

**SEBASTIAN COUNTY QUORUM COURT
SPECIAL MEETING
NOVEMBER 07, 2013 @ 6:30 P.M.
FORT SMITH COURTHOUSE, ROOM 204
FORT SMITH, ARKANSAS**

Judge David Hudson called the meeting to order at 6:30 p.m. and led the Pledge of Allegiance.

JP Bob Schwartz led the Invocation.

Sharon Brooks, County Clerk, called the roll with all 13 members present.

Johnny Hobbs	John Spradlin	Bob Schwartz	Donald Carter
Phil Hicks	Danny Aldridge	Linda Murry	
Shawn Looper	Jim Medley	Dickie Robertson	
Tony Crockett	Ray Stewart	Rhonda Royal	

Legal counsel was represented by the Prosecuting Attorney, Daniel Shue.

Judge David Hudson stated that most of the people present in the courtroom are County Employees and the Media. He asked if there were any comments from the public.

There were no Public Comments.

Judge Hudson presented the 2014 Budget Briefing in a Power Point format. The Budget is set forth in two Budget Books, Book 1 and Book 2.

Book 1 contains Summary Recap and Revenue Information and the Plan to Balance the General Fund Budget.

Book 2 contains Line Items Budgets with Explanations and Justifications Organized by Fund.

Next Item: Review Plan to Balance 2014 General Fund

Linda Murry asked, "Judge, did we calculate a straight amount, like we talked about last time?"

Judge Hudson answered, "It is in Book 1, Page 5, and on Page 4 it's the 2%. That was requested and that's on your document."

Bob Schwartz asked, "Is Sales Tax Revenue up or down?"

Judge Hudson answered, "It is up about \$15,000. "

Referring to the County General Fund One Cent Sales Tax, Judge Hudson stated that the main point he wants to bring out is that we have not had a Sales Tax increase since 2008 to take care of the Cost Increases that comes from Property Taxes."

Judge Hudson stated that the \$18 Ambulance fee has been in effect since it was implemented in 1985. There is a lot of information in the report, which starts on Page 30, Book 1. You can follow the remainder of the presentation on Page 72 in Book 1.

Linda Murry asked, "How does that compare Revenue with the Expenses for the Golf Course?"

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Judge Hudson answered, "Revenue estimated is \$ 700,000, and the Budget is \$800,000. The Budget given to me was \$945,000 then I met with the staff out there. I have probably had ten meetings to cut this Budget and get it closer to Revenue.

Judge Hudson ended the review stating, "This is the end of the Briefing. Starting on Page 163 of Book 1 you will find a list of every position in the County by Department with their schedules and with whether or not they are exempt from overtime. Every Elected Official that is responsible for managing those offices has reviewed this schedule and signed this. We use this to administer Time Sheets and the Payment of Overtime. Steve Hotz and his staff have coordinated with these Officials. We are monitoring the Overtime that is in there for your reference. There is other data that I wasn't going over, unless you want me to. Most of the Officials will be at the next two Budget Meetings. If you have any specific questions for them, please let us know and they will be present to answer them. They are here now."

Shawn Looper asked, "The \$71,109, what is that for? Page 345, Book 2."

Judge Hudson answered, "I think that's the remainder of the implementation services for the different systems that are not completed. They are in this year's Budget; they are shown for next year."

Shawn Looper asked, "Where did the \$71,109 come from?"

Judge Hudson answered, "That came out of the amount of money we kept in the Capital Line Item. Correct, Kathy?"

Kathy Lawrence, Comptroller answered, "Yes."

Judge Hudson stated, "You can find all that on Book 1, Page 49 the explanation of the totals in the different categories. That is what you saw in 2011, before this project was implemented. So, the software and hardware allocation of \$1.8 million, the \$71,109 is in that \$1.8. This will be put in Operating Capital Line Item for next year. When the numbers were published we did not have the bids on the hardware. \$200,000 is for Annual Support Maintenance Contract, it will be ongoing. This report is a reminder for all of us of what we implemented and how and why. That's there for your reference."

Judge Hudson asked, "Ready to go to the next item? We can come back for questions."

Linda Murry asked, "Have the Revenues for 2013 that were projected been adjusted for high or low? Are they in here?"

