MINUTES OF THE MEETING OF THE BOARD OF COUNTY COMMISSIONERS
BREVARD COUNTY, FLORIDA

1:00 PM

The Board of County Commissioners of Brevard County, Florida, met in special session on July 13, 2017 at 1:00 PM in the Government Center Commission Room, Building C, 2725 Judge Fran Jamieson Way, Viera, Florida.

Attendee Name	Title	Status	Arrived
Rita Pritchett	Vice Chairwoman/Commissioner District 1	Present	
Jim Barfield	Commissioner District 2	Present	
John Tobia	Commissioner District 3	Present	
Curt Smith	Chairman/Commissioner District 4	Present	
Kristine Isnardi	Commissioner District 5	Absent	

INVOCATION

Invocation provided by Commissioner Rita Pritchett, District 1 Commissioner and Vice Chairwoman.

ITEM I.A., STAFF PRESENTATION, RE: GROUP HEALTH INSURANCE PROGRAM REVIEW/UPDATE

Frank Abbate, Interim County Manager, shared his appreciation of Jerry Visco, Human Resources Director, Jan from Robinson Bush, along with Chris and Jennifer who put all the information together; he stated he has been involved with the health insurance program since 1989 and there have been a tremendous amount of growth and changes in the program over time; page two of the PowerPoint talks about the participating employer groups; Florida Statute 112.08, provides the statutory authority for the Board to maintain a self-insured group health insurance program with a risk pool which includes Charter Officers, Constitutional Officers, and can include other public agencies; there have been a variety of agencies involved; the Clerk of Courts has been with the County since 1978, they left for a period of time, and then came back into the program; they also had Port Canaveral, who left the program after many years with the County; they left because they wanted to have enhanced benefits beyond where the County could be with the significant changes they made in 2010; and he will talk about that as he moves along. He continued on page three, the demographics show the County covers approximately 8,500 lives, that is one of the largest employer groups, so they have had the opportunity to significantly influence health insurance within Brevard County over time; they have been a family-friendly plan over time; they basically have 2.1 participants for every enrolled member, which means in addition to the member, the average person has either a spouse or children on the plan; that is above the average and indicates the County is and has been a family-friendly plan; the next pages show the County has a variety of different options; they have EPO plans which are narrower, lower cost networks that provide people a lower cost plan with limited access to who they can go to and it affords some individuals the opportunity to have lower cost than otherwise would be available; there is a high-deductible plan which is the HRA; and a general PPO plan. He noted the Board has, for a long period of time, chosen to maintain a competitive model which is where all the eggs are not in one basket; things that typically happen in insurance type programs is when a vendor has a corner on the market and can obviously leverage things the way they want and sometimes it is to the employers disadvantage; by maintaining a competitive model, the County has more than one plan always available so that does not happen; the County has lived through the experience on more than one occasion when the market gets cornered, there is a monopoly going on, and all of the sudden the County has less providers than what meets the Boards interests; in the early 1990s, they had everyone he previously showed participating, and they had gotten to a point in time during discussions, where how the funding of the program became an issue, so they entered into an Interlocal Agreement with all the participating Charter Officers and agencies to make it clear who had authority to do what; the Interlocal Agreements included what the County's obligation and each entity's obligations were, how they would fund the program, what the terms and conditions were for participation, and how financial obligations in the plan for retirees would be handled; and all final decision making authority in those plans with respect to the program, remain with the Board of County Commissioners. He added the County has an Insurance Advisory Committee who participate in the screening and selection of vendors, in reviewing the benefit design, the premium structure, and how to make recommendations to the Board of County Commissioners; and people who participate in that currently are a representative from Human Resources who serves as the Chairperson, each Commissioner has an appointee, each participating employer has a representative that they have selected along with an alternate, there is someone from the County Manager's Office, the Budget Office, the Employer Advisory Committee, the Fire Fighters Union, and retirees who serve on that Committee. He recommended to the Board, after discussions during the Workshops, one of the things that came up was it would be nice to have some more private sector representation, of course the Board has the ability to select anyone they want on that Committee, to add a representative from the Budget Review Committee, as most of them if not all have private sector experience; when they met with the Budget Review Committee recently, they were told they were planning to recommend that to the Board, so the Committee actually took a vote and assigned a potential individual to participate as the Committee representative and an alternate, Doug Baker would be the member and Peter Fusscus as the alternate; and he stated that is one area, if the Board approves, he would like a motion to add that representative from the Citizen's Budget Review Committee onto the Employee Benefits Insurance Advisory Committee. He commented they could wait until the end of the meeting, if the Board wants to discuss that.

Chairman Smith Interjected this was mentioned before and he has given it some thought, but he would like to reach out to his fellow Commissioners to see if they have thought about this, or if they would like to contemplate it and come back later or even another day.

Commissioner Barfield advised he would like to go through the entire presentation first and put that as an action Item afterwards.

Chairman Smith agreed.

