

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: HEALTH SERVICES

DATE: April 9, 2014

COMMITTEE MEMBERS PRESENT:

SUPERVISORS SOKOL
CONOVER
FRASIER
TAYLOR
MCDEVITT

OTHERS PRESENT:

REPRESENTING WESTMOUNT HEALTH FACILITY:
BETSY HENKEL, COMPTROLLER
KEVIN B. GERAGHTY, CHAIRMAN OF THE BOARD
PAUL DUSEK, COUNTY ADMINISTRATOR
JOANN MCKINSTRY, ASSISTANT TO THE COUNTY ADMINISTRATOR
MARTIN AUFFREDOU, COUNTY ATTORNEY
JOAN SADY, CLERK OF THE BOARD
FRANK E. THOMAS, BUDGET OFFICER
SUPERVISORS BEATY
BROCK
DICKINSON
KENNY
MERLINO
MONROE
SIMPSON
SEEBER
STROUGH
WOOD
MICHAEL MCCARTHY, MCCARTHY & CONLON, LLP
MICHAEL SWAN, WARREN COUNTY TREASURER
JULIE MONTERO, FISCAL MANAGER FOR THE DEPARTMENT OF SOCIAL SERVICES
GRETCHEN STEFFAN, COUNTY HUMAN RESOURCES DIRECTOR
BUD YORK, WARREN COUNTY SHERIFF
DON LEHMAN, *THE POST STAR*
THOM RANDALL, *ADIRONDACK JOURNAL*
SARAH MCLENITHAN, SECRETARY TO THE CLERK OF THE BOARD
PLEASE SEE ATTACHED SHEET FOR ADDITIONAL ATTENDEES

Mr. Sokol called the meeting of the Health Services Committee to order at 11:12 a.m.

Mr. Sokol advised the purpose of the meeting was to continue the discussion from last week on the Westmount co-gen operations and the potential terms of sale of the nursing home. He stated he was impressed with the presentations at the previous meeting completed by EnerNoc Inc., as well as the County Attorney and Administrator. He said he hoped everyone had a chance to review the abundance of information that was provided and noted additional information would be provided at today's meeting. He asked that all questions and/or comments be deferred until after the presentation.

Privilege of the floor was extended to Paul Dusek, County Administrator, who distributed copies of a power point presentation, which he reviewed in detail; *a copy of which is on file with the minutes.*

Mr. Dusek apprised as a follow up to the previous presentation additional information had been compiled that he thought would be useful and provide answers to some of the questions that were brought forth at the previous meeting. He asked Michael Swan, County Treasurer, to provide an

outline of his previous work experience as he felt it was relevant to addressing the concerns expressed by Mr. Westcott, as well as others with regards to whether the proposed sale price was adequate and whether a property assessment should be completed. Mr. Swan advised prior to working for Warren County he had been the lead commercial appraiser for the City of Richmond, Virginia. He explained his job duties consisted of appraising the downtown area office buildings, apartment complexes, retail outlets and nursing homes. He said the reason these different types of parcels were appraised by one individual was because they were all viewed similarly. He continued it was not the number of offices in a building, the number of stores in a retail outlet, the numbers of apartments in a building or the number of beds available in a nursing home, but rather the amount of money a potential buyer was willing to invest to make a profit that directed the appraisal value of the various aforementioned parcels. He stated an investor had reasonable expectations due to risk of how much they were willing to purchase a parcel for in order to receive a projected amount of income from it.

With regards to the Westmount Health Facility, Mr. Swan apprised because of the smaller size of the facility he was surprised that four responses were received to the RFP (Request for Proposal). He explained it was more difficult for the smaller facilities like Westmount to make a profit because the revenues and expenses remained the same. He said he and some of his former colleagues had compiled market information comprised of the average income and expenses of the facility by speaking with various nursing homes. He stated he and his former colleagues estimated the appraised value of the facility to be around \$2.2 million, which was similar to the bids that were received for the facility. He advised it was his personal opinion if the County prepared another RFP for the sale of the facility it may result in an additional \$200,000; however, he said; he did not think this would be a cost effective action to choose since it would delay the sale and increase the County's expenses.

Mr. Dusek thanked Mr. Swan for his time and effort in calculating what he felt the appraised value of the facility was. He advised there would be a question/comment period following the presentation portion of the meeting. He referred the Committee members to the last page of the handout regarding the sale price of other nursing home facilities. He advised he had asked Lloyd Cote, Administrator of the Westmount Health Facility, to request these figures from Leading Age New York. He said the chart consisted of the sale price of facilities within the region, as well as the number of beds they provided. He stated with the exception of the Saratoga County facility which was much larger, all of the facilities were purchased for approximately the proposed sale price of the Westmount Health Facility. He stated other factors that drove the price of a facility were the age and condition of the facility, as well as depreciation. He apprised he felt this data could be used to assist in determining whether the proposed sale price of \$2.3 million was reasonable.

Mr. Dusek requested that Michael McCarthy, the independent auditor for Westmount Health Facility of McCarthy & Conlon, LLP, provide an outline of how his background and experience related to accounting for nursing homes, as well discuss the valuation of the nursing home. Mr. McCarthy advised prior to owning his own CPA (certified public accountant) business he had been a partner at Urbach, Kahn & Werlin, LLC for fourteen years and before that he had been a partner at Whittemore, Downen & Ricciardelli, LLP for fifteen years. He explained the bulk of his career was working with County-owned hospitals, nursing homes and home care agencies all across New York State. He said he believed he had thorough knowledge of the industry and the types of providers in the industry such as governmental, not-for-profits and proprietaries.

With regards to the proposed sale price of the facility, he stated the size of the facility was a major contributor to what an investor would be willing to pay. He said he felt the small size of the

Westmount Health Facility was detrimental in reference to attempting to receive a larger sale price. He apprised the NYSDOH (New York State Department of Health) would soon be upgrading the minimum size of a facility they believed that you needed to achieve economies of scale from 120 beds to 160 beds. He pointed out with only 80 beds it was difficult for not only the County but also a proprietor to receive a respectable return on their investment. He concurred with Mr. Swan that the proposed sale price was fair. From a medicaid standpoint, he advised there used to be a concept called the Medicaid Transfer Price, which was simply the un-reimbursed value of your fixed assets or the un-depreciated value of your fixed assets with the theory that medicaid paid for the depreciation. He noted medicaid would not pay for an asset more than once so a buyer would never have incentive to pay more than the un-depreciated cost of the fixed assets. He stated the current offer for Westmount was less than the un-depreciated value which was estimated at \$3 million. He pointed out although a \$700,000 loss that would occur seemed like a substantial figure if the facility were to sell for the proposed price of \$2.3 million it only equated to one year of operations for the facility. He reiterated he anticipated no better offers would be received for the facility than what was proposed.

