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By: **Frederick County Delegation**

Introduced and read first time: February 3, 2005

Assigned to: Appropriations

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A BILL ENTITLED

1 AN ACT concerning

2 **Frederick County - Borrowing Powers - Employee Health Care Benefits**

3 FOR the purpose of authorizing the County Commissioners of Frederick County to  
4 fund the costs of employee health care benefits as provided in a contract that  
5 requires the County Commissioners to make payments in a certain manner,  
6 borrow or pledge money for certain purposes, pay interest, and enter into certain  
7 contracts or agreements; providing that the contract terminates on or before a  
8 certain date; specifying that the County Commissioners may only exercise the  
9 powers granted in this Act if certain money is available, has been appropriated,  
10 and may be used to fund employee health care benefits; specifying that the  
11 County Commissioners may only exercise the powers granted in this Act if the  
12 contract contains certain provisions; and generally relating to Frederick County,  
13 its borrowing powers, and employee health care benefits.

14 BY adding to  
15 The Public Local Laws of Frederick County  
16 Section 2-7-12  
17 Article 11 - Public Local Laws of Maryland  
18 (2004 Edition, as amended)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article 11 - Frederick County**

22 2-7-12.

23 (A) IN THE EXERCISE OF THEIR BORROWING POWERS, THE COUNTY  
24 COMMISSIONERS MAY:

25 (1) FUND THE COSTS OF EMPLOYEE HEALTH CARE BENEFITS, IN  
26 ACCORDANCE WITH A MULTIYEAR CONTRACT THAT TERMINATES ON OR BEFORE  
27 JUNE 30, 2015, AND THAT REQUIRES THE COUNTY COMMISSIONERS TO MAKE  
28 PAYMENTS IN 2 OR MORE FISCAL YEARS;

1           (2)     BORROW OR PLEDGE MONEY FROM ANY SOURCE FOR ANY PURPOSE  
2 RELATING TO THE PROVISION OF EMPLOYEE HEALTH CARE BENEFITS;

3           (3)     PAY INTEREST AS PART OF ANY PAYMENTS, IN ACCORDANCE WITH  
4 THE TERMS OF THE CONTRACT;

5           (4)     ENTER INTO CONTRACTS OR AGREEMENTS OF ANY KIND AND  
6 EXECUTE ALL INSTRUMENTS NECESSARY AND CONVENIENT TO CARRY OUT THE  
7 POWERS GRANTED IN THIS SECTION, INCLUDING TRUST INDENTURES, CONDITIONAL  
8 FUNDING AGREEMENTS, OR OTHER PAYMENT AGREEMENTS; AND

9           (5)     CONTRACT WITH OR ENGAGE THE SERVICES OF ANY PERSON FOR  
10 ANY FINANCING, INCLUDING UNDERWRITERS, PLACEMENT AGENTS, FINANCIAL  
11 INSTITUTIONS, ISSUERS OF LETTERS OF CREDIT OR INSURERS, ISSUERS OF  
12 CERTIFICATES OF PARTICIPATION, HEALTH INSURERS, OR HEALTH CARE  
13 PROVIDERS.

14        (B)     (1)     THE COUNTY COMMISSIONERS MAY ONLY EXERCISE THE POWERS  
15 GRANTED IN SUBSECTION (A) OF THIS SECTION IF:

16                   (I)     MONEY SUFFICIENT TO PAY ALL AMOUNTS DUE UNDER THE  
17 CONTRACT DURING THE FIRST FISCAL YEAR THE CONTRACT IS EFFECTIVE:

18                               1.     IS OR WILL BE AVAILABLE;

19                               2.     HAS BEEN APPROPRIATED; AND

20                               3.     MAY BE USED AS PROVIDED IN SUBSECTION (A) OF THIS  
21 SECTION;

22                   (II)     THE CONTRACT INCLUDES A PROVISION THAT AUTHORIZES  
23 THE COUNTY COMMISSIONERS TO TERMINATE THE CONTRACT IF ENOUGH MONEY  
24 TO PAY ALL AMOUNTS DUE UNDER THE CONTRACT IN A FISCAL YEAR IS NOT  
25 APPROPRIATED IN THE FISCAL YEAR;

26                   (III)     THE CONTRACT PROVIDES THAT, ABSENT A DEFAULT IN  
27 PAYMENT BY THE COUNTY, AN OBLIGATION TO PAY AMOUNTS DUE UNDER THE  
28 CONTRACT IS LIMITED TO MONEY APPROPRIATED TO PAY THE CONTRACT FOR THE  
29 FISCAL YEAR; AND

30                   (IV)     THE CONTRACT PROVIDES THAT, IF THE COUNTY DEFAULTS IN  
31 PAYMENT, AN OBLIGATION TO PAY AMOUNTS DUE UNDER THE CONTRACT IS  
32 LIMITED TO MONEY APPROPRIATED TO PAY THE CONTRACT FOR THE FISCAL YEAR  
33 AND OTHER FUNDS LEGALLY AVAILABLE FOR PAYMENT OF THE CONTRACT.

34           (2)     THE CONTRACT MAY PROVIDE THAT A TERMINATION OF A  
35 CONTRACT IS NOT ENFORCEABLE IF THE COUNTY ENTERS INTO ANOTHER  
36 CONTRACT FOR THE SAME OR SUBSTANTIALLY SIMILAR EMPLOYEE HEALTH CARE  
37 BENEFITS WITH ANOTHER PARTY WITHIN A PERIOD OF TIME AFTER TERMINATION,  
38 AS SPECIFIED IN THE CONTRACT.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2 July 1, 2005.