Mr. Abbate continued talking about the plan evolution; he presented back in 1989, they were an indemnity self-assured plan; the County then moved from there in the early 1990s, when HMO became very prevalent, to a fully insured HMO; they learned a variety of very valuable lessons; basically their business was bought, they wanted to get out, there were market influences in terms of commercial market and Medicare that came in, and Humana, the provider in those early years, actually offered them $3 million to end the plan early because they were losing money; he stated the County has had HMO experience and PPO experience; in 1999, it ended up in a partnership with the School Board that lasted six or seven years; it was very helpful to the Board because they were able to meet a variety of issues that were problematic; and finally in the most recent years, the County went to a high deductible consumer driver plan, an HRA program, and a PPO plan. He highlighted in those early years of 1989 through 1994, the County had a deductible plan that an individual would pay $150 before they received benefits and for a family it was $350, with an out-of-pocket maximum for an individual was $800 and family was $2,400; over time that has changed significantly, cost shifted; it had to, that was the only way the plan could continue to be fiducially in a position to be responsible for available resources to continue the program; in 2017, those deductibles for the HRA became $1,500 for an individual and $3,000 for a family; there are some HRA dollars that are given, and more dollars given to the lower paid employees; the PPO side changed from $150 to $600 as the deductible and $1,200 for the family, and that is just the deductible, with a maximum out-of-pocket change for an individual from $800 to $3,000 for the HRA and $2,000 for the PPO; and for family it used to be $2,400 and is now $6,000 for the HRA or $4,000 for PPO, the history is provided in the PowerPoint. He pointed out in 2,000 the County joined with the School Board in the Brevard Partnership Plan; at that time there were some significant challenges in the health insurance market; there were anti-trust law suits going on between hospital systems and basically it was impossible for a plan to have all the hospital systems in one plan; it was not acceptable to the Board so it gave them some very specific direction that it wanted a plan available that had access to all the hospitals in the market and to do what they could to offer that; they actually, with the help of consultants, went individually into the market place and negotiated that; they got together with the School Board and the two being the largest employers, were able to achieve what no other employer did, which was have that single plan in place where all the hospitals were in the same network; and they had also negotiated with the Brevard Professional Network for physicians, so any physicians who wanted to participate could, and that was done for a number of years, through 2006. He went on to say during that period, he thinks they were a significant factor in changing the market; the major players were able to get similar types of arrangements and all of the sudden big vendors such as Aetna and Cigna, could have all of the hospitals in the network; when that happened the County always looked to see what it could do in its plan compared to what these other major players could do and eventually the Brevard Partnership Plan did not become the most cost effective alternative, so the County went to other providers; the first of those were Blue Cross/Blue Shield and their HMOs and then eventually Cigna and Health First became the providers the County currently has; the County currently has a competitive market plan which means they have maintained two providers at all times to give people an option; some of them have narrower networks, but it provides the opportunity so if a provider decides to do something that does not meet the County's needs, at least people would have the option to look at another plan by another provider; and they have continued that. He stated the County, during the period of 2000-2006, had a variety of initiatives that had to be put in place because of the rising costs that were occurring and future unfunded obligations as related to retirees; based on those concerns and GASB 45, which dealt with post-employment benefits and having to report the information on financial statements, that unfunded liability was a significant concern; they took some action in 2006 to try and reduce that unfunded future liability; what they did was based on a retirees years of service, whatever subsidy was available would be credited based on the number of years of service, so if the Board decided to subsidize $1,000 a year, the retiree would get, for every year of service, four percent of that money, basically if someone had 25 years of service they would receive the $1,000, if they only had 12.5 years of service then they would receive 50 percent of that; between 2006-2010, they did a variety of other initiatives, one of them was in health and wellness, which they have done differently than some other organizations; they focused on high touch, high visibility items that are the corner stone of how the County approaches wellness in the workplace, meaning they send people out to the work sites to do the biometric screening, etc. rather than just by communication and emails or things of that nature; the County also provides health fairs and other programs; and he believes it is working successfully for the County. He continued there is always the issue of what the return on investment is for which is put into those programs so they are rather observant, but unless they see the hard dollar savings, they have been shy on putting into place certain initiatives that require significant resources in terms of health clinics, offsite, etc. and allowing people to go there, however, many employers are very happy with it and do have it; that is not the path the County has taken thus far, although they do continue to look at that; another thing they did during the 2006-2010 time frame was, the Board has always tried to be good to retirees over this whole period of time, and the retiree premiums were significantly different in the early 1990s and 2000s, so an initiative that was put into place was to slowly over time raise those premiums by one and a half times whatever the medical trend was; that is how the County would slowly, incrementally reduce the subsidy that was necessary for the Board to report on the GASB 45 Liability; they also did a variety of plan design changes and co-pay changes over time; and the incremental retiree premiums were a secondary impact to the County reducing the GASB 45 Liability. He explained the County always try to be good stewards of the resources it has; he thinks the Employee Benefits Insurance Advisory Committee has done a stellar job in that arena, they have many times over the years recommended changes to the plan that in some instances, the Board chose not to go that far; he stated there have been discussions if the members of that committee are looking out for their own interest, and they are, but only in the sense of wanting to make sure the County maintains a fiscally viable program; they have made very significant changes to shift costs to employees and dependents participating in that program, so the County can continue this viable program in light of the limited resources, that as an organization have to fund all the important and critical needs the County has. He noted in 2006-2010 the County initiated a working spouse premium surcharge which is if someone has a spouse who is eligible for insurance in another plan and continue to keep that person on the County plan then there is a surcharge of $100 per month, because they want to discourage people from doing that; spouses are one and a half times the cost of employees and significantly more than children are as dependents; that surcharge came into effect during that time frame and is still in effect to this day, so people who have a spouse on the plan pay that extra $1,200 a year and there are 177 spouses in that; in 2010, when the County had a major shift, when it was in the mist of the great recession, they changed to a high deductible driven plan which provided for very high deductibles, $1,500, and it was based on salary tiers, what kind of reimbursement they would have as part of that deductible; the County also had stop loss insurance that was always provided for the plan, and it is a type of insurance that provides coverage for certain financial thresholds that limits the plans liability either on the aggregate, which the County has not had, or for a specific individual, meaning that once the individual had a certain amount of claims, anything beyond that would be covered by the stop loss insurance; and it is really to cover catastrophic claims. He mentioned the County had, up to 2010, significant reinsurance from catastrophic claim dollars that it recovered from the carriers, meaning the dollars they had invested in those premiums paid out way more than what the County paid them; in 2010, staff made the recommendation, with the advice of the consultants, to eliminate that coverage because they were going to have to make the money up, and anyone else who came into the program knew what the prior losses had been, so the County had a limited liability of $1 million for an individual so they decided, as much as they were being charged, there was no way the future catastrophic claims would proceed that, so for a period of years the County had no stop loss coverage, beginning in 2010; the next slide shows what happened when the County did that; 2010-2013 the County had estimated fixed premiums it would have paid and what the aggregating deductible would have been; what this slide tells is that the County actually made money in those years, meaning the County saved the plan the money, because they knew what their experiences ended up being up until 2013; in 2013, everything had stabilized for them and had they paid the premium in that year they would have received $297,000 back; and at that time they were dealing with the Affordable Care Act (ACA) and another thing happened, there was no longer a $1 million cap on individuals, it became unlimited. He went on to say now that it is unlimited, the liability is without end on that; they started after that and netted the plan a total savings of $504,000; they continue with this stop watch coverage to this day; in order to remain fiducially responsible, the County was in a self-insured program and in 2014 it put out for 2015 and 2016, and they asked the carriers about the fully insured options, where the County eliminates any risk; in a fully insured program a couple of things happen, one the data no longer belongs to the County, which means the County has the ability to look at its history and all its data to know exactly what is happening within the plan but in a fully insured plan the County would pay a specific premium to the vendor and whatever the claims costs are, it is covered by that premium, so at the end of the day if it makes money, it makes money and if it loses money, the next year it is expected that the rates will go up because it is not going to lose money for multiple years, no one stays in business doing that; and what the County did in 2014, because it knows where it was in it's self-insured plan, they looked at fully insured plan options, and they came off in those two years because they lost $4 and $5 million. He stated the County made that up, but during that period they wanted to make sure they were doing the right thing, so they went out with fully insured options; based on the experience the plan had for that prior year, the numbers shown on this page are the numbers for the next two year period that the providers said for the County to go fully insured, this is what it will pay; the County anticipated paying $62 million in 2015 and $66 million in 2016, but when the plans came in Cigna told the County if it went with them with their full business it would cost $71 million a year, and the County did not think that was too good of a deal; Health First stated they would do it for $61 million but that is a narrow network as they do not have certain hospitals in the system and other providers, but almost $11 million lower in their fully insured plan than Cigna was; and the County was assuming its cost would be $129 million for that two-year period. He continued what happened when the County did this, they came in and gave them some aggressive plan designs with cost containment provisions that they said they would put into place that they thought would be beneficial and lower the plan costs, such as tier deductibles, in terms of what they would do with the pharmacy program, co-insurance, and making people pay a certain amount before they could access the HRA dollars either $250 for an individual and $500 for a family where the first dollars have to come out of pocket before HRA dollars were eligible to be used; the County took every one of those options they provided and the Employee Benefits Insurance Advisory Committee modified the plan the County had in place to adopt all of those recommendations; he believes Commissioner Barfield was involved in that and asked them to be innovative; those strategies were adopted in 2015 and 2016; the last two columns show the County ended up paying $48 million and $51 million for a total of $99 million instead of what was initially anticipated as $129 million, and even more so had the County gone to fully insured it would not matter what the plan cost, it would have paid $142 million or $131 million over that two year period; and that is part of what the County's story has been. He added everyone will see what has happened to the reserves over time, as he moves further along in the presentation; on slide 17 it shows in 2010 there was a $10 million shift, because at that point money was extraordinarily tight, when the County was cutting positions and did not have resources, from the employer costs to employees assuming it; they changed pharmacy co-payments which had an impact of $6 in reduced pharmacy costs to the plan; the County, in 2011-2015, renewed their RFP partnership with the school and received bids from a variety of providers, at that time the School Board chose a different path than the County followed; the County continued a competitive model with Health First and Cigna with the plans he stated earlier; and the County did make a change in 2014, where it went to a single pharmacy benefit manager through the RFP process, and chose Cigna who continues to be the County's provider today. He noted in 2016, the County asked for innovative solutions, and one of the solutions the County suggested was for the plans to show a true return of investment and true partnership where there is a shared risk; the County wanted the plan to tell them who could be in their network and the County would give them a narrower network, they would look at everyone in that network and agree to pay them the same amount of money it would cost the County for that group of people for last year, with medical inflation on top of that; at the end, when that number is calculated and the plan brings in a cost lower like they said they would do, then the County would give half that money and the plan would save half that money; however, if the plan costs are higher, then the cost is on the plan, and unfortunately when the County put that model out, it did not get any takers on that specific example, but they did continue to adopt strategies that have enabled them to build the plans resources to the degree it is now. He mentioned a couple things he thought were important; the County reinstated in 2014 the stop loss insurance, and they did get as part of that change, an on-site educator through Cigna without an additional cost because they waited until the end of the negotiation which they successfully had done on many occasions and knew what the final administrative cost was; in 2015, the County raised the active employees rates and retiree premiums by 30 percent, which was a significant increase at that time; they increased the PPO deductible to $600 for an individual and $1,200 for the family; they ended moving the retirees over 65 into fully insured products, so the Board eliminated the unfunded liability and subsidy that was previously being provided; and that was necessary because what has happened to the plan over time. He continued he had mentioned in plan year 2015, when the County did the fully insured model, one of the things suggested was the County have a $250 and $500 deductible on the front end of the then HRA, which was put in place; they put the 10 percent co-insurance on brand drugs and specialty co-pays went to $150 because they are expensive; the $100 deductible on the brand drugs, they were projecting to have a savings based on what they were told by Health First and Cigna, and that was anticipated to be $4.3 million and in fact for those benefits they had saved $5.1 million, which became a cost shift to employees when that occurred; the next slide gives a history from what happened in 1999 when they went into the Brevard Partnership Plan with the School Board to the present day; it shows in 1999, the County had a million dollars in reserve, and it was necessary in a self-insured plan to try to build that number up, because the State required significantly more dollars than that, and the County was able to do it; and over the course of the next nine to 10 years they raised it incrementally over time and they were able to raise it to $13.9 million. He went on to add in 2010, the County lost $602,000; this slide is a cash basis analysis and they have maintained this ever since 1999 with the cash in and cash out on a monthly basis; there are different ways to report health insurance and one of the important ways is on an incurred basis, for example knowing the cost is incurred but not paid yet because sometimes it takes a vendor three or four months for a vendor to verify it is a legitimate cost, paid consistent with the terms of their contract arrangements with the provider, and any discounts; 2010 was the first year the County had that significant hit and it was losing $602,000, it was also the year when it was losing revenues, had expenses cut, and that was the year that shifted $10 million in cost to the employees; the County went from a year of collecting $52 million in 2009 and collected $46 million in 2010; and the County continued to build those reserves through 2012. He explained in 2012 the County had a good year with $4.2 million more revenue than expenses; at that time it had $21.3 million in the balance forward; in 2013, they had some catastrophic claims and lost $4.8 million, meaning it had $4.8 million more in expenses than in revenue; and even worse, in 2014 it had an additional $5.6 million more expenses than reserves, and that was only three short years ago when the County went from $21.3 million to $10.8 million. He noted it was the Employee Benefits Insurance Advisory Committee that made dramatic additional changes to the plan and because of those changes and contributions by the employers who raised premiums 14 percent, the numbers turned around for them in a variety of ways; catastrophic claims were to the County's benefit, the additional resources with the employer contributions and the 30 percent increase employees and retirees made, all significantly impacted the plan so in 2015 it had $8 million more revenue than in expenses; and in 2016, the County had another $8.9 million which provided it with significant reserves. He stated in 2014, they were so worried about where things were going with that over $10 million loss, that they actually went to the Board, and the Board granted, moving $3 million they had in property casualty worker's compensation, into the health insurance program and it is still there today because the Board had made significant changes; other fiscal impacts that influence on where the County is today starts with 2014-2016 under the new pharmacy program when the County chose to receive rebates for certain drugs and those rebates equaled over $3.4 million which came back into the plan; he noted all the dollars he is talking about are tracked on a line by line basis with all the expenses, where the plan is with pharmacy, the consultant fees, reinsurance cost, monies coming back into the plan, and that is shared with every member of the Employee Benefits Insurance Advisory Committee so they know exactly what is happening over time, and whenever they meet they get an update of that plan; he stated in addition, the County participated under the Affordable Care Act; from 2006-2016 the County received, through the help of the Brevard consultant, retiree drug subsidy amounts of $4 million which was to help it with what it did with the pharmacy program, including the fact that the under 65 retirees were allowed to stay in the pharmacy plan and that gained the County $141,000; there were costs under the Affordable Care Act that the County was required to pay, and that is the negative $1 million from 2014-2016; those were basically employer taxes required for transitional reinsurance which really funded the subsidy program the federal government still had in place until recently; and the Patient Center Research, which the County still pay $14,000 a year, but during the 2014-2016 they paid the federal government over a million dollars because of the ACA, which was an additional cost to the plan; and most recently the County has adopted some additional strategies by adding a preferred urgent care network to all the plans which is favorable for the employees and the plan because of the rates they were able to negotiate. He mentioned an employee can go to urgent care instead of the emergency room and it only cost the employee $30 and the plan pays the rest, which is a very affordable rate, the rates are so good in fact that they are better than if the person went to their own private physician; the overall cost for the County and the employee is lower at the urgent care center which works very well for the employee, and their dependents who use that service as well as the County; and the County has dramatically reduced its emergency room costs. He went on to say when the County meets with its providers and the hospital systems and they share the information with the County, they help guide the County to a better solution which has only been in place for a limited time; over the last two years the County has implemented some wellness program requirements, that in order for people to receive incentives under the PPO or HMO, the County just wants to make the employees more aware; they only have to participate in biometric screening; there are some future things the County can do over time and they plan to look at making it a little more aggressive to help people get to a better place in terms of their own care; that would have a further impact on keeping costs and expenses reasonable within the program; the County discontinued Medicare eligible retirees to stay on the self-funded plan which is very similar to what other employers have done; and it is not something unique to the County, it was happening at lot of places. He noted that was done in 2016 and they actually brought a fourth to the Board, but the Board decided against it that time; it became effective in 2016; the County received some positive feedback from the people who actually saw the plans as meeting their needs and at a cost that was more affordable than it would have been had the County continued in the self-insured program; because of the things he has just described, in 2016 they were able to reduce the employer expenses by four percent which was about $1.9 million a year; the County has the potential for expanding the wellness based adherence program moving forward, they did take a year that they waited, but they are going to look at whether to become more aggressive; Cigna has given the County more options as they move forward; and that gets them to the point of where they are and what the future holds for them. He stated the next slide is a graft that shows in the green what the County's premiums have been over time compared to what the medical and pharmacy claims have been; it shows the County has been doing very well; the graft shows from January 2009 to July 2019; the green being medical and the black being pharmacy claims, shows that those are good years for the plan, it builds reserves; the years the County lost the $10 million shows on this chart where the green is significantly below the plan expenses; and in 2019, based on where the County currently is, it is going to hit that point where expenses are going to once again potentially exceed the revenue. He continued the good news for the County is the reserves it has built up in the last couple years does not make that as much as a catastrophic concern as it might otherwise have been; this shows where the plan costs and the employer contribution rate has gone over time; from 2001-2009, there was never a year where the County was at least not 5.7 percent higher every year meaning the employer contribution rates went up anywhere from 5.75 to 12 percent a year; in 2010, when the County hit the terrible time period, the County reduced the rates and it was at $907 per month per full-time eligible employee for the plan; that is what the employers were contributing; that number dropped by 13.61 percent in 2010 because of the cost shift and everything else he has described since then; and in 2011, that was raised by five percent and the County had two years of zero increases. He reiterated those were difficult years and the employer was not in the position to make any additional contributions; the plan changes that were made helped the County sustain the plan and get the County to where it needed to be; in 2013 and 2014 the County lost over $10 million even after it had made all those shifts in the expenses; in 2015, when it made all the significant changes, the County also had an employer increase of 14 percent; in 2016, they did as well, anticipating the County only had one good year, it raised another four percent; in 2017, the County then lowered by four percent, $1.9 million, and because of all the good information he has shared today, the County will be, as part of the tentative budget, further reducing the employer contribution rates by another eight percent; and he commented that is actually part of the funding that will be available and recommended to the

