the Board

The meeting was called to order at 7:00 PM by Chairman Jeff Dixon. Commissioner Lloyd Griffin gave the invocation and Vice-Chairman Joe Winslow led in the Pledge of Allegiance to the American Flag.

1. COMMENTS FROM DENNIS FARMER:

Chairman Dixon recognized Mr. Dennis Farmer of 412 Inlet Drive who said he would like to speak about the hospital lease agreement. Mr. Farmer explained that he has no agreement in place with any of the three hospitals who are proposing to lease Albemarle Hospital and no one in his family is affiliated with any of the companies that would stand to benefit from the transaction. He stated that the Albemarle Hospital Authority Board of Commissioners has promised an open process, but there have been closed meetings after closed meetings and the process has not been open. He stated that a survey of hospital employees overwhelmingly resulted in 80% of the respondents choosing Sentara as their first choice to lease the hospital and provide services. He said the Chairman of the Hospital Authority Board tried to stop the survey and in fact stated that the vote could have been rigged which concerns him. He stated that this didn't appear to be unbiased to him. Mr. Farmer explained that the medical staff had an opportunity to do a study, attend presentations, review the proposals, and do site visits to hospital. He said the medical staff had a vote that resulted in 75% in favor of Sentara, 15% for Duke Lifepoint, and 10% for Vidant, and the response from the Hospital Board Chairman was that they had misrepresented and lied about their findings and their position. Mr. Farmer stated that he understands the final decision for this process rests with the Board of Commissioners. He said he would urge the Board to weigh heavily the recommendations of the Due Diligence Committee, review the information, meet with the companies, and make its own decisions. He stated that many in America are disheartened by the direction of the country, many feel that their elected officials are not meeting their expectations, and many feel that special interests are gaining access to positions that allow them to gain unfairly, while meanwhile the taxpayers foot the bill. He said the Board could stop that from happening in Pasquotank County and he would urge the Board to do that.

Commissioner Griffin questioned Mr. Farmer about his family's connection with the hospital. Mr. Farmer responded that his wife is a physician and he guesses she has an affiliation with Vidant.

2. COMMENTS FROM PETE GILBERT:

Chairman Dixon recognized Mr. Pete Gilbert of 1623 Penny Drive. Mr. Gilbert stated that he is concerned about some of things regarding Albemarle Hospital. He said for the year ending September 30, 2012 Albemarle Physician Services generated revenues of \$8.2 million while incurring expenses of \$12.7 million, resulting in a loss of \$4.5 million. After the transfer of funds to the Regional Medical Center the loss ballooned to \$6.1 million. Mr. Gilbert said earlier this year the hospital laid off several employees in what it called cost-cutting measures to stay in compliance with its debt coverage ratio in bond agreements with their lender, so now the lender

is deciding how the hospital will be run. He stated that as of September 30, 2012 the Hospital Authority's total bond indebtedness was \$67.4 million. Approximately 40 people were laid off which was one of the steps taken by the hospital to comply with the debt covenants and reduce expenses. The hospital also plans to leave 45 positions vacant and reduce salaries of executives under a plan approved by the Albemarle Hospital Authority Board of Commissioners. Mr. Gilbert quoted the statement from the Chairman of the Hospital Board that the hospital regrets the actions are necessary, but is confident these steps will position Albemarle Health to be as successful financially as it is in regards to safety, quality and other operational measures. He said his point is that people have been laid off, positions are not being filled, and sections of the hospital are not being used for patient care which means the hospital is less than optimized and it is the only hospital in this area. Mr. Gilbert said he has no family members who work at the hospital and he does not go to any doctors in this area as all of his doctors are in Virginia. Mr. Gilbert said it appears the hospital has lost money for at least four out of the last five years. He stated that he sees no outrage on the part of elected officials and no one has been held accountable. He said it seems that instead of holding someone at the top of the management structure accountable, the staff and employees have been allowed to bear the brunt of the financial mismanagement. The mass layoffs and failure to fill positions have effectively made the hospital a limited care facility where entire floors cannot be used due to understaffing.

