

Agenda Addendum

September 15, 2011 at 2:00PM

1. Health Insurance
2. Enact a Local Law of the County of Sullivan Authorizing Seizure and Forfeiture of Property Used in connection with Misdemeanor Criminal Acts Defined by Article 220 and Article 221 of the Penal Law.
3. Convey property in the Town of Bethel, known as the Smallwood Golf Course
4. Sales tax
5. Adopt the Revised Asset Management Policy for the County of Sullivan
6. Adjust Fund Balance
7. Recycling – Hudson Baylor/IESI
8. SCCC Board of Trustees – Reappoint Lyman R. Holmes
9. Authorize contract modification with Cornerstone Engineering PLLC
10. Fill Vacant District Attorney Investigator – Waive Residency
11. Authorize the County Attorney to take legal action

**RESOLUTION NO. INTRODUCED BY THE EXECUTIVE COMMITTEE
TO AUTHORIZE A SELF-FUNDED HEALTH/PRESCRIPTION/DENTAL
INSURANCE PROGRAM, AND AUTHORIZING THE COUNTY MANAGER TO
EXECUTE AN AGREEMENT WITH EBS-RMSCO, INC.**

WHEREAS, the County of Sullivan is a Participating Agency (PA) with the New York State Health Insurance Program (NYSHIP); and

WHEREAS, NYSHIP has projected premium rate increases for 2012 of a minimum of 13.3% to 19.5%; and

WHEREAS, the various Collective Bargaining Agreements (CBA's) contain negotiated language that permit the County to switch from NYSHIP to a self-funded insurance program, provided that said coverage will be substantially equivalent, without the intent to diminish the level of benefits; and

WHEREAS, the Sullivan County Legislature authorized the issuance of a Request for Proposals (RFP) - *2012 HEALTH/PRESCRIPTION CARD/DENTAL/VISION INSURANCE BENEFITS PROGRAM CARRIER (R-11-11)*, and

WHEREAS, the Sullivan County Legislature authorized the County Manager to research and negotiate alternatives to the NYSHIP program, including an alternative fully-insured program, and a self-funded insurance program, and

WHEREAS, the County Manager's research proved that there are no currently available fully-insured health insurance programs that would match the NYSHIP program on the Commercial Market, and

WHEREAS, EBS-RMSCO, Inc. submitted a response to the RFP, followed by comprehensive negotiations and due diligence that was performed by a working group consisting of the County Manager, the Deputy County Manager/Commissioner of Management and Budget, the Director of Human Resources, the Purchasing Director, the Director of Risk Management and Insurance, and the Deputy Commissioner of Management and Budget; and

WHEREAS, the County Manager and the working group negotiated a self-insurance program for Health/Prescription/Dental insurance with EBS-RMSCO, INC., that would be \$1.765 million less than remaining with NYSHIP and Delta Dental's fully insured plan in 2012, and said coverage will be substantially equivalent, to NYSHIP without the intent to diminish the level of benefits as required by the various Collective Bargaining Agreements, and

WHEREAS, the County Manager and the working group negotiated a comprehensive program with stable administrative fees for a five year term that includes at no additional cost certain optional services from EBS-RMSCO, INC., as detailed in Schedule "A" that is attached hereto and incorporated herein, and

WHEREAS, the County Manager and the working group negotiated a comprehensive program with EBS-RMSCO, INC. that includes a specific stop-loss policy and an aggregate stop-loss policy, as detailed in Schedule "A" that is attached hereto and incorporated herein, and

WHEREAS, the County Manager and the working group negotiated a comprehensive program with EBS-RMSCO, INC. that includes coverage through The Hartford Plan for Medicare Primary eligible retirees that will provide a greater benefit to them than the NYSHIP program at a lower cost than NYSHIP, as detailed in Schedule "A" that is attached hereto and incorporated herein, and

WHEREAS, the County Manager and the working group negotiated a comprehensive program with EBS-RMSCO, INC. that includes coverage through a self-funded dental insurance program by using the Delta Dental Network, at a lower cost than the fully-insured Delta Dental insurance plan, as detailed in Schedule "A" that is attached hereto and incorporated herein, and

WHEREAS, the County Manager has recommended through a letter dated September 13, 2011, attached hereto and incorporated herein as Schedule "B", that the Sullivan County Legislature 1) move from the NYSHIP program to a Self-Funded Health Insurance Program for Health/Prescription/Dental/covrage;. 2) make no changes to the Vision coverage; 3) effectuate these changes that would become effective with NYSHIP coverage ending on December 31, 2011, and coverage commencing with a self-funded program on January 1, 2012; 4) Authorize a five year contract with EBS-RMSCO, INC. to serve Sullivan County as the Third Party Administrator, with a comprehensive inclusion in that contract of the fees and terms negotiated through the RFP process of RFP R11-11; and 5) Authorize and direct the County Manager to formally notify NYSHIP of this change that would be effective on January 1, 2012, along with other required notifications.

NOW, THEREFORE, BE IT RESOLVED, that the Sullivan County Legislature hereby accepts and effectuates the County Manager's recommendations as detailed in the attached letter dated September 13, 2011, attached hereto and incorporated herein as Schedule "B"; and

BE IT FURTHER RESOLVED, that the Sullivan County Legislature hereby authorizes:

1. A Self-Funded Health Insurance Program for Health/Prescription/Dental coverage, and said coverage shall be substantially equivalent, to NYSHIP without the intent to diminish the level of benefits as required by the various Collective Bargaining Agreements.

2. A comprehensive program with EBS-RMSCO, INC. that includes a specific stop-loss policy and an aggregate stop-loss policy, as detailed in Schedule "A" that is attached hereto and incorporated herein.
3. A comprehensive program with EBS-RMSCO, INC. that includes coverage through The Hartford Plan for Medicare Primary eligible retirees that will provide a greater benefit to them than the NYSHIP program at a lower cost than NYSHIP, as detailed in Schedule "A" that is attached hereto and incorporated herein.
4. A comprehensive program with EBS-RMSCO, INC. that includes coverage through a self-funded dental insurance program by using the Delta Dental Network, at a lower cost than the fully-insured Delta Dental insurance plan, as detailed in Schedule "A" that is attached hereto and incorporated herein.
5. Make no changes to the current vision coverage through Davis Vision.
6. Effectuate these changes that would become effective with NYSHIP coverage ending on December 31, 2011, and coverage commencing with a self-funded program on January 1, 2012.
7. Authorize a five year contract with EBS-RMSCO, INC. to serve Sullivan County as the Third Party Administrator, with a comprehensive inclusion in that contract of the fees and terms negotiated through the RFP process of RFP R11-11, said fees and terms attached hereto and incorporated herein as Schedule "A".
8. Authorize and direct the County Manager to formally notify NYSHIP of this change that would be effective on January 1, 2012, along with other required notifications.

BE IT FURTHER RESOLVED, that the agreement to be executed with EBS-RMSCO, INC. shall be in a form approved by the County Attorney, and shall include comprehensive details as described herein and attached hereto, as if fully recited herein.



Schedule A-1

115 Continuum Drive | Liverpool, NY 13088
315 448-9000 | 315 476-8440 fax
www.ebsrmsco.com

September 14, 2011

Mr. David P. Fanslau, M.G.A., ICMA-CM
County Manager
County of Sullivan
100 North Street
P.O. Box 5012
Monticello, NY 12701

Dear Mr. Fanslau:

Please accept this letter as final confirmation of agreed-upon services and program costs.

Attachment #1 is the final administrative fee proposal with stable administrative fees annually for a five-year contract.

Attachment #2 is the proposed specific and aggregate stop loss insurance with SunLife Insurance Company for the Actives and Non-Medicare Primary Retirees. We have also included information on the financial strength of SunLife.

Attachment #3 outlines the details and program costs for the Data Mining, Disease Management and On-site Medical Wellness Programs.

Attachment #4 is a comparison of the Sullivan County Network and NYSHIP United Health Care common specialties within a 20-mile radius of Monticello, New York. EBS-RMSCO will also provide secondary networks to fill in any provider gaps by utilizing the Excellus network along with regional and national networks.

EBS-RMSCO will leverage the size of our book of business to obtain the best pricing structure for prescriptions through various Prescription Benefit Managers. ProAct is our recommendation as the Prescription Benefit Manager for Sullivan County. We are basing this recommendation on their competitive pricing and exceptional service.

Attachment #5 is the final budget for the Dental program with an annual savings of \$49,789.04. Delta Dental will continue as the network under an Administrative Services Only contract administered by EBS-RMSCO. Plan design will remain the same as the current plan.

Vision coverage will remain the same through the current Davis Vision program as this program is the most cost effective for the current plan design.

The plan design for the medical and prescription benefit administered by EBS-RMSCO will be an exact duplication of the current plan design with NYSHIP.

The only exception is the Medicare Primary Retiree Program with Hartford. Attachment #6 illustrates the total cost of this program, medical benefit comparison and prescription drug



EBS-RMSCO, Inc.
Employee Benefit Solutions

115 Continuum Drive | Liverpool, NY 13088
315 448-9000 | 315 476-8440 fax
www.ebsrmsco.com

A-1

benefit. The Hartford Option 1 pays 100% coverage after Medicare and the Prescription Drug Benefit mirrors the current benefit with NYSHIP.

Attachment #7 is the final budget proposal for the Medical and Prescription Drug coverages for Sullivan County with a \$1,715,425.80 savings.

Thank you for this great opportunity. We are excited at the possibility of becoming partners with Sullivan County.

Best regards,

Handwritten signature of Steve McCarthy in cursive.

Steve McCarthy
Vice President of Sales

Handwritten signature of Nannette Grosso in cursive.

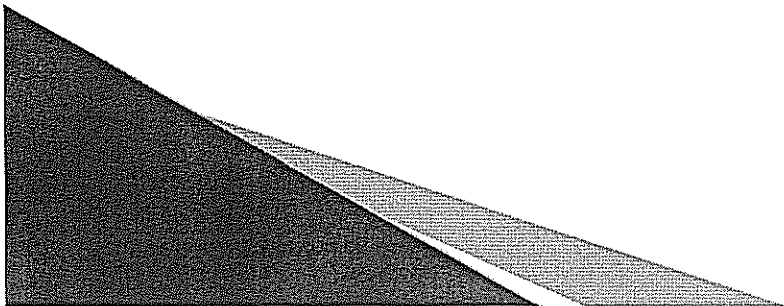
Nannette Grosso
Account Executive

Schedule A-2



County of Sullivan
Administration Fee Proposal
January 1, 2012 – December 31, 2016

SCHEDULE OF ITEMS	UNIT	PRICE
Medical/Rx, Vision and Dental Claim Processing	PEPM	\$26.50
Medical/Rx and Vision Claim Processing	PEPM	\$26.00
Dental Only Claim Processing	PEPM	\$3.50
Primary Network Access	PEPM	\$8.50
National Dental Network Access	PEPM	\$0.70
Second Level Appeals	PEPM	\$0.60
Prescription Drug Coordination	N/A	Included in Claim Processing Fee
Medical Management	N/A	Included in Claim Processing Fee
HIPAA Certificate Issuance (After Termination)	N/A	Included in Claim Processing Fee
HCRA Administration	N/A	Included in Claim Processing Fee
Forms, ID Cards	N/A	Included in Claim Processing Fee
Standard Reporting Package	N/A	Included in Claim Processing Fee
Ad Hoc Reporting (Additional Programming Only)	Per Hour	\$150
Implementation	One-Time Fee	\$3,500.00 (Waived)
Utilization Management & Large Case Management	Per Hour	\$153.00 (2011) \$158.00 (2012)
Subrogation Negotiation	Percent of Recoveries	25%
Travel Network Enhancement	Percent of Savings	25%
Out-of-Network Claim Repricing	Percent of Savings	25%
OPTIONAL SERVICES		
• PD/SPD Development	One-Time Fee	\$6,500.00 (Waived with 5 Year Contract)
• COBRA Administration	PEPM	\$1.00
• The Steps to Success: On-Site Biometric Measurements	Per Participant	\$195.00
• Data Mining for Disease Management	PEPM	\$1.65 (Included in Claim Processing Fee with a 5-Year Contract)
• Medicare Part D Coordination		Fees Available Upon Request



