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COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND

Legislative Session

1992

Resolution No. _____ CR-67-

1992

Proposed by The Chairman (by request - County Executive)

Introduced by

Co-Sponsors

Date of Introduction June 9,
1992

RESOLUTION

A RESOLUTION concerning

Local Government Insurance Trust

Self-Insurance Liability Funding Program

FOR the purpose of authorizing and empowering Prince George's County, Maryland to participate in the Self-Insurance Liability Funding Program sponsored by the Local Government Insurance Trust; authorizing and directing the County to pay its Self-Insurance Liability Funding Obligation to the Trust in the

amount of \$18,500,000 and to finance such Self- Insurance Liability Funding Obligation over a term of 20 years pursuant to the authority of Section 482B of Article 48A of the Annotated Code of Maryland (1991 Replacement Volume and 1991 Supplement); certifying that the Self-Insurance Liability Funding Obligation, together with the outstanding principal amount of the County's Capital Contribution under the Trust's Capitalization Program, does not exceed two-tenths of one percent (0.2%) of the assessable base of the County for real property tax purposes; pledging the full faith and credit and unlimited taxing power of the County to the prompt payment of all payment obligations under a Self-Insurance Liability Funding Agreement dated as of July 15, 1992, by and between the Trust and the County; approving, and authorizing and directing the execution and delivery of, the Self-Insurance Liability Funding Agreement; authorizing and directing the County Executive to approve, execute and deliver a Scope of Coverage Agreement in order to effect the County's participation in the Self-Insurance Liability Funding Program sponsored by the Trust; authorizing and directing all officials, employees and agents of the County to take any and all actions necessary or appropriate to effect the participation of the County in the Self-Insurance Liability Funding Program sponsored by the Trust; making certain legislative findings in connection with the participation of the County in the Self-Insurance Liability Funding Program sponsored by the Trust; and generally relating

to the County's participation in the Self-Insurance Liability Funding Program sponsored by the Trust.

RECITALS

1. Political subdivisions and municipal corporations of the State of Maryland (collectively, "Local Governments"), including Prince George's County, Maryland (the "County"), are authorized by Article 48A, Section 482B of the Annotated Code of Maryland (1991 Replacement Volume and 1991 Supplement) (the "Act"), to pool together for the purpose of purchasing casualty, property or health insurance or self-insuring casualty, property or health risks.

2. The Local Government Insurance Trust (the "Trust") was established on July 1, 1987, pursuant to the Act for the purpose of enabling Local Governments to pool together to provide insurance protection for casualty and property risks and to provide risk management and loss control services for Local Governments, all for the public purpose of minimizing the cost of casualty insurance and property insurance claims and administration to Local Governments.

3. The Act authorizes any Local Government to enter into an agreement to capitalize or otherwise fund an insurance pool established under the Act. The Act further provides:

(a) that such agreement may have such provisions, terms and conditions, and may be of such duration, as the Local Government by resolution may determine;

(b) that any payment obligation in such agreement shall

be a general obligation of the Local Government to which its full faith and credit and unlimited taxing power is pledged and may not be subject to annual appropriation by the Local Government; and

(c) that such payment obligation may be undertaken (i) without regard to any limitation set forth in the charter of the Local Government or other applicable public local or public general law that would otherwise apply, and (ii) without complying with any procedures set forth in the charter of the Local Government or other applicable public local or public general law that would otherwise be required.

4. Pursuant to the Act, the Trust and certain Local Governments have determined that it is desirable to provide for and establish an insurance pool (the "Self-Insurance Liability Pool") to provide coverage to Local Governments which self-insure their liability risks (the "Self-Insurance Liability Funding Program").

5. Under the Self-Insurance Liability Funding Program, the Trust will establish an account within the Self-Insurance Liability Pool for each participating Local Government. Each participating Local Government may draw upon the funds in its account to pay settlements for liability claims upon submission of duly executed requisitions to the Trust. The Trust will adopt each participating Local Government's scope of liability coverage pertaining to its self-insurance fund or reserves (the "Self-Insurance Liability Coverage") for purposes of disbursing funds from that Local Government's account. The Trust's

obligation to fund settlements is limited to amounts on deposit in the participating Local Government's account.