Mr. Dusek advised he would like to proceed to the next portion of the meeting, which pertained to the expected losses should ownership of the facility continue. He said he felt it was necessary to address concerns that were brought forth in reference to IGT (Intergovernmental Transfers) funds. He apprised he had not included IGT funds in his original projections because he was unsure of whether they would be available; however, he added, since then the State indicated they wanted to continue the IGT funds through the next several years contingent upon the Federal Government and IGT funds being available. He stated although IGT funds were related to the medicaid reimbursement it was a separate source of funding which Mr. McCarty would elaborate on shortly. He said because of the concerns that IGT funds should be factored into the projections he had asked Mr. McCarthy and Betsy Henkel, Comptroller for Westmount Health Facility, to provide a reasonable estimate as to what they felt could be received. He advised they provided an estimate of \$1.4 million, which was what other facilities were projecting, as well based upon a preexisting amount.

With regards to the County's multi-year plan, Mr. Dusek advised he had asked JoAnn McKinstry, Assistant to the County Administrator, to include the IGT funding in the plan to show what the effect would be on the losses that were scheduled to incur with regards to the Westmount Health Facility. Mrs. McKinstry stated page one of the handout showed the multi-year plan without IGT funding. She said the shaded area referred to Westmount revenues, expenses and the projected loss for 2015 of \$2,179,313. Page two of the handout, she apprised, included the projected IGT funding in the amount of \$1.4 million, which decreased the deficit for Westmount to \$779,313. She noted since the expenses were paid from the general fund it increased the expenses of the general fund. She added that although IGT funding was \$1.4 million, the \$779,313 deficit for Westmount would have to be paid from the general fund by thereby decreasing the fund balance.

Mr. Dusek pointed out if you reviewed the top of the sheet where the general fund revenue and expenses were displayed losses were projected in 2013 through 2015; however, he stated, from 2016-2017 they projected a surplus. He said he had prepared the multi-year plan with the assistance of his staff and the Budget Officer in an attempt for the County to eventually show a positive financial picture. He advised a major contributing factor to this was the growth of the surplus balance over the past few years through conservative budgeting, as well as other measures. Another contributing factor, he stated, was that retirement costs were decreasing dramatically over the next few years.

In reference to the bottom two lines of the graph on the right hand side, Mr. Dusek apprised these

figures referred to the projected surplus excluding Westmount. Mr. Dusek said the figures for the general fund surplus and the projected surplus dramatically decreased as compared to when the IGT funds were not considered. He added he felt it was important for Mr. Swan to advise what his thoughts were on the fund balance. Mr. Swan stated he believed the fund balance should have at least \$8.5 million to cover expenses and prevent the need to borrow funds. Mr. Dusek noted even if IGT funds were available it did not cure the deficit for Westmount and added an expense to the general fund. He said although it was \$1.4 million in funding it actually equated to only \$700,000 since the County had to come up with the remaining \$700,000.

Mr. Dusek asked Mr. McCarthy to comment on the likelihood of receiving the funds over the next few years. Mr. McCarthy advised the IGT fund was a supplemental payment the State created several years ago to assist County-owned nursing homes. He said the nursing home reimbursement methodology that was in place today was implemented in 1986 and had a large variation in medicaid revenue from Upstate New York County-owned facilities and Downstate New York proprietary facilities. He stated this inequity in the system existed for many years and caused an abundance of financial hardships for County-owned facilities.

Mr. McCarthy apprised the State developed the IGT funding to assist the Counties with alleviating some of their financial hardship. He explained IGT funds were derived from the Federal medicaid funding allocated to New York State and calculated by the UPL (upper payment limit), which was the maximum amount of money the Federal Government would pay New York State for medicaid expenditures. He continued, the funds available for IGT consisted of unspent medicaid funds after all the other State medicaid expenses were subtracted from the UPL. He said the funds available in the IGT fluctuated every year and although the State had approved the continuation of the fund through 2017 the money available to pay the IGT remained unknown, particularly as Obamacare phased in during 2014 through 2016 since more people would be eligible for medicaid. He stated if the Federal Government did not alter the formula for how calculating the UPL the pool of money to pay the IGT would decrease dramatically. Another variable to consider, Mr. McCarthy added, was the number of County-owned facilities was decreasing; therefore, he said, the impact on a facility receiving the funding may or may not be significant since the pool of eligible nursing homes was decreasing, as well. He noted the IGT payments for 2013 and 2014 were 30% higher than what was received for 2012; however, he said, due to the uncertainty the general consensus was there would be a dramatic decrease in funds available for future years. Mr. Dusek reiterated even with IGT funds, it was still projected the Westmount Health Facility would have a deficit. He asked whether Mr. McCarthy felt the \$1,123,053 deficit projected for 2013 was accurate and Mr. McCarthy replied affirmatively.

Mr. Dusek advised the next item he would like to discuss referred to medicaid reimbursement, which differed from IGT funding. He explained in the case of the co-gen, because the NYSDOH provided a Certificate of Need for that particular improvement, as well as other improvements a number of years ago they committed to providing a certain portion of funding from medicaid reimbursement. He said similar circumstances occurred in Saratoga County, as well as a County located in the western portion of the State who also performed co-gen projects. When this occurred, he stated, the County officials relied upon these reimbursements in conjunction with the efficiencies generated by the co-gen. He apprised there had been a discussion as to whether the funds should be accepted since they were derived from NYS taxpayer Funds, as well as federal funds. He pointed out the reimbursement had been approved by the NYSDOH and it was represented to Warren County at the time that the funds would be received.

Mr. Dusek added that over the course of the project the funds were not received because the

NYSDOH reneged on their commitment to Warren County, as well as to Saratoga County. He said during this time he was the County Attorney and had been in communication with the Saratoga County Attorney regarding the aforementioned issue. He concluded Warren County should await the results of the action from Saratoga County rather than take action themselves, as it was the general consensus it would be determined the medicaid reimbursements should be provided to the Counties for the improvements that were made.

Mr. Dusek asked Mr. McCarthy whether Warren County would receive the medicaid reimbursements if the co-gen was shut down today and Mr. McCarthy replied in the negative. He explained the capital reimbursements would only be provided as long as the plant was in use. He stated if it was taken off line it was no longer considered in use and the reimbursements would stop.