COUNTY OF SULLIVAN

(Includes all Actives and Non-Medicare Primary Retirees)

CARRIER	CONTRACT TYPE	352			571			FAMILY PLANS			AGGREGATE			AGGREGATE PREMIUM
		SPECIFIC DEDUCTIBLE LEVEL	AGGREGATING SPECIFIC DEDUCTIBLE		SPECIFIC RATES		ANNUAL SPECIFIC PREMIUM		SINGLE	AGGREGATE FACTORS		ATTACHMENT PT		
			COMPOSITE	SINGLE	FAMILY	COMPOSITE	SINGLE/FAMILY	COMPOSITE		SINGLE/FAMILY	COMPOSITE	SINGLE/FAMILY	COMPOSITE	
Sun Life Insurance Company Annual Maximum: Unlimited Lifetime Maximum: Unlimited	12/12	\$250,000	\$31.74	\$70.75	\$618,849	\$1,177.87	\$1,177.87	\$13,046,088	---	---	---	---	\$48,181	
	12/12	\$300,000	\$24.97	\$54.26	\$477,263	\$1,186.37	\$1,186.37	\$13,140,234	---	---	---	---	\$48,181	
	12/12	\$350,000	\$20.67	\$43.84	\$387,702	\$1,191.75	\$1,191.75	\$13,199,823	---	---	---	---	\$48,181	
	12/15	\$250,000	\$37.62	\$86.10	\$748,664	\$1,352.11	\$1,352.11	\$14,975,970	---	---	---	---	\$53,054	
	12/15	\$300,000	\$29.20	\$65.59	\$572,763	\$1,361.22	\$1,361.22	\$15,076,873	---	---	---	---	\$53,054	
	12/15	\$350,000	\$23.66	\$52.64	\$461,474	\$1,366.98	\$1,366.98	\$15,140,670	---	---	---	---	\$53,054	

The rates and factors detailed in this proposal are based on claim information available at the time of proposal. The insurance company(ies) listed above reserve the right to adjust rates and factors, or require a separate deductible for specific individuals, if adverse claim information becomes available or if new claims occur prior to the effective date of the insurance. Please be advised that EBS-RMSCO, Inc. may be compensated for the services provided to you, our customer, in the form of commission. EBS-RMSCO has agreements with certain carriers whereby we receive a commission and/or a "contingency payment", which rewards EBS-RMSCO for achieving pre-set benchmarks such as profitability goals, volume levels, and/or growth targets. It is important to note that these arrangements in no way influence our analysis of carriers in providing you with the best coverage option(s) available to you. We represent you, our customer. Additional information as to participating carriers quotes and EBS-RMSCO compensation may be provided upon your request.

Schedule
A-3

Schedule
A-4

Sun
Life Financial®

Annuities. Employee Benefits. Life Insurance.

Financial strength you can count on

A global presence with more than 145 years of experience and strength

Sun Life Financial was chartered in Canada in 1865 and is one of the world's leading financial services organizations.¹ With corporate headquarters in Toronto and business operations across the globe, we provide protection and wealth management products to individual and corporate customers worldwide.

Our U.S. business lines include:

Annuities

Employee benefits

Life insurance

Investment management services

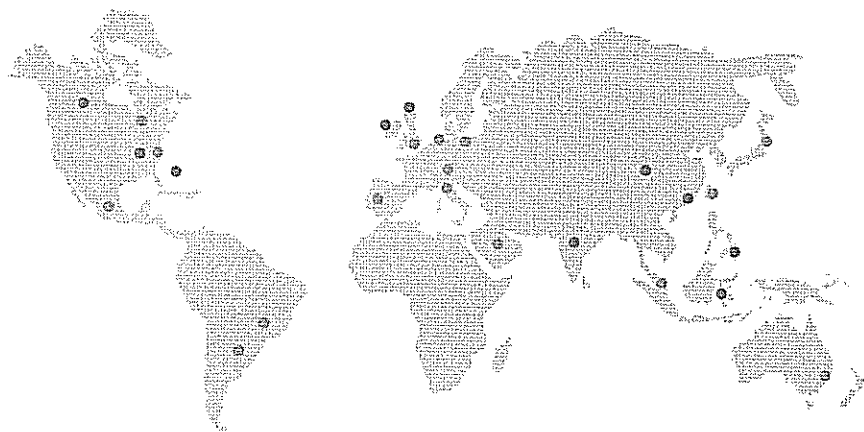
Mutual funds (offered through MFS)²

Key facts about Sun Life Financial:

- Ranked the fifth-largest life insurance organization in North America.³
- Selected by Innovest and Corporate Knights as one of the Global 100 Most Sustainable Corporations in the World (January 2011).
- One of only three life insurers to be a member of the Dow Jones Sustainability Index North America for 2010-2011.

The Sun Life Financial group of companies serves over 20 million customers in 24 countries and had assets under management of C\$474 (US\$492) billion as of June 30, 2011.

Common shares of Sun Life Financial Inc. are traded on the Toronto (TSX), New York (NYSE), and Philippine (PSX) stock exchanges under the ticker symbol SLF.



● Sun Life Financial operations ◻ MFS operations

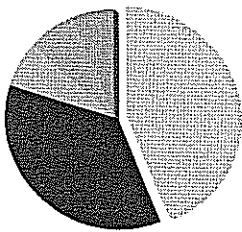
1. The Sun Life Financial group of companies operates under the "Sun Life Financial" name. Sun Life Financial Inc., the publicly traded holding company for the Sun Life Financial group of companies, is not an insurance company. In the United States and elsewhere, insurance products are offered by members of the Sun Life Financial group that are insurance companies. These insurance company subsidiaries offer products with guarantees that rely on their own financial strength and claims-paying ability.

2. Mutual funds are offered through MFS Investment Management, a member of the Sun Life Financial group of companies.

3. Bloomberg, based on market capitalization as of June 30, 2011.

Revenue supported by a well-diversified strategy

The Sun Life Financial group of companies is well positioned to navigate changing economic conditions; our revenue comes from many geographic locations and business lines. By diversifying our revenue stream, we strive to capitalize on opportunities—while minimizing losses.



Sun Life Financial revenue contribution (last 12 months ending Q2, 2011)⁴

- Canada 45%
- United States⁵ 35%
- MFS 8%
- Corporate 6%
- Asia 6%

The strength and stability of a highly rated company

Sun Life Financial's insurance subsidiaries enjoy strong financial strength ratings. Independent rating agencies place us among the highest-rated insurance companies in North America.

Financial strength ratings/claims-paying ability

(in US\$ unless noted)	AM Best	Standard & Poor's	Moodys
Sun Life Assurance Company of Canada	A+ (Superior) Second of 16 rating levels ⁴	AA- (Very Strong) Fourth of 20 rating levels ⁴	Aa3 (Excellent) Fourth of 21 rating levels ⁶
Sun Life Assurance Company of Canada (U.S.)	A+ (Superior) Second of 16 rating levels ⁴	AA- (Very Strong) Fourth of 20 rating levels ⁴	Aa3 (Excellent) Fourth of 21 rating levels ⁷
Sun Life Insurance and Annuity Company of New York	A+ (Superior) Second of 16 rating levels ⁴	AA- (Very Strong) Fourth of 20 rating levels ⁴	Not rated

Ratings are subject to change at any time. For the most current ratings, please visit www.sunlife.com.

4. While this diversification strategy is a useful technique that can help to manage volatility in our portfolio, there is no assurance that a diversified portfolio will enhance overall return or outperform one that is not diversified.

5. The revenue of the U.S. business segment does not include revenue of MFS.

6. Outlook stable.

7. Negative outlook.

While ratings can be objective indicators of an insurance company's financial strength and can provide a relative measure to help select among insurance companies, they are not guarantees of the future financial strength and/or claims-paying ability of a company and do not apply to any underlying variable investment options. The broker/dealer or insurance agency from which an annuity or insurance product is purchased, or any affiliates of those entities, make no representations regarding the quality of the analysis conducted by the rating agencies. The rating agencies are not affiliated with the above-mentioned entities and were not involved in any rating agency's analysis of the insurance companies.

Our key financial management strategies

1. Safeguarding reserves and capital

Like most insurers, Sun Life Financial companies set aside reserves and capital that ensure our ability to pay claims and meet product guarantees.

We also regularly test our ability to meet our obligations under stressed market scenarios to ensure that we have sufficient financial resources. Our goal is to have enough capital to withstand significant and prolonged economic downturns.

2. Taking a prudent approach to investing

Our portfolios reflect our careful investment and risk-management practices. No matter what the economic or market conditions, we strive to protect our reserves and capital from unnecessary risk and potential loss.

This leads us to an investment strategy where we:

- maintain a long-term focus and stay the course through market cycles,
- diversify across industries and companies, limiting the amount held in any one asset class or financial instrument in order to minimize losses,
- pay strict attention to investment research so we buy only what we know, and
- employ risk-adjusted credit exposure limits.

3. Actively managing risk

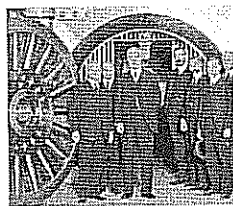
Over our long history, we've developed a comprehensive, enterprise-wide framework for managing the risks that occur due to changing economic climates and cycles.

The objective of this risk-management process is to safeguard the money set aside to meet our obligations, maintain our financial strength, and provide a framework to identify and manage the five major risk categories we face:

1. Market
2. Credit
3. Insurance
4. Operational
5. Strategic

The framework reflects our corporate philosophy that we are in the business of taking risks for appropriate return. This is core to Sun Life Financial's corporate vision, mission, and customer value position. Our risk management culture is supported by a strong "tone from the top," which emanates from the Board of Directors and cascades throughout the organization. Effective risk taking and risk management are critical to the overall profitability and long-term financial viability of the Sun Life Financial companies.¹¹

Historically world prominent

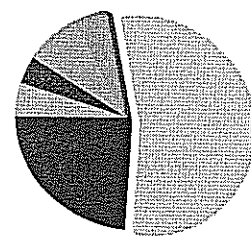


Sun Life helped protect the wealth of Great Britain in World War II when Prime Minister Winston Churchill

sent billions in foreign securities to Canada for safekeeping.

Providing solutions for today

Sun Life Financial's proven financial strength has enabled us to fulfill our promises to customers, helping them plan for the long term. Our diverse financial services can help you with your goal of lifetime financial security.



The Sun Life Financial group of companies Q2 2011 invested assets C\$108 billion^a

- Bonds^a 54%
- Mortgages and corporate loans 24%
- Other⁹ 5%
- Equities¹⁰ 4%
- Cash and short-term equivalents 8%
- Real estate 5%

For more information regarding Sun Life Financial's protection and wealth-management solutions, contact your financial professional or visit us at www.sunlife.com.

8. Bond portfolio includes approximately 1,200 borrowers representing a variety of sectors, and 96% of holdings have investment-grade credit ratings.
 9. The Other category is composed primarily of policyholder loans, derivative assets, and investments in limited partnerships.
 10. Four percent, or approximately \$4.5 billion, is invested in equities. About 56% of this equity portfolio is invested in North American exchange-traded funds, with the remainder invested in common and preferred shares in Canada, the United States, the United Kingdom, and Asia.
 11. We recognize the important role that Sun Life Financial's risk management culture plays in the effective management of enterprise risk. A key premise is that all employees and distributors have an important role to play in managing enterprise risks, and collectively form part of the Company's extended risk management team.

Get to know Sun Life Financial¹

We understand your need for financial independence and security throughout your life.

Count on us—and take advantage of our more than 145 years of consistent financial strength and a strong global presence.

Partner with us—and enjoy straightforward communications, simple business transactions, and timely service that addresses your needs.

Grow with us—and tap into our broad array of innovative solutions for you, your family, and your business.