Board to cover half of the salary increases, if the Board chooses to give them. He commented projected revenues for 2017 are $45 million from the employer; employee premiums for themselves, an employee who only has coverage for themselves still contributes premium dollars, $1 million; for the dependents, whether it is a spouse, children, or a family they contribute $4.1 million; the employee surcharge equates to approximately $204,000; the retirees are contributing in terms of premiums, under 65 retirees because the over 65 retirees are in fully insured programs, $2.5 million; and these contributions combined provide $53 million of revenue this year. He continued next year's revenue is going to be reduced by approximately $3.6 million if the Board adopts the reduced premium rates as part of the budget that is being submitted, which would give the County about $49.8 million; when looking at the monthly expense chart he went over earlier, the County will be very close with revenues meeting expenses next year; another important thing to mention is from 2009 to present, the cost share between the employer and employee members who are participating in the plan, the employees were covering about 20 percent and employers were covering 80 percent; today it is closer to a 70/30 split; it is not all in the premium, a lot of plan costs are out of pocket expenses which do not travel through the employer, they are directly from employee to a physician, hospital or a provider; and how those cost are allocated, inpatient hospital care is about 20 percent of the overall cost at $9 million, outpatient hospital care is another 20 percent, a little less than $18 million goes towards hospitals, primary care physicians are $1.7 million and four percent, a specialty is significantly more than that at 17 percent or over $7 million, and pharmacy is 18 percent or $8 million and it is a great number in terms of where the County is because two or three years ago the County was at $11 million, therefore, the changes that occurred between copayments have gotten the County to a very affordable number, relative to what the rest of the plan costs are, and the County is lower than 20 percent. He went on to say there is a balancing there, but the County's medical trend for 12 months shows 14 percent which is pretty high although the County is doing very well in the plan; the reason is because pharmacy is only 20 percent of the cost, the County is down 25 percent and that is why the overall medical trend shows a seven percent range in the last 12 month period; and administration expenses under the ACA, a vendor comes in and they are able to charge up to 15 percent, so if the County was a business, it could charge 15 percent administration cost.