Judge Hudson answered, "Yes, they should be in here, Kathy, help me find that, am I correct on that? Kathy answered, Go to the Revenue Tab on Book 1 Page 254, Taxes at the top, you will see any adjustment listed in brackets, at the top. If you flipped through those you will see any adjustments that have been made for this year or next year. That has been closely scrutinized at this point. There have been adjustments made in different Revenue Sources throughout."

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Judge Hudson responded, to Linda Murray's comment on the Golf Course Revenues, "The Golf Course has been reduced based on the activity this year. We took it down from \$775,000 to \$625,000 and we think we'll do better than that, that's a careful estimate, and \$685,000 for next year. Close evaluation of that resulted in the reduction of the Golf Course Budget. That brings it closer to the Operating Revenue."

Linda Murry asked, "And then the difference on the General Fund from a Salary Increase of \$500 Per Employee to 2% is about \$80,000 less to do the \$500 is that right?"

Judge Hudson answered, "Make a comparison by looking at Book 1 Pages 4 and 5. Page 4 would give you the General Fund of \$230,000 for 2% Cost of Living and \$156,000 for a \$500 Lump Sum. The Grand Total for the 2% is 312,000 and Total for the Lump Sum is 208,000."

Linda Murry asked, "Unexpended and Carryover of Unexpended, not for specific project, just any money that's Unexpended. Last year at this time we talked about Insurance Premiums that were budgeted for people who were not taking the Insurance and that money would stay in those funds so that we would have a larger Carryover Balance."

Judge Hudson answered, "That's' been our Operating Policy and based on the Report issued in April, we moved that money back into the balance. We started doing that in July. My recommendation would be to continue that same Policy for 2014, would be putting all the Premiums into the Insurance Account, not having it in the Balance and not using it as a Base for Raises or Increases. It says in the Ordinances that the money would be moved. That's the way the Partial Self-Funded Insurance Program has been set up now for three years, next year will be entering our fourth year."

Linda Murry asked, "We are putting about how much into that Fund that's not for Insurance?"

David Hudson answered: "From Vacant Positions, Kathy, did you figure it was about \$200,000?"

Kathy answered, "I think it is about \$200,000 without verifying that."

Linda Murry stated, "I thought it was closer to \$300,000 when I figured it."

The Next Item: Review Quorum Court Health Insurance Budget Policy for 2014

Judge Hudson stated, "I think what we should be doing is saying Hallelujah, in the Health Insurance Plan. We have no increase for next year and if you look at what's going on in the United States and what's happening with insurance, that's not happening. So I think we ought to be feeling pretty good about our Health Insurance Program, I sure do."

Bob Schwartz commented, "You got that right."

Judge Hudson stated, "If you talk to County Employees, I think you will get some good feedback. I think you can pat yourself on the back about our County Health Insurance Program. Is there any other questions? We can come back to it."

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Steve would you address the Quorum Court on the Health insurance and give the background on that

Steve Hotz, Director of Human Resources, addressed the Quorum Court on the Health Insurance. The Quorum Court Members received a two Page attachment on the Quorum Court Member Health Insurance prepared by Attorney Mike Rainwater, with Rainwater, Holt & Sexton, P.A. Law Firm dated November 1, 2013. Steve Hotz stated that there were concerns that the Quorum Court Members would not be eligible for Health Insurance under the 30 hours a week rule. Steve stated, "We went to the Prosecuting Attorney to get his thoughts on it and finally took it on to the Arkansas Association of Counties to get their opinion. There was concern that the Insurance Carrier would not cover anyone less than 30 hours that they would not honor a claim, in case something did happen, and we would be at risk. There was dispute over that so we went to get some advice. This came back and it said that by law, it would provide Coverage for Quorum Court members but it can not provide funding for Coverage of Dependents of the Quorum Court Members. You can have Dependent Coverage but we are not allowed to Supplement Coverage. You can have Dependent Coverage but you have to pay the Full Premium.

Linda Murry asked, "Is that for all Employees across the County?"

Steve Hotz answered, "No, it's for Quorum Court Members."

Linda Murry asked, "How would we be different than other Elected Officials?"