As a leading provider of annuities, employee benefits, life insurance, and mutual funds, we are one of the oldest and largest financial services organizations worldwide.²



One Sun Life Executive Park
Wellesley Hills, MA 02481
www.sunlife.com/us

Certain statements in this document, including those that are predictive in nature, that depend on or refer to future events or conditions, or that include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates," or similar expressions, are forward-looking within the meaning of securities law. Forward-looking statements include information concerning possible or assumed future results of operations of the Company. These statements represent the Company's expectations, estimates, and projections regarding future events and are not historical facts. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. Future results and stockholder value may differ materially from what is expressed in these statements due to, among other factors, the matters set out under "Risk Factors" in the Company's Annual Information Form and to the factors detailed in the Company's other filings with Canadian and U.S. securities regulators, including its annual and interim MD&As and its financial statements, available for review at www.sedar.com and www.sbc.gov.

Factors that could cause actual results to differ materially from expectations include, but are not limited to, the performance of equity markets; interest rate fluctuations; investment losses and defaults; movements in credit spreads; the cost, effectiveness, and availability of risk-mitigating hedging programs; the creditworthiness of guarantors and counterparties to derivatives; risks related to market liquidity; changes in legislation and regulations, including tax laws, regulatory investigations and proceedings and private legal proceedings and class actions relating to practices in the mutual fund, insurance, annuity, and financial product distribution industries; risks relating to product design and pricing; insurance risks including mortality, morbidity, longevity, and policyholder behavior, including the occurrence of natural or man-made disasters, pandemic diseases, and acts of terrorism; risks relating to operations in Asia, including risks relating to joint ventures; currency exchange rate fluctuations; the impact of competition; risks relating to financial modeling errors; business continuity risks; failure of information systems and Internet-enabled technology; breaches of computer security and privacy; the availability, cost, and effectiveness of reinsurance; the inability to maintain strong distribution channels and risks relating to market conduct by intermediaries and agents; dependence on third-party relationships, including outsourcing arrangements; downgrades in financial strength or credit ratings; the ability to successfully complete and integrate acquisitions; the ability to attract and retain employees; and the performance of the Company's investments, such as segregated and mutual funds, and investment portfolios managed for clients. The Company does not undertake any obligation to update or revise these forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events, except as required by law.

If this brochure is used in the promotion of a variable annuity or variable life insurance product, it is authorized for public use only when preceded or accompanied by a prospectus. The prospectus contains important information about the investment objectives, risks, charges, and expenses (such as mortality and expense charges, administration fees, cost of insurance, and withdrawal charges) of the variable insurance product. Please read all prospectuses carefully before investing or sending money. Variable accumulation unit values of a variable annuity fluctuate according to underlying economic and market conditions. It is possible that you could lose up to the entire principal amount invested in a variable annuity at redemption. Guarantees do not apply to the performance or safety of amounts held in the variable investment options.

Annuities are long-term financial vehicles designed for retirement purposes and are subject to market fluctuation, investment risk, and possible loss of principal. Past performance does not guarantee future results. Variable annuities provide tax deferral, a lifetime income stream, and a death benefit. All withdrawals of taxable amounts, including earnings, are taxable as ordinary income and, if taken prior to age 59½, may be subject to a 10% federal tax penalty. Early withdrawals will reduce the death benefit and cash surrender value.

Variable universal life insurance (VUL) is a life insurance product that offers a combination of death benefit protection with an investment component. This investment component is subject to market risk and loss of value. Additional product contract fees and charges may apply. Loans and partial withdrawals will affect the policy proceeds and account value and may be subject to ordinary income tax. Distributions are generally subject to income taxes and a 10% federal tax penalty if taken before age 59½.

Sun Life Financial Masters variable annuities are issued by Sun Life Assurance Company of Canada (U.S.) (Wellesley Hills, MA) in all states except New York. In New York, the contracts are issued by Sun Life Insurance and Annuity Company of New York (New York, NY). Variable products are distributed through Sun Life Financial Distributors, Inc. All three companies are members of the Sun Life Financial group of companies. All contract and rider guarantees, including optional benefits or annuity payout rates, are backed by the claims-paying ability of the issuing insurance company. They are not backed by the broker/dealer from which this annuity is purchased, by the insurance agency from which this annuity is purchased, or by any affiliates of those entities, and none make any representations or guarantees regarding the claims-paying ability of the issuing insurance company. Products and features may not be available in all firms or all states.



Wellness Program Fees

On-Site Medical Services from Interactive Health Solutions (IHS)	\$195.00 Per Participant
Completion of Health Risk Assessment	Included
Physical Assessment (Including Blood Draw)	Included
Comprehensive Report of Findings to Member	Included
Interactive Health Index (Participants Given Score and Goal)	Included
Aggregate Report to Employer	Included
6-Month Quick Check	Included
Access to "Healthwise" Web Application	Included
Eligibility for One-On-One Telephonic Coaching Program	Included
Health News Articles Sent Via E-Mail	Included
Data Mining from Corporate Care Management (CCM)	\$1.65 PEPM (Included in Claim Processing Fee with a 5-Year Contract)
Data Mining for Welcome Letters	Included
Data Mining for New Year Resolution Campaign	Included
• New Year Resolution Cards Encouraging Doctor Visit	Included
• Six Month Reminder Cards Encouraging Doctor Visit	Included
Data Mining for Quarterly Prevention Letter Campaign	Included
• Reminder Letters for PAP	Included
• Reminder Letters for PSA	Included
• Reminder Letters for Mammogram	Included
• Reminder Letters for Colorectal Exams	Included
Data Mining Yearly for Milestone Cards	Included
• Greeting Cards to 21-Year-Old Women	Included
• Greeting Cards to 40-Year-Old Women	Included
• Greeting Cards to 50-Year-Old Women	Included
• Greeting Cards to 50-Year-Old Men	Included
Data Mining for Early Intervention Case Management	Included
Aggregate Reporting of Results	Included
Data Mining to Identify Chronic Conditions (Quarterly)	Included
Informational and Gap-in-Care Disease Management Letter Campaigns	Included

Sullivan County Network Access

Common Specialties - 20 mile radius of Monticello, NY	Sullivan County Network	NYSHIP United Health Care
Internal Medicine	94	70
Family Practice	38	22
OBGYN	24	20
Pediatrics - General	30	21
Allergy & Immunology	4	4
Anesthesiology	31	6
Cardiology	37	27
Neurology	12	12
Oncology	11	9
Radiology	99	9
Physical Therapy	33	25
Dermatology	7	4
Otolaryngology (ENT)	9	5
Gastroenterology	13	13
Total of Selected Specialties	442	247

Schedule A-6



EBS-RMSCO, Inc.
Employee Benefit Solutions

Schedule A-7



EBS-RMSCO, Inc.
Employee Benefit Solutions

FINAL BUDGET

Delta Dental and Davis Vision

Census Enrollment: 8/4/2011

<u>Delta Dental (ASO through EBS-RMSCO)</u>	
Administration Fee	\$41,680.80
Delta Dental Projected Claims	\$406,000.00
Total	\$447,680.80

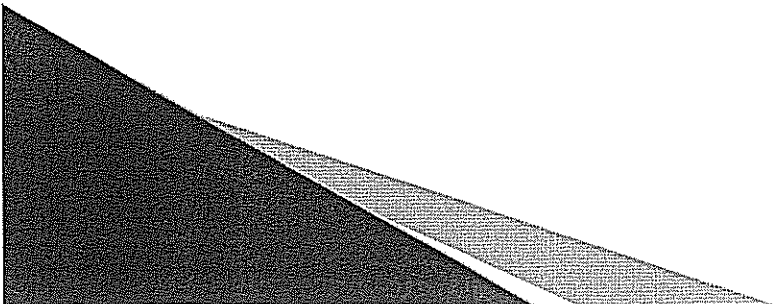
<u>Delta Dental (Current Program through County of Sullivan)</u>	
2011	\$497,469.84
Total	\$497,469.84

<u>EBS-RMSCO, Inc. Savings</u>	
Dental	\$49,789.04
Total	\$49,789.04

Note: Vision coverage will remain the same through current Davis Vision program

Current Annual Cost:

Single:	\$4.38
Family:	\$11.36
	\$86,056.56



Schedule
A-8

Sullivan County

NY1731

DELTA DENTAL PPO

Plan III

<u>Dental Services Proposed</u>	<u>Dental Treatment Costs</u>					
	<u>Delta Dental PPO</u>		<u>Delta Dental Premier</u>		<u>Non-Participating</u>	
	<u>Paid By Plan</u>	<u>Paid By Patient</u>	<u>Paid By Plan</u>	<u>Paid By Patient</u>	<u>Paid By Plan</u>	<u>Paid By Patient</u>
DIAGNOSTIC	100%	0%	100%	0%	100%	0%
PREVENTIVE	100%	0%	100%	0%	100%	0%
BASIC RESTORATIVE	80%	20%	80%	20%	80%	20%
ORAL SURGERY	80%	20%	80%	20%	80%	20%
ENDODONTICS	80%	20%	80%	20%	80%	20%
PERIODONTICS	50%	50%	50%	50%	50%	50%
MAJOR RESTORATIVE	50%	50%	50%	50%	50%	50%
PROSTHODONTICS	50%	50%	50%	50%	50%	50%
ORTHODONTICS - DEPENDENT	50%	50%	50%	50%	50%	50%
TEMPOROMANDIBULAR JOINT DYSFUNCTION	50%	50%	50%	50%	50%	50%
Maximum - calendar year per person	\$1,000		\$1,000		\$1,000	
Ortho - Dep Max - lifetime per person	\$1,000		\$1,000		\$1,000	
Deductible - calendar year per person	\$50		\$50		\$50	
Deductible - calendar year per family	\$150		\$150		\$150	

Deductibles are not applied to diagnostic, preventive and orthodontic services for Delta Dental PPO, Delta Dental Premier and Non-Participating providers.

Cost Plus Rating Method

No prefund or monthly deposits required.
 Claims will be settled by means of weekly ACH debit.
 Administration fee will be settled monthly.

Administration Fee: \$4.20 per employee per month.

Annual Projected Claims: \$406,000 (Based on 855 employees)

Two-Year Rate Guarantee

September 1, 2011

Sullivan County

NY1731

Plan III

Assumptions and Guidelines

Rate guarantee period applies to quoted rates above. Delta Dental reserves the right to review quoted rates, if proposed program is not purchased within 60 days.

Rates assume that current enrollment levels will be maintained.

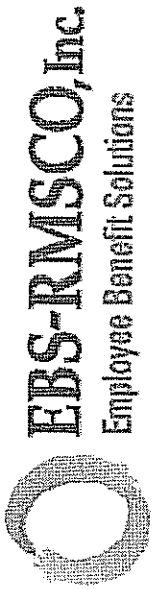
Rates assume an effective date of January 1, 2012.

Rates assume that current dependent and student age limitations will be maintained.

Rates assume that Delta Dental PPO participating providers are paid at the Delta Dental PPO Maximum Plan Allowance (MPA). Delta Dental PPO participating providers accept the Delta Dental PPO MPA as payment in full. Delta Dental PPO participating providers are paid directly by Delta Dental, and by agreement cannot bill the patient more than the applicable copayments or deductibles for the services provided.

Under the Delta Dental PPO program, Delta Dental Premier participating providers are paid at the Delta Dental PPO MPA and are paid directly by Delta Dental. The employee is responsible for paying the difference between the Delta Dental PPO MPA and the Delta Dental Premier MPA. By agreement, Delta Dental Premier participating providers must accept the Delta Dental Premier MPA as payment in full, less any applicable copayments or deductibles for the services provided (and under this scenario the difference between the Delta Dental PPO MPA and the Delta Dental Premier MPA).

Non-Participating providers are paid at the Delta Dental PPO MPA. The benefit payment is sent directly to the employee. It is the employee's responsibility to pay the provider. The employee is responsible for paying the difference between the Delta Dental PPO MPA and the amount billed by the Non-Participating provider, plus any applicable copayments or deductibles.



Hartford Retiree Program

What is the Hartford Retiree Program?

A fully insured group retiree medical plan that pay's the Medicare eligible deductibles, co-payments and out-of-pocket medical expenses not covered by Medicare

Who is covered under the Hartford Retiree Program?