Jerry Visco, Human Resources Director, stated it is a total cost of operating the plan; the ACA rules the commercial sector, saying basically commercial carriers can spend 15 cents of every dollar collected on administration and profit; 85 cents has to go to the claim; in the County's case it spends seven cents on every dollar in administration and 93 cents goes to claims; and that is very significant.

Mr. Abbate stated the County is doing well in that regard; to go back to the fully insured, it shows what they wanted to charge the County for administrative costs, because they had to give that number to him back in 2015 for fully insured; needless to say he thinks the County is doing rather well in that regard; the next area he is going to talk about is medical claims and comparison; he spoke about catastrophic claims and when there are changes to premiums, it has a significant impact on people; insurance is about sharing risks and who needs the care; these are the actual numbers for 2016, 55 percent of the employees have less than $500 in claims per year, 500 people have no claims per year, when it comes to higher threshold claims, the dollars really build up, the County probably ends up with six or seven percent of participants who are responsible for almost $20 million of the $30 million, that is what health insurance is about. He went on to say what happens is the cost goes up because there is significant catastrophic claims especially when there is unlimited potential liability; therefore, it is something the County has to be ready for. He noted the County's plan is ready to handle those types of situations; he thinks that is an important number; some other things that will be important moving forward is where services are provided makes a big difference; if someone has outpatient surgery in a hospital the average allowance is $7,400, while if at a free standing clinic, not hospital related that is only $2,600; the very important one is urgent care and emergency care; the average allowance was $2,400 and any one person the County can keep from the emergency room and send to urgent care, it costs the County $119, $30 from the employee and the employer pays the rest; and in another slide he is going to show how what happened last year has shifted emergency room care rather significantly in one year. He mentioned for CTs or MRIs in a hospital setting the average allowance is $1,274, if it is a free standing facility it is $459; and the same kind of numbers are there for radiology care. He added the difference between generic and brand name drugs is almost ten times the number; it is $41 for generic and $406 for the brand.

Mr. Visco stated what is also important here is this is not a national survey or regional numbers, these are the County's actual numbers, coming right out of the County's self-insured actual experience in Brevard County; and that is very significant.

Mr. Abbate pointed out the only reason the County has those numbers or can get those numbers specifically is because the County is self-insured; if the County was fully insured, it does not get that information because that is something that is certain of that information and those cost are proprietary to the vendor because it is their book of business, so they are not as open to sharing that information to the degree that the County has access to it as a self-insured plan. He stated GASB 45 is a post-employment benefit under the governmental Accounting Standards; since 2004, the County is required to account for that and the accruals for this Other Post-Employment Benefits (OPEB) liability for health insurance benefits as well as life and disability has to be reported on the financial statements; once again the County is not required or mandated to fund it, but it is an unfunded liability; when this first came out, many employers starting looking and asking if they should or could fund it; there was even talk whether the County could get there because they did not think they were in a position to do it at that time, so they did not head in that direction in 2004; what the County did do was reduce the liability as much as it could; the County is only required to disclose the information, and not necessarily required to fund it; and the next slide shows what has happened with the GASB 45 evaluation. He explained every two years, it is required under GASB to get an actuary analysis of what the unfunded liability is; the County's unfunded liability is dependent upon each employer, who has their own; if an employer chooses to leave, they must take their unfunded liability with them; the County gets it done every two years and it knows what the plans aggregate liability is and they also know what the individual employers liability is, and what the Charter Officers' liability is, if they chose to leave; and as long as they are in the plan, it is the plan's liability. He mentioned back in 2008, the aggregate unfunded liability was $141 million; to go back through the PowerPoint to view all the changes the County has made, which has had a very significant impact on retirees over and under 65 but it reduced the liability and it really was the only way the County could continue to fund the program over time; the County and the Board have tried to do the best they can by the retirees especially with some of the fully insured plans it has in place now; but it has reduced the liability rather significantly by the various steps that it has taken; and in 2016, that is when fully insured related Medicare products for over 65 are offered and it is obvious a lot of people have moved into those products because they no longer had the self-insured plan.

Mr. Visco explained the ARC is the Admiral Required Contribution and the actuary says that is the investment the County would have to make every year for several years going forward to fund the actuarially accrued liability, the unfunded liability; at $141 million, liability would require $12 million in investment every year for 20 or 30 years before the County could fully fund that liability; and that is what those two numbers are. He went on to say ARC is what the County needs to fund on an annual basis; the Actuarial Accrued Liability (AAL) is the County's total exposure.

Mr. Abbate stated the reason he did not focus on that is because today, when he gives the Board the reserve numbers the County has, it is all funded; those dollars are in the reserves, so the County does not actually have to do that; they do not need to stay there over time; he will discuss the County's options moving forward; and quite honestly that is why there is a reduction this year of eight percent, because they are trying to get it to a balanced revenue and expenses, since the County has had a couple very good years. He noted the County has quarterly meetings with Health First and Cigna and they go over in detail all the different areas; that information has been shared with Employee Benefits Insurance Advisory Committee, so they can tell the story and so the County can move forward in time and take the additional steps to provide quality service in the most cost effective manner because they understand resources in the future are going to be very limited, they are not done, they will have to do more over time; and they want to make sure they can communicate effectively so the people involved in the decision making will have all the information to help them make the best decisions so the plan performs, provides the best value, and members are participating in a way that keeps the plan costs as reasonable as they can moving forward. He continued to say the County is sharing a variety of things including summaries, and what the influences are that are out there; for example, they shared that the spousal costs are 54 percent higher than cost of subscribers; dependent costs are 46 percent lower and that makes sense because dependent costs are children and typically on average they will have less costs; outpatient surgery has decreased by 17 percent but the average cost of outpatient surgery has increased 40 percent, so how much it is utilized has gone down; however, the costs have gone up.