Mr. Gilbert stated that in the original agreement between Vidant and Albemarle Hospital Authority there is supposed to be an annual management plan. He asked if any member of the Board has seen an annual management plan over the last five years. He said according to the management plan it is supposed to set forth the efforts, methods and resources to be used by Vidant and the timetable to be observed to achieve its goals and objectives. He stated that the Board shall assign weighting factors to the Annual Management Plan goals and objectives, which shall equal in total to 100 percent. This shall be used in calculating incentive compensation as determined under section 4.1 which states that the management plan calls for an annual payment of \$500,000 to Vidant for services rendered. The fee could be reduced to no less than \$300,000 based on the total savings realized in Vidant's management services. As incentive compensation, Vidant could receive a maximum bonus in the first fiscal year of \$500,000 and that maximum would increase by 4.5% yearly if Vidant achieves the goals and objectives of the Authority. Mr. Gilbert said under Vidant's management Albemarle Hospital went from a hospital operating in the black to a hospital losing millions each year. He stated that the citizens of this area deserve an explanation into the practices of the management entity and the oversight of Albemarle Hospital Authority into these practices.

Mr. Gilbert said he is here tonight to inform the Board that the Pasquotank Republican Party will petition the Governor and State Auditor's Office to investigate the financial condition and management decisions that led to the current undesirable financial state to determine if there has been malfeasance on the part of anyone in the command structure of the hospital board or administration. He stated that this is the right thing to do to restore the public trust in the operations of the only hospital in the area, and is the right thing to do for the folks who lost their jobs due to no fault of their own. He asked the Board when the hospital loses money how the shortfall is made up and how the hospital can continue to pile up debt with no end in sight. He finally asked when the Hospital Authority Chairman and management will be held accountable for the losses, both financially and in good qualified nurses and doctors.

3. PRESENTATION OF PINS TO EMPLOYEES FOR YEARS OF SERVICE:
Chairman Dixon called on the following county employees to receive pins in recognition of their years of service to Pasquotank County:

Employee	Department	Years of Service
Beverly Mercer	Social Services Department	30 years
Darlene Reid	Social Services Department	25 years
Cedric Dunstan	EMS Department	25 years
Melissa Stokely	Social Services Department	10 years
Darlene Gibbs	Social Services Department	10 years

The Board congratulated and thanked the employees for their service.

4. AMENDMENTS TO THE AGENDA:

Chairman Dixon asked if there were any amendments to the agenda. Vice-Chairman Joe Winslow recommended that the agenda be amended to add the following items recommended by the Finance Committee today: 1) Proposal to accept bid for vacant lot on Nixonton Road and advertise for upset bids; and 2) Approval of request from Sheriff to start a Deputy III above the base pay rate. Commissioner Lloyd Griffin stated that the Building and Grounds Committee would like to request that the agenda be amended to add discussion regarding alternatives for the Harrell House.

Motion was made by Cecil Perry, seconded by Gary White to amend the agenda to add the two items recommended by the Finance Committee to the Consent Agenda and to add discussion regarding the Harrell House to New Business. The motion carried unanimously.

5. APPROVAL OF APPOINTMENTS TO SENIOR CITIZENS ADVISORY COMMITTEE AND AIRPORT AUTHORITY:

The Board considered recommendations for appointments to the Senior Citizens Advisory Committee and the Airport Authority.

Chairman Dixon said at the last meeting the Board voted to accept the nomination of Betty Eason to the Senior Citizens Advisory Committee to replace Jo-Anne Kitchen who is not eligible for reappointment. He asked if there were any further nominations for this position. There being none;

Motion was made by Gary White, seconded by Cecil Perry to approve the appointment of Betty Eason to the Senior Citizens Advisory Committee. The motion carried.

Chairman Dixon stated that at the last meeting the Board voted to accept the nomination of Johnny Houston as the county's fourth appointee to the Airport Authority. He asked if there were any further nominations for this position. Commissioner Lloyd Griffin nominated Mr. Pedro Holley.