Mr. Dusek requested Mr. McCarthy to comment on the likelihood of Warren County receiving the funds that were promised toward the co-gen project. Mr. McCarthy advised initially the NYSDOH had agreed to the costs; however, he said, the NYSOMIG (New York State Office of the Medicaid Inspector General) determined these payments should not be made, as all of the facilities already had utility costs built into their base period because they were purchasing electricity from the grid; therefore, he said, they felt it was a duplicate payment. He stated the issue was brought before the court and a judgement was issued in favor of Saratoga County. He apprised since the court determination NYSOMIG has allowed these costs in all of the medicaid rates; therefore, he said, going forward the medicaid rates would include the capital component for the co-gen including depreciation and interest.

With regards to managed long term care, Mr. Dusek advised there had been some concerns expressed about how this may impact Warren Counties receipt of the funds. He referred the Committee members to the portion of the handout that referenced the depreciation and interest expense based upon the 73% medicaid census. He said these figures referred to the anticipated medicaid reimbursement from 2015 through 2021. He apprised these figures were critical because a portion of the agreement with Specialty Care stated they would take over the lease payments for the co-gen following the closing and in return Warren County guaranteed they would receive the subsequent medicaid reimbursement payments. He explained the reason they provided these reimbursements was because they were assuming they would not be able to get out of paying the \$1 million co-gen cost; however, he said, coincidentally going forward the medicaid reimbursement figures seemed to coincide with that cost. He continued, it seemed to be logical to include in the arrangement with Specialty Care that if they continued to run the co-gen the County would provide them with the reimbursement. He stated the guarantee would be intertwined with certain obligations on the part of Specialty Care to do certain things and run the plant a certain way and apply, etc. He apprised this would ensure the County would not lose the medicaid reimbursement funds.

Mr. Dusek added although he had not included it in his analysis the funds for medicaid reimbursement continued after 2021; however, he noted, it dramatically decreased. He continued, it was feasible that Specialty Care could receive additional medicaid funding following 2021 in a substantial amount depending upon a number of factors such as managed long term care. He advised Specialty Care felt that projecting from 2021 and after was too far in the future to provide accurate projections; therefore, he said, they did not foresee the benefit of the funds being allocated after 2021. He pointed out they had been willing to entertain the proposal through 2021.

Mr. Dusek asked Mr. McCarthy to remark on the likelihood of the County receiving the medicaid reimbursement they anticipated. Mr. McCarthy apprised over the last several years capital costs, depreciation and interest had been a direct pass through included in the medicaid rate that were not

subject to any limitations. He said the general concept was whatever was spent for capital was reimbursed through the medicaid rate; therefore, he stated, if you were an 80% medicaid facility you were reimbursed 80% of your capital costs.

With regards to managed care medicaid, Mr. McCarthy advised it had been instituted in New York City, as well as Westchester County. He estimated it would be implemented in Warren County by 2015. He explained Westmount would no longer get a medicaid rate that was specifically calculated the way traditional medicaid rates had been computed. He continued, Westmount would be required to negotiate a rate with a managed care company similar to how rates were negotiated with insurance companies. He apprised the capital cost would no longer be included in the medicaid rate; therefore, he stated, successful negotiations with the managed care companies were pertinent. He described a successful negotiation as obtaining a rate that was equal to or above the traditional medicaid rate, as this implied you were still receiving your capital costs. He noted the number of residents eligible for traditional medicaid would dwindle once the mandatory managed care was instituted. He explained patients who had traditional medicaid would be permitted to continue on the program; however, he said, any new medicaid residents arriving at the facility would be required to enroll in a managed care program once it was instituted. He stated he felt the transition period from traditional medicaid to managed care would be about three years since the average stay of patients in nursing homes was estimated at 2.5 years.

Mr. Dusek requested that Mr. McCarthy provide an analysis starting with 2015 as to what he anticipated the medicaid reimbursements would be. Mr. McCarthy apprised since he projected 2015 to be the transition year for managed care he anticipated the payment would be close to or at the amount projected. He stated because the population of traditional medicaid patients would begin to diminish unless a rate equal to or above the traditional medicaid rate was negotiated it was unknown whether Westmount would be allocated the anticipated amount. He explained since Westmount was considered a small facility the negotiating power with a managed care company was rather limited. He noted a buyer would not place as high a value on the facility as a larger one such as Maplewood Manor in Saratoga County because of the limited bargaining influence. Mr. Dusek questioned whether Specialty Care would have an advantage over Warren County in receiving the full amount of medicaid reimbursement that was anticipated and Mr. McCarthy replied affirmatively. He explained since Specialty Care could combine the total number of beds in all of their facilities in the region, this would provide them with enhanced negotiating skills.

Mr. Dusek advised he felt it was important for the Committee to be aware if the sale were to proceed negotiations with the union would commence since union employees would be impacted. Another factor impacting the sale, Mr. Dusek apprised were legacy costs. He explained these were costs that would continue for Warren County even after the sale that were driven by the retiree health insurance costs. He recommended rather than allocating the proceeds from the sale to the general fund they be set aside to cover a portion of the future legacy costs.

Mr. Dusek noted the sale of the facility was not a panacea. He advised the discussion regarding possibly selling the facility had commenced a few years ago because the facility was losing money. He stated a plan of action was developed and unanimously approved by the Health Services Committee to address the concerns brought forth by several Supervisors regarding the residents of the County having access to the nursing home and concerns about the employees. He noted the only portion of the plan that was bypassed was his recommendation that an expert firm be hired to assist the County with the process, as the Committee indicated it was not necessary and an editorial in *The Post Star* concurred since there was an abundance of similar transactions that could be referenced if necessary. He said he believed they had been successful in locating a buyer who would

implement the aforementioned plan of action.

Mr. Dusek advised the powerpoint presentation provided discussion points pertaining to the options available for the facility. He noted the four options presented assumed the continued operation of the nursing home, the continuation of accepting residents, addressed employment of current employees and preserved the rights to the co-gen estimates the County had during the time of ownership. He added contrary to what has been stated repeatedly there were four proposals received for the nursing home, of which active negotiations took place with the three highest responsible bidder. He apprised considerable time and effort was exerted in negotiations with two of the responsible bidders, as negotiations with the highest bidder had failed to result in an agreement. He pointed out some felt they should move forward with a sale to Fort Hudson, as they were one of the respondents.