Medicare Primary retirees and Medicare Primary spouses due to age

2012 Projected Cost

	Med. Primary Single	Med. Family - 1 over 1 under **	Med. Family - 2 with Medicare **
Current Enrollment*	204	42	172
Rate	\$429.88	\$429.88	\$429.88
Total Cost	\$87,695.52	\$18,054.96	\$73,939.36
Monthly Total	\$179,689.84		
Annual Total	\$2,156,273.04		

* Each member pays an individual premium under the Hartford Program (i.e.- 86 Med. Family 2 with Medicare becomes 172 enrolled)

** Non-Medicare Dependents of Medicare Primary Retirees will remain on current plan (cost not calculated in above)

Schedule A-9

Sullivan County Benefit Comparison

NYSHIP Empire Plan THE HARTFORD OPTION 1

Participating Provider Program / In-Network	Basic Medical Program / Non-network services	NO NETWORK -- Retiree may choose their physician
---	--	--

Deductibles, Co-Pays, Out of Pocket Amounts, Coinsurance and Lifetime Maximums

Deductible Calendar Year	None	\$388 Part B Services	None
Copays	Varies depending on the service	Varies Copays for Part A & Part B Services	None
Co-insurance Rate	100%	80%	100%
Out-of-Pocket Maximum	None	Varies OOP for Part A & Part B Services	None
Lifetime Maximums	Unlimited	Unlimited	Unlimited

Schedule A-10



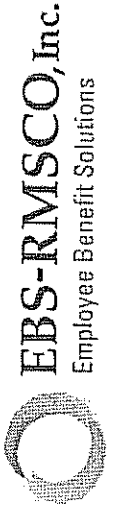
Sullivan County Benefit Comparison

NYSHIP Empire Plan THE HARTFORD OPTION 1

Participating Provider Program / In-Network	Basic Medical Program / Non-network services	NO NETWORK -- Retiree may choose their physician
---	--	--

HOSPITAL MEDICAL SERVICES			
Inpatient Hospital Stay	Pre-certification is required; \$200 penalty applied if stay is not certified; 100% Coverage	Pre-certification is required; \$200 penalty applied if stay is not certified; Coinsurance amount of 10% of billed charges; coinsurance maximum of \$1,500	100% Coverage after Medicare PLUS coverage for 365 add'l days after Medicare benefits end.
Outpatient Hospital Care	\$60 Copay	\$60 Copay	100% Coverage after Medicare
Ambulatory Surgical Centers	\$30 Copay	\$60 Copay	100% Coverage after Medicare
Emergency Room	\$70 Copay	10% of billed charges or \$75 whichever is greater	100% Coverage after Medicare
Skilled Nursing Facility	Pre-certification is required; \$200 penalty applied if stay is not certified; 100% Coverage until maximum days reached	Pre-certification is required; \$200 penalty applied if stay is not certified; Coinsurance amount of 10% of billed charges; coinsurance maximum of \$1,500	100% Coverage after Medicare; limited to 120 days per Medicare benefit period
Hospice Care	Pre-certification is required; \$200 penalty applied if stay is not certified; 100% Coverage	Pre-certification is required; \$200 penalty applied if stay is not certified; Coinsurance amount of 10% of billed charges; coinsurance maximum of \$1,500	100% Coverage after Medicare Unlimited care

A10



Sullivan County Benefit Comparison

NYSHIP Empire Plan THE HARTFORD OPTION 1

Participating Provider Program / In-Network	Basic Medical Program / Non-network services	NO NETWORK -- Retiree may choose their physician
PHYSICIAN MEDICAL SERVICES		
Office Visits/ Office Surgery	\$20 Copay Subject to deductible; payable at 80% until OOP is reached	100% Coverage after Medicare
Hospital & Skilled Nursing visits	100% Coverage Subject to deductible; payable at 80% until OOP is reached	100% Coverage after Medicare
Surgeon & Anesthesiology	100% Coverage Subject to deductible; payable at 80% until OOP is reached	100% Coverage after Medicare
Routine Exam	100% Coverage Covered for members over 50	100% Coverage after Medicare
Adult Preventative Services (including mammograms, Pap smears, prostate cancer screenings & colorectal cancer screenings)	100% Coverage for services as recommended under PPACA Immunizations Not Covered	100% Coverage after Medicare

A-10

Sullivan County Benefit Comparison

NYSHIP Empire Plan		THE HARTFORD OPTION 1	
Participating Provider Program / In-Network	Basic Medical Program / Non-network services	NO NETWORK -- Retiree may choose their physician	
DIAGNOSTIC, THERAPY, NURSING SERVICES			
Radiology	100% Coverage	Subject to deductible; payable at 80% until OOP is reached	100% Coverage after Medicare
Laboratory	100% Coverage	Subject to deductible; payable at 80% until OOP is reached	100% Coverage after Medicare
Physical, Speech, Occupational Therapy	\$20 Copay per visit	\$250 deductible; payable at 50%	100% Coverage after Medicare
Home Health Care	Prior authorization required; 100% Coverage	Prior authorization required; first 48 hrs not covered; subject to deductible; payable at 50%	100% Coverage after Medicare
DURABLE MEDICAL EQUIPMENT, PROSTHETIC DEVICES, AMBULANCE			
Durable Medical Equipment	Prior authorization required; 100% Coverage	Prior authorization required; subject to deductible; payable at 80% until OOP is reached	100% Coverage after Medicare
Prosthetic Devices	100% Coverage	Subject to deductible; payable at 80% until OOP is reached	100% Coverage after Medicare
Ambulance	\$35 Copay	\$35 Copay	100% Coverage after Medicare

A-10

Sullivan County Benefit Comparison

NYSHIP Empire Plan		THE HARTFORD OPTION 1	
Participating Provider Program / In-Network	Basic Medical Program / Non-network services	NO NETWORK -- Retiree may choose their physician	
MENTAL HEALTH AND SUBSTANCE ABUSE			
Facility Stay	Pre-certification is required; 100% Coverage	Pre-certification is required; payable at 90% coinsurance; the 100% coinsurance after \$1,500 coinsurance maximum is reached	100% Coverage after Medicare PLUS coverage for 365 add'l days after Medicare benefits end.
Inpatient / Outpatient Physician Visits	\$20 Copay	Subject to deductible; payable at 80% until OOP is reached	100% Coverage after Medicare (No Maximum visits)

This analysis is based on NYSHIP Empire Plan general plan design information that was made available to The Hartford through the request for proposal process. The benefit review is a high-level summary of variations and is not an exhaustive comparison of every contract provision. The comparisons noted herein are based on The Hartford's own interpretation and NYSHIP Empire policy booklet may not administer or interpret its benefits and contract provisions in the same manner as The Hartford. This analysis does not constitute a binding offer to provide benefits or language in the manner highlighted.

A-10

Prescription Drug Benefit With Hartford

Schedule ~~A~~ 11

Deductible	None	Express Scripts Home Delivery																
<p>Member Co-pays</p> <p>Retail and Maintenance Drug Pharmacy</p> <table border="1" data-bbox="454 976 576 1722"> <thead> <tr> <th></th> <th>Up to a 1 Month Supply</th> <th>Up to a 2 Month Supply</th> <th>Up to a 3 Month Supply</th> </tr> </thead> <tbody> <tr> <td>Generic</td> <td>\$5</td> <td>\$10</td> <td>\$10</td> </tr> <tr> <td>Preferred Brand</td> <td>\$15</td> <td>\$30</td> <td>\$30</td> </tr> <tr> <td>Non-Preferred Brand</td> <td>\$40</td> <td>\$70</td> <td>\$70</td> </tr> </tbody> </table> <p>Member co-pays for Generic and Brand are unchanged in the coverage gap, net of the Medicare Coverage Gap Discount Program.</p> <p>All retail pharmacies in the Express Scripts network can provide you with up to a one-month or 31-day supply of your prescription.</p> <p>To find out if your pharmacy is a Maintenance Drug Pharmacy (MDP) that has agreed to provide a three-month or up to 90-day supply (with no co-pay savings) contact Express Scripts at the number listed on the back of the ID card.</p>		Up to a 1 Month Supply	Up to a 2 Month Supply	Up to a 3 Month Supply	Generic	\$5	\$10	\$10	Preferred Brand	\$15	\$30	\$30	Non-Preferred Brand	\$40	\$70	\$70	<p>Generic Up to a 3 month supply \$5</p> <p>Preferred Brand Up to a 3 month supply \$20</p> <p>Non-Preferred Brand Up to a 3 month supply \$65</p> <p>Specialty Up to a 3 month supply \$65</p> <p>You may receive up to a three-month or 90-day supply of maintenance drugs (drugs you take for a chronic condition, such as asthma) through our Express Scripts Home Delivery service.</p> <p>Note: The only way to obtain a three-month supply at the above co-pay savings is to use Express Scripts Home Delivery.</p>	
	Up to a 1 Month Supply	Up to a 2 Month Supply	Up to a 3 Month Supply															
Generic	\$5	\$10	\$10															
Preferred Brand	\$15	\$30	\$30															
Non-Preferred Brand	\$40	\$70	\$70															
<p>Specialty Medications</p>	<p>Covered at CuraScript, Retail Pharmacies and MDP (when available)</p> <p>Specialty</p> <p>Up to a 1 month supply \$40 Up to a 2 month supply \$70 Up to a 3 month supply \$70</p>																	
<p>Catastrophic Coverage</p>	<p>Once the true out-of-pocket cost has reached \$4,700, the retiree will pay the following co-pay values: for generic drugs the greater of 5% or \$2.60 and for all other brand drugs the greater of 5% or \$6.50.</p>																	



EBS-RMSCO, Inc.
Employee Benefit Solutions



EBS-RMSCO, Inc.
Employee Benefit Solutions

Schedule
A-12
FINAL BUDGET

12/12 \$250,000

Census Enrollment: 8/4/2011

Stop Loss Insurance includes all Actives and Non-Medicare Primary Retirees

	Attachment Point Level (Sun Life Insurance)	
<u>Claims Administrative Services</u>		
Administrative Fee *	\$395,160.00	
Implementation Fee	Waived	
Sub-Total	\$395,160.00	
<u>Claim Charges</u>		
Utilization Management	Included in Admin Fee	
Large Case Management (\$153/hr)	Included in Claims Expense	
Subrogation Negotiation	Percentage of Savings	
Travel Network Enhancement	Percentage of Savings	
Out-of-Network Claim Repricing	Percentage of Savings	
Sub-Total	\$0.00	
<u>Claims Expense</u>		
Claims Expense (12/12)	\$13,046,088.12	
Specific Stop Loss	\$618,848.76	
Aggregate Stop Loss	\$48,181.00	
Sub-Total	\$13,713,117.88	
Total Without any Optional Items	\$14,108,277.88	
<u>Optional Services</u>		
PD/SPD Development	\$6,500.00	
COBRA Administration	-	
On-Site Biometric Measurements (no-incentives)	\$77,220.00	
Data Mining for Disease Management	Waived	
Medicare Reimbursement Subsidy	\$463,000.00	
Estimated Hartford Retiree Program	\$2,156,273.04	
Sub-Total	\$2,702,993.04	
Total with Required and Optional Items	\$16,811,270.92	
<u>NYSHIP Program **</u>		
2011	\$16,352,339.38	
2012	\$18,526,696.72	13.3% Increase
2012	\$19,467,806.08	19.5% Increase
<u>EBS-RMSCO, Inc. Savings</u>		
Medical/Rx	\$1,715,425.80	
Total	\$1,715,425.80	

* Administrative Fee includes \$.60 for Second Level Appeals

** Annualized NYSHIP program includes \$463,000 for Medicare Reimbursement Subsidy

DAVID P. FANSLAU, M.G.A., ICMA-CM
COUNTY MANAGER

TEL: 845-807-0450
FAX: 845-807-0460

Schedule
B



SULLIVAN COUNTY MANAGER'S OFFICE

SULLIVAN COUNTY GOVERNMENT CENTER
100 NORTH STREET, P.O. BOX 5012
MONTICELLO, NY 12701-5192

HAND DELIVERED

September 13, 2011

Honorable Members of the Sullivan County Legislature
Government Center
100 North Street
Monticello, New York 12701

**RE: RECOMMENDATIONS FOR AWARD OF CONTRACT REGARDING THE
REQUESTS FOR PROPOSALS ENTITLED
"2012 HEALTH/PRESCRIPTION CARD/DENTAL/VISION INSURANCE BENEFITS
PROGRAM CARRIER (R-11-11)"**

Dear Members of the Sullivan County Legislature:

As you are aware, the County had proceeded with the above referenced Request for Proposals (RFP). The RFP was issued on May 13, 2011, with a return deadline for responsive submissions of June 24, 2011. There were thirteen responses to the subject RFP, with three responsive to the complete RFP. A preliminary report was made to the Government Services Committee in July, 2011, at which time the consensus of the Legislature was to move forward with discussions and negotiations with 1) EBS-RMSCO, INC. (EBS-RMSCO) – regarding a self-insured program; and 2) Rose & Kiernan – regarding an alternative fully insured plan.

