

THE EFFECTIVE DATE OF THIS ORDINANCE IS Sept. 29, 2015

ORDINANCE NO. 15-02-002

RE: Budget Amendment 001-16

By Ordinance 15-01-001 "Annual Budget and Appropriations Ordinance of Frederick County", the County Council of Frederick County, Maryland, adopted, pursuant to Frederick County Code, Sections 2-7-46 through 2-7-49, the Budget for the Fiscal Year 2016, beginning July 1, 2015 and ending June 30, 2016, and made appropriations to the various County departments, agencies and organizations as shown in the Budget.

The Frederick County Charter Section 513 provides:

Upon recommendation of the Executive and after a public hearing and an affirmative vote of at least four council members, the Council may amend the Annual Budget and Appropriations Ordinance to provide funds for a Capital Project not previously appearing in the Capital Budget for the fiscal year.

The County Executive has recommended an amendment to the Annual Budget and Appropriations Ordinance (Ordinance 15-01-001) to provide funds for a Capital Project not previously appearing in the Capital Budget for FY16.

The FY16 Budget includes an appropriation of \$3,069,520 listed under "Nondepartmentals" "Transfers to Third Party" (Ordinance No. 15-01-001, Exhibit A, page 4). Of this \$3,069,520 appropriation, \$2.25 million was an appropriation for the Year 3 installment payment mentioned in the Continued Care Commitment Agreement ("CCCA") dated May 1, 2014, between the County Commissioners of Frederick County, Maryland, (the "County") and Aurora Holdings VII, LLC ("Aurora") and in the Asset Purchase Agreement ("APA") dated May 1, 2014, between the County and Aurora in Section 4.2(p).

The APA and CCCA indicated that the Year 3 installment would be “payable on the second anniversary of the Facility Lease Effective Date” or May 1, 2016.

The County Executive recommends an amendment to the Annual Budget and Appropriations Ordinance (Ordinance 15-01-001) to delete this \$2.25 million appropriation for the Year 3 CCCA payment and to:

- transfer this \$2.25 million appropriation into a reserve fund within the General Fund entitled Reserve Fund Contribution – Miscellaneous.
- use \$800,000 from this Reserve Fund Contribution – Miscellaneous to create and fund the new Capital Project to be named the Citizens Nursing Home and Montevue Assisted Living Facility Capital Project; and

This budget action is reflected in the attached Budget Amendment 001-16.

The County and Aurora are currently involved in litigation involving, among other things, the APA and CCCA. The County and Aurora have been actively negotiating and participating in an alternative dispute resolution mediation process in efforts to resolve this litigation.

While both the County and Aurora continue to be optimistic that these efforts will result in an amicable solution acceptable to all parties, in the event these efforts prove unsuccessful, the County Executive intends to acquire all of Aurora’s interests in the Citizens Nursing Home and Montevue Assisted Living Facilities using whatever power and authority that may be available to the County Executive, including the exercise of the power of eminent domain.

The payments under the APA and CCCA would then be unnecessary inasmuch as Aurora would no longer have any interest in the Facilities and would be unable to perform under the APA and CCCA.

This Amendment does not increase the total appropriations for FY16.

The County Council held a duly advertised public hearing on this Budget Amendment on September 29, 2015. The public had an opportunity to comment at this public hearing.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNTY COUNCIL OF FREDERICK COUNTY, MARYLAND, that:

Ordinance No. 15-01-001 "Annual Budget and Appropriations Ordinance of Frederick County" for Fiscal Year 2016 is hereby amended to delete \$2.25 million from the appropriation listed under "Nondepartmentals" "Transfers to Third Party" for the Continuing Care Commitment Agreement (Ordinance No. 15-01-001, Exhibit A, page 4) and transfer this \$2.25 million to the reserve fund in the County General Fund entitled Reserve Fund Contribution – Miscellaneous; and

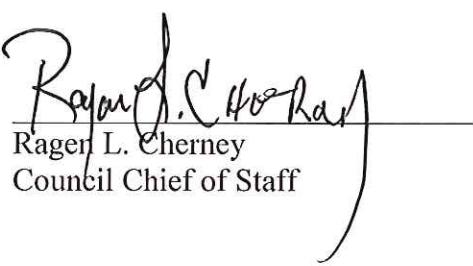
Ordinance No. 15-01-001 "Annual Budget and Appropriations Ordinance of Frederick County" for the Fiscal Year 2016 is hereby further amended to provide \$800,000 to create and fund the Capital Project named "Citizens Nursing Home and Montevue Assisted Living Facility Capital Project."