Mr. Dusek apprised the four options available consisted of the following:

- Retaining ownership of the facility
- Re-advertise the facility for sale as it
- Disconnect/remove co-gen plant, place the facility on the grid and then re-advertise for sale
- Proceed with the sale to Specialty Care

In regards to retaining ownership, he advised it required accepting the facility would operate at a loss. He noted if this was the direction that was taken he would utilize strategies such as re-negotiations with the unions regarding costs related to employees in an attempt to minimize the loss. He added he was not optimistic that even with minimizing costs a neutral budget would ever be achieved. He stated he felt Westmount would always sustain a loss because of many factors such as the type of facility it was, as well as the kind of reimbursement that was provided through medicaid. He pointed out retaining ownership may put the County in jeopardy of exceeding the 2% NYS tax cap which would make the County taxpayers ineligible for rebates. He said it required acceptance of questionable IGT funds and even with these funds the facility would still sustain a loss and impact the general fund surplus since the County must pay \$700,000 to match the IGT funds. He advised it was anticipated the co-gen lease payments would continue and issues regarding the managed long term care programming would be forthcoming.

Mr. Dusek apprised if the facility was advertised for sale and the co-gen was left in place this would be repeating the same process again. He noted it was critical to be aware that the County's operating losses would continue during any delay thereby requiring a higher purchase price than the present offer to compensate for the losses. He said a six month to a year delay was related to any of the options without the co-gen, as well, which would result in an estimated loss of about \$750,000 dependent upon how long the delay was. He stated if this were to occur an offer of \$3 million would be required to cover the loss, which he felt was highly unlikely. He noted there was the consequence of receiving the same offers or losing the current proposals. He added all the same issues and concerns related to the sale to Specialty Care would still be present with the desire that a higher offer would be achieved.

In reference to removing the co-gen plant, placing the facility on the grid and re-advertising for sale, Mr. Dusek reiterated the medicaid reimbursements would be lost. He stated there would be an exposure for the lease payments due to Siemens, as it appeared to him there was no way to get out of the payments. He reiterated there would be continued County operating losses during the time frame for converting the facility and re-advertising. He added the cost of conversion would have to be implemented into the sales price. He advised the delay could position the County to be ineligible for the newly implemented State tax cap/rebate program. He apprised he had participated in a

phone conference with other County Administrators the previous Friday regarding the program. He explained if the County remained within the 2% tax cap in the first year the taxpayers in the County would receive a reimbursement. He continued, the second year required Counties to achieve some sort of efficiencies, consolidations or savings in order for the benefit to be provided to the taxpayers. He said he felt after the phone conference on Friday the sale of the facility could be used as an efficiency to receive credit for the second year rebate. He advised he needed to do additional research about the tax rebate program, as there was recent guidance available; however, he reiterated, the potential existed that the delay would render the County ineligible for one or both of the years rebates. He stated there was no guarantee that a higher purchase price would be achieved to cover the intervening operating losses. He apprised the longer the process, the greater the possibility was of employee issues arising. In conclusion, he said he did not think there was a guarantee the proposals received this time would be repeated.

If the County were to proceed with the sale to Specialty Care, Mr. Dusek advised the proposed purchase price was \$2.3 million. He said since it was a privately owned company the property would be included on the tax rolls when the sale was complete which was added value. He pointed out Specialty Care had agreed to perform a marketing study on the adjoining property for the County's use with no commitment to offer them the property. He stated this option had the shortest time to closing thereby minimizing operational losses and exposure to administrative issues. He said the exposure on the co-gen lease payment is decreased based upon the anticipated medicaid reimbursements. He noted there was a possibility that the full medicaid reimbursement for the lease payment would not occur and this approach minimized the County's exposure. As previously discussed, he stated because of the size of Specialty Care they would be in a better position to negotiate managed long term care rates and reimbursements for the co-gen and related facility improvements. In conclusion, he advised depending upon the details of the State's tax cap/rebate program, it may be possible to use the sale as a credit for efficiencies and thereby ensure tax rebates in the future for Warren County residents.

Mr. Sokol advised questions would be taken from Committee members, then other Supervisors prior to opening the public comment portion of the meeting. Mr. Taylor remarked the County was negotiating from a disadvantaged standpoint, as County-owned nursing homes were a buyers market since there was not an abundance of facilities that were sold for superb prices. He said he felt the current offer was reasonable. He apprised he was concerned with the guaranteed medicaid payments in excess of \$1 million. He pointed out if the only concerns for the sale were the legacy costs estimated at \$300,000 the Committee should consider going forward as no funds would be lost on an annual basis, and property tax would be received since the facility would be placed back on the tax roll. Mr. Dusek interjected that there would be additional legacy costs other than the amount provided, as these costs continued into future years beyond 2024. Mr. Taylor advised he felt they should continue with the sale to Specialty Care, which he added, included the co-gen.

Mr. Conover apprised that the entire process had been very public. He stated they had active discussions with three of the four respondents to the RFP. He advised they had entertained any modifications the firms felt they needed to make relative to their offer and eventually concluded that Specialty Care best met the goals that had been established during the front end of the process while still providing what they felt was an appropriate offer for the facility. He added the process had permitted any members of the Board to provide relative suggestions during the lengthy process. He said he felt the process had been a steady methodical movement to the final goal of the privatization and sale of the facility. He advised he had not seen anything of a subject nature that would suggest a better offer could be received, as nothing had prevented the other respondents from submitting a higher offer than the current one. He noted he felt they were at the appropriate point in time and

place in the process. Mrs. Frasier added she felt the process was handled appropriately and they should continue to move forward with the sale to Specialty Care.

Mr. Monroe asked Mr. McCarthy whether he felt there would be any benefit to seeking assistance from the NCHSRC (North County Health System Redesign Commission). Mr. McCarthy explained the NCHSRC was addressing with the State the inequalities that affected smaller facilities with regards to reimbursements. He stated in 2012 the State had implemented Statewide pricing which split the nursing homes into two groups, nursing homes that were 300 beds or less and facilities that were over 300 beds. He explained when the State commenced averaging all of the costs the smaller facilities were being destroyed because the larger facilities that were under 300 beds were achieving economies of scale that the smaller facilities such as Westmount could never achieve. He advised the reimbursement rates were essentially penalizing the facilities for being too small. He said the NCHSRC was attempting to get the NYSDOH to either develop a new tier group for facilities of 120 beds or less or create some sort of rate setting concession to recognize the inadequacies in the rates for the small facilities. He noted some sort of action could commence from this; however, he anticipated, no action would occur for a few years.

Mr. Monroe questioned if either of the aforementioned changes was implemented whether it would benefit Specialty Care to move forward with the sale. Mr. McCarthy advised it would benefit any small facility; however, he added, since proprietors received different items in their medicaid rates that governmental and not-for-profits did not receive they would probably be excluded from any alterations made by the State to relieve the burden on the smaller facilities.