Sullivan County is presently a Participating Agency (PA) with the New York State Health Insurance Program (NYSHIP). The various Collective Bargaining Agreements (CBA), with the exception of the New York State Nurses Association (NYSNA), require the County to provide NYSHIP – The Empire Plan, or a substantially equivalent plan – without the intent to diminish the benefit. Accordingly, the referenced RFP included the appropriate language from the CBAs to underscore the fact that the County would comply with the CBAs, and “mirror” the NYSHIP program.

The CBAs contain language that has been negotiated and it is clearly within the four corners of the CBAs language that allows the County to move to a self-insured alternative that meets the benefits level of the NYSHIP plan. The RFP clearly required that responsive submittals were to achieve the benefit level of the NYSHIP plan. Therefore, there is no valid issue that may be raised by the County implementing a self-insurance program that satisfies the requirements of the CBAs. Moreover, Joe Steflik, Special Labor Counsel, has opined that the County is permitted to proceed with a self-insurance program, as that

language was negotiated and is contained within the CBAs.

Clearly, there is a legal ability for the County to move from NYSHIP to a self-funded program. In the event that any of the relevant unions raised an issue regarding the coverage meeting the requirements of the CBA, there is a process clearly detailed in the CBA for a remedy that would conclude with arbitration, if necessary. Previous PERB cases have shown that in the event that an arbitrator determined that a health insurance benefit was not "substantially equivalent", then the employer would be directed to cover that matter within the program. However, I must restate and underscore the requirement for the self-insurance program to "mirror" the current NYSHIP program. Therefore, there would not be an issue for an arbitrator to direct the self-insurance program to cover something that was previously covered by NYSHIP, because the self-insurance program will essentially be equal to the NYSHIP program. Finally, to be clear, this option has been previously negotiated and permissive language is in the CBAs, and any suggestion that the County must negotiate to move to such a program is factually untrue.

The purpose for issuing the referenced RFP was out of a prudent necessity to attempt to reduce or stabilize costs that are or should be within the County's control. Health Insurance (Health/Prescription/Dental/Vision) programs costs are high, and the NYSHIP outlook suggests at least a 13.3% premium increase in 2012 and double-digit increases in the years following. As a PA with NYSHIP, Sullivan County enjoyed some years with very low premium increases from year to year. However, from research performed by staff, NYSHIP appropriated significant reserves to achieve those low digit increases. The situation for 2012 and beyond is troubling. The information that was available to the County showed that NYSHIP brought in about \$175 million in reserves in 2010, but they are projected appropriating \$177 million in reserves in 2012, and that appropriation would require a minimum of a 13.3% premium increase in 2012.

NYSHIP is a wonderful program. There was no desire to find a reason to leave NYSHIP, other than cost, as NYSHIP is a very accommodating and comprehensive program. I can assure you and our employees, that in performing our due diligence, staff was intent that the NYSHIP program would in fact be "mirrored", because that is the right thing to do, not simply because of any CBA requirement. However, from a cost perspective, NYSHIP was unable to provide data that should be available to effectively manage the costs of our health insurance program. The projected cost of remaining in the NYSHIP program in 2012 with static enrollment would require about \$18.5 million in premiums, reflective of a projected 13.3% premium increase, which could well be much higher when the rates are actually set by NYSHIP in November.

The NYSHIP program requires the County pay whatever the respective premiums are. There is no ability to manage the healthcare costs through a wellness program, or a disease management program that would directly benefit Sullivan County. In fact, if the Legislature determined to institute a wellness program under NYSHIP, and the claims experience were reduced, Sullivan County would still realize the premium rate increases regardless of such an effort. Furthermore, any discounts or other savings that NYSHIP were to enjoy would not be passed onto to Sullivan County.

A survey that was conducted by the New York State Association of Counties (NYSAC) showed that in 2010 only 12 counties in New York State out of the 57 counties that are outside of New York City were participating agencies with NYSHIP. The other 45 counties are either self-insured, or they utilize a different fully-insured plan. There are no currently available fully-insured plans on the commercial

market that are able to match the NYSHIP program. Therefore, with the requirement in the CBAs, it was clear that our analysis would be comparing self-insured program to the NYSHIP program.

EBS-RMSCO, Inc. is based in Liverpool, New York, with additional offices in Albany, Fairport, and Buffalo, New York. The company was established in 1974, they have 320 employees and 385 self-funded clients, with 200,000 plan participants in 50 States, and \$800 million in paid claims. Their self-funded clients range in size

from 150 up to 17,500 employees. Also, Sullivan County has a long-term positive relationship with EBS-RMSCO, Inc., as the County's Third Party Administrator (TPA) for workers compensation cases.

As part of our due diligence, I developed a questionnaire that was sent to eight New York State counties that EBS-RMSCO, Inc. identified as clients for self-insurance health insurance programs. These counties included Broome, Cattaraugus, Franklin, Madison, and Oneida. Broome County has a more than twenty year relationship with EBS-RMSCO, Inc. serving as their TPA for their health insurance programs. All of the responses that I have received proved that those counties were very satisfied with EBS-RMSCO, Inc., not only for their cost-effective measures to reduce and stabilize costs, but for their customer service and disease management programs. We also have a copy of the Madison County contract with EBS-RMSCO for their self-funded insurance program, for the County Attorney to utilize in his review of a potential agreement with EBS-RMSCO.

The determination on whether to switch to a self-funded insurance program would come down to the cost of such a program that would cap the County's exposure through a stop-loss policy, and the strength of the provider networks and associated discounts. First, staff was requiring a specific stop-loss coverage on individuals, as well as, an aggregate stop-loss policy that would stop the County's cost at a pre-determined amount. Second, the strength of the provider networks and associated discounts were required to be comparable to the NYSHIP program, in order to cause little to no disruption for our employees and retirees, and to contain and reduce the costs of claims through the discounts that the County would realize. Third, we negotiated the administrative fees and included services that the County would receive from EBS-RMSCO. Through our efforts, EBS-RMSCO waived some fees, and included some optional services as part of our administrative fee that would have had an additional cost, such as the Disease Management program.

The pricing that we have negotiated also includes the Interactive Health Solutions (IHS) program for active employees. This program is designed to interact with our employees and detect issues or conditions that they should address with their personal health. The IHS program has saved many lives, by detecting issues such as early stage cancers, etc. The IHS program is completely confidential, and the results are between the employee and the IHS staff, the County is not advised of any individual results. The IHS program will also be available for dependents at cost.

EBS-RMSCO has statistical data that proves a return on investment (ROI) with utilizing both the disease management program and the IHS program. The results show claims increases in single digits, as compared to a mid-twenty percent range when neither program is utilized. Therefore, we believe that the utilization of these two programs will be a critically important component that the County will employ to stabilize and eventually reduce health insurance claims. As the IHS program becomes known, the County should consider incentives to increase participation in the program. An incentive may be made available by a policy adoption for non-union employees, but incentives would require negotiations with the respective unions, to be offered to employees that are represented. Participation in

an IHS program more than doubles in conjunction with an incentive program. Sullivan County ranks near the bottom in terms of public health rankings by County, and both the disease management and HIS programs will likely prove to be a good investment for the County, not only fiscally, but for the health of our employees, and the overall public health of the community.

As you may be aware, NYSHIP is rather limiting and very controlling with their rules. Moving to a self-funded insurance program will permit the County to track the cost generators, and take measures to mitigate those generators related to prescription drug discounts and other factors. NYSHIP has a rule that requires all retirees that are Medicare primary to be a part of the NYSHIP program, and NYSHIP requires that the County fund or reimburse retirees for Medicare Part B premiums. However, other fully-insured plans and self-funded programs generally have no such requirement. This particular NYSHIP rule costs the County \$463,000 annually, nearly one percent of the real property tax levy. I have not received a clear legal opinion regarding this NYSHIP rule, but even if the County would be legally permitted to end such a practice, a formal policy determination would be required of the county legislature. However, for analysis and recommendations regarding health insurance in 2012, I have had staff analyze the options without taking the potential cost avoidance of this \$463,000 into consideration.

Another positive proposal from EBS-RMSCO would provide our Medicare primary eligible retirees with better coverage than they presently enjoy with NYSHIP. Those Medicare primary eligible retirees would be placed in a plan that is called The Hartford Option 1. The retirees would realize better coverage than NYSHIP, and the County would realize reduced claims expenses associated with Medicare primary eligible retirees.

As the Third Party Administrator, EBS-RMSCO will also handle the claims appeal process. During the claims review process EBS-RMSCO will determine if the claim presented would be beneficial to overall patient care, both medically and financially. Having EBS-RMSCO take on this responsibility distances the County from having coverage options beyond what NYSHIP provided at the time of cutover. Not having this form of appeal process the first time the County was self-insured drove up costs considerably. With all due respect, these appeal decisions must be based upon relevant medical indications, along with the industry standard for such coverage, as opposed to a political determination by non-medical professionals on the Board of Legislators or by County Management.

The Federal Healthcare Reform Act has mandated many areas of health insurance, and one of the issues that concerned people when switching health insurance carriers in the past was "pre-existing conditions". However, the Federal Law now prohibits any denial of coverage that would formerly have been associated with pre-existing conditions. Also, Federal Law requires a level coverage field, meaning that self-funded plans are required to cover most of the areas that are currently covered by commercial insurance. Therefore, there is no issue in moving existing conditions or treatments over from the NYSHIP program to a self-funded program. The process would be seamless to our employees and their eligible dependents.

EBS-RMSCO will develop plan documents based upon "mirroring" the NYSHIP program's plan documents. There will be no difference in the level of coverage. EBS-RMSCO will utilize a network that is very strong and highly comparable to the United Healthcare Network that the NYSHIP program utilizes. It is important to note that providers may move in and out of networks, meaning that a provider presently in the NYSHIP United Healthcare Network may chose to drop that network next month, and likewise a provider presently not in a particular network may choose to join a network. EBS-RMSCO as

part of their administrative fees will attempt to recruit a provider that may be utilized by a subscriber of Sullivan County that may not be in the network.

The pharmacy benefit manager will likely be Express Scripts, which is the largest PBM in the region and nation. Therefore, there will be no differences noticed by our employees and retirees as to how and where they choose to fill their prescriptions.

EBS-RMSCO will continue to utilize the Delta Dental network for dental coverage, but at a roughly \$50,000 reduction, and they will keep the Davis Vision program in place as it is currently.

In summation, the County's employees, retirees, and the eligible dependents will enjoy substantially the same level of benefit that they get from the NYSHIP program; the most noticeable difference will be a new identification card. The County will significantly reduce its costs for the health insurance program. There will be substantially the same or better level of benefits, while for the first time offering disease management and Interactive Health Solutions programs for our employees, retirees, and their eligible dependents. The County will realize a lower cost for these programs as compared to remaining in the NYSHIP program.

Finally, you should recognize that this was an extraordinary undertaking that I could not have completed without the very valuable collective talents of Deputy County Manager Josh Potosek, Human Resources Director Lynda Levine, Risk Management and Insurance Director Monica Farquhar Brennan, Purchasing Director Kathy Jones, and Deputy Commissioner of Management and Budget Janet Young. Please join me in thanking them for their efforts and dedicated service to Sullivan County.