Chairman Smith inquired if there was a reason that Mr. Abbate could point to, on why that is.

Mr. Abbate responded there are a variety of reasons; they are looking to see where it is among providers, because they will be looking at networks within networks; he is looking to see if a person is willing to steer more towards a lower cost provider if some additional benefits could come from that; it saves the plan money and the best example is the urgent care; the County's medical costs have decreased in the last year by $6.63 per member per month, which means the County did very well; he added one reason they did so well, the employer rates went up, there were cost shifts, but utilization and related costs went down, and the County's medical trend, while the National trend was still six to eight percent, this County's has been negative meaning it is actually doing better; they were less than zero and it was a lower cost; and pharmacy was, has been, and will continue to be a big part of that.

Chairman Smith inquired if the numbers are going in that direction because the County is lucky or because the employees are getting younger.

Mr. Abbate stated there are a variety of factors, there is no easy one solution to what that is; some are catastrophic claims, some of the changes the County has made have significantly influenced that, and there is no doubt when the County went to fully-insured plans for the retirees over 65, that there was a significant reduction in pharmacy costs on a per member, per month basis; and he stated graphics definitely plays a roll.

Mr. Visco stated only time will tell if they are seeing this trend because people are avoiding care or because they have really changed their behavior and are now making better choices; they would love to say it is the latter of the two, but they will not know that for certain until they get some consistency in their trend over time.

Chairman Smith commented that is what is really interesting about the data that the County keeps because they can get answers.

Mr. Abbate continued emergency room utilization has decreased 10 percent and urgent care utilization has increased 116 percent; that is very good information for the County because it is the first example of the kind of steerage that the County needs to see in other areas because the difference between emergency room visits and urgent care visits is very substantial, and a lot more than 10 times the difference; even though the County went up 10 times in urgent care, there was a savings; the number of inpatient admissions has decreased, and the average cost of admissions to the hospital has increased 20 percent and that is good too, because it shows less people are going in but when they go in they need to be there for the care; and he reiterated pharmacy cost has decreased by $13.63 per member, per month which is very dramatic; and he would be surprised to see those kinds of numbers in the next couple of years. He went on to say it is going to go up especially with the specialty care medications with more and more coming on the market and they are at a very high cost for specialized areas of care; the County is in a position as all plans are, they are going to have to provide that; and the shift from brand name drugs to generic is at a fill rate of 84 percent, which could help explain the differential between brands in drugs. He noted the County has already put into place a variety of things that enable the County to encourage people to maximize the use of generic when they are reasonably available; the future of health care and where the County is going to go is they will be looking more and more at networking within networks, i.e. how to help people make choices that are good for them in terms of quality, but also more affordable; ambulatory surgery centers off-site rather than in hospital settings, sometimes hospitals are looking to make sure they restructure because they do not know what is going to happen with medical care and they want to stay competitive; they know these places are out there; and they begin to reduce their rates. He mentioned the County is then in a position to have its providers directly with them; Insurance contracts with more affordable costs so they can be kept in that type of setting; smart phone applications will be looked at more and more especially for younger population, but older populations still use smart phones more and more and to the degree the County can help give them quick, easy, and accessible information to help them make better decisions; the County also has the opportunity to expand adherence wellness not only with participating employee members, but to their spouses and potentially to their dependents; and more employees are looking to do that. He stated if it is done just on biometrics screenings, but it is required to do that, then all it really does is help them have better information to possibly make better decisions; the next slide shares the expenses in 2016, what is projected for 2017, and what the County anticipates them to be in 2018; the expenses for 2016 combined was $51.3 million; the projection for this year is $50.7 million; and it is anticipated to be $54.2 million in 2018 based on the County's own medical trend. He pointed out a couple years earlier the County actually had a negative medical trend; the County annual plan revenue over expenses, projections for 2018 were done by the actuary before they made any recommendations to the Board, because they were done several months ago about where the premiums would be for next year so they have to be adjusted as shown on the bottom of the slide by 3.6 million which would be less revenue coming in if the County were to reduce the employer premiums by the eight percent rate; the bottom line is the County was anticipating annual plan revenue to exceed expenses if it was kept where it was by $1.2 million, the County was still favorable even with the medical trend; and the State requires approximately $11.7 million in the IBNR reserves. He went on to state the GASB 45 is anticipated to be $21.2 million; the County anticipates having $36.9 million in the reserves at that period; the County is potentially using over the next three years $2.25 million on road projects, but it will be paid back to the fund at the end of the three-year period; the numbers will go down by that small amount, but if in fact the County gets the $3.6 million, the ending balance reserve will go down by $3.6 million because the County will not have the same amount of revenue when it is reduced by the eight percent; and the plan will still be very healthy if the County keeps things as they are. He added he wanted the Board to know where the County is at, how it has changed over time, and how it got to where it is today; and he hopes what the Board has seen is the County has not been stagnant and has actually changed significantly over the last 16 years. He commented the Employee Benefits Insurance Advisory Committee and the Board have taken rather aggressive actions over time to make sure the County has a plan that puts it in a position like the one it is in today; it is a good problem to have being fully reserved and fully funded moving forward; it has not been easy; it has been a burden not just to the Board but also to plan participants in terms of them paying; he believes it is a good plan; and he thinks the participants should be thankful for what the Board has done over time and where the County is today in terms of that as a benefit. He added in the public sector benefits have always been an important part of why employees sometimes come to the organization; this Board has always been rather sensitive to employees and where they are; and the last page is how funding is provided. He explained annual funding for next year is projected to be $42 million and that is what he is recommending; there have been some discussions on whether it should be on those who only participate in the plan or for all the full time eligible employees; from a plan funding perspective, when it is a self-insured plan, the County needs to look at what its expenses are, and what the revenues coming in are; when a plan needs $42 million and employees, dependents, and retirees are paying a certain amount of dollars, the County knows, based on the expensive and what it needs the reserves to be, how much money to charge; and whether that is charged across the Board for all budgeted positions or for all fulltime eligible positions that exist, it is the same $42 million at the end of the day. He mentioned the County chooses to include the waiver people, so it takes the waiver people plus the enrolled plan people and divides that into the total annual funding that is needed, that is how to determine the employer amount; what that does for the County is to create less administrative hassle because if there is a small agency, like a Commission Office and there is only four or five people in it, then when creating the budget for that office, they know if they are funding for all the fulltime eligible people, that office is fully funded when someone comes in or leaves the organization; if it were done by only those who choose to participate in the plan, then it would be 10 percent less, in this example, than with the waiver people, but still charging the $42 million, so instead of $10,000 a year, it would be charging those who participate $11,000 a year; he explained how that hurts the smaller offices, is as soon one or two decide not to participate in the plan, the office is paying three times $11,000 and when one of those two leave and someone else comes in, the money is no longer in the budget; and that is why the County has chosen for the past 28 years to fund the plan this way. He stated the Clerk spoke about that issue, and he felt it was important to share with the Board why the County pays for the plan with all fulltime eligible employees and not just those who participate; there is no hidden formula or magic; it is not about whether it is done for the people who are waiving the insurance or the fulltime eligible people; the important number is the annual funding target divided by the number of eligible employees; and he is hopeful that the Board will want to continue to do moving forward.

Mr. Visco added they have talked a lot about the available data with a self-insured plan, and for those people listening in, so they understand, that data is all DI identified data in keeping with HIPPA and privacy laws, the County does not know what individual is being treated for what purposes; they do not have any specific information on the health care that individuals receive; they receive DI identified aggregated data which helps manage the plan; and he just wants the employees to be comfortable, it is none of the County's business and privacy laws prevent that from becoming an issue.

Mr. Abbate stated what the County know is the number of treatments, what the cost is, and at what facilities.