With regards to the IGT funding, Mr. Conover asked Mr. McCarthy whether he had any reassurances Warren County would be paid back the \$3.8 million they had advanced Westmount to assist with operational costs while they awaited the receipt of IGT funds. Mr. McCarthy advised IGT funds were guaranteed; however, he added, there was no guarantee as to when the funding would be disbursed. He stated the 2013 IGT funding was originally supposed to be paid in February of 2014; however, he said, it had been delayed until early July but he would not be surprised if it was delayed again until the early fall of this year. Mr. McCarthy estimated about \$1.6 million in IGT funding would be disbursed to Warren County for 2013, which was less than half of what had been advanced to Westmount. He added the next round of funding would not be disbursed until the Spring of 2015, at the earliest.

Mr. Conover questioned whether the IGT funding would assist them in recouping the funds they had advanced to Westmount and Mr. McCarthy replied in the negative. He explained the County was funding the annual losses for the Westmount Health Facility which exceeded the IGT funding. He continued the facility would never be able to repay the full balance because it was operating at a loss. He stated his firm needed to address whether the portion of the funds that were not collectable was an advance or a subsidy. He said if it was determined it was a subsidy it needed to be recognized as such and the interfund liability that currently existed between Westmount and the general fund would need to be adjusted.

Mr. Strough questioned whether some sort of affirmation could be received from the State with regards to the medicaid reimbursement funding since Warren County was committing themselves to Specialty Care for these funds and Mr. Dusek replied in the negative. He explained if managed long term care was not coming to Warren County they would be in a better position to guarantee the amounts; however, he said, since it was coming to Warren County there were no guarantees as to what future medicaid reimbursements would be. Mr. McCarthy pointed out Columbia County was reconsidering their decision to build a replacement for their County-owned facility, as they were

just becoming aware of the potential impact managed long term care had on their medicaid reimbursement.

Mr. Sokol advised he was in support of continuing with the sale to Specialty Care. Mr. McDevitt apprised he felt the facility should be sold to Fort Hudson, as they were a local company and he was impressed with the longevity of their employees. He said the variance in their offer compared to Specialty Care was not that significant and they had a stellar reputation. Mr. Dickinson queried what the difference in their offers was and Mr. McDevitt replied Fort Hudson offered \$2.05 million plus \$150,000 for additional property and Specialty Care offered \$2.3 million with no additional land. Mr. Sokol pointed out Specialty Care agreed to put the property back on the tax rol3 whereas Fort Hudson hesitated in doing so. He added with the exception of Mr. McDevitt, the Committee had voted to proceed with the sale to Specialty Care.

Travis Whitehead, Town of Queensbury resident, advised he would like to review the financial figures with the Committee. With regard to IGT funding, he stated, there had been similar issues with receiving IGT funding for years, as the State was not known for distributing the funds at the time they were promised. He said this was not the first occurrence of a shortfall, as there had been other years when no payments were received and other years where duplicate payments were received. He apprised it was likely to continue, as similar circumstances were effecting school districts. He said since the State had reaffirmed their commitment to providing IGT funding he felt it would be available for at least the next few years. He pointed out that although the UPL may change the number of facilities drawing from this pool was dwindling; therefore, he added, he felt the probability was increasing that Westmount would receive these funds.

With regards to the figures that projected IGT funding would be received, Mr. Whitehead reminded the Committee the projected deficit included the \$384,000 leasing fee for the co-gen every year., as well as substantial losses on utilities that was proven by the EnerNoc Inc. report. He stated if the legacy costs were deducted from the deficit the figures were sounder than those of the Airport, Countryside Adult Home and the County Jail, all of which had costs substantially greater than Westmount. He wondered why Westmount was singled out to drive the County over the 2% tax cap.

Mr. Dusek interjected since they were discussing losses for the facility he felt the record should be straight that Mr. Whitehead had overlooked the \$700,000 annual loss to the general fund. Mr. Whitehead asked Mr. Dusek to clarify that loss, as he did not have the chance to study the figures beforehand. Mr. Dusek requested Julie Montero, Fiscal Manager for the Department of Social Services, to explain the Counties obligation with regard to IGT funding. Ms. Montero advised they had budgeted \$650,000 in 2014 and she anticipated it would remain at the same for 2015. Mr. Dusek asked whether Ms. Montero would have budgeted that amount if the County was not required to fund the IGT and she replied in the negative. He pointed out this lead to a \$650,000 increase in the general fund that the County would not have if they did not own the nursing home. Mr. Dusek noted assuming Mr. Whitehead's calculations were correct with regard to the Westmount portion of the calculation he had not accounted for the \$650,000 loss every year to the general fund which he felt was pertinent. Mr. Whitehead interjected he had only reviewed the figures for Westmount; however, he added, he would accept Mr. Dusek's advisement.

With regards to medicaid reimbursements and the lawsuit that was previously mentioned, Mr. Whitehead advised it had been settled over a year ago; however, he said, to date only a third of the projected medicaid payments had been received. Furthermore, he added, the entire issue was being reviewed for medicaid fraud. He stated if it was determined to be medicaid fraud the State would recoup the payments that had been allocated, as well as terminate any future projected payments.

He advised he felt there were numerous reasons why neither Warren County and/or would receive all of the projected payments. He added he would like to review the other items that were listed in the contract that were previously referred to, as he felt this would allow him to evaluate the contract.

Mr. Dusek advised for the record all that occurred to date was discussion on the terms of a business deal. He noted no contract had been drafted, as approval by the Committee, as well as the full Board would be required for instructions to draft a contract. He added the full Board would not be bound by the contract until they reviewed each and every one of those terms Mr. Whitehead was referring to and those terms became available to the public.

In reference to the contract with Siemens Industry, Inc. for the co-gen, Mr. Whitehead apprised the contract contained four to five clauses which had cost the County millions of dollars in either misreported figures or actually as some referred to "fraud". He stated he felt it was pertinent to review a half inch thick contract and identify areas of concern that should be discussed. He continued, a lengthier time to review the contract would be more suitable for all interested parties. He added he needed to perform further research on the listing of the sale prices for other facilities in the region, as he felt the ones provided were incorrect.

With regards to the appraised value of the facility, Mr. Whitehead advised he felt the County should have been forthcoming about the estimated \$500,000 loss generated from the co-gen facility, as he felt this would have increased the value because the loss could potentially be eliminated if the co-gen was no longer operational. He said he felt marketing the facility in this fashion would open up the opportunity for the County to receive a better offer for the facility. Mr. Dusek interjected that a report of the cost of the co-gen moving forward assuming the lease payments and reimbursements had been included in the handout at the previous meeting. He stated that the engineers had indicated on the report if improvements estimated in the \$15,000 range were completed on the co-gen equipment the losses would decrease. He noted these figures were shared with Specialty Care to demonstrate that the operating costs of the co-gen over the next seven years would be similar to purchasing energy from the grid. He apprised he felt this was what had made the remainder of the negotiations with Specialty Care successful. Mr. Sokol added he thought Specialty Care had been more concerned with the price per bed than any other factors impacting the sale.