Steve Hotz answered, "Because you are not a 30 hour employee. This is the legal opinion; this is what they are saying."

Linda Murry stated, "But we subsidized employee's family more than we do the individual employee's policy, right?"

Steve Hotz answered, "No, the individual policy is highly subsidized. The dollar amount is more but not the percentage. The State law specifically says QC members."

Linda Murry stated, "But this applies only to QC members, not to employees."

Jim Medley stated that he is concerned as to whether or not this letter is clear enough. "You may find it unusual but I did read all the original House and Senate version of the Affordable Care Act, all 1500 Pages, and what he is saying is correct but he is not making it really clear to us as a body. Basically, he is saying you can provide this coverage for those people who work less than 30 hours but he says if you do this; it could be an increase in cost. In other words, what you are doing for one person you got to do for all. We just went through this with our company and it almost mirrors the size of the County and we have employees we are not covering or have to be less than 30 hours. It's been made very clear that if we have one person violate that, then we are subject to some serious fines from the Federal Government. Everything in this letter I read completely, I'm just saying that he has not clearly addressed, if we keep going on the path we are.

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We are subject to paying for all Part Time Employees for Health Insurance. I agree with everything that's been said, the danger we are in right now has not been adequately addressed."

Linda Murry stated," We are not employees."

Jim Medley commented, "We are Elected Officials but what you do for anybody under an Insurance Policy, you better be prepared to do for all. That's just my opinion. He is quoting State Law, which allows the County to cover the Elected Officials but not the JP Dependents. Do you agree with that? I am just asking for more clarification. Maybe what Linda's point is, maybe she is correct on that, I personally doubt that, but it's possible. Linda is saying that there is a difference between covering Elected Officials who work Part Time and Employees who work Part Time. My concern is that this may not be true, I don't think it's very clear in Mr. Rainwater's Memorandum."

Judge Hudson stated, "What we understand is that the reason Quorum Court Members may obtain Medical Insurance Coverage is because this law was passed. Before this law was passed, it was not permissible. This state law makes it permissible and the whole issue on that came up to a 30 hour a week Employee."

Jim Medley stated, "I think we are not in compliance with the new Affordable Care Act. I think he did address it but he needs to spell it out more clearly."

Danny Aldridge stated, "Steve, I called Mike Rainwater and spoke to him today for over an hour pertaining to this and as Jim said, there is a lot left out. Mike told me this was originally two separate documents, several Pages in length, and it was combined down to this, that's why the final document looks like this. He pointed out two things: One: We are Elected Officials and by State Law all Elected Officials have to be treated equally. Now, they assume and you and I both know what that means that the other Elected Officials are going to work more than 30 hours a week, while the Quorum Court Members probably will not. The State Law does not address the Insurance for the Family Members, except for the Quorum Court and it simply says for the Quorum Court Member. It does not say about the other Elected Officials, so they may be covered or may not but again he comes back and says all Elected Officials must be treated equally and until there is a Court Challenge or Arkansas Law changes it's open to debate. How we want to go at it is up to the Quorum Court. It clearly says that if we don't like what we are seeing, we can seek additional bids and go outside the system. He did say we were going to have to change being paid Bi-weekly to a Per Diem Program. Right now we are being paid Bi-weekly and it's about four hundred plus Bi-weekly, what was set in the budget has to be taken and broke down on a Per Diem Bases. We can say we have 16 meetings a year or 25 or whatever it is and break it down accordingly. We still can't be below the minimum or above the maximum.

Bob Schwartz asked Dan Shue: "What's that \$13,319 per calendar year? How does that mix in with the Quorum Court?"

Danny Aldridge answered, "That's on a Class 7 County and we are Class 6. We are at the minimum allowed by State Law. We chose to be at the minimum low when it comes to pay."

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Dan Shue, Prosecuting Attorney suggested that Mike Rainwater come here on either one of the following dates the Quorum Court meets, the 12th, 14th or the 19th to answer questions. "There are a lot of concerns and I wouldn't even venture to give you advice on this. The Affordable Care Act is something I've never read, the Congressmen never read, you have never read, apparently Jim (Medley) is the only one who read this entire deal. Dan Shue, advises that we have Mike Rainwater come explain how the insurance coverage will work.