Commissioner Tobia inquired on the waive medical if it is roughly proportional, so if there is five County Commission Offices, and four of them had four votes that received the benefits, and one who had a waiver it would be disproportional, but is the 439 spread evenly across those constitutional officers.

Mr. Abbate replied it is very close, and surprisingly so. He stated obviously the smaller it is, the more potential for differential because one or two people will make a difference.

Commissioner Barfield talked about the health plan trend, once the claims and premiums in 2019, theoretically the County would still have a reserve accumulating up to that point, but after that he would assume the claims would continue to go further up versus the premiums; and he inquired if, at that point, the County would adjust or not.

Mr. Abbate noted the County has the ability because of where the reserves are today; the Board could take a more moderate position than it would otherwise be required to do in terms of what the medical trend is and the projected trends, because today there are healthy reserves; and if the County projected the medical trend to be eight percent, the County could get away with doing four percent because of the amount of reserves it has built up now.

Commissioner Barfield commented last year the County had the biometric data that was done and it would be interesting to see what the differences are.

Mr. Visco stated he is looking for that too, this will be the second year of data and they can see if there has been any movement or trend; it was interesting to see where the information took them as they were expecting to see certain things in the community, however they did not see it, they saw different things; and that is helping them direct their initiatives as they move forward. He added it is going to take a while because they like to string a couple years together before they come back and say they have a definitive trend or analysis they can hang their hats on.

Mr. Abbate mentioned depending on what happens with the budget, the Clerk's Office will be sticking with the County plan in the upcoming year.

Chairman Smith asked the Clerk of Courts if he had any thoughts he was willing to share.

Scott Ellis, Clerk of Courts, stated if the eight percent holds, what they had come in was 12 percent, but for $100,000 savings it is not worth making a change out of $3 million; for the Clerk's office it would be $300,000 if the County does not make a change; it would be different if the County does not make a reduction; and the point is, on the waivers, is by accurately billing, the County gets a better indication of true costs. He noted someone cannot pull up to a restaurant with their family and get billed for five people no matter how many people are in the car; therefore, the County gets a better cost accounting if it were only to bill for people who take the plan.

Chairman Smith commented that makes sense.

Mr. Ellis stated it is his understanding with the eight percent, if the County sticks with that, the Clerk's office will stay with the plan. He stated the other topic that has not been discussed today, and the Board does not have to make a decision today but it may want to think about it, is the end of year surplus and what the Board intends to do with it; at the end of this fiscal year the Board would have a surplus in the insurance fund, and it can choose to leave that as a carry forward reserve, or allocate it back where it came from; if the carry forward is going to be $4 million, that could be broken out between the General Fund and the enterprise funds, and certain constitutional officers, the Clerk would be one and Melbourne-Tillman would be another; and that is money that would be available if the Board chose to use it. He noted it is just a thought when it comes to the end of the fiscal year; his plan is to request that money be redistributed back to where it came from at the end of the year; however that would be the Board's decision.

Chairman Smith inquired if Mr. Ellis was talking about the $21.8 million.

Mr. Ellis responded that is a bogus number, it is just a plug number and does not really mean anything; The GASB thing is just a number that hangs out there and does not really mean anything; at the end of this year the County will run a surplus, have revenue, will exceed expenditures for this fiscal year in the insurance fund, and at the end of the year, the Board can either take that money and use it for a carry forward into the reserves for next year or it can be redistributed back to where it came from; and a certain percentage would be General funds, a certain percentage to enterprise fund, and certain percentages to Clerk and Melbourne-Tillman. He inquired if Mr. Abbate projected it to be $4 million.

Mr. Abbate replied affirmatively.

Mr. Visco commented the actuary gave them a projected $4.4 million projected for 2017.

Mr. Ellis stated the $4.4 million could be broken out to other funds if the Board chooses to do that. He reiterated the Clerk will request it; however, it is still a Board decision what to do with that.

Chairman Smith stated he would be amendable to that, but he would want full discussion amongst the need to know and the Board.

Mr. Ellis stated it is not today's decision anyway; this is an October type decision, after the Fiscal Year ends.

Chairman Smith commented it gives the Board something to think about.

Mr. Ellis noted anything bad could happen some disastrous diseases could show up between now and then.

Mr. Visco stated there is five months left in the plan year for things to go south.

Mr. Ellis responded it is sad, but everybody has worked with someone who an employee who has cancer or a spouse has cancer, an expense that will throw the numbers out of kilt real fast.

Mr. Abbate commented alternatively it also helps reduce the next year's premium increase by that amount too, because the medical trend ends up being above the good trend the County has had for the past several years; and that can be hedged a little by using some of those resources.

Mr. Ellis added the Board will know that in six months; it is not a decision to make until after the Fiscal Year ends.

Commissioner Tobia asked what percent falls into the General Fund; he understands some has to go to enterprise and some to the constitutional offices.

Mr. Abbate stated it is close to half.

Mr. Visco stated half goes to the Board and half goes to the participating entities; of the half that goes to the Board, then there is a General Fund split from there.

Mr. Abbate the County has a variety of dollars.

Commissioner Tobia stated that does not end up in the General Fund.

Mr. Ellis stated it does end in the General Fund, because some of them are General Funded agencies, so come October the County does not hand it back to General Funded agencies, it is the non-General Funded agencies. He commented it is really important to remember that.

Mr. Abbate inquired if the Board wanted to make a motion to add a member of the Citizen Budget Review Committee to the Employee Benefits Insurance Advisory Committee.

Chairman Smith stated to the Board to think about the pros and cons of adding someone; he personally does not see a problem or con to it; and the advantage would be there would be someone from the Citizen Budget Review Committee added as another set of eyes.

Commissioner Tobia mentioned he thinks Mr. Fusscus is one of his appointees; and he inquired who Doug Baker was appointed by.

Commissioner Pritchett responded he is a CPA.

Commissioner Tobia inquired if he was Commissioner Pritchett's appointee.

Commissioner Pritchett responded she believes so; he is a real smart fellow.

The Board appointed Doug Baker, representative from the Citizen Budget Review Committee, to the Employee Benefit Insurance Advisory Committee; and appointed Peter Fusscus as the Alternate.

Chairman Smith expressed his appreciation to Jerry Visco, Human Resources Director, and Frank Abbate, Interim County Manager, for their vision, hard work, and perseverance to get the County where it is at.

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	Rita Pritchett, Vice Chairwoman/Commissioner District 1
SECONDER:	John Tobia, Commissioner District 3
AYES:	Rita Pritchett, Jim Barfield, John Tobia, Curt Smith
ABSENT:	Kristine Isnardi

ITEM II., BOARD DISCUSSION

Frank Abbate, Interim County Manager, stated he received an email and has distributed it in dealing with the Parks and Recreation and Integrity Golf terminating their lease agreements and advising that their last day of operations would be July 30th; he also distributed a copy of Integrity Golf's termination letter that was dated yesterday July 12th; this morning he had the opportunity to meet with Venetta Valdengo, Assistant County Manager, Parks and Recreation staff, Mary Ellen Donner, Parks and Recreation Director, Scott Knox, County Attorney, and other staff members to address the information and the situation; and the County Attorney confirmed very early in the meeting, that Integrity Golf is in breach of their agreement for a variety of reasons. He added additionally, Integrity Golf's CEO advised Parks and Recreation late yesterday afternoon, that he would be filing both for business and personal bankruptcy; in an effort to address this situation the best he can, he would like to get the Board's authorization to proceed immediately with beginning negotiations and enter into a temporary management agreement with either Cypress Golf Management, who has been maintaining and operating the County's golf courses for the last 30 to 45 days, and that was only brought to his attention in the last 24 hours; the County needs to conduct some due diligence in that regard to make sure they would be the right provider; and because of that, he would also want the opportunity to review and negotiate simultaneously with International Golf Management. He went on to say they did do the golf maintenance of our golf courses for the last 20 years that the county operated them; this would be an emergency, temporary arrangement, and it is not expected to exceed a six month period; and he believes he has from the County Attorney's office, or should have, a copy of a draft management agreement that the County utilizes.