Mr. Simpson interjected there were discrepancies with the sale prices listed of other facilities in the region. Mr. Dusek advised the figures were provided by an individual from Leading Age New York; therefore, he said, he had not reviewed them for accuracy.

Kathleen Sonnabend, Town of Queensbury resident, apprised she was skeptical of the figures provided today since the County had an extended history of wasteful spending. Ms. Sonnabend referred the Committee to the July 18, 2007 minutes of the Budget Committee and an article that was featured in *The Post Star* that stated "in 2007 a group of local residents questioned the savings of the co-gen facility." She pointed out the local residents the article referred to were herself, Doug Auer and Lincoln Cathers, and she noted Mr. Cathers had since passed away; however, she said, he was a highly respected member of the community who was substantially educated, as he worked for the government on nuclear submarine technology. Mr. Auer, she stated was an engineer in the industry and she was a Vice President of mergers and acquisitions in New York City prior to moving to the region. She apprised combining their engineering and financial expertise they determined the co-gen project was costing the County money from both the operational and capital cost perspective. She advised the County determined they would have a project expert answer any

questions they had with regards to the project at the aforementioned Budget Committee meeting. She pointed out the sole purpose of the meeting was to answer their questions; however, she noted, answers were not provided. She stated their questions had been evaded, as noted by the aforementioned meeting minutes. She apprised she had asked an abundance of questions during the meeting, for which she felt Mr. Dusek, who was the County Attorney at the time, did not provide sufficient answers. The end result, she stated, was the only way the County could possibly come out ahead on the project was if the County was provided all of the medicaid reimbursement they anticipated receiving. She pointed out from an operating budget perspective the co-gen was losing money; therefore, she said, there was no justification provided for the capital costs.

Ms. Sonnabend advised the aforementioned minutes referred to the first year of medicaid reimbursement estimated at \$359,000; however, she noted, the figures provided in the report today were all less than \$200,000 a year. She said she felt Mr. Whitehead was correct in stating from it's commencement the County had not been reimbursed the full anticipated amounts. She cautioned the Supervisors about believing the information that was provided to them. She suggested the Committee Members listen to the concerns presented by the public who had relevant education and experience on the subject matter. She pointed out she and Mr. Whitehead received no compensation for the time and effort they contributed to researching and analyzing the issue. She noted they were present because they wanted to ensure the County was making sound decisions that benefitted the residents of Warren County. She advised as long as the Supervisors relied on information that was distorted they would continue to make bad decisions that they could be held accountable for in the future.

With regards to Mr. Dusek's comment at the previous meeting that the investment regarding Siemens Industry, Inc. could take a number of years, Ms. Sonnabend advised an article featured in *The Post Star* stated the investigation had been on-going since 2011. She stated she felt if the County pursued a lawsuit against Siemens Industry, Inc. it was very likely the outcome could lead to the County being awarded a large reimbursement from Siemens.

Ms. Sonnabend acknowledged the statements made by Mr. McCarthy and Mr. Swan with regard to the sale of the facility since she had experience with mergers and acquisitions. She reiterated their sentiments that it was based upon what a willing buyer would pay a willing seller; however she added, buyers did not like controversies or unknowns. She said she felt the issue with Siemens had caused fewer buyers to come forward, as well as discounting the price buyers were willing to pay. With regards to the statement that similar facilities in the area had sold for comparable prices, she apprised she did not think this information provided a true comparison, as the email noted they were unsure of the amount of land or if the physical plant was included in the sales.

Ms. Sonnabend questioned whether Saratoga County had to provide a guarantee of medicaid reimbursement with their sale. She pointed out Saratoga County discontinued the use of their co-gen and reconnected to the grid prior to selling their facility; therefore, she said, they did not have the annual operating and capital expenses associated with the co-gen which was estimated at over \$500,000. She noted the projected sale price would increase if these expenses were eliminated. She suggested mirroring Saratoga County by dealing with the co-gen prior to re-evaluating the Westmount Health Facility.

In conclusion, Ms. Sonnabend advised she was worried that no one was considering what the impact would be once the facility was sold to a proprietor. She pointed out County-owned facilities had a tendency to have a greater amount of medicaid patients in their facility. She continued, the privately owned facilities desired more private pay patients because they received a higher reimbursement

rate for them. She stated the privately owned facilities that had waiting lists placed the private pay individuals above the medicaid recipients. She said the Westmount Health Facility was imperative for medicaid recipients that were unable to find nursing facilities conveniently located for their families; therefore, she advised, the County would be losing a service to the community. She added the additional costs related to those individuals who were unable to be admitted to a nursing home was not being considered and these individuals may require supplementary assistance for themselves and their families from Public Health and/or Social Services.

Ms. Sonnabend stated she believed they were not reviewing a completed analysis of the process and added based upon prior County analyses she was unsure of whether it was trustworthy. She advised she wished they would review the information presented by herself, as well as Mr. Whitehead and Mr. Auer rather than demean them. She pointed out if they had addressed their concerns when they first brought them forward in 2007, the County would be more financially sound today.

Mr. Sokol thanked Ms. Sonnabend, as well as other concerned taxpayers for their efforts related to the issue. Mr. McCarthy advised he would like to discuss the lower depreciation figures that were discussed. He clarified these figures related to future years. He explained for depreciation and reimbursement purposes the project costs for the co-gen plant were comptonized, which meant the project was divided into separate parts and depreciated different parts over different lives. He said a large portion of the substantial costs of the project were already fully depreciated. He said what was displayed was the remainder of the depreciation which was why after 2021, as noted by Mr. Dusek, the reimbursement amount declined even more because only the minor costs of the project would be left to depreciate.

Ms. Sonnabend questioned whether this was a fifteen year project and Mr. McCarthy replied in the negative. He explained the lease was for fifteen years; however, he said, the depreciation was disbursed over the useful life of the equipment. Ms. Sonnabend asked if Mr. McCarthy could clarify if the County had been reimbursed the \$359,000 from the first year. Mr. McCarthy stated the County was currently in the process of receiving the funds. He advised the reason for the delay related to the Article 79 proceeding with Saratoga County, which was previously referred to incorrectly as a lawsuit. He continued, as a result of the aforementioned proceeding NYSOMIG was re-doing an audit on the Westmount Health Facility to restore the medicaid reimbursement costs. He apprised this process would take time, as Ms. Henkel had only recently received the final NYSOMIG audit report with these costs included so the money would begin disbursement shortly. Ms. Sonnabend queried whether Mr. McCarthy was aware if the sale of the Saratoga County facility included any kind of guarantee to the buyer for the medicaid reimbursements and Mr. McCarthy replied he was unfamiliar with the terms of the sale for the Saratoga County facility. Ms. Sonnabend advised she felt it was imperative to be aware of the terms of the sale if you were going to use it as a comparative sale. Mr. McCarthy stated he agreed with that statement; however, he reiterated, he was not involved with the sale of the Saratoga County facility.

