

October 11, 2018,

At a special meeting for the purpose of presenting the 2019 proposed budget to the Board of County Commissioners, Washington County Colorado, was held at the Courthouse in Akron, Colorado on Tuesday the 11th day of October, 2018, there were present:

Lea Ann Laybourn, chairman	present
Terry G. Hart, commissioner	present
Leland Willeke, commissioner	present
Garland Wahl, clerk of the board	present
Brenda Rhea, nursing home administrator	present
Sabrina Hunt, nursing home financial bookkeeper	present
Noelle Corman, reporter Otis Telegraph	present
Collin Patterson, ambulance personnel	present
Bryant McCall, emergency manager	present
Marsha Jesse, finance and HR director	present
Nancy Lightle, finance employee	present
Annie Kuntz, assist. to board of county commissioners	present

8:04 Meeting was opened

Commissioner Willeke presented the 2019 proposed budget

It was moved by Commissioner Willeke and duly seconded by Commissioner Hart to **set the time and date for the Public Budget Hearing on December 11, 2018 at 10:00** in the Commissioner Meeting Room. Proposed budget is available for inspection in the finance office. Any objections to budget items should be presented in writing to the finance department.

Commissioner Willeke discussed the need to establish **two new 'Designated funds' in the Health Care Fund**. These new funds will serve to give purpose and legitimacy to the sales and use tax available in the Health Care fund. **A 'Designated Fund will be set up with the purpose of reducing the long-term debt of approximately \$6.1 million that the Nursing Home will have to refinance in 2022. The second 'Designated fund' will be set up for the future upgrading of the Ambulance facilities. It was noted that at the discretion of the Board of County Commissioner priority will be given to the funding needs of the new nursing home.** By establishing a 'Designated Fund' now for this long-term debt we will be able to reduce the amount that needs to be refinanced to a manageable sum that will fit into the nursing home budget for 2023. Our objective is to take the next 5 years to build this fund utilizing the sales and use tax to an amount between \$1 million and \$1.5 million.

Currently the County takes in from \$560,000.00 to \$580,000.00 per year in sales and use tax revenue. The County received an additional \$93,000.00 in sales and use tax revenue in 2018 from Oneok Pipeline for construction of a pipeline across northern Washington County.

The current revenue generated by the Nursing Home is primarily controlled by the reimbursement rate from Medicaid and Medicare. These rates are set by the government. Our revenue growth is limited by this factor and is falling short of our expenditure growth. There is a definite possibility that in the future the sales and use tax will have to be utilized for nursing home operational expenses in addition to servicing the long term debt.

Commissioner Willeke gave the Board an update on the 'sinking fund' required by Capital Impact Partners along with the following information on the debt structure of the new Nursing Home that was provided during the October 9th regular meeting.


The nursing home procured three loans in 2015 to construct, finance and own the nursing home facility in Akron. They are described as follows:

In May of 2015, Washington County Green House, LLC received the proceeds of four notes related to new market tax credits financing. The notes payable have interest only payments through 2022. When the new market tax credit structure unwinds in 2022 the County will have to go to the open market to refinance approximately \$4,450,000.00. There is a 'sinking fund' associated with this financing instrument that assures the investors of the new market tax credits that if the County is in default on scheduled payments they can access this fund to make themselves whole. The County is in negotiations right now with Capital Impact Partners to determine the amount to be deposited into this 'sinking fund'. This arrangement is part of the loan document agreement. The money accumulated in the 'sinking fund' by 2022 can be applied to reduce the principal amount to be refinanced. It is the Board of County Commissioners intent to fund the 'sinking fund' as require and reduce the amount scheduled to go into the 'Nursing Home Designated Fund' by a like amount. A second loan was obtained from the Colorado Housing Investment Fund in the amount of \$1,275,000.00 in June of 20.15. This loan is financed at 1%. The unpaid principal of \$1,142,500.00 is due and payable in June of 2022. The County will have to go to the open market to refinance this amount at that time. A third loan was obtained from the Colorado Health Foundation in the amount of \$550,000.00 in June of 2015. This loan is financed at 1%. The unpaid principal of \$492,600.00 is due and payable in June of 2022. The County will have to go to the open market to refinance this amount. The total of these three loans is \$6,085,100.00 as mentioned earlier in this article, and will have to be refinanced in the open market in 2022. Assuming that the county can procure a new loan in 2022 at a 5.5% interest rate for 25 years the payment would be \$453,644.00 per year. Our current payment is about \$90,000.00 per year less than that amount. By using the amount accumulated over the next five years in the 'Nursing Home Designated Fund' and the 'sinking fund' to reduce the principal amount to be refinanced the County can more safely assure itself that the nursing home will remain financially stable. According to the proposed budget a deposit of \$385,000.00 for 2018 and a deposit of \$247,000.00 in 2019 is projected for the 'Nursing Home Designated Fund', a reasonable start to our goal.

A discussion was held on the expenses incurred by the Clinic in 2018. The Clinic closed at the end of February of 2018 and to date has experienced expenses of \$64,500.00. These expenses are attributed to two months of operating expenses in 2018 and the ongoing expenses of transferring patient records.

It was moved by Commissioner Willeke and duly seconded by Commissioner Hart to table the Request for Capital Purchase for the Justice Center parking lot chip seal. On roll call vote, all votes being yes, the motion passed.

8:33 It was moved by Commissioner Willeke and duly seconded by Commissioner Hart to adjourn the meeting. On roll call vote, all votes being yes, the motion passed.



Garland Wahl, Clerk of the Board



Lea Ann Laybourn, Chairman Board of County Commissioners