

Board of County Commissioners of Lincoln County
Agenda for November 19, 2018

- 9:00 Call to order and Pledge of Allegiance
- 9:00 Kevin Meza with Compusys of Colorado, and Leslie Thompson with GRS Consulting to discuss matters concerning the Lincoln County Retirement Plan
- 10:00 Executive Session pursuant to C.R.S. §24-6-402-(4) (f) (I) for personnel matters
1. Approve the minutes from the November 8, 2018 meeting
 2. Review the October, 2018, reports from the County Assessor, County Clerk & Recorder, County Sheriff, and County Treasurer
 3. Review the October, 2018, Statement of Revenues and Expenditures for County General, Public Health, Capital Projects, Conservation Trust, E911, Landfill, Library, Lodging/Tourism, Road and Bridge and Individual Road Districts
 4. Review the October, 2018 reports from the Colorado Counties Casualty and Property Pool and the County Workers Compensation Pool
 5. Review the 2019 preliminary budget
 6. County Commissioner reports
 7. County Attorney's report
 8. County Administrator's report
 9. Old Business
 10. New Business

The Board of Lincoln County Commissioners met at 9:00 a.m. on November 19, 2018. The following attended: Chairman Doug Stone, Commissioner Steve Burgess, County Administrator Jacob Piper, County Attorney Stan Kimble, and Clerk to the Board Corinne M. Lengel. Commissioner Ed Schifferns was absent and excused, and Juliet Lundy with the Eastern Colorado Plainsman and Limon Leader attended until 10:00 a.m.

Chairman Stone called the meeting to order and asked County Treasurer Jim Covington (who was there for the meeting concerning the county retirement plan) to lead the Pledge of Allegiance.

Leslie Thompson, an actuary for GRS Consulting, and Kevin Meza, Administrator for Compusys of Colorado, introduced themselves, and Ms. Thompson began a discussion regarding the county's defined benefits plan. She explained that they handled several Colorado counties and said that while accountants and auditors look at the past, actuaries such as herself have the task of predicting the future. Referring to the GASB Statement No. 68 Employer Reporting and Accounting Schedules for the year ending December 31, 2017, Ms. Thompson pointed out that Lincoln County is not contributing enough to the plan. The actuarially determined contribution for 2017 was \$261,508, but the county's contribution was less than half of that. There is a total unfunded liability of \$5.9 million, but with assets of almost \$2.5 million, it leaves approximately \$3.5 million unfunded.

Mr. Covington asked if the amount would change as new employees are hired since the trend is to enlist younger people who won't retire for several years. Ms. Thompson said it depends on who is in the mix but that younger employees aren't as expensive since statistically many of them would leave employment with the county before they reached retirement age. She added that employees don't forfeit anything with a defined benefits plan; they will always get back what they put into it.

Projections from the handout assumed that if 75% of retirees chose a lump sum and 25% chose the annuity option when they retired, the current funding would only reach the year 2038. However, if every retiree decided to take a lump sum, the fund would deplete much quicker.

Mr. Piper asked how cost-of-living raises affect the plan, and Ms. Thompson responded that it definitely increases the liability; however, they do account for 2.5% inflation and 3% salary increases. The county should highly consider an annual required contribution to fund the plan to avoid an even greater liability. Mr. Covington said that the county does put in 3.5% per employee every month, but Ms. Thompson recommended increasing that to 4% or even 5% and possibly raising the employees' contributions as well. She went on to say that the county should consult a pension attorney and said the commissioners should contemplate three things at this point: updating the plan document, re-examining the county contribution and increasing it, and considering changing the discount rate from 6% to 7% to keep lump sums and annuities at the same actuarial value, presuming the county wanted to keep the lump sum option for new hires. Whoever the commissioners choose to update the plan document can help advise them on the other two points. Mr. Meza said that Steven Rickels still practices as a pension

attorney and he would be happy to contact him on the county's behalf if the commissioners wanted him to. Mr. Burgess and Mr. Stone said they'd like to discuss it with their third board member first.

Mr. Covington said that if the county would increase the monthly contribution per employee to 4% and add a million to the fund, it would be a start. Mr. Burgess said that committing one mill to the budget each year for the next twenty years would do the same thing, and the county wouldn't take such a huge hit all at once that way. Having employees increase their contribution would be another option. Ms. Thompson put in that moving new hires to 5% would decrease the county's portion as more of those employees come on board, although some might be upset about it. What they would have to remember is that the pension plan guarantees a return and typically a much higher rate than they could get at any bank.