The Board discussed the two nominees. Commissioner Sterritt said he is in favor of Mr. Houston because he is a retiree of Elizabeth City State University, is very educated, is a mathematician, and is very active in community endeavors. He stated that he has had the opportunity to serve with him and his wife in Phi Delta Kappa, an educational organization for the betterment of the school systems. He said he believes Mr. Houston would be a top appointee and the Board would be doing itself a favor by appointing him.

Commissioner Cecil Perry explained that the Appointments Committee asked him to find someone to serve on the Airport Authority and he found someone he felt would make a worthwhile contribution. He stated that he believes it is an insult and is very divisive for Commissioner Griffin to nominate someone else.

Commissioner Griffin said the Board has an open process for making nominations and he felt Mr. Holley would be a good member of the Airport Authority. He served with him for 12 years on the Solid Waste Commission until his term expired and he thought he would be a good addition to the Airport Authority.

Commissioner Gary White stated that he has known Mr. Holley for 30 years and he is a friend of his.

Commissioner Sterritt said he believes it causes problems when the Appointments Committee asks its committee chairman to find a person to serve on the Airport Authority and he finds a person who is willing to serve, and then another member of the committee nominates someone else.

Chairman Dixon asked for a vote on the two nominees. Mr. Houston was appointed to the Airport Authority by a five to two vote with Commissioners Dixon, Winslow, Perry, Sterritt, and Meads voting in favor of Mr. Houston and Commissioners Griffin and White voting in favor of Mr. Holley.

6. APPROVAL OF CONSENT AGENDA:

The Board considered the following consent agenda:

- a. Approval of Minutes of June 17, June 26 and June 28, 2013 Commissioner Meetings
- b. Adoption of Resolution Authorizing Removal of Certain Public Record Books Kept by the Register of Deeds

The Board was asked to adopt the following resolution authorizing the removal of several volumes of birth certificates from the Register of Deeds Office for repair, restoration, and rebinding.

RESOLUTION AUTHORIZING REMOVAL OF CERTAIN PUBLIC RECORD BOOKS KEPT BY THE REGISTER OF DEEDS FOR THE PURPOSE OF REPAIR, RESTORATION AND REBINDING

WHEREAS, N.C. Gen. Stat. § 132-7 provides that books of public records should be copied or repaired, renovated or rebound if worn, mutilated, damaged or difficult to read; and

WHEREAS, there is identified certain books of public records maintained by the Register of Deeds in need of repair, restoration and rebinding; and

WHEREAS, C.W. Warthen Court Resources is under contract to provide repair, restoration and rebinding of those certain books of public records.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS FOR PASQUOTANK COUNTY, NORTH CAROLINA, THAT:

Section 1. The Register of Deeds is authorized to remove or cause to be removed to the care and custody of C.W. Warthen Court Resources for repair, restoration and rebinding the following books of public records:

Birth Certificate Volumes: 1, 2, 19, 20, 17, 18, 21, 25, 26, 27, and 35

Section 2. The books of public records listed in Section 1 of this resolution may remain in the care and custody of C.W. Warthen Court Resources for the length of time required to repair, restore or rebind them.

Section 3. This resolution is effective upon its adoption.

c. Bid for Vacant Lot on Nixonton Road

The Finance Committee has recommended that the Board propose to accept an offer of \$250 for a vacant lot on Nixonton Road beside Newbegun United Methodist Church identified as P-64-54 and to advertise for upset bids.

d. Approval to Start Deputy III above Base Pay Rate

The Finance Committee has recommended that the Sheriff's Department be authorized to assign a full-time Deputy, Morial Spence, to a Deputy III position at grade 18, step 3 due to his experience.

Motion was made by Gary White, seconded by Joe Winslow to approve the Consent Agenda as amended. The motion carried unanimously.