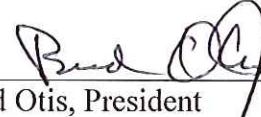
Budget Amendment 001-16 attached hereto is therefore hereby approved and adopted and the Annual Budget and Appropriations Ordinance of Frederick County (Ordinance No. 15-01-001) is hereby amended accordingly.

The undersigned certifies that this Ordinance was approved and adopted on the 29th day of Sept., 2015.

ATTEST:

COUNTY COUNCIL OF
FREDERICK COUNTY, MARYLAND


Ragen L. Cherney
Council Chief of Staff

By: 
Bud Otis, President


KAM
9/20/15

Reserved

FREDERICK COUNTY
BUDGET AMENDMENT

B A - 001 - 16
AMENDMENT NUMBER

September 11, 2015

Request Date

Jan Whit
Department Head Signature

Accounting Department, Ronni Putman

Department & Requestor

Don A. Dickey
Division Director Signature

URP

RECEIVED

SEP 24 2015

FREDERICK COUNTY
BUDGET OFFICE

100-1

DESCRIPTION/REASON FOR REQUEST:

To reflect the changes within a proposed Budget Amendment Ordinance that has a public hearing scheduled for 9/29/15. This amendment appropriates \$800,000 from the Reserve Fund Contribution- Miscellaneous account to Transfer to Capital Project Fund and establishes a new capital project- Citizens Nursing Home and Montevue Assisted Living Facility. This amendment also removes the appropriation for the Continued Care Commitment Agreement (CCCA) and places the funds in the Reserve Fund Contribution- Miscellaneous account.

REVENUE:

| New # | Fund-Dept-Project-Acct # | Account Description | Increase | Decrease |
|-------|--------------------------|---|----------------|----------|
| x | 14-9899-C11320-49104 | Citizens Nursing Home and Montevue Assisted Living Facility- Transfer from General Fund | 800,000 | |
| | | | | |
| | | | | |
| | | TOTAL | 800,000 | 0 |
| | | Net Change | 800,000 | |

EXPENDITURES: APPROPRIATIONS (PEOPLESOFST)- PERSNL, OPERAT, CAPITA, and REIMB

| New # | Fund-Dept-Project-Approp | Appropriation Description | Increase | Decrease |
|-------|--------------------------|---------------------------|------------------|------------------|
| x | 14-9899-C11320-CAPITA | Capital Approp | 800,000 | |
| | 10-9810-X00054-OPERAT | Operating Approp | | 800,000 |
| | 10-9820-000000-OPERAT | Operating Approp | 800,000 | |
| | | | | |
| | 10-9822-000000-OPERAT | Operating Approp | | 2,250,000 |
| | 10-9810-X00054-OPERAT | Operating Approp | 2,250,000 | |
| | | TOTAL | 3,850,000 | 3,050,000 |
| | | Net Change | 800,000 | |

EXPENDITURES: ACCOUNT LINE DETAIL

| New # | Fund-Dept-Project-Acct # | Account Description | Increase | Decrease |
|-------|--------------------------|---|------------------|------------------|
| x | 14-9899-C11320-55001 | Citizens Nursing Home and Montevue Assisted Living Facility- Land Acquisition | 800,000 | |
| | 10-9810-X00054-56253 | Reserve Fund Contribution- Miscellaneous | | 800,000 |
| | 10-9820-000000-56242 | Transfer from Capital Projects | 800,000 | |
| | | | | |
| | 10-9822-000000-56350 | Continued Care Agreement | | 2,250,000 |
| | 10-9810-X00054-56253 | Reserve Fund Contribution-Miscellaneous | 2,250,000 | |
| | | TOTAL | 3,850,000 | 3,050,000 |
| | | Net Change | 800,000 | |

Kelly J. Dickey
BUDGET OFFICE APPROVAL

9-23-15
DATE

Jan H. Gader
COUNTY EXECUTIVE

9-24-2015
DATE

Becky O.
COUNTY COUNCIL PRESIDENT

9/29/15
DATE