Ms. Thompson commented that if the commissioners were interested in a 401k, they could talk about that instead. The county would have to pay off the debt in the current plan, but could conceivably have both methods; they wouldn't necessarily have to go with one or the other. Current employees could remain enrolled in the defined benefit plan; whereas, new employees would invest in the 401k. The county would still have to contribute to the defined benefit plan.

Mr. Covington stated that new hires could then potentially be more at risk to lose their money with the 401k, and Ms. Thompson agreed, saying that pension plans let people retire, but 401's don't. She asked if the commissioners wanted their employees to learn how to invest their money because that's what they would be asking them to do.

Ms. Thompson added that if the Board wanted to keep the lump sum option, they should have her complete a prediction on what would happen if all possible retirees took it at one time.

Mr. Covington asked Mr. Meza if someone from Compusys could come to the courthouse and meet with the employees individually, as he remembered a time when each employee received a statement at the end of the year showing how much was in their particular fund. Mr. Meza said he would see to it that each member got a statement at the first of the year.

Mr. Piper said he'd received another bill from the old company for \$4,000, which was for the first half of 2017, but he hasn't submitted a voucher for it. Instead, he sent an email explaining why he didn't believe the charges were justified.

Ms. Thompson wrapped up the conversation by saying that funding the plan is the most important objective at this point. The county can always back off on contributions later on. She added that the plan is a good one and said it is a great benefit that the commissioners offer to the employees.

Mr. Piper asked if the county could change the county contribution at any time. Ms. Thompson affirmed that was true but said that current employees' contributions could not change until the county updated the plan.

Brian Miller with Eastern Slope Rural Telephone Association stopped in to inform the Board that someone hacked the county's phone system, and each department needed to change their passwords. He felt that the courts determined who the hacker was but added that someone should contact Gary Higgins with Frontier Telephone for further assistance. Mr. Piper asked if he could have Mr. Higgins call Mr. Miller, and Mr. Miller said that would be fine.

Mr. Burgess asked Mrs. Lundy to correct an error in the story regarding the county denying to build a road to Tim Taconi's property, as she had reported that the county denied a permit. Mrs. Lundy said she'd correct it in her new story and left the meeting.

At 10:10 a.m., Mr. Burgess made a motion to go into executive session, per 24-6-402 (4) (f) (I), C.R.S., to discuss personnel matters. Mr. Stone seconded the motion, which carried. Those remaining for the session were Mr. Stone, Mr. Burgess, Mr. Piper, Mr. Kimble, Mrs. Lengel, and Jodi Mohan. The clerk recorded the meeting, and the recording will remain on file in the County Clerk's vault for the statutory ninety days.

After coming out of executive session, Mr. Burgess made a motion to approve the minutes from the meeting held on November 8, 2018, as submitted. Mr. Stone seconded the motion, which carried.

The Board reviewed the October 2018 reports from the Assessor, Clerk & Recorder, Sheriff, and Treasurer, and the October 2018 Statements of Revenues and Expenditures for the General, Public Health, Capital Projects, Conservation Trust, E911, Landfill, Library, Lodging/Tourism, and the Road & Bridge funds, as well as for the individual road districts. Also reviewed were the October 2018 reports from the Colorado Counties Casualty and Property and Workers' Compensation Pools.

Discussion ensued regarding the 2019 budget, Mr. Piper stating that he'd reduced the Public Health budget to the requested .50 mills. The group discussed adding at least \$150,000 to the Administrative/Retirement line item and finally determined that an increase of 1.5% to each member's monthly contribution would add roughly \$86,000 to the General Fund alone. Mr. Piper said he would calculate the remaining funds to add 1.5%, bringing the county's contribution to 5% per employee per month, but that they could add the \$150,000 to the General Fund rather than dispersing it among all the funds with payroll.

Mr. Burgess said that the hospital informed Sheriff Nestor that they would no longer supply a medical contract to the jail for inmate medical attention and asked what that would do to the sheriff's budget. Mr. Piper said he hadn't talked to him yet but would do so. He also asked if the commissioners wanted to speak with Patricia Phillips again about her budget, and they agreed they would discuss it with her when she came in at the end of the month.

Mr. Burgess said that since Castle Rock Construction got the I-70 bid, which meant the county would get the millings and had to commit to a two-year project, they should consider increasing

the Overtime line item. They agreed to raise it to \$10,000; \$3,000 for each district and \$1,000 for District 4 in case they need a mechanic.

Mr. Burgess brought up a proposal from Lincoln Community Hospital in which they requested cash funding from the county this year and an additional line of credit. He didn't like the fact that Mr. Stansbury met with Mr. Piper and submitted his preliminary proposal to the administrator and attorney instead of the commissioners.