The following tax releases have been approved by the Finance Officer:

Releases:

		County	City
1.	Lindsey Edward Lee	18.97	
2.	Martha A. Johnson	1.74	1.39
3.	Gayle Louise MacWhinnie	16.74	13.37
4.	Nancy Gibbs Griffin	1.74	1.39
5.	Gwendolyn Joann Townes	30.26	24.16
6.	Michelle Ramsey Hanchette	39.12	
7.	Greg Anderson Stewart	82.27	70.69

8.	Jamey Lynn Hurdle	14.38	
9.	Jessica Nicole Taylor	21.95	22.52
10.	Nicholas Jay Becker	7.44	
11.	Jessica Nicole Burris	20.03	20.99
12.	Dustin Kyle Burris	63.24	55.49
13.	Seegars Fence Co., Inc.	73.04	
14.	Seegars Fence Co. of EC	15.07	
15.	Seegars Fence Co. of EC, Inc.	31.09	
16.	Lynn Barclift White		26.16
17.	Sara Elizabeth Leonard	18.85	15.05
18.	Michael Jacobs Staples		39.83
19.	Thomas James Baugh	20.34	
20.	Thomas James Baugh	10.54	
21.	David Scott King	41.42	
22.	Lavanda Monique Hughes	22.17	17.70
23.	Jarvis Eugene Whidbee	1.86	1.40
24.	Cheryl Lynn Humphreys	28.77	
25.	Patrick Ross Norman	58.28	
26.	Christopher Edward Rawlens	11.16	8.91
27.	Vel Nita Ott	2.54	
28.	Linda Spence Moore	9.24	7.38
29.	Anthony Robert Distro	6.63	10.30
30.	Ross Kjonig Tenny	93.93	
31.	Soria Monet Smalls	7.87	6.29
32.	John Thomas Heichert	25.52	
33.	Brandon Anthony Fry	12.27	15.04
34.	Brandon Anthony Fry	51.36	44.51
35.	Kri Clarissa Gochenour	65.17	55.13

7. DESIGNATION OF VOTING DELEGATE FOR NCACC ANNUAL CONFERENCE:

The Board considered the designation of a voting delegate for the NCACC Annual Conference which will be held in Greensboro August 22-25.

Motion was made by Joe Winslow, seconded by Gary White to designate Commissioner Cecil Perry as the voting delegate for the NCACC Annual Conference. The motion carried unanimously.

8. CHANGE IN SEPTEMBER MEETING SCHEDULE:

The Clerk explained that the first regular meeting in September falls on Labor Day as it does every year. She said in the past the Board has moved this meeting to the Tuesday following Labor Day and she requested that the Board consider changing the meeting.

Motion was made by Lloyd Griffin, seconded by Cecil Perry to move the September 2 Commissioner meeting and committee meetings to Tuesday, September 3. The motion carried unanimously.

9. DISCUSSION REGARDING HARRELL HOUSE:

Interim County Manager Rodney Bunch explained that the Building and Grounds Committee met today and discussed several options for the Harrell House which has been vacant for over a year. The options include: 1) refurbishing the structure for office use and trying to rent it out; 2) offering it free to anyone who would be willing to move it from its current location; and 3) demolishing the house to provide additional parking spaces in the future. He said the committee discussed these items and then asked that the issue be brought forward for more discussion by the Board tonight.

Commissioner White stated that the Board might want to keep the house in case it is needed for office space for an agency that the county is required by statute to house.

Vice-Chairman Joe Winslow asked what it would cost to refurbish the house to a rentable condition. Mr. Bunch responded that although an estimate has not been obtained from a

contractor, the committee feels it will probably cost between \$25,000 and \$30,000. Mr. Winslow asked what the market value of the rent would be. Mr. Bunch said he had David Cross, a realtor, take a quick look at the house and give his thoughts about whether it could be rented. The realtor commented that the structure is solid but needs a lot of work; if many improvements are made the house would have to comply with ADA standards; there is no available parking for the site; and he did not think the house would be easy to market.

Commissioner Frankie Meads added that the layout of the house is not suited for offices and the outside needs some work. He suggested that the house be turned over to a real estate agent to market for 60 days.

