COUNTY OF LINCOLN

New Mexico
Special Meeting
Board of County Commissioners

Preston Stone, Chair
Dallas Draper, Vice Chair

Thomas F. Stewart, Member
Elaine Allen, Member
Lynn Willard, Member

Amended Minutes
Monday, July 27, 2015

Minutes of the Special Meeting of the Lincoln County Commission held at 3:00 PM on July 27, 2015 in the County Commission Chambers, Lincoln County Courthouse, in Carrizozo, New Mexico.

1. Call to Order

Chair Stone called the Regular Meeting of the Board of County Commissioners to order at 3:02:55 PM.

2. Roll Call

Roll Call.
Present: Chair Stone, Commissioner Stewart, Commissioner Allen, Commissioner Draper, Commissioner Willard.

Others present included Nita Taylor, County Manager; Alan Morel, County Attorney; and Rhonda Burrows, County Clerk.

3. Invocation

The invocation was presented by Chair Stone.

4. Pledge of Allegiance

a. Pledge – US Flag
b. Salute – NM Flag

5. Approval of Agenda

Motion: Acceptance of the Agenda and authorized the Chair to move items as necessary,
Action: Approve, **Moved by** Commissioner Stewart, **Seconded by** Commissioner Willard.
Vote: Motion carried by unanimous vote (**summary:** Yes = 5).
Yes: Chair Stone, Commissioner Stewart, Commissioner Allen, Commissioner Draper, Commissioner Willard.

6. Amend Resolution 2015-3 by Resolution 2015-6

Motion: Motion to reconsider adoption of Resolution 2015-3 and more specifically Disaster Relief Fund 681 and LCMC Fund 502, **Action:** Approve, **Moved by** Commissioner Draper, **Seconded by** Commissioner Allen.
Vote: Motion carried by unanimous vote **(summary: Yes = 5).**
Yes: Chair Stone, Commissioner Stewart, Commissioner Allen, Commissioner Draper, Commissioner Willard.

a. Correction of the beginning cash balance of Fund 681 Disaster Relief

Nita Taylor, County Manager reported during the final budget verification process an error was discovered in the beginning cash balance for Disaster Relief Fund Number 681. Ms. Taylor provided a detailed accounting for the fund carryover balance, anticipated revenues, and the proposed transfer of $532,036 to the General Fund. Ms. Taylor stated, if approved, the transfer of funds from the Disaster Relief Fund to the General Fund would leave sufficient funds to meet budgeted expenses. Ms. Taylor stated additionally the transfer of funds back to the General Fund

would positively impact the County's ratio of Required Reserves reducing the necessary transfers from 10% to 8% for the fiscal year.

Motion: Approve the adjustment of the beginning balance of Disaster Relief Fund 681, **Action:** Approve, **Moved by** Commissioner Stewart, **Seconded by** Commissioner Draper.
Vote: Motion carried by unanimous vote (**summary:** Yes = 5).
Yes: Chair Stone, Commissioner Stewart, Commissioner Allen, Commissioner Draper, Commissioner Willard.

b. Reconsideration of the motion on Fund 502 Lincoln County Medical Center-Operating Cost

Ms. Taylor provided an analysis of LCMC's annual request and an analysis of funds available including other fund obligations. Ms. Taylor presented a comparison of this year's request to budget requests for the prior two years. Ms. Taylor noted in Fiscal Year 2013-2014 LCMC requested no funding for operational costs, in Fiscal Year 2014-2015 LCMC requested $1,250,000 for operational costs, and for Fiscal Year 2015-2015 LCMC's request was for $1,775,000 for operational costs. Ms. Taylor stated Al Santos, LCMC Administrator had requested the increase of $525,000 over last year's request for operational funding as a supplemental request for "Hospital based clinics" such as Family Medicine, Internal Medicine, General Surgery, OB/GYN services, and other hospital based services.

Ms. Taylor stated the County's approval of LCMC's full request when combined with other mill levy commitments would reflect a negative balance of $882,846 of mill levy funding. Ms. Taylor noted the previously approved transfer of the Medicaid payment expenditure to the Indigent Health Care Fund provided an additional $325,720 in available mill levy funds and suggested the maximum mill levy funding remaining for operational costs was $1,217,874 of the $1,775,000 requested. Ms. Taylor stated any award of funds over the $1,217,874 would result in a total exhaustion of the annual mill levy revenues. Ms. Taylor stated the other revenues sources identified by LCMC as potential funding sources included revenues in reserve, Indigent Health Care Funds, or the annual lease payment of $1,100,000. Ms. Taylor reminded of prior discussion to pledge the lease payment for funding the renovation of LCMC.

Ms. Taylor provided additional analysis of LCMC's funding requests over the last few years and information regarding supplemental funding to hospitals by other counties.

