

**ULSTER COUNTY LEGISLATURE  
COMMITTEE MEETING MINUTES**

**NAME OF COMMITTEE:** Special Health and Human Services Committee Mtg.

**DATE:** April 26, 2011

**TIME:** 5:50 P.M.

**PLACE:** Legislative Chambers, 6<sup>th</sup> Floor

**LEGISLATORS PRESENT:** Deputy Chairman Parete, Legislators Ronk, Harris, Maio, Briggs, Petit and Loughran

**LEGISLATOR EXCUSED:** Chairman Frey and Legislator Stoeckeler

**OTHERS ATTENDING:** Legislator Michael Madsen, Art Smith Budget Director, JJ Hanson Deputy Budget Director, Marshall Beckman Deputy County Executive, Bea Havranek County Attorney, Clinton Johnson 1<sup>st</sup> Assist County Attorney, Susan Plonski Assist. County Attorney, Lee Cane LWV, Nettie Tomshaw UC Legislature Staff

- The meeting was called to order by Deputy Chairman Parete at 5:50 PM, noting Chairman Walter Frey was not able to attend.

**Resolution No. 90, April 26, 2011:**Consenting To A Subordination Agreement During The Purchasing Process For The Sale Of The County's Certified Home Health Agency License And Long-Term Home Health Care Program License - Department Of Health

Marshall Beckman provided the hand out - outlining the history to sell the license and impact if the resolution is not approved. See below for details of his explanation.

Resolution re Subordination Clause for the sale of the UC DOH home health care license

- Decision to sell license
  - Operation of programs was costing the county nearly \$700,000 (2009)
  - Private not-for-profit and proprietary home health programs generate profits
  - County costs are higher (primarily salaries and fringe benefits)
  - Private services have higher productivity (therefore billing) expectations
  - This sale transaction will generate \$1.1 million for the county in 2011, followed by a balloon payment for \$300,000 in two years (2013), with 7% interest
- We were working toward closing the sale by the end of March
  - On March 15, one of the owners of Litson, Inc. sent M Beckman an email indicating that when they went to borrow the \$1.1 million, the bank requested that the county take a subordinate position for the \$300,000 that Litson will owe us.
  - It took nearly 3 weeks to get clarification from Litson that this was actually a demand being made by their bank, rather than a request.
  - The resolution ensures that the Legislature is informed that this language will appear in the final sales agreement.
  - The county will not be at risk because Litson's parent company will guarantee payment of the remaining \$300,000, should Litson default on the bank loan.
- Impact if the resolution is not approved
  - The county will lose \$1.1 million in revenues budgeted for 2011.
  - The county contribution for the DOH for 2011 would have to be increased by approximately \$500,000 to re-establish the staffing positions and other expenses needed to operate the program.
  - The total financial impact would be an increase of approximately \$1.6 million in county contribution in 2011, which would annualize to approximately \$1.9 million in 2012.

Marshall Beckman explained this is the first time we have done a transaction like this - no experience selling a license. This came up totally unexpectedly. Clinton Johnson stated the risk is almost non-existent as Litson's parent company and the bank are responsible should Litson default on the bank loan.

Legislator Loughran and Harris voiced concern of the risk. The attorney's and Marshall Beckman reassured the committee the risk is minimal.

Deputy Chairman Parete requested that the Executives office keep the entire committee up to date on the sale of this license. Leg. Parete's opposition to this resolution is based on a number of reasons, but mainly because the county hired a consultant to facilitate the sale at a cost of \$19K to date. Also the Legislature was hearing about this resolution for the first time.

Going forward, the Executive's office promised to keep the committee apprised of the sale.

**Motion offered to move Resolution forward by Legislator Loughran, Seconded by Legislator Harris, All in Favor with the exception of Legislator Parete. Ayes 6, Noes 1.**

The meeting was adjourned at 6:00 PM with a motion offered by Legislator Harris, Seconded by Legislator Briggs, with all in favor, Carried.

**Respectfully Submitted,**

**Robert S. Parete, Deputy Chairman /nt  
Health & Human Services Committee**