6. Participation in the Self-Insurance Liability Funding Program is available only to those Local Governments (the "Self-Insured Capital Participants") which (i) currently maintain or wish to establish self- insurance reserves or a self-insurance fund for liability risks and (ii) presently participate or have been approved for participation in the Trust's capitalization program for excess liability or environmental risks (the "Capitalization Program"). The County meets the requirements to be a Self-Insured Capital Participant.

7. Under the authority of the Act, the Trust and each Self-Insured Capital Participant, including the County, will enter into a separate Self- Insurance Liability Funding Agreement (each, a "Self-Insurance Liability Funding Agreement") in order to fund the Self-Insured Capital Participant's account of the Self-Insurance Liability Pool. Pursuant to the Act, the obligation of each Self-Insured Capital Participant, including the County, to fund its account in the Self-Insurance Liability Pool (the "Self- Insurance Liability Funding Obligation"), together with the outstanding principal amount of the Self-Insured Capital Participant's Capital Contribution under the Capitalization Program, shall not exceed two-tenths of one percent (0.2%) of the Self-Insured Capital Participant's assessable base for real property tax purposes for the fiscal year in which a Self- Insurance

Liability Funding Agreement is executed, as provided by the State Department of Assessments and Taxation. The actual Self-Insurance Liability Funding Obligation of each Self-Insured Capital Participant, including the County, will be determined pursuant to a Self-Insurance Liability Funding Agreement.

8. Pursuant to a Self-Insurance Liability Funding Agreements, each Self-Insured Capital Participant, including the County, will make annual Self-Insurance Liability Premium payments to the Trust over a period of years, constituting the principal of and interest on its Self-Insurance Liability Funding Obligation. In addition, pursuant to a Self-Insurance Liability Funding Agreement, each Self-Insured Capital Participant, including the County, will make an annual Administrative Premium payment to the Trust to cover the Trust's costs in administering the Self-Insurance Liability Funding Program. The obligation to make Self-Insurance Liability Premium and Administrative Premium payments will be a general obligation of each Self-Insured Capital Participant, including the County, to which its full faith and credit and unlimited taxing power are pledged.

9. The County has determined that it is in the best interests of the citizens of the County for the County to participate in the Self-Insurance Liability Funding Program and to adopt this Resolution providing for the County's participation in the Self-Insurance Liability Funding Program.

10. Pursuant to the authority of the Act, the Trust has prepared and submitted to the County for approval a Self-

Insurance Liability Funding Agreement dated as of July 15, 1992 (the "Funding Agreement"), by and between the Trust and the County, in order to implement the County's participation in the Self-Insurance Liability Funding Program sponsored by the Trust.

11. Each Self-Insured Capital Participant is also required to comply with the terms and conditions of the LGIT Agreement.

The County has previously approved the LGIT Agreement. The County will also enter into a Scope of Coverage Agreement (the "Coverage Agreement") with the Trust pursuant to which the Trust will provide Self-Insurance Liability Coverage to the County.

12. Certain Obligations designated "Series 1992" evidencing undivided proportionate interests in the Self-Insurance Liability Premium payments payable by the County under the Funding Agreement will be issued pursuant to the Funding Agreement in order to fund the County's account of the Self-Insurance Liability Pool. Pursuant to the Funding Agreement, the Trust will assign its right to receive and collect the aggregate Self-Insurance Liability Premium payable by the County to the owners of the Series 1992 Obligations.

13. Collectively, the Funding Agreement, the Coverage Agreement and the LGIT Agreement:

(a) enable the Trust to make the Self-Insurance Liability Coverage available to the County; and

(b) require the County to fund its account of the Self-Insurance Liability Pool through payment of its Self-Insurance

Liability Funding Obligation, financed over a certain term of years.

14. By means of this Resolution, the County approves, accepts and agrees to pay the Self-Insurance Liability Funding Obligation in the amount of \$18,500,000 and to finance the Self-Insurance Liability Funding Obligation over a term of 20 years under the terms and conditions of the Funding Agreement.

