

TOWN OF CAMP VERDE



**RESOLUTION 2013-890
AMENDING RESOLUTION 2011-844**

**A RESOLUTION OF THE MAYOR AND COMMON COUNCIL
OF THE TOWN OF CAMP VERDE, YAVAPAI COUNTY, ARIZONA,
AMENDING THE
"TOWN OF CAMP VERDE PROCEDURES AND OPERATIONS GUIDE"
AND SUPERSEDING ALL RESOLUTIONS OR PARTS OF RESOLUTIONS
ADOPTED BY THE TOWN OF CAMP VERDE
IN CONFLICT WITH THE PROVISIONS OF THIS RESOLUTION
OR ANY PART OF THIS RESOLUTION ARE HEREBY REPEALED,
EFFECTIVE AS OF THE DATE THAT THIS RESOLUTION IS EFFECTIVE**

***AMENDMENT INCLUDES THE ADDITION OF "ESTABLISHING RESERVES/LEGAL
DEFENSE FUND" TO THE RISK MANAGEMENT POLICIES AND PROCEDURES/
TOWN OF CAMP VERDE PROCEDURES AND OPERATIONS GUIDE***


WHEREAS, it is in the best interest of the Town to adopt rules, policies and procedures and place these into one document for the benefit of all parties; and

WHEREAS, the Mayor and Common Council of the Town of Camp Verde approved and adopted the Town of Camp Verde Procedures and Operations Guide (POG) on April 20, 2011, which contains policies and procedures for operations and procedures applicable to Town Staff, the Council and its boards, commissions, and committees; and

WHEREAS, it is necessary to amend and/or change the POG from time to time in order to retain consistency with current policies, and statutes;

NOW THEREFORE, the Mayor and Common Council of the Town of Camp Verde hereby resolves to approve and adopt the attached "Establishing Reserves/Defense Fund", adding this policy to the Risk Management Policies and Procedures/"Town of Camp Verde Procedures and Operations Guide", which applies to all Town staff and elected and appointed officials.

ADOPTED AND APPROVED by a majority vote of the Mayor and Common Council at the regular meeting of April 17, 2013.



Bob Burnside, Mayor

4-17-13
Date

Attest: Approved as to form:



Deborah Barber, Town Clerk

5-1-13
Date



William Sims, Town Attorney

5-1-13
Date

TOWN OF CAMP VERDE

ADMINISTRATIVE REGULATION

Establishing Reserves/Legal DEFENSE FUND

In Fiscal Year 12/13 the Risk Management Budget was established and a line item was created as a legal defense fund to set aside reserves primarily from the liability insurance rebate; as available. Below, is the purpose, policies and procedures relative to the Town's intent in establishing these reserves:

PURPOSE

1. To be proactive in building reserve amounts to defend and protect the Town's interests.
2. Minimize the possible interruption of vital public services and loss of public revenues (taxpayer dollars).
3. To set forth policies and procedures that identifies funding sources (revenues/interest accrued and other appropriate funding) for said reserves.
4. To ensure adequate reserves to support planned or unforeseen risks/exposures relative to the Town's legal liability to others.
5. To provide guidance to Risk Management/Town Manager, Finance and Council in overseeing the Legal Defense Fund.

POLICY

1. The Risk Manager, in consultation with the Town Manager, will effectively expend funds from this account in accordance to the Financial Operations Guide and the Legal Defense Fund Policy.
2. Legal Defense Fund amounts can be utilized to fund the following:
 - a) The defense of the Town's interests.
 - b) Increases in deductibles with the objective of reducing insurance premiums.
 - c) Deductibles when claims arise.
 - d) Expenses that exceeds Risk Carrier's limits of coverage and/or thresholds.
 - e) Expenses/legal fees to engage outside Counsel when Risk Carrier's coverage does not apply.
 - f) Costs for "Professional Service" expenses (e.g. specialized research, obtain pertinent data, engage an expert witness, investigator or consultant, restoration of damaged property/data).

- g) Litigation claims/judgments.
 - h) Unforeseen legal defense expenses (e.g. with respect to copies, lodging, travel, meals associated with travel only, out-of-pocket expenses and etcetera).
 - i) Potentially establish/fund a Self-insured Retention Fund (SIR) or become partially self-insured as the Town grows in the future.
3. The Legal Defense Fund should be maintained as a separate accounting function for the purpose of accruing interest which thereon shall be added to the fund balance.
 4. Any action to move forward in a proposed settlement offer (financial or otherwise) must be approved by a majority vote of the Town Council (in consultation with the Attorney handling said litigation, the Risk Manager and Town Manager).
 5. The Legal Defense Fund may not be used for:
 - a. Participation in a political campaign either for public office or in connection with any attempt to influence the general public with respect to legislation, initiative or referendum.
 - b. The funds cannot be swept by any state, county, federal or local government. The one exception: if the Town Council appropriates the funds to a different line item due to an emergency.
 6. The defense fund is primarily financed by available, annual dividends from the Risk Carrier. In the event that the dividend resources become unavailable and/or expenses exceed reserves to finance a judgment/settlement, then funds would be appropriated from contingency to cover said expenses.

PROCEDURES

1. During the Town's budgeting process the Risk Manager, in consultation with the Town Manager, will recommend appropriate levels of funding to the Town Council.
2. The recommended reserves for the Legal Defense Fund will be based on potential annual dividends via the Risk Carrier's member rebate and other miscellaneous funding. The dividends are based on loss experiences; fewer losses equate to larger dividends for the Risk Carrier's members. Additionally, reserves shall be funded by other appropriate funding (e.g. accrued interest associated with the principal balance).