

The Save Citizens/Montevue Committee

NEWS RELEASE

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State Board of Public Works Declares BoCC Out-of-Bounds On Citizens/Montevue Transfer to Aurora

Friday, June 13, 2014 ----- The Maryland Board of Public Works has notified the Frederick County Board of Commissioners that the BoCC's May 1, 2014, transfer of operations of Montevue Assisted Living to Aurora Holdings, VII LLC, through an asset purchase agreement defies state regulations and may be unlawful.

The State of Maryland made a grant to the construction of the new Montevue Assisted Living facility opened in July of 2012. In the letter to the BoCC dated June 10, 2014, Sheila McDonald, BPW executive secretary, reminded the Commissioners that:

“...the grant agreement between the State and the County explicitly requires the County to obtain written consent from the Board of Public Works before transferring or disposing of any grant-funded property.”

She then told the Commissioners:

“Through recent correspondence and news media accounts, we have become aware that Frederick County may have entered into an asset purchase agreement with Aurora Holdings, VII, LLC through which Aurora will lease the buildings from the County and operate Montevue. Such an agreement constitutes a disposition of the grant-funded property. You are acutely aware that the Board of Public Works has not consented to any disposition of the grant-funded property.”

“As we have said before, the BoCC's actions transferring the operations of Citizens and Montevue and leasing the facilities to Aurora are attempts to bypass the recent rulings of the Circuit Court of Frederick County and the BPW,” said Dr. Sonja Sperlich on behalf of the Help Save Citizens/Montevue Committee. “These actions continue to be shown for what they are: fiscally

irresponsible and harmful to the poor, indigent seniors of our community. If we let them continue, we let down the seniors depending on us and we will be paying a lot of money to clean up Blaine Young's mess for years to come."

Along with the actions noted in Ms. McDonald's letter to the commissioners, Save Montevue Committee members are also asking questions about other "dispositions" made in connection to the Aurora contracts. "The BoCC's actions in signing these agreements have placed the tax-free bonds used in constructing the facilities in jeopardy according to a May 29, 2014, memo to the BoCC from Erin White, Acting Director of Finance, requiring actions by the county in an attempt to mitigate the possible negative impact on investors," Sperlich noted. "These actions are expensive and place undue risk on the county into the future. These actions further reduce the net income the county would see with a possible sale to less than \$19 million on a \$38 million debt."

Another impact of the "disposition" of Montevue through the BoCC's agreements with Aurora is the possible transfer of additional individuals from Montevue Assisted Living into Citizens in order to increase the Citizens census. "This would enable Aurora to bill Medicaid for these individuals, and then fill the empty Montevue beds with private pay individuals, while Frederick County taxpayers pay \$3.5 million in the first year of Mr. Young's Continuing Care Agreement for less than 45 individuals, which is an annual rate of \$78,000.00 per person when the state average for assisted living is \$35,000," Sperlich added. "This is a boondoggle for Aurora."

After the June 25, 2013 decision by the BoCC to sell Citizens Care & Rehabilitation Center and close admittance to Montevue Assisted Living, the only subsidized assisted living for the County's poorest and frailest elderly citizens, 11 citizens took the county to court to stop the sale. On March 18th of this year, Judge Theresa Adams of the Circuit Court released her ruling allowing litigation to proceed in the case, upholding the validity of the restrictive covenant in the 1828 deed transferring the Brunner farm property to the county that states the land is to be used "for the benefit of the poor of said county, and to and for no other use, intent or purpose whatsoever." Judge Adams found that there "is a genuine dispute of fact as to whether the sale of CCRC/MAL facilities are in derogation of the restrictive covenant established in the deed of 1828 from Elias Brunner to Frederick County." Judge Adams then set a court date for January of 2015.

"This letter from the Board of Public Works clearly states that Commissioners Young, Delauter, Shreve and Smith are in the wrong. Rather than working with citizen volunteers who have expertise in health care,

business and geriatrics to make Citizens as profitable as it could be, thus paying for the subsidized care at Montevue, these commissioners focused solely on their personal political agendas to privatize county services and cut jobs,” Sperlich said. “Mr. Young touts with pride his claim of reducing the county workforce by 25% -- and he has done that on the backs of our senior citizens.”

Members of the Save Citizens/Montevue Committee also believe the contracting process used in making the Aurora contracts does not meet public disclosure and voting laws.

“We continue to ask important questions,” Sperlich added. “Why weren’t the references provided by Aurora in their application properly reviewed? Why didn’t members of the evaluation committee visit Aurora’s facilities in Connecticut, where Connecticut inspectors gave very poor evaluations to several Aurora facilities, including an immediate jeopardy citation and several patterns of actual harm occurrences? Why has Aurora continued to lose money at Citizens when they were supposedly Mr. Young’s choice to improve operations? Mr. Young doesn’t do his homework. This has proven to be a terrible business deal for Frederick County taxpayers, and ignores the needs of the most vulnerable elderly.”