Motion was made by Frankie Meads, seconded by Cecil Perry to turn the Harrell House over to a realtor to market for 60 days. The motion carried unanimously.

The Board suggested that the realtor propose a rental amount and recommend improvements that should be made. It was agreed to use realtor David Cross since he did the original walk-thru with Mr. Bunch.

10. REPORT FROM INTERIM COUNTY MANAGER:

Interim County Manager Rodney Bunch stated that at a previous meeting it had been asked whether the county's assessed value for swampland could be increased from \$100 to \$300 per acre. Mr. Bunch said he and the Tax Administrator spoke with Pearson Appraisal Service about the possibility of increasing the assessed value and they advised against it. They said there are no sales of swampland to use and no comparables and they do not believe the value of swampland is more than \$100 per acre.

Mr. Bunch reported that bids will be opened soon for the improvements planned for the old Elizabeth City Middle School building. He said everyone is looking for possible ways to help reduce the cost of the project and he was asked if he thought the county would consider waiving tipping fees for that project. Mr. Bunch stated that he responded that he did not think this was something the Board would agree to because the Solid Waste Fund has to be self-supporting.

11. CALENDAR:

The Clerk reviewed the calendar of upcoming meetings and events. She reminded everyone that a joint meeting with the City Council will be held on July 29 with dinner at 6:00 PM and the business meeting at 6:30 PM.

12. REPORTS FROM COMMISSIONERS:

Commissioner Sterritt provided Commissioners and staff members with a notebook containing the record of the Governance Committee and its study of whether or not it would be feasible to restructure the voting process for becoming a County Commissioner. He said the Governance Committee has held public forums and all of the minutes, newspaper articles, and records of all of the meetings are included in the notebook. He stated that not all Commissioners were able to attend at least one of the four forums, while some attended all of them. He said the committee is very indebted to the Community Relations Commission who worked with them to make this a successful event. He stated that the committee was somewhat disappointed in the number of people who attended the forums and heard a lot of the same comments, but feels the forums were successful. He went on to say that the Governance Committee will meet before the next Commissioner meeting and analyze all of the information and comments and will be prepared at the next regular Commissioner meeting to make a recommendation to the full Board.

Commissioner Perry reported that the Jail Commission met today and it was reported that the Jail is still having problems with mental illness at the Jail which is costing the county a lot of money. He also reported that because of new legislation regarding the structure of mental health boards, East Carolina Behavioral Health has established a process whereby Pasquotank County will not have a representative on the ECBH Board until 2017. This is due to a requirement in the legislation that most of the appointees to this board must represent various categories of health care providers. A lottery system was used to determine the order of appointments by the counties in the ECBH catchment area.

Commissioner Meads stated that he believes the Board of Commissioners needs more contact with the Due Diligence Committee as to what is going on with the Hospital. He said the community is very concerned, the morale of hospital employees is very low, and there are a lot

of people who are scared for their future. He said there are also concerns regarding the hospital's losses and the CEO bonuses. He added that he is disappointed the Board of Commissioners does not have more information.

Commissioner Griffin said the Due Diligence Committee met two and one-half weeks ago and reviewed the final bid documents for the Hospital. He stated that questions have been submitted back to the respondents and final responses have not yet been received. He stated that the Board of Commissioners has met since that time and had its own questions which have been forwarded to the respondents. He stated that information is being gathered and the Due Diligence Committee and the Board of Commissioners are trying to move as quickly as possible. He provided an update on the current process, the current management agreement with Vidant, and the history of the Hospital Authority.

Chairman Dixon explained that there have not been bonuses for hospital administrators, however Vidant shares in the cost-savings. He said that one of the best auditors in the country has performed the hospital audit and the most recent audit found the hospital to be in great shape. He stated that although the hospital had a \$6 million loss, there are many hospitals in the country that have lost much more than \$6 million. He explained that the Board of Commissioners does not run the hospital, that the Hospital Authority runs the hospital and a lot of the questions being asked need to be addressed to the Hospital Authority Board of Commissioners. He noted that although Pasquotank County owns the hospital, almost half of the appointees come from other counties. He said the audit is public information and is available to anyone. He added that he would be glad to sit down with anyone to review the hospital's financial situation.