Mr. Kimble said he'd learned at his attorneys' conference that Sedgwick and Moffat counties are both trying to "divorce themselves from their county hospitals." They were under the impression that they could do it through a resolution, and Mr. Piper asked Mr. Kimble if the hospital could become a 501c3 instead. Mr. Kimble said they could do that or form a hospital district, but the commissioners might just want to cut them loose and give them the property. If they created a special district, they could then get their mills from the taxpayers. His fear in approving a line of credit was that the lender might want the county to sign the note and Deed of Trust, which would make the county liable for repayment should the hospital default. Mr. Burgess asked if the commissioners could legally commit county taxpayer funds in such a manner, and Mr. Kimble said he would check. He added that he would also look for more information on how to go about absolving the county of the hospital if the Board wanted him to, and Mr. Stone and Mr. Burgess both felt it might be the best option.

Mr. Piper said that the hospital is on the agenda for November 30, and Mr. Burgess said he'd like to have Ronny Farmer attend that meeting as well. Mr. Stone and Mr. Kimble agreed.

Mr. Stone reported receiving a call from Chad Maranville on November 9. Mr. Maranville asked that he have the opportunity to bid on chemicals again as he hasn't had the chance the last year or two. Since November 12 was a holiday, Mr. Stone checked the oiled roads for snow, but they hadn't gotten enough that they needed plowing. He attended the fair board meeting on November 13 where they talked about the new building. Wendy Simmons wants off the fair board, and they are looking for someone to replace her. Mr. Stone got a call from Mr. Schiffers on November 14 regarding an email sent by County Assessor Jeremiah Higgins concerning the decision to not build a county road for Tim Taconi, but Mr. Stone said he didn't get the email. Mr. Burgess put in that he got one, but it went to his home email address. Mr. Stone also had a call from Douglas County Commissioner Lora Thomas that day. There is a movement to split up the 18th Judicial District, removing Arapahoe County, and calling the remaining three counties the 23rd Judicial District. Ms. Thomas wanted Mr. Stone's opinion on that idea. On November 15, Mr. Stone said they did the walk around of the new grader and loader with CAT representatives, and his road crew had First Aid class on November 16.

Mr. Burgess reported getting a text message from Travis Miller with CDOT on November 12. Mr. Miller told him that there is a note in the general plans on state highway jobs that they cannot use county roads to haul material. Mr. Burgess said they had to terminate an employee in his district who lost his CDL, also on November 12, and he spoke with Mr. Piper about the hospital's request that day. Sheriff Nestor called him to let him know the hospital dropped

their medical contract with the county. On November 15, Mr. Burgess checked roads with Bruce Walters. The turbo went out of their John Deere grader, but they hope to get it fixed tomorrow. He spoke with Chris Monks on November 16 about belly dumps and Castle Rock Construction getting the bid on the I-70 job. Mr. Burgess said he'd look for a place to stockpile the millings after Thanksgiving.

Mr. Kimble reported that he'd received the email from Mr. Higgins regarding Tim Taconi wanting the county to put in a road to his landlocked property and said that when the county decides to open a county road, the commissioners have to tender payment to each landowner to do so. He felt perhaps Mr. Higgins wasn't aware of that fact, or the provisions of the county road policy, which outlines reasons for building a county road. Necessity and agreements with landowners that the county wouldn't have to compensate them are two reasons noted in the policy, and Mr. Kimble added that the commissioners are not required to build county roads. He went on to say that they could undoubtedly amend the policy but it was put into place to provide consistency.

County Coroner Andy Lorensen stopped in to ask the commissioners if they were aware the county phone system was hacked. He said he'd unplugged his for now, but there have been many fraudulent charges totaling almost \$6,000 on county phone lines in the past month. Luckily, ESRTA has forgiven those charges, but Mr. Lorensen asked what else he should do, adding that if his phone is vulnerable, all other departments are too. Mr. Piper said he'd contact Gary Higgins with Frontier Telephone and ask him to call Eastern Slope.

Mr. Kimble had nothing further to report when Mr. Lorensen left, and Mr. Piper said he had already addressed everything he had, except that he'd ordered the hams for the employees.

There was no other old business, and the only item of new business was a request from Joe Kiely to send a letter of support regarding Town of Limon Early Head Start Expansion and Early Head Start-Child Care Partnership grants. Mr. Burgess made a motion to sign a letter of support, and Mr. Stone seconded the motion, which carried.

With no further business to come before the Board, Mr. Stone adjourned the meeting until 9:00 a.m. on November 29, 2018.

Corinne M. Lengel, Clerk to the Board

Douglas D. Stone, Chairman