David Klein, advised he was a Principle at North County Engineering, P.C. He said his company completed a great deal of work related to energy, as they had been a NYSEDA (New York State Energy Research & Development Agency) flex tech contractor in previous years. He stated they were currently a Tier One energy solution partner with National Grid and had been presented the second highest award for energy savings last year. He apprised in 2001 his firm was awarded a term contract with Warren County to provide mechanical and electrical services. He stated as part of the contract his firm had been successful in securing a grant from NYSEDA to perform a comprehensive independent energy audit on the Warren County Municipal Center, Westmount Health Facility and the former DSS (Department of Social Services) building. He advised the County's cost to perform

the aforementioned on the Westmount Health Facility and the former DSS building would have been \$12,000. He continued, instead of moving forward with the comprehensive independent energy audit, Mr. Dusek, the County Attorney at the time, cancelled his company's contract in favor of an energy performance contract that resulted in the sole source being Siemens Industry, Inc.

Mr. Klein apprised prior to the co-gen Westmount Health Facility had annual electricity costs of \$120,000 and annual gas costs of \$23,000. He stated the annual electric costs for the former DSS building was \$51,000. He pointed out this equated to utility costs of less than \$200,000 a year for the former DSS building and the Westmount Health Facility. He advised electricity could not be generated for less than what it could be purchased for off the grid unless there was an existing year round source for waste heat. He stated he felt the only type of candidates that could gain efficiencies from a co-gen would be a firm such as Finch Pruyn, which had a demand for steam on a constant basis. He explained they could use the waste heat for steam rather than requiring electricity to power a boiler to produce the steam.

Mr. Klein noted when you added the utility costs for Westmount Health Facility, which he estimated to be between \$188,451 and \$318,299 on an annual basis, and the mortgage payment, the annual costs for the facility was \$572,855 or more. He questioned how the County justified the operating costs of the co-gen when purchasing utilities from the grid for \$143,000 was significantly less. He pointed out he tried to argue this point when the co-gen was proposed, as did the County Public Works Superintendent and engineer, William Remington and consequently the County entered into an unfair agreement with Siemens Industry, Inc. He apprised Siemens was stating the County had accumulated over \$300,000 in savings from the co-gen; however, he said, the partial review completed by EnerNoc Inc. concluded the County had losses adding up to over \$1 million. He stated the County could utilize the report from EnerNoc Inc. to recoup about \$700,000 from Siemens Industry, Inc.

Mr. Klein questioned whether Mr. McCarthy or Mr. Dusek were aware of the rate tariff change since the co-gen commenced operations and Mr. McCarthy replied he was unsure of what a rate tariff change was. Mr. Klein explained when the County co-gen commenced operation the rate tariff required them to go off the grid; however, he said, several years ago they implemented a rate change to encourage the use of co-gens to take the burden of distribution off of the grid. As an example, he stated, a hospital, school and business collectively installed a co-gen in Utica with a computer that permitted power to be generated from the co-gen or purchased from the grid. He said this system was cost effective, as the computer determined whether it was more economical to purchase energy from the grid or generate it from the co-gen. He apprised if the County utilized this system the co-gen would still be in use; however, he stated, energy could be purchased from the grid when it was deemed more economical. He added he felt this option would permit the County to retain their medicaid reimbursement.

Mr. McCarthy interjected the County would be limited to reimbursement for either the co-gen energy or the energy purchased from the grid, as duplicate energy costs were not permitted in the medicaid reimbursement rate. He explained the premise for NYSOMIG disallowing the co-gen costs from commencement was because they argued the facilities already had energy reimbursement built in to their rate. He said the base period the State was utilizing to establish the medicaid rate included buying utilities from the grid. He stated he informed the State they should have permitted all of the costs of the co-gen and subtracted the base period utility costs because paying duplicate energy costs was a violation of medicaid regulation.

Mr. Klein asked whether the facility would be eligible for any medicaid reimbursement under the

aforementioned scenario and Mr. McCarthy replied affirmatively. He explained if the energy was used for patient care it was reimbursable; however, he said, if it was not 100% an allocation would be required. He advised if revenue was generated the facility would be required to offset it. He stated if both energy sources were utilized the State would not permit paying for electricity while paying for the cost of the equipment at the same time because the electricity purchased had a capital component built into it already. Mr. Klein pointed out with this option the County would not be purchasing electricity and operating the generator at the same time. Mr. McCarthy said that while that was true the County could not request reimbursement for the generator costs for the entire year, as well as the costs of the energy purchased from the grid.

Mr. Klein advised there was between \$181,000 and \$318,000 annually in energy costs, as well as an annual mortgage payment of \$384,000 for the co-gen. He stated the energy costs for the facility prior to the co-gen were only \$143,000 on an annual basis; therefore, he said, medicaid spent a substantial amount of money to make up the difference every year. He apprised if medicaid was taken out of the equation he calculated that the facility had cost the County \$4.2 million over the past nine years, as it was generating an annual loss of \$400,000 to \$500,000.

With regards to selling the facility, Mr. Klein apprised he had sold a few businesses; therefore, he recognized, the business value of an apartment complex was determined by the net income generated. He pointed out the annual cost of \$500,000 for the co-gen would be deducted from the value of the facility. He suggested the County develop a solution for the co-gen to increase the value of the facility. He noted Mr. McDevitt was a realtor and asked him what the multiplier would be if they reduced the operating budget by \$500,000 annually. Mr. McDevitt advised with regards to an apartment complex if it was capped off at ten years it should add \$5 million to the purchase price. Mr. Klein added he felt similar circumstances would apply to a nursing home, as well.

Mr. Klein advised he had been interviewed by the Attorney General and the District Attorney's Offices with regards to the co-gen. He pointed out there had never been an independent non-directed evaluation completed. He recommended that a Committee be formed comprised of a group of local engineers that were experienced with co-gens and energy. He stated this committee would develop a scope of services and conduct interviews to identify what sort of solutions were available to pursue Siemens Industry, Inc. for being fraudulent with their contract with the County. He noted the County may be able to re-coup some of the losses associated with the co-gen should it be determined Siemens had committed fraud.