Commissioner Griffin reported that the Building and Grounds Committee met today, and in addition to the Harrell House, discussed the cost of staff painting the Courthouse. He said it appears that three county building projects will be completed in the next couple of months. These include the EMS administrative building, the Providence VFD building addition, and the Courthouse maintenance building.

Vice-Chairman Winslow reported that he met with the Jail Commission this morning and it was reported that the new chiller has been installed and is operating properly. He stated that last week he met with the 911 Committee and the new communications equipment has been purchased. He said the committee discussed the improvement in communications throughout the county with the fire departments, the Sheriff's department, 911, and other agencies. He stated that the Providence Volunteer Fire Department is constructing an addition to its building. He said the new building pad has been poured and after a required period of time for the concrete to cure, installation of the metal building will begin.

Vice-Chairman Winslow stated that he has been on the Hospital Board since January and he has never heard anyone praise Albemarle Hospital. He said the hospital's surgical facility is one of the top facilities in North Carolina and is better than anything that Vidant or Sentara have. He stated that it is an amazing facility and the second floor of Albemarle Hospital was in the upper 98% percentile for consumer satisfaction. He said under all of the current stress, the staff and the doctors are operating with an unbelievable degree of satisfaction. He stated that a friend of his was in Albemarle Hospital last week and told him that what he hears is one thing, but what he sees is a group of professionals doing their best to operate the hospital at a very high standard. He stated that all of the members of the Board of Commissioners want to make the right decision with regard to the hospital lease which will last 50 years, not just five years, and they don't get a second chance and must get it right the first time. He said this is a very complex issue and the Board needs to take its time and get it right. He stated that it had been mentioned earlier that no one had been held accountable for the hospital's financial losses, however this is incorrect because the CEO and the CFO are no longer there. Vice-Chairman Winslow said the hospital lease issue is a very complex issue and changes from day to day when there are three competing entities. He added this is an important issue and is moving forward. He said in the end he hopes the Board makes the right decision.

County Attorney Mike Cox echoed that this is a very complex issue. He said he would assure everyone that not a day goes by without discussions to move it forward. Mr. Cox noted that one of the major issues is employee benefits and how the current hospital employees are going to be treated. Commissioner Meads added that the employees need to know that the Board of Commissioners is behind them.

12. CLOSED SESSION TO DISCUSS A PERSONNEL MATTER AND TO PREVENT THE DISCLOSURE OF INFORMATION THAT IS PRIVILEGED OR CONFIDENTIAL:

Chairman Dixon asked if there was any further business to come before the Board in Regular Session. There being none, he asked for a motion that the Board enter Closed Session.

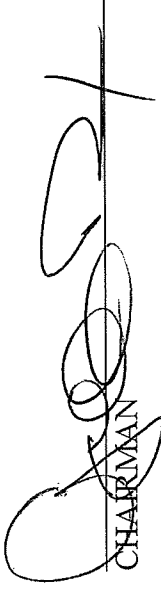
Motion was made by Gary White, seconded by Cecil Perry that the Board enter Closed Session pursuant to N.C. General Statute §143-318.11(a)(6) to discuss a personnel matter, and N.C. General Statute §143-318.11(a)(1) and (a)(3) to prevent the disclosure of information that is privileged or confidential pursuant to law or not a public record under N.C. General Statute 131E-97.3 and to protect the confidentiality of information relating to competitive health care activities conducted by or on behalf of the hospital, as well as communicating with and receiving advice from attorneys. The motion carried unanimously.

Upon the end of Closed Session;

Motion was made by Gary White, seconded by Cecil Perry that the Board return to Regular Session. The motion carried unanimously.

Motion was made by Gary White, seconded by Cecil Perry to recess tonight's meeting until Thursday, July 18 at 11:00 AM in the Hugh Cale Commissioners Board Room. The motion carried unanimously.


CLERK TO THE BOARD


CHAIRMAN