Attorney Knox stated he is working on a management agreement which tracks the one that the County has with the company that was currently doing the Valkaria Airport; they have a management group down there, it is the same company, but they are obviously qualified too; the only difference would be that under that agreement they are paying the County, as opposed to the County paying them. So, we will have to delete those provisions in order to get these folks to manage it for the County.

Mr. Abbate commented the other aspects are to request authorization to issue an RFP to seek a long-term solution, whether that is a lease solution, a management solution, they would like to keep that as broad as reasonably possible to give the Board the opportunity to look at what options might be available; but obviously they need to be acting on that; and the final request would be permission from the Board to transfer approximately $705,000 that is currently held in reserves in fund 4311, that is a golf reserve fund, but place it in the operating line item to be able to pay for management services, the equipment leases that would be needed for the carts, and other equipment, and other related expenses during this period of time so they can continue to operate the three golf courses until the RFP can be done and a new firm can be brought in after the board reviews and approves a selection through that process. He added Attorney Knox, Vanetta Valdengo, Mary Ellen Donner, himself, and other staff are available to answer any questions the Board may have in this regard.

Chairman Smith asked if Integrity Golf notified them that their intent is to declare bankruptcy.

Attorney Knox commented they have notified Mr. Abbate.

Chairman Smith inquired if that precludes the County from having any opportunity to attempt recourse.

Attorney Knox stated the intent is to stop the County from taking any recourse, but as soon as the County seeks recourse, if he does go forward with the bankruptcy, there will be a stay placed on whatever action the County files; they will then have to file a claim in bankruptcy court; and if the bankruptcy court lets the County litigate it, they will let the County litigate it, if not, they will not, and they will get the County some percentage of what it is looking for.

Chairman Smith commented that is what he wanted to know.

Commissioner Barfield commented he has a serious problem with this; the County went into contract with this company; the County had Workshops and in May it was discussed how the golf courses were doing with the new company; and he was told it was doing very well. He continued now all of the sudden, the County receives this notification, and he inquired if the County has contact with its contractor to know if they are performing or not; and he would like to know why this has happened. He stated the County has a two week notice and that is unacceptable to him.

Mr. Abbate commented he thinks Parks and Recreation would say they were directly lied to.

Ms. Valdengo stated in Operations, they receive quarterly reports, they meet with them, they do site inspections, and every indication up until May was good; and the County Attorney's Office, Matt Soss, Ms. Donner, and she had a phone conference with them over a month ago, where they had indicated they might be entering a merger with Cypress.

Commissioner Barfield pointed out the County should be receiving some sort of input on how many rounds of golf have been played and all these other things.

Ms. Valdengo replied they have received all of that.

Commissioner Barfield inquired if it is going up; and what the revenue is coming in, the County should know all of that.

Ms. Valdengo responded they have all of that; this was as much of a surprise; they got a little curious over the last three weeks when they had asked for information and the responses were sort of ambiguous; however, up until three weeks ago they had given no indication. She reiterated they provided the quarterly reports, they invested capital dollars into all three courses as required by the RFP, and they reported rounds, they did everything.

Commissioner Barfield responded obviously the County does not have enough requirements in reporting and documentation to support what they are doing, otherwise, it should be financial, it should be any of this because it is a big risk for the County; and he thinks that needs to be looked at to ensure the County has exactly what they need to be reporting. He continued if it has to be an independent CPA, he does not care; the County needs to learn from this; and to not let this happen again.

Ms. Valdengo stated the County operated the courses as a loss; part of this is to learn what is the best way to contract for these services; they were running Savannahs at a loss, which was the County's loss leader; Habitat was a breakeven; and Spessard about the same, where the County normally did well; they invested a lot of capital dollars, therefore the first year the County thought was going to be at a loss for them; and the County thought they had the corporate capability to withstand the first year loss because there was no way they could recover the capital investment, the equipment lease, and then break even.

Commissioner Barfield stated another thing, if this is the situation then maybe the County could put up a performance bond or something; and it would probably save the County a lot of hassle if they did something like that.

Chairman Smith commented that is a good idea.

Commissioner Barfield went on to the say the other thing is he knows there were two companies that came down, they were very close, but he does not remember who the other company was; and he inquired if it would be beneficial to talk to them, as well.

Ms. Valdengo recalled that company wanted the County to put $600,000 forward and the expansion into operation was somewhat new for them; she thinks if the County looks at IBM who managed the County's courses from a maintenance perspective for 20 years, they have a very good understanding of the courses and how to maintain them; however they just have not done the operating component.

Commissioner Barfield stated it might be worth talking to them anyway.

Ms. Valdengo stated they certain can talk to them.

Chairman Smith stated he is astounded because his appointee to the Advisory Board was in his office on Monday or Tuesday of this week, saying how well everything is going out there.

Ms. Valdengo stated they had minimal complaints; the initial transition, maybe the first 60 days, they had a few people who she thinks were just concerned with the County not operating it, and there were a lot of volunteers who were not participating any longer; from then on they received all positive comments on tournaments, etc., everything looked great until three weeks ago; and that was the first indication because they were either not receiving responses or receiving mixed messages.

Mr. Abbate stated although they did mention a short time frame ago they were looking to divest some of their golf courses; and Ms. Valdengo was specifically told they wanted to stay with the County; that is the part he is talking about with the misinformation from where they are today and what they were specifically told.

Ms. Donner stated she had a meeting with Matt Soss about a month ago and she specifically asked because they were divesting themselves of golf courses that were less profitable; they stated they wanted to continue their relationship with Brevard County; and additionally, up until Tuesday of last week they had been responsive. She mentioned there was a brush pile behind a lady's house and they took care of it on Tuesday of this week, there was some dredging that has to be done in one of the lakes, and that was being taken care of on Tuesday as well; so there was no indication, other than rumors and innuendos.

Chairman Smith stated the County knows where they are now.

Commissioner Barfield stated these are all separate LLCs; and he inquired if the bankruptcies were just at the LLC levels.

Attorney Knox commented he would not know until they file, however he thinks it is at the personal level as well because that was what was in the letter.

Ms. Donner noted that bankruptcy comment was made in a conversation at 5:00 p.m. yesterday afternoon; she has no written verification that is what it will be, but that was his comment to her personally and professionally.

Commissioner Tobia asked Mr. Abbate for a little information on the $704,000 surplus; how it got there; and whether or not it has been constant. He added he did not know the County had a golf reserve in all honesty.

Mr. Abbate stated he could have Larry Wojciechowski, Recreation Support Services Manager, come up; it was a little over $705,000; it is in that reserve item; and it came from a variety of sources.

Mr. Wojciechowski stated it is coming from when the County was operating the courses; they had a balance forward from years ago that was actually in the million plus; every year they kept eating into it and it was determined that eventually that was going to be insufficient to keep operating the courses; and that is why they had come to the Board at that time to asked for an RFP and go to a management or to a lease. He continued this money is still sitting there because at the time, they were anticipating having to pay to receive inventor, and having to pay Integrity for the gift cards that were redeemed back at the golf courses.

Commissioner Tobia asked if that is the full amount in reserves.

Mr. Wojciechowski replied affirmatively.

Commissioner Tobia inquired how the million plus dollars got there; if the golf courses were ever profitable; or if it was seeded by the County.

Mr. Wojciechowski stated it was actually General Fund that was being received up until 2010; he is not sure about the year, but it was phasing out.

Commissioner Tobia asked how long he anticipates $705,000 would last, all six months or not.

Mr. Wojciechowski replied they are hoping it will. He mentioned they are talking about a certain fee for the management and then they will have to figure out what it cost for the leasing of carts and other equipment needed.

Commissioner Tobia inquired if it is about $100,000 and $110,000 a month.