RECOMMENDATION:

I formally recommend that the Sullivan County Legislature move from the NYSHIP program to a Self-Funded Health Insurance Program for Health/Prescription/Dental/corverage. I recommend no changes to the Vision coverage. Furthermore, I recommend that the Legislature adopt necessary resolutions to effectuate this change that would become effective with NYSHIP coverage ending on December 31, 2011, and coverage commencing with a self-funded program at 12:01 AM January 1, 2012. I recommend a five year contract with EBS-RMSCO, INC. to serve Sullivan County as the Third Party Administrator, with a comprehensive inclusion in that contract of the fees and terms negotiated through the RFP process of RFP R11-11. The Legislature is also requested to authorize and direct the County Manager to formally notify NYSHIP of this change that would be effective on January 1, 2012, along with other required notifications.

COST:

NYSHIP would have a projected 2012 cost with our static enrollment of \$18.5 million. Delta Dental would have a projected 2012 cost of \$497 thousand. The two coverages together equal \$19.02 million

EBS-RMSCO's maximum exposure cost to the County, inclusive of the details above, would be \$17.26 million.

The County will realize a cost avoidance of \$1.765 million in 2012, by implementing a self-funded program for Health/Prescription/Dental/, as compared to remaining as a Participating Agency

with NYSHIP.

That \$1.765 million would require a roughly 3.6% increase to the real property tax levy to remain in NYSHIP, or it would require \$1.765 million in personnel and service cuts to absorb the difference. Please remember that the County is subject to a 2% property tax cap in 2012.

If you have any questions, please contact me.

Regards,



David P. Fanslau, M.G.A., ICMA-CM
County Manager

C: Annmarie Martin, Clerk
Joshua A. Potosek, Deputy County Manager
Lynda Levine, Human Resources Director
Kathy Jones, Director of Purchasing
Monica Farquhar Brennan, Director of Risk Management and Insurance
Janet Young, Deputy Commissioner of Management and Budget
Sam Yasgur, County Attorney

**RESOLUTION INTRODUCED BY EXECUTIVE COMMITTEE TO ENACT A
PROPOSED LOCAL LAW**

WHEREAS, proposed Local Law entitled "A Local Law to Authorize Seizure and Forfeiture of property used in connection with Misdemeanor Criminal Acts Defined by Article 220 and Article 221 of the Penal Law", was presented to the Sullivan County Legislature at a meeting held on September 15, 2011 at the County Government Center, Monticello, New York, to consider said proposed local law and notice of public hearing having been duly published and posted as required by law, and said public hearing having been held and all persons appearing at said public hearing deeming to be heard, and

NOW, THEREFORE, BE IT RESOLVED, that the Sullivan County Legislature does hereby enact and adopt this Local Law entitled "A Local Law to Authorize Seizure and Forfeiture of property used in connection with Misdemeanor Criminal Acts Defined by Article 220 and Article 221 of the Penal Law", County of Sullivan, State of New York, which local law is annexed hereto and made a part hereof.

Moved by _____,
Seconded by _____,
and adopted on motion _____, **2011.**

LOCAL LAW NO. ____-2011

A LOCAL LAW OF THE COUNTY OF SULLIVAN AUTHORIZING SEIZURE AND FORFEITURE OF PROPERTY USED IN CONNECTION WITH MISDEMEANOR CRIMINAL ACTS DEFINED BY ARTICLE 220 AND ARTICLE 221 OF THE PENAL LAW

BE IT ENACTED BY THE COUNTY LEGISLATURE OF THE COUNTY OF SULLIVAN, STATE OF NEW YORK, AS FOLLOWS:

Article I – Purpose

Section 1.1. This Legislature hereby finds and determines that activity associated with misdemeanor drug offenses poses a serious threat to the health, safety and welfare of the County residents and imposes an enormous burden upon the County in the provisions of personnel to enforce the laws, prosecute the violators and deliver services necessary to address the adverse social and health consequences of such criminal activity.

Section 1.2. This Legislature further finds and determines that while criminal sanctions under the Penal Law are a useful weapon to deter misdemeanor drug activity, further local legislation is needed to achieve a reduction of such activity in the county by removing the potential for profit and developing greater resources to enhance treatment and education strategies to deter future crimes.

Section 1.3. Therefore, the purpose of this law is to provide for the seizure and forfeiture of property and funds used in connection with or constituting the proceeds of misdemeanor drug activity.

Article II - Conduct

Section 2. Except as otherwise authorized by law, it shall be unlawful for any person to:

(a) transport, carry, or convey any controlled substance or marijuana in, upon, or by means of any vehicle, snowmobile, all-terrain vehicle, boat, ship, watercraft, or

(b) conceal or possess any controlled substance or marijuana in or upon themselves or any vehicle, snowmobile, all-terrain vehicle, boat, ship, watercraft, or upon the person of anyone in or upon any vehicle, snowmobile, all-terrain vehicle, boat, ship, watercraft, or

(c) use any vehicle, snowmobile, all-terrain vehicle, boat, ship, watercraft, to facilitate the transportation, carriage, conveyance, concealment, receipt, possession, purchase, or sale of any controlled substance or marijuana, or

(d) possess monies that are proceeds from the sale of any controlled substance or marijuana or used or intended to be used for the purchase of any controlled substance or marijuana.

Article III – Seizure and Delivery

Section 3.1. Any vehicle, snowmobile, all-terrain vehicle, boat, ship, watercraft which has been or is being used in violation of Article II, except a vehicle used by any person as a common carrier in the transaction of business as such common carrier, and any money possessed in violation of Article II shall be seized by any peace officer, acting pursuant to their special duties, or police officer, and forfeited as hereinafter provided in this local law.

Section 3.2. The officer having made the seizure of such property shall promptly deliver a report of all the facts and circumstances of the seizure to the District Attorney.

Article IV – Civil Proceedings

Section 4. It shall be the duty of the District Attorney to inquire into the facts of the seizure so reported to the District Attorney and if it appears probable that forfeiture has been incurred by reason of a violation of this local law, for the determination of which the institution of proceedings in the Supreme Court is necessary, to cause the proper proceedings to be commenced and prosecuted, not later than ten (10) days after written demand by a person claiming ownership thereof, to declare such forfeiture, unless upon inquiry and examination, the District Attorney decides that such proceedings cannot probably be sustained or that the ends of public justice do not require that they should be instituted or prosecuted in which case the District Attorney shall cause such seized property to be returned to the owner thereof. The procedure for proceedings instituted under this local law shall conform as much as possible to be the procedure for attachment.

Article V – Notice

Section 5. Notice of the institution of the forfeiture proceeding shall be served on the owner of the seized property in accordance with the notice and service provisions of the New York State Civil Practice Law and Rules.

Article VI – Requirements For Forfeiture

Section 6.1. In the event the seized property was used or possessed in violation of Article II by the owner thereof, forfeiture shall not be adjudged in the absence of a misdemeanor conviction under Article 220 or Article 221 of the Penal Law.

Section 6.2. In the event the seized property was used or possessed in violation of Article II by a person other than the owner thereof, the forfeiture shall not be adjudged in the absence of a misdemeanor conviction under Article 220 or Article 221 of the Penal Law together with proof established by a preponderance of the evidence that the owner either (A) knew that the property would be used in violation of Article II, or (B) had reason to know that the property would be used in violation of Article II.

Section 6.3. Notwithstanding the provisions of this local law, nothing herein shall be deemed to preclude the owner of seized property from entering into a consent agreement with the

District Attorney's office addressing the voluntary forfeiture of any property seized in furtherance of drug activity as set forth in Article I and II. Any property voluntarily forfeited shall be distributed pursuant to Article VII of this local law.

Article VII – Distribution

Section 7.1. The District Attorney, after such judicial determination of forfeiture, shall have the discretion where the property is a vehicle, snowmobile, all-terrain vehicle, boat, ship, watercraft to either retain such forfeited vehicle for the official use of the District Attorney's Office or the seizing police agency, or, by a public notice of at least five days, sell such forfeited vehicle, snowmobile, all-terrain vehicle, boat, ship, watercraft at public sale; provided, however, that where such vehicle, snowmobile, all-terrain vehicle, boat, ship, watercraft is subject to a perfected lien such vehicle may not be retained for official use unless all such liens on the vehicle to be retained have been or will be satisfied. The net proceeds of any such forfeiture under this local law, after deduction of the lawful expenses incurred, shall be collected by the District Attorney and deposited with the Treasurer of Sullivan County, who shall record them in the appropriate trust account(s) and who shall forthwith distribute directly from this account as follows:

(a) thirty-three and one-third percent (33 1/3 %) of all monies realized through forfeiture shall be paid into an account to be designated as the District Attorney's County Forfeiture Account, these funds are for the costs incurred in protecting, maintaining and forfeiting the property including that proportion of the salaries of attorneys, clerical and investigative personnel devoted thereto, as well as the related expenses towards increased forfeiture capabilities;

(b) thirty-three and one-third percent (33 1/3 %) of all monies realized through forfeiture to the seizing police agency in satisfaction of the costs incurred for protecting, maintaining, and storing the seized property, said monies to be deposited in the agency's general forfeiture account in accordance with said agency's routine accounting procedures. The seizure agency may lose any claim to the seized asset pursuant to this section, if the report of facts and circumstances is not filed with the District Attorney's Office in a timely manner pursuant to Article III, Section 3.2;

(c) the remaining thirty-three and one-third percent (33 1/3%) of all monies realized through forfeiture shall be paid into an account to be designated Law Enforcement Against Drugs. Monies paid into this account shall be used to fund Law Enforcement Against Drugs program initiatives of the District Attorney's Office in law enforcement, treatment, diversion, education, and increased forfeiture capabilities.

Section 7.2. The Division of Management and Budget and the Sullivan County Treasurer shall monitor usage of all monies paid directly to the office of the District Attorney under Section 7.1.(a) of this local law or to the account used to fund LAW ENFORCEMENT AGAINST DRUGS program initiatives under Section 7.1(c) of this local law and these assets will be accounted for and reported through Sullivan County's official accounting records.

Article VIII – Restoration

Section 8. Whenever a person interested in any property which is seized and declared forfeited under the provisions of this local law files with a justice of the Supreme Court a petition for the recovery of such forfeited property, the justice of the Supreme Court may restore said forfeited property upon such terms and conditions as the Supreme Court deems reasonable and just, if the petitioner establishes that the petitioner was without personal or actual knowledge of the forfeiture proceeding and that the District Attorney failed to establish the requirements for forfeiture as set forth in Article VI of this local law. If the petition is filed after the sale of the forfeited property, any judgment in favor of the petitioner shall be limited to the net proceeds of such sale, after deduction of the lawful expenses and costs incurred by the District Attorney, and police agency.

Article IX – Statue of Limitations

Section 9. No suit or action under this local law for wrongful seizure shall be instituted unless such suit or action is commenced within six months after the time when the property was seized.

Article X – Effective Date

Section 10. This local law shall be effective _____, and upon filing in the Office of the Secretary of State as provided by Section 27 of the Municipal Home Rule Law.

RESOLUTION INTRODUCED BY THE EXECUTIVE COMMITTEE TO CONVEY PROPERTY IN THE TOWN OF BETHEL, KNOWN AS THE SMALLWOOD GOLF COURSE, ACQUIRED BY THE COUNTY OF SULLIVAN BY VIRTUE OF AN *IN REM* TAX FORECLOSURE PROCEEDING TO THE BETHEL LOCAL DEVELOPMENT CORPORATION AND TO ESTABLISH LEAD AGENCY UNDER SEQRA.