Judge Hudson stated, "We understood coming here in this meeting was that Quorum Court Members may continue to obtain County Health Insurance. Quorum Court members who want to cover Dependents would have to pay the Premium difference for the Dependents. That's what we understand from Mike Rainwater. If you don't agree with that interpretation, let's see if we can have him come here."

Linda Murry stated, "That doesn't apply to the employees."

Judge Hudson stated, "The only issue here is somebody who doesn't work 30 hours a week. That's what started all this. Quorum Court Members do not work a schedule and get paid on 30 hours a week. Let's invite Mike Rainwater to come to one of our next three meetings."

David Hudson stated: "This is up to the Body."

Jim Medley, "I want some clarification on Paragraph 1."

David Hudson stated, "What I understand is that you can obtain coverage under this law even though you are not working 30 hours a week."

Jim Medley commented, "His letter does not say that, it just says that you are going to be out of more money if you do it."

David Hudson stated, "I throw that to the body, how do you want to proceed?"

Shawn Looper made the motion to accept Mike Rainwater's advice to cover Quorum Court Members with the Quorum Court paying for the difference in cost for Dependents."

Johnny Hobbs seconded the motion.

Jim Medley stated that without clarification he can not support that. He is not saying to do or not to do this; he is saying it will cost you more money. It may cost more not just for the Quorum Court members but for all your other Part Time Employees.

Shawn Looper stated, "If you want insurance for your family, you have to pay for it, that's the bottom line."

Sharon Brooks, County Clerk called the roll

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Phil Hicks (Y), Shawn Looper (Y), Tony Crockett (Y), John Spradlin (N), Danny Aldridge (N), Jim Medley (N), Ray Stewart (N), Bob Schwartz (N), Linda Murry: "Abstain. I think I will pass." Dickie Robertson (Y), Linda Murry asked, if she can change her vote. Judge Hudson allowed the vote change. Linda Murry changed her vote from (Abstain) to(Y), Rhonda Royal (N), Donald Carter(Y), Johnny Hobbs (Y)

The Motion passed with 7 Yes Votes and 6 No Votes.

Danny Aldridge state, "With the Prosecutor on Robert's Rule, since Linda abstained, that should be a NO vote. They've already proceeded to the next person who already voted. Can she change her vote at that point?"

Dan Shue, Prosecuting Attorney stated: "You can ask for a revote. Is that what you are asking, Danny Aldridge?"

Danny Aldridge stated, "I am just asking if the procedure that we followed was correct. I think that since it moved to a second person and they voted that they cannot go back and change."

Linda Murry asked, "Does it have to be two thirds or simply a majority?"

Danny Aldridge made a motion for a revote.

Jim Medley seconded the motion.

David Hudson asked, "Did we need to pass the motion to have a revote? Do you want to do this by voice?"

David stated, "The motion is to revote on the motion to accept Mike Rainwater's advice that we questioned about the abstained vote from earlier. I am thinking the majority vote passes it."

Sharon Brooks, County Clerk called the roll.

The Motion failed with 6 Yes Votes and 7 No Votes (Shawn Looper, Tony Crockett, Linda Murry, Dickie Robertson, Donald Carter, Johnny Hobbs, Phil Hicks.)"

Jim Medley stated to Judge Hudson, "You need to get a ruling whether that passed or not, it was 7 to 6, and Danny and I don't agree with that."

Danny Aldridge stated, "I don't think so."

Jim Medley stated, "She abstained."

Danny Aldridge stated: "We operate under Robert's Rule and I don't think that you can do it that way. If she abstained it was a No Vote, and once it went to the next person who voted, she couldn't change."

Dan Shue, Prosecuting Attorney stated "It is the decision of the Chair (Judge Hudson).

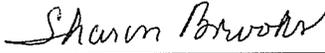
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Judge Hudson stated, "The motion passed 7 to 6."

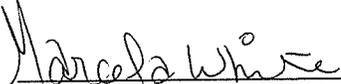
Dickie Robertson made a motion to adjourn the meeting. The motion was seconded by Bob Schwartz.

Meeting adjourned at 7:35 p.m.

Respectfully Submitted,



Sharon Brooks, County Clerk



Marcela White, Deputy Clerk