Mr. Abbate stated when the County was leasing the carts there were approximately 212 of them and it cost $17,000 a month; on top of that there is a management fee that could be in the area of $10,000 or so; that was discussed this morning as part of the monthly cost; and then there is the equipment to do the mowing, etc., which would be another part of the equation when they go to look at those management companies, to make sure that is all part of the expenses. He noted they will get the one that is most cost effective, and the best opportunity to try to keep the service level at the highest level they can with the circumstances they are facing.

Ms. Valdengo shared the County pays $84,000 per year to Valkaria airport; that is FAA earned land.

Ms. Donner reported there are other ancillary expenses such as the operating golf system with the computer reservations, Golf Now; there are other ancillary things that they are trying to figure out, with all the other associated expenses.

Commissioner Pritchett stated she was not able to pay a lot of attention when they went through that process a while ago; she may be a little ignorant on it because she has not been able to study the information; the last time she asked about the golf courses, she knew they had managed to quit losing money; and her general prospective of golf courses is they are money pits. She inquired if there was any way the County could get out of the golf course business; can it go back on the tax rolls; and she reiterated she does not know why County government is in the golf business. She commented she would like to get it back on the tax rolls and sold it for a dollar; someone might be able to make some revenues and paying some business taxes.

Chairman Smith stated he had made the comment two years ago, if the County sold it for a dollar, it would be making money.

Commissioner Tobia stated Grant-Valkaria, which is in District 3, is federal; there are a whole bunch of ties; he inquired how else it can be done within the guidelines; he stated he talked to a gentleman and it is potentially developable land if there is a component of aircraft; he had an idea that was very interesting; he built these homes and instead of a garage for a garage build one for an airplane; and a lot of people like doing that because they can roll their plane right out to the airport; and the gentleman thought that could potentially meet the guidelines. He went on to say maybe if the Board started thinking outside the box, the County could get there; he does not necessarily disagree, but there are some tough times on many of these golf courses, which he is sure Mr. Abbate's office will brief them on, so the Board is on the same page with everyone as they move forward.

Attorney Knox pointed out the Savannahs has a reverter clause that goes back to a defunct corporation, so he is trying to figure out what to do with that.

Chairman Smith reiterated the County knows where it is with this; and the Board needs to lean on the others to give them some direction on where to go from here, today, tomorrow, and in the future.

Ms. Valdengo stated she is supporting Mr. Abbate's suggestion on an interim basis, for the County.

Commissioner Barfield brought up he thinks the County still has debt on the Savannahs.

Mr. Abbate noted the debt that currently exists was a General Fund payment by a loan to the Solid Waste Department, so it is not through that any longer; and that is being handled through the General Fund, and there are two or three years left; therefore, that part is not impacted by this.

Ms. Valdengo suggested to Mr. Abbate to send the 2015 PowerPoint which summarized where the County was before they went back out because it provides a lot of history about ownership, deed restrictions, and such.

Chairman Smith commented that is a good idea.

Commissioner Tobia inquired how long the management was the County's process.

Mr. Abbate stated they are very hopeful they can get it done, that is why they want to act quickly because the high season starts in January and the County wants to be done with this, and get the management company on board so they can collect the revenues when it is at its highest; and that is why, this happened this morning, they brought to the Board this afternoon. He continued July 30th is the last day they perform, so the County wants to start talking immediately with what they can do on an emergency interim basis so the County can continue providing an adequate level of service for the people who are enjoying the golf courses, currently.

Chairman Smith stated they need to come back to the Board as soon as possible.

Mr. Abbate stated he is doing that now; he can repeat his request if the Board wants.

Chairman Smith asked him to repeat it.

Mr. Abbate stated request one is for the Board to direct staff to immediately begin negotiations and entering into a temporary management agreement with either Cypress Management, Cypress Gold Management, who have been maintaining and operating the courses for the last 30 to 45 days; the County would of course do their due diligence before entering into an agreement; he also asked International Golf Management as a simultaneous option so the County can explore both; they did the maintenance for that last 20 years and they also have a management component to that company so he believes those are two good ones to explore simultaneously; and then obviously, as the County Attorney has indicated, because of the potential of the bankruptcy and how that could stay proceedings, he wants to move as expeditiously as reasonably possible to get this done before there is a stay that puts the County in a position that might be more difficult for the County to move forward on.

Attorney Knox stated if it gets into bankruptcy, then the County has to go through bankruptcy court to get things resolved, and that takes time; if the County could do this now, and receive authority to sign the Management Agreements for six month, then it will be good.

Mr. Abbate commented they will do that for a period not to exceed six months, if that would be in the Board's interest; and they can bring an RFP back to the Board so it can look at it for it is sent out because the Board may want to look at different options depending on what is going on with each course.

The Board directed staff to immediately begin negotiations and enter into a temporary management agreement simultaneously with either Cypress Golf Management or International Golf Management, not to exceed a six-month period; approved authorization to issue an RFP, upon approval by the Board, to seek a long-term solution; granted permission to transfer approximately $705,000 that is currently in Reserves in Fund 4311, a Golf Reserve Fund, in that same fund, but to place it in the operating line item to be able to pay for management services; and authorized the Chairman to execute the agreement.

RESULT:	**ADOPTED [UNANIMOUS]**
MOVER:	Jim Barfield, Commissioner District 2
SECONDER:	Rita Pritchett, Vice Chairwoman/Commissioner District 1
AYES:	Rita Pritchett, Jim Barfield, John Tobia, Curt Smith
ABSENT:	Kristine Isnardi

ITEM III., PUBLIC COMMENTS

Pam LaSalle stated she was initially going to comment on the health insurance presentation; she thinks this is the best agenda packet she has ever seen and she appreciates that; she hopes as a County, the Board honors its commitment to the employees; she understands that a way to retain employees is through the health plan; and she has a lot to say about the golf course. She continued she was in the audience the day it was decided by the Board to put out to contract this service; she agrees with Commissioner Pritchett that the County should not be in the Golf Course business if at all possible; she was not going to say anything, she was fairly neutral on the issue while observing it when it went to contract, until she kept hearing the people in the audience; and she recommended to the Board and the County Management to speak with the people who commented that day to get direction which way to go. She went on to say she does not see, philosophically, how adding a middle man gives the taxpayer any more value and that is what happens when it goes out to contract; she commented the Board either foregoes a missed opportunity in savings to that person and give it some one else or give it to an undeserving entity and not the taxpayers who are funding it; however, what astounded her that day, and what is so overwhelming in her mind right now, is she sat there that day and they were having the same complaints that the volunteers were having about the animal shelter; she was very involved with the animal shelter at that time and her assessment was it was intentionally mismanaged right down to the sign; and that was the point she decided to comment. She stated the County had golf volunteers complaining because they would not put a sign up letting people know there was a golf course; she had the same situation with the shelter; she is not a big fan of privatizing or contracting because there is too much room, especially without independent oversight because the public does not know about the arrangements that are hidden and what could be harmful to taxpayers; and she reiterated she would recommend the Board contact, at the very least, people on the Agenda that day who were volunteers and participating because she bets they have stayed somewhat involved; and she heard it said that some of the volunteers have dropped off after the initial complaining. She added she is not that active in the animal shelter right now and a lot of that had to do with the ordeal of handing the contract out; she is not surprised, but disappointed that the County has to go through this; however, that is what it gets when it contracts out.

Chairman Smith joked maybe the Board should get the Sheriff to run the golf courses.

Ms. LaSalle stated she has to respond to that; it was in the paper that they did not answer calls and two dogs starved; and it was a period of months they were contacted which makes her wonder how this Board is overseeing that contract.

Upon consensus of the Board, the meeting adjourned at 3:10 p.m.

ATTEST:

____________________	______________________________
SCOTT ELLIS, CLERK	CURT SMITH, CHAIRMAN BOARD OF COUNTY COMMISSIONERS BREVARD COUNTY, FLORIDA