WHEREAS, in 2010, the County of Sullivan obtained property located in the Town of Bethel designated on the Sullivan County Real Property tax Map as Bethel, 51.-1-25.3 and 51.-1-27.1, comprising approximately 192 acres which include a golf course and a ball field (hereafter, the "Property"), by virtue of the 2008 *in rem* tax foreclosure proceeding; and

WHEREAS, the Bethel Local Development Corporation has offered to purchase the Property for the sum of the taxes, penalties and interest owed on the Property, for purposes of development in accordance with a conservation development plan and has agreed to subdivide so much of the Property as to create a lot, approximately half-acre in size, for purchase by adjoining property owners as a buffer area; and

WHEREAS, it is in the best interest of the County of Sullivan to convey the Property to the Bethel Local Development Corporation and to have the Bethel Local Development Corporation subdivide the Property so as to create a lot, approximately half-acre in size, for purchase by adjoining property owners as a buffer area; and

WHEREAS, the conveyance of the Property shall be subject to the right to reversion of the Property to the County of Sullivan in the event the anticipated housing development does not commence within thirty-six months of title closing and without cost to the County of Sullivan, and to other such provisions as the County Attorney shall negotiate on behalf of the County Legislature, and

WHEREAS, the conveyance of the Property is considered a Type 1 action pursuant to 6 NYCRR Part 617 State Environmental Quality Review (SEQRA) and a lead agency must be designated; and

WHEREAS, the County will undertake a coordinated review pursuant to SEQRA with the Town of Bethel Planning Board and, as the agency principally responsible for the approval of the development of the Property, the Town of Bethel Planning Board should be named lead agency.

NOW, THEREFORE, BE IT RESOLVED, that the County Attorney is hereby authorized to negotiate a contract of sale and the Chairman of the Sullivan County Legislature is authorized to execute all necessary documents to convey the Property to the Bethel Local Development Corporation, for the sum of the taxes, penalties and interest owed on the Property, subject to outstanding tax and other outstanding payments due with regard to the Property; and

BE IT FURTHER RESOLVED, that the Bethel Local Development Corporation shall remit the proceeds of the sale of the anticipated lot, approximately half-acre in size, to adjoining

property owners, to the County of Sullivan, c/o Sullivan County Treasurer, said lot to be created through a subdivision of the Property by the Bethel Local Development Corporation; and

BE IT FURTHER RESOLVED, that the lead agency for the SEQRA coordinated review will be the Town of Bethel Planning Board.

Moved by _____,
Seconded by _____,
and adopted on motion _____, 2011.

RESOLUTION NO. INTRODUCED BY EXECUTIVE COMMITTEE EXTENDING THE CURRENT TAX RATE ON SALES AND USES OF TANGIBLE PERSONAL PROPERTY AND OF CERTAIN SERVICES, ON OCCUPANCY OF HOTEL ROOMS AND ON AMUSEMENT CHARGES PURSUANT TO ARTICLE 29 OF THE TAX LAW OF THE STATE OF NEW YORK

Be it enacted by the County Legislature of the County of Sullivan, as follows:

SECTION 1. Section 4-A of Resolution No. 3, enacted by the Board of the Supervisors of the County of Sullivan on January 6, 1975, imposing sales and compensating use taxes, as amended, is amended to read as follows:

“SECTION 4-A. Imposition of additional rate of sales and compensating use taxes.

Pursuant to the authority of section 1210 of the Tax Law, in addition to the sales and compensating use taxes imposed by sections 2 and 4 of this resolution, there are hereby imposed and there shall be paid: (i) an additional one-half of one percent rate of such sales and compensating use taxes, for the period beginning June 1, 2003, and ending November 30, 2013; and (ii) an additional one-half of one percent rate of sales and compensating use taxes which is additional to the one-half of one percent rate imposed above in this section, for the period beginning June 1, 2009, and ending November 30, 2013. Such additional taxes shall be identical to the taxes imposed by such sections 2 and 4 and shall be administered and collected in the same manner as such taxes. All of the provisions of this resolution relating or applicable to the administration and collection of the taxes imposed by such sections 2 and 4 shall apply to the additional taxes imposed by this section, including the applicable transitional provisions, limitations, special provisions, exemptions, exclusions, refunds and credits as are set forth in this resolution, with the same force and effect as if those provisions had been incorporated in full into this section and had expressly referred to the additional taxes imposed by this section.”

SECTION 2. Paragraph (B) of Subdivision (1) of Section 11 of Resolution No. 3, enacted by the Board of Supervisors of the County of Sullivan on January 6, 1975, imposing sales and use taxes, as amended, is amended to read as follows:

“(B)(1) With respect to the additional tax of one-half of one percent imposed for the period beginning June 1, 2003, and ending November 30, 2013, in respect to the use of property used by the purchaser in this county prior to June 1, 2003; and

(2) With respect to the additional tax of one-half of one percent imposed for the period beginning June 1, 2009, and ending November 30, 2013, in respect to the use of property used by the purchaser in this county prior to June 1, 2009. ”

SECTION 3. This enactment shall take effect December 1, 2011.

**RESOLUTION INTRODUCED BY THE EXECUTIVE COMMITTEE TO
ADOPT THE REVISED ASSET MANAGEMENT POLICY FOR THE COUNTY
OF SULLIVAN.**

WHEREAS, pursuant to Resolution 184-08 adopted by the Sullivan County Legislature on May 15, 2008, the County adopted the revised Asset Management "Policy"; and

WHEREAS, amendments to the Policy have been recommended; and

WHEREAS, said amendments are incorporated into an amended Policy attached hereto and made a part of.

NOW, THEREFORE, BE IT RESOLVED, that the attached amended Policy be formally adopted and made effective as of January 1, 2011.

Moved by _____,
Seconded by _____,
and adopted on motion _____, 2011



**Fixed Assets and Equipment
Policy & Procedures**

Effective 1/1/2011

TABLE OF CONTENTS

I. PURPOSE

II. POLICY

III. AUTHORITY

IV. DEFINITIONS

V. PROCEDURES

A. Fixed Assets and Types of Classes Defined

B. Fixed Asset Valuation

i. Purchased Assets

ii. Donated Asset

iii. Leased Assets

iv. Infrastructure Assets

A. Recording Assets

B. Tagging Assets

C. Transferring Assets

D. Disposing of Assets

E. Personal Use of Assets

F. Physical Inventory

VI. RESPONSIBILITIES

VII. FORMS

I. PURPOSE

The following fixed asset and equipment policy & procedures document is to ensure a standard set of guidelines are followed for the physical and reporting control of Sullivan County's assets. The intent of these policies is to obtain timely and accurate accountability over our fixed assets and equipment, provide centralized documentation, meet financial reporting needs, and generate asset management information.

II. POLICY

Sullivan County makes valuable use of their assets in pursuing individual department missions. Given that each department engages in the acquisition, transfer, disposal and use of assets, this policy sets forth the roles and responsibilities in regard to the aforementioned.

Sullivan County tracks and capitalizes all assets with a cost of or have a Fair Market Value (FMV) value of \$5,000 or greater at the time of acquisition, and a useful life that extends beyond one reporting period. Assets that cost \$5,000 or greater are defined as *fixed assets*. Legal responsibilities require the county to record and account for all fixed assets on a regular basis. The Office of Management & Budget will assign a designee to perform inventories of all equipment as an internal control policy.

The first reason for tracking and recording fixed assets is to accurately depreciate their value over the useful life of the asset. Assets that fall below the \$5,000 threshold will be fully expensed at the time of acquisition and will not be included in the fixed asset report of Sullivan County.

The second reason for tracking and recording assets is to protect the assets from their misuse and/or misappropriation. The Asset Management System (AMS) will produce a detailed list of all assets, by department, location, value, asset ID#, description, and picture. Department heads will be held accountable for the existence and proper use of assets.

As part of the policy and procedures, a list of frequently used terminology can be found in the definition section.

III. AUTHORITY

The Office of Management & Budget is responsible for the physical and reporting control of Sullivan County's fixed assets and equipment. Physical inventories will be completed periodically to ensure the existence and

condition of all assets in the AMS. A designee assigned by the Office of Management & Budget will perform the physical inventory with the assistance from an employee of the department being inventoried.

IV. DEFINITIONS

The following definitions are to be used solely with this policy:

Accumulated Depreciation – Total depreciation expense since the acquisition of the asset.

Acquisition Cost – The total cost/value of an asset at the time of acquisition. This includes all ancillary charges. (i.e. shipping, professional fees, set up, site preparation, etc). If it was donated then it is the FMV plus any ancillary charges.

Asset – Any machinery, equipment and/or fixed asset that will have a cost of \$5,000 or greater and a useful life that extends beyond one reporting period.

Asset ID – This is a tag (with a number and barcode) that is affixed to the asset at the time it is inventoried. The barcode and number are unique to each asset.

Asset Management System (AMS) – An internal database created by MIS, which will track and maintain all asset information.

Building – Any roofed structure that is used to shelter (permanent or temporary) people, animals, equipment, plants, or machinery.

Depreciation – The decline in value of an asset over its useful life.

Disposal – The removal of an asset from inventory. This could be due to sale, scrapping, theft, lost, fire, etc. *An Asset Disposal Form must be completed prior to disposal.*

Expense – A charge incurred for the current fiscal period.

Fair Market Value (FMV) – The reasonable value given to an asset that you could expect to receive if sold. Fixed assets should have a qualified appraisal if there is no historical cost.

GAAP – Generally Accepted Accounting Principles are the rules and guidelines that must be followed when reporting financial information.

GASB – Government Accounting Standards Board, which are additional rules that must be followed by governmental agencies when reporting financial information.

Infrastructure – Long lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than normal capital assets.

Intangible Asset – Assets that have no physical substance.

Land – Solid part of earth's surface, easements, right of ways

Land Improvements – Enhancements made to land to increase the value or useful life.

Machinery & Equipment – Assets that are normally moveable in nature

Renovations – Construction to an existing facility that changes and/or improves the function of all or part of the building. Renovations will only be capitalized if useful space was added or useful life was extended.

Tangible Asset – Assets that have physical substance.

Transfer – The relocation of an asset from one department to another. *An Asset Transfer Form must be completed at the time the asset is to be relocated.*

Useful Life – The period of time for which the asset will remain functional and useful for its intended purpose.

V. PROCEDURES

A. Fixed Asset and Five Classes Defined

Fixed Assets and Equipment– Items that have a value of \$5,000 or greater and has a useful life that extends beyond one reporting period. Fixed assets will be capitalized and depreciated according to GAAP

There are five classes of fixed assets that are required to be reported in compliance with GASB statement 34:

1. Land – Includes land, easements, and right of ways
2. Land Improvements – Improvements that are made to land to increase the value or useful life. (i.e. fencing, trails, retaining walls, yard lighting)

3. Buildings – Any roofed structure that is used to shelter (permanent or temporary) people, animals, equipment, plants, or machinery. Any renovation that is made to a building and adds to the useful space or extends the useful life of the structure is considered a fixed asset.
4. Machinery and Equipment – This includes assets that tend to be moveable in nature. Moveable assets would be any machinery or equipment that is not permanently attached to a building.
5. Infrastructure – Long lived assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most fixed assets. They could include bridges, roads, drainage systems, dams, and water systems.

B. Fixed Asset Valuation

Sullivan County has four classes for valuing fixed assets, based upon how they were acquired.

- i. Purchased Assets – This includes the purchase price of the asset plus any ancillary charges incurred as part of putting the asset into service at its intended location. Ancillary charges include charges that are directly attributable to the asset acquisition such as freight and transportation costs, professional fees, set-up fees, and site preparation costs.
- ii. Donated Assets – The asset has no purchase or construction cost, however, the asset needs to be recorded at its FMV at the time of acquisition plus any ancillary charges incurred to put the asset in service.
- iii. Leased Assets – Leased assets are included in the AMS, only as a means of tracking. The value of the leased asset **is not** included.
- iv. Infrastructure Assets – Expenditures that extend the useful life of the infrastructure asset or improves its efficiency or capacity, needs to be added to the historical cost. Expenditures that do not meet these tests should be reported as repairs/maintenance.

b. Recording Assets

The designee assigned by the Office of Management & Budget, will record all assets into the AMS at the time the asset is inventoried and tagged. All

transfers and disposals will be recorded upon receiving the appropriate documentation.