Commissioner Stewart stated there was sufficient funding in the overall budget to accommodate LCMC's request. Commissioner Stewart suggested the reported contractual discounts and allowances of $41 million per year supported LCMC's request for operational funding. Commissioner Stewart noted while there were reserves budgeted from mill levy funds for clinic operations those fund were unavailable for hospital operations. Commissioner Stewart stated the question of utilization of the lease payment for operational expenses was complicated by a Supreme Court ruling prohibiting the use of mill levy receipts for construction. Commissioner Stewart estimated the ending cash balance of the mill levy fund for the next year as $3,238,501 after the proposed payment of $1,775,000 for operational subsidy. Commissioner Stewart stated in light of the Supreme Court's decision, the question became whether to pay the hospital more than the annual amount approved by the voters or to honor the contractual obligation of the lease payment for the exclusive use of the hospital.

Commissioner Stewart requested the Board of Commissioners determine what options were available to utilize mill levy funds in the future and to consider whether to spend lease payments for operational subsidies or construction projects.

Commissioner Draper reminded of the prior discussion about obligating the lease payment for payment of the renovation debt. Commissioner Draper objected to a redefinition of services to accommodate the reallocation of funds. Commissioner Draper discussed the "philosophical attitude" the budget contained funding specifically dedicated to the hospital and the clinics but reminded it was the duty of the Commissioners to maintain oversight of those funds on behalf of the tax payers.

Commissioner Allen questioned the difference between LCMC's request and available funding. Ms. Taylor stated the final difference after transferring the Medicaid payment obligation to the Indigent Health Care fund was $557,126.

Motion: Approve the Manager's recommendation for total LCMC funding not to exceed $1,799,874, **Action:** Approve, **Moved by** Commissioner Draper, **Seconded by** Chair Stone.
Vote: Motion failed (**summary:** Yes = 2, No = 3, Abstain = 0).
Yes: Chair Stone, Commissioner Draper.

No: Commissioner Stewart, Commissioner Allen, Commissioner Willard.

Motion: Reaffirm the prior approval of the FY 2015-2015 Final Budget, **Action:** Approve, **Moved by** Commissioner Stewart, **Seconded by** Commissioner Allen.

Ms. Taylor suggested the Board of County Commissioners direction to reduce overall County deficit spending seemed counter to the full funding of the hospital's request. The Manager reiterated LCMC's request was 42% higher than last year's request and was in excess of the annual tax payer approved funding.

Commissioner Allen questioned why LCMC did not historically fully utilize the annual mill levy revenues. Ms. Taylor discussed the prior utilization of mill levy funds for Sole Community Provider obligations and for Capital Outlay expenses. Ms. Taylor stated traditionally carryover funding was reserved for major construction projects such as the Professional Office Building.

Beverly Calaway, Treasurer informed LCMC's monthly lease payments to the County were several months delinquent in the last fiscal year and were inconsistently received by the County Treasurer's office.

Mr. Santos suggested while LCMC's request for funding may exceed those of hospitals in other counties, LCMC also provided more services. Mr. Santos stated a willingness to reduce the operational request by $300,000 but commented on the possibility of reduced services.

Chair Stone discussed the Commissioner's direction to County departments to reduce expenditures and suggested to approve LCMC's 42% increased budget request was counter to this direction.

After further discussion, Mr. Santos agreed to a reduction in LCMC's total budget request from $2.8 million to $2.5 million.

Ms. Taylor requested clarification if the proposed reduction was a reduced request for operational funds or for capital outlay.

Mr. Santos stated the reduction was for the requested operational expenses.

Commissioner Stewart withdrew his previous motion, Commissioner Allen withdrew her second.

Motion: Approve the FY 2015-2016 Final Budget as previously approved including the transfer of $325,720 for the Medicaid payment to the Indigent Health Care fund but with a reduction of the budgeted $1,777,500 for operational expenses for LCMC to $1,477,500; and Adopt Resolution 2015-6, **Action:** Approve, **Moved by** Commissioner Stewart, **Seconded by** Commissioner Allen.

SEE EXHIBIT A: Copy of Resolution 2015-6 is attached hereto in reference thereto made a part hereof.

Commissioner Willard requested the Manager's opinion on the motion.

Ms. Taylor expressed belief the reduction was inadequate to address the over spending of $557,000 of the annual voter approved funding. Ms. Taylor suggested the need for diligence in protecting the funding reserves.

Commissioner Allen questioned why the Manager wished to protect the reserved funding.

Ms. Taylor reminded reserves were held for future capital outlay requests such as LCMC's request this year for new ambulances.

Chair Stone requested assurance should the Board of Commissioners approve $147,500 for operational expenses LCMC would not present a mid-year budget request for additional funding.

Mr. Santos confirmed Chair Stone was correct.

Vote: Motion passed (**summary:** Yes = 3, No = 2, Abstain = 0).
Yes: Commissioner Stewart, Commissioner Allen, Commissioner Willard.
No: Chair Stone, Commissioner Draper.

7. Signing of Official Documents

8. Next meetings:

a. August 18, 2015 - Regular Commission Meeting

9. Adjourn

There being no further business to come before the Board of County Commissioners, Chair Stone adjourned the meeting at 4:03:02 PM.

County of Lincoln
Board of County Commissioners

Preston Stone, Chair

Dallas Draper, Vice Chair

Elaine Allen, Member

Thomas F Stewart, Member

F Lynn Willard, Member

ATTEST:

Rhonda Burrows, County Clerk

October 20, 2015
Date Approved Amendments