Mr. Dusek advised he felt he should address the comment by Mr. Klein referring back about twelve or thirteen years that he as County Attorney had cancelled Mr. Klein's company's contract to go a different direction and award another contract. He stated while he could not remember the specific details he could assure him the records of the County and any files that existed in the County Attorney's Office would establish that if he had anything to do with Mr. Klein's company's contract being cancelled it was because he had advised County Officials they had to comply with certain rules and regulations relative to the County Purchasing Policy. He noted it had nothing to do with him determining he did not want Mr. Klein doing business with the County, as this would never have occurred.

Mr. Klein stated that wasn't the case, as his company had been awarded the contract with the County. Mr. Dusek advised he would not have interfered with Mr. Klein's contract with the County. Mr. Klein interjected his company was asked to perform a scope of services to get a grant from NYSERDA to complete a comprehensive energy analysis under their existing contract, which would be subsidized by funds received from NYSERDA on all County-owned facilities. He continued, Mr.

Dusek informed Mr. Remington that the County was not going to accept the funds from NYSERDA to perform this independent analysis, as the County was submitting an RFP for an energy performance contract for a co-gen at the Westmount Nursing Home. Mr. Dusek responded that Mr. Klein may be getting a little closer to the facts, which were that if Mr. Klein wanted to complete a contract with the County, it wasn't legally permissible to simply contract with Mr. Klein's company, as the County was required to follow certain purchasing procedures. Mr. Klein pointed out his company had responded to an RFP and was awarded the contract already. Mr. Dusek advised this would have been the next contract down the line. He stated there was no way he, as County Attorney, would have made a policy call as to whether the County conducted business with or did not conduct business with Mr. Klein's company. He said it would have related to complying with legal requirements as to whether or not the County could contract with Mr. Klein's company. He continued, he did not have anything against Mr. Klein or his firm; therefore, he felt, whatever Mr. Klein derived from that situation was a misconception.

Mr. Klein interjected he felt Mr. Dusek was misunderstanding that his company moved through the RFP process following the County purchasing policy and was awarded a term contract for several years to perform all of the Counties mechanical and electrical engineering. He stated included in that contract was a work order to apply to NYSERDA for funding to conduct a comprehensive independent energy analysis. He said the funds were awarded and rather than taking advantage of the term contract and the funding from NYSERDA, Mr. Dusek decided to seek an RFP for an energy performance contract. Mr. Dusek advised any determinations by himself as County Attorney would have related to direction to County Officials to follow the law. He stated he would not have been able to avoid the cancellation of the contract with Mr. Klein's company because County Officials had to follow the law. He noted he did not make the policy call as to whether the County would conduct business with Mr. Klein's company or not. Mr. Klein pointed out the County was already conducting business with his company and added he had not responded to an RFP since this occurrence.

Mr. Conover suggested Mr. Dusek respond in whatever manner he deemed appropriate with regards to the concerns the respondents had to the RFP relative the co-gen. Mr. Dusek advised the co-gen was not as controversial when the RFP was distributed for the sale of the facility. Mr. Conover stated since the respondents were all experienced companies within the nursing home profession they may have felt the numbers provided by the County were not as relevant as their own figures. Mr. Dusek pointed out the County had been up front with the respondents and included the co-gen in the RFP. Mr. Conover questioned if during the entire process had any of the respondents provided any comments and/or concerns regarding the co-gen. Mr. Dusek advised throughout the process the co-gen had been discussed, especially during the negotiations with Specialty Care, as he wanted to include in the contract that they would cover the cost of the lease payments. He stated they agreed to cover these costs because the County was guaranteeing them the medicaid reimbursement. He advised the County would be required to cover the lease payments regardless of whether they owned the facility or not; therefore, he said, he felt it was imperative to include the lease payments within the contract.

Jim Mackey, resident of the Town of Queensbury, questioned how the County would account for the loan payments to the Westmount Health Facility that were accounted for as assets in future budgets should the facility be sold. Mr. McCarthy advised he thought Mr. Mackey was referring to the general fund that had an asset as a receivable from the enterprise fund, which was the Westmount Health Facility. He reiterated his sentiments from earlier in the meeting that the auditors needed to evaluate and determine how much was truly a loan that was collectible and what portion was an operating subsidy that should be run through the current year. Mr. Mackey questioned whether it was pointed out during the presentation that this was a liability against the general fund and Mr.

McCarthy replied he was unsure if it was included in the presentation; however, he said, he had mentioned it earlier in the meeting.

Mr. Mackey advised he did not feel the presentation provided at today's meeting was unbiased, as it had been prepared by the County Administrator and his staff. He said it was necessary to obtain opinions from individuals not associated with the County, as he felt it was essential to hear the other side of the story. He pointed out the same people and same type of presentation was responsible for the co-gen, the County Jail, etc. He apologized if his letter to the editor featured in *The Post Star* had given the impression that he was suggesting the Supervisors were unintelligent, as this was not the case. He stated his comments were directed at the Administration for the County. He apprised he felt the County should seek assistance from individuals with expertise in co-gen operations and energy to assist with the process, as he believed the information displayed in the presentation was inaccurate.

Mr. Dusek apprised he had been the County Administrator for four years and prior to that he was the County Attorney which was a different function that required him to render legal advice for matters that affected the County. He stated since becoming the County Administrator his function had been working closely with the Board of Supervisors to assist with policy making decisions. He pointed out subsequent to becoming the County Administrator the fund balance had increased from \$3.5 million to \$15 million. He advised he had assisted with renegotiating Union Contracts that were unfavorable to the County, as well as implementing a copier project that saved the County over \$30,000 on an annual basis. He said he would not continue, as he felt his record as County Administrator provided sufficient proof and he should not have to justify himself with such a remark.

With regards to his preparation for today's meeting, he apprised he strived to do his job as County Administrator for Warren County. He stated rather than do nothing at all he had discussions with individuals he trusted. He pointed out he brought forth voluntary information that he did not request from Mr. Swan relating to the value of the facility, as well as information provided by the accountant for the facility. He said he performed his job today and he owed no one an apology for it. He noted Mr. Mackey should be concerned with the misrepresentations in his letter to the editor, as there was not just one bid received for the facility. He advised for some reason Mr. Mackey kept maintaining the desire to point out there was one bid received which was relative to the comments Mr. Mackey was making and extended to Mr. Mackey's credibility.

As there was no further business to come before the Health Services Committee, on motion made by Mrs. Frasier and seconded by Mr. Conover, Mr. Sokol adjourned the meeting at 1:05 p.m.

Respectfully submitted,
Sarah McLenithan, Secretary to the Clerk of the Board