Caution needs to be used if an asset was received through a grant or as a gift as additional procedures may need to be followed to properly record, monitor, transfer or dispose of the asset. If the asset was acquired through a grant, gift or any other circumstance other than a normal purchase, designee assigned by the Office of Management & Budget needs to be notified and information on the particular transaction communicated in writing to that person. It will be the department head's responsibility to properly communicate this information.

c. Tagging Assets

All new assets valued at \$5,000 or greater and will have a useful life that extends beyond one reporting period, must be labeled with a Sullivan County Asset ID Tag. The tags will have a barcode and number that is unique to that asset. This, if the County decides to implement, will allow assets to be scanned electronically and expedite the physical inventory process. The Asset ID Tags will need to be placed in an area where the tag will not be damaged in the normal use of the asset. The location of the tag will be noted in the *description field* in the AMS when practical.

d. Transferring Assets

All fixed assets that will be moved or transferred need to be accompanied by an Asset Transfer Form. Transfers will not be authorized without the form. The purpose of the Asset Transfer Form will be to maintain an accurate and current record of the location of all fixed assets, which needs to be done for compliance. Once the Asset Transfer Form is authorized by the department head and the asset is transferred, the form needs to be forwarded the designee assigned by the Office of Management & Budget.

e. Disposing of Assets

Assets will eventually need to be removed from the AMS for any one of a number of reasons. Disposing of an asset may be required due to its sale, scrapping, disappearance (lost or stolen), fire or flood. Due to the monetary value, assets being disposed of will require two levels of authorization.

Prior to disposal, an Asset Disposal Form will need to be completed in its entirety and forwarded to the designee assigned by the Office of Management & Budget. The Asset Disposal Form will have all pertinent information related to the asset being disposed of. Assets that are still in satisfactory

working condition should be made available to other county departments, for further utilization, before completing an Asset Disposal Form.

Assets that are disposed of due to "disappearance" may require additional reports for the police dept. and/or insurance companies.

f. Personal Use

Assets purchased by, or donated to Sullivan County, are the property of Sullivan County and **ARE NOT** permitted for personal use.

The County is dedicated to safeguarding its assets, and to ensure the proper use of County assets, any county resident who believes they see improper use of a county asset are encouraged to call the Office of Audit and Control at 845-794-3000 to report the incident. The information will be utilized to investigate the allegation.

g. Physical Inventory

Periodically, every department will be required to take part in a physical inventory of their assets, which will be performed under the direction of the Office of Management & Budget. Each department will be given a copy of their fixed assets and equipment report generated from the AMS. The department head will be responsible for verifying the existence and condition of every asset on their report. Any discrepancies will be addressed at the end of the inventory. The physical inventory could also help departments plan for future purchases by identifying unanticipated wear and tear of equipment before it breaks down.

Although the designee from the Office of Management & Budget will need complete cooperation with the department head, in order to provide the best internal control, the department head in charge of the assets will not be involved in the physical inventory. The department head will assign an employee from the department to assist the designee from the Office of Management & Budget with the physical inventory. Once the inventory is complete, the department head will address any discrepancies and verify the inventory is correct before signing off on the report.

The Office Management & Budget or it's designee will provide advance notice of when the physical inventory will take place. The purpose of the physical inventory is to verify the existence and condition of Sullivan County's fixed assets and equipment. This will also ensure the accuracy of the AMS.

The Office of Audit & Control will perform random audits of county assets throughout the year. These audits will be unannounced and independent from this policy & procedures manual.

VI. RESPONSIBILITIES

The responsibility each party has in relation to the Fixed Assets and Equipment Policy & Procedures are as follows:

All Departments

1. Read and understand the Fixed Assets and Equipment Policy & Procedures.
2. Department head required to communicate asset transfers and disposals to appropriate personnel (as outlined in this policy).
3. Assign a representative who will be required to assist in the physical inventory, under the direction of the Office of Management & Budget.
4. Department head required to inform the Office of Management & Budget's designee as soon as possible if any asset tags become illegible, loose, missing or hinder the asset from being used for its intended purpose.
5. Department heads are responsible for tracking and safeguarding all assets, regardless of cost, in their respective departments.

All Facilities

- i. Secure an area where all incoming assets, that meet the \$5,000 threshold and have a useful life that extends beyond one reporting period, **MUST** remain until it is properly tagged and inventoried by an authorized individual. Assets should not be put into service until they have been accounted for. Weekly, scheduled times will be set up to have assets tagged and inventoried.
- ii. Contact the designee from the Office of Management & Budget if there is an emergency and the asset needs to be put into service immediately. Arrangements will be made to accommodate these situations when practical.

Purchasing

1. Ensure copies, via paper or electronically, of the purchase order (PO) for all assets that meet the \$5,000 threshold and have a useful life that extends beyond one reporting period, are sent to the designee from the Office of Management & Budget.
2. Ensure department codes are correct on PO.

VII. FORMS

Asset Disposal Form
Asset Transfer Form

Asset Disposal Form

County Asset ID# _____

Make of Asset _____

Model# _____

Serial# _____

Description of Asset _____

Location of Asset _____

Use of Asset _____

Was asset made available for transfer? _____

Reason for Disposal _____

Disposal Method _____

Requested by: _____ Date: _____

Dept: _____

Supervisor's authorization: _____ Date: _____

Dept. Head authorization: _____ Date: _____

Note: Please attach photo

For Office Use Only	
Date Received/Authorized:	Signature: _____
Date Processed/Authorized:	Signature: _____

Asset Transfer Form

County Asset ID# _____

Make of Asset _____

Model# _____

Serial# _____

Description of Asset _____

Current Location of Asset _____

Proposed Location of Asset _____

Use of Asset _____

Reason for Transfer _____

Requested by: _____ Date: _____

Dept: _____

Supervisor's authorization: _____ Date: _____

Note: Please attach photo

For Office Use Only	
Date Received/Authorized Signature: _____	_____
Date Processed/Authorized Signature: _____	_____

RESOLUTION ADOPTED BY THE EXECUTIVE COMMITTEE

RESOLUTION TO AUTHORIZE COUNTY TREASURER TO ADJUST FUND BALANCE TO BE "ASSIGNED" IN THE GENERAL FUND FOR JOURNAL ENTRY PURPOSES AND THE ANNUAL UPDATE DOCUMENT AS REQUIRED BY GASB 54, AS NECESSARY

WHEREAS, the General Accounting Standard Board regularly promulgates pronouncements setting generally accepted accounting principles for local governments, and

WHEREAS, GASB 54, effective June 30, 2011, institutes new fund balance reporting and governmental fund definitions, and

WHEREAS, the County Treasurer is responsible for timely year end reporting and the annual filing of the County's annual update financial statement with the New York State Comptroller, all of which necessitates flexibility and discretion in the adjustment and delineation of funds and allocations of moneys, and

WHEREAS, it is prudent and appropriate to authorize the County Treasurer to have the discretion to adjust and determine those portions of fund balance consisting of amounts subject to a purpose constraint, and

WHEREAS, it is appropriate for the governing body of the County to continue to designate categories of funds for budgetary purposes pursuant to GASB 54,

NOW, THEREFORE BE IT RESOLVED, that the County Treasurer is hereby authorized to adjust assigned fund balances for bookkeeping purposes, as necessary, and the Sullivan County Legislature shall designate categories of funds for budgetary purposes pursuant to GASB 54.

Moved by _____,
Seconded by _____,
and adopted on motion _____, 2011.

**RESOLUTION NO. _____ INTRODUCED BY THE EXECUTIVE COMMITTEE TO
AUTHORIZE THE COUNTY MANAGER TO ENTER INTO AGREEMENTS FOR THE
SINGLE STREAM MATERIALS RECOVERY FACILITY**

WHEREAS, on February 17, 2011 the Legislature passed Resolution 98-11 authorizing a contract with Hudson Baylor to operate the County of Sullivan's ("County") Materials Recovery Facility and transport the recyclables to Hudson Baylor's facilities, and

WHEREAS, the County Manager and the Commissioner of the Division of Public Works have advised that based on current discussions with IESI and with Hudson Baylor it would be in the County's best interest to have IESI operate the County's Single Stream Materials Recovery Facility and to contract with Hudson Baylor to transport the recyclables to Hudson Baylor's processing facilities, acceptable to the County, for a period of five (5) years.

NOW THEREFORE BE IT RESOLVED, that the County Manager is hereby authorized to finalize and execute the above referenced Agreements and Agreement modifications, as applicable, which shall be in a form approved by the County Attorney.

Moved by _____,
Seconded by _____,
and adopted on motion _____, 2011.

**RESOLUTION NO. INTRODUCED BY EXECUTIVE COMMITTEE
TO REAPPOINT TRUSTEE TO THE SULLIVAN COUNTY COMMUNITY
COLLEGE BOARD OF TRUSTEES**

WHEREAS, the term for Lyman R. Holmes has expired, and

WHEREAS, the Sullivan County Legislature wishes to reappoint Lyman R. Holmes for the term ending June 30, 2018.

NOW, THEREFORE, BE IT RESOLVED, that Lyman R. Holmes, 29 Hudson Street, Wurtsboro, New York, is hereby appointed as a Trustee to the Sullivan County Community College Board of Trustees with a term ending on June 30, 2018.

Moved by, seconded by

Resolution No. _____

RESOLUTION INTRODUCED BY EXECUTIVE COMMITTEE

**RESOLUTION TO AUTHORIZE THE EXECUTION OF A CONTRACT
MODIFICATION WITH CORNERSTONE ENGINEERING PLLC**

WHEREAS, the County entered into an agreement with Cornerstone Engineering PLLC for the permitting and design of the Sullivan County Materials Recovery Facility/Transfer Station (MRF/TS) by Resolution 158-09; and

WHEREAS, additional design and permitting services are required to complete the project.

NOW, THEREFORE, BE IT RESOLVED, that the County Manager is hereby authorized to execute a contract modification for the aforementioned services with Cornerstone Engineering PLLC, 90 Crystal Run Road, Suite 201, Middletown, NY 10941 at a cost not to exceed \$190,000, said contract to be in such form as the County Attorney shall approve.

Moved by _____,
Seconded by _____,
and adopted on motion _____, 2011.

**RESOLUTION NO. INTRODUCED BY THE EXECUTIVE COMMITTEE
TO AUTHORIZE TO FILL THE VACANT DISTRICT ATTORNEY
INVESTIGATOR POSITION IN THE DISTRICT ATTORNEY'S OFFICE, AND
WAIVING THE RESIDENCY REQUIREMENT FOR THIS POSITION**

WHEREAS, the District Attorney was authorized by Resolution No. 305-11 to fill a vacant DA Investigator position that became vacant due to a retirement, that has a county share; and

WHEREAS, the District Attorney has expressed his desire in filling the DA Investigator position due to its vital role in the District Attorney's Office; and

WHEREAS, the District Attorney has expressly stated that this position shall not be entitled to County Health, Prescription, Dental, or Vision benefits, nor will the position be entitled to New York State Public Pension benefits that would require a contribution from the County; and

WHEREAS, the District Attorney has reported to the Legislature that he has a desire to offer the DA Investigator position to a non-county resident and the District Attorney has requested a waiver for this position from the County's residency requirement policy, and

WHEREAS, the County Attorney has opined that the DA Investigator position could be interpreted as a member of a police department that is expressly exempted from residency requirements under New York State Law. .

NOW, THEREFORE, BE IT RESOLVED, that the Sullivan County Legislature hereby waives said DA Investigator position in the District Attorney's Office from the residency requirement policy; and

BE IT FURTHER RESOLVED, that the District Attorney Investigator's position that is the subject of this resolution shall not be entitled to County Health, prescription, Dental, or Vision benefits, nor will the position be entitled to New York State Public Pension benefits that would require a contribution from the County, and

BE IT FURTHER RESOLVED, that the Clerk is hereby directed to transmit a copy of this resolution to the Human Resources Department and the Payroll Department.

**RESOLUTION NO. _____ INTRODUCED BY THE EXECUTIVE COMMITTEE TO
AUTHORIZE THE COUNTY ATTORNEY TO TAKE LEGAL ACTION**

WHEREAS, the County of Sullivan has been notified of a governmental entity class action lawsuit against McKesson, and

WHEREAS, the lawsuit is based on local government entities that have paid for brand-name prescription drugs based on prices reported by First DataBank or Medi-Span, and

WHEREAS, the class action may affect the County of Sullivan.

NOW THEREFORE BE IT RESOLVED, that the County Attorney is hereby authorized to take such legal action as may be appropriate to participate in the class action against McKesson and possibly First DataBank.

Moved by _____,

Seconded by _____,

and adopted on motion _____; 2011.