15. UNDER THE TERMS OF THE ACT, THE SELF-INSURANCE LIABILITY FUNDING OBLIGATION APPROVED BY THIS RESOLUTION AND ANY INTEREST PAYABLE THEREON WILL BE A GENERAL OBLIGATION OF THE COUNTY TO WHICH ITS FULL FAITH AND CREDIT AND UNLIMITED TAXING POWER IS PLEDGED AND WILL NOT BE SUBJECT TO ANNUAL APPROPRIATION BY THE COUNTY.

16. Under the terms of the Act, the Self-Insurance Liability Funding Obligation, together with the outstanding principal amount of the County's Capital Contribution under the Capitalization Program, may not exceed two-tenths of one percent (0.2%) of the County's assessable base for real property tax purposes. As provided by the State Department of Assessments and Taxation for the fiscal year ending June 30, 1992, the assessable base of the County for real property tax purposes is \$12,980,305,000. The Self-Insurance Liability Funding Obligation financed under the terms and conditions of the Funding Agreement in the amount of \$18,500,000, together with the outstanding principal amount as of July 1, 1992 of the County's Capital Contribution under the Capitalization Program in the amount of \$7,257,915.78, is 0.1984% of the assessable

base of the County for real property tax purposes for the fiscal year ending June 30, 1993.

SECTION 1. NOW, THEREFORE, BE IT RESOLVED by the County Council of Prince George's County, Maryland, that the Self-Insurance Liability Funding Program is hereby approved.

SECTION 2. BE IT FURTHER RESOLVED that the participation of the County in the Self-Insurance Liability Funding Program is hereby authorized and approved.

SECTION 3. BE IT FURTHER RESOLVED that the County is hereby authorized and directed to pay its Self-Insurance Liability Funding Obligation to the Trust in the amount of \$18,500,000 by financing the Self- Insurance Liability Funding Obligation over a term of 20 years pursuant to the terms and conditions of the Funding Agreement. Pursuant to the Act, the self-insurance liability funding obligation in the amount of \$18,500,000 and any interest payable thereon under the terms and conditions of the Funding Agreement shall be a general obligation of the County to which its full faith and credit and unlimited taxing power is pledged and may not be subject to annual appropriation by the County.

SECTION 4. BE IT FURTHER RESOLVED that the Funding Agreement, in substantially the form attached hereto as Exhibit A is hereby approved, and the County Executive is hereby authorized and directed to execute and deliver to the Trust the Funding Agreement in substantially the form attached hereto as Exhibit A with such changes as the County Executive may approve, such approval to be evidenced conclusively by the

County Executive's execution and delivery of the Funding Agreement.

SECTION 5. BE IT FURTHER RESOLVED that the County is hereby authorized to enter into the Coverage Agreement in such form as the County Executive shall approve, and the County Executive is hereby authorized and directed to approve, execute and deliver to the Trust the Coverage Agreement in such form as the County Executive may approve, such approval to be evidenced conclusively by the County Executive's execution and delivery of the Coverage Agreement.

SECTION 6. BE IT FURTHER RESOLVED that all officials, employees and agents of the County are hereby authorized and directed to take any and all action necessary or appropriate to effect the participation of the County in the Self-Insurance Liability Funding Program and to execute and deliver all documents, instruments, certificates and opinions necessary or appropriate in connection therewith.

SECTION 7. BE IT FURTHER RESOLVED that the Recitals to this Resolution are hereby declared to be, and shall at all times and for all purposes be deemed to be, the findings of the County in connection with its decision to participate in the Self-Insurance Liability Funding Program, to pay its Self-Insurance Liability Funding Obligation in the amount of \$18,500,000 by financing such Self-Insurance Liability Funding Obligation under the terms and conditions of the Funding Agreement, and to approve, execute and deliver the Funding Agreement and the Coverage Agreement.

SECTION 8. BE IT FURTHER RESOLVED that this Resolution shall become effective immediately upon its adoption.

Adopted this _____ day of _____, 1992.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY:

Richard J. Castaldi
Chairman

ATTEST:

Joyce T. Sweeney
Acting Clerk of the Council

NOTE: Exhibits A through D are available in hard copy only.