

ORDINANCE NO. ORD-23-09

First Reading: March 6, 2023  
Public Hearing: March 20, 2023

Approved: March 20, 2023  
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Effective: March 23, 2023

CHAPTER 11 (RISK FUND) AND CHAPTER 8 (ORGANIZATION OF BOARDS AND COMMISSIONS)

AN ORDINANCE TO AMEND CHAPTER 11 (RISK FUND) AND REPEAL SECTION 1:193 OF CHAPTER 8 (ORGANIZATION OF BOARDS AND COMMISSIONS) OF TITLE I OF THE CODE OF THE CITY OF ANN ARBOR

The City of Ann Arbor ordains:

Section 1. That Chapter 11 (Risk Fund) of Title I of the Code of the City of Ann Arbor is amended as follows:

**1:261. – Risk fund.**

The risk fund shall be ~~maintained and~~ administered and maintained by the City Administrator or their designee for the payment of certain claims, liabilities, insurance, benefits administration, and costs incurred by the City ~~of Ann Arbor~~, and for recompensing departments of the cityCity government for losses resulting from injury to property or defalcation by employees ~~\_, under the supervision of the Board of Insurance Administration provided for in Chapter 8.~~ This fund ~~The risk fund~~ shall consist of the money, credits, securities, and other property owned by the City ~~of Ann Arbor~~ that have heretofore constituted the risk fund and ~~of~~ such money and securities as shall from time to time be added thereto.

**1:262. – Annual appropriation.**

City Council shall appropriate sufficient funds in the annual budget to fund the costs identified in sSection 1:261.

**1:263. - Limitation on use.**

No part of the risk fund may be transferred to any other fund, ~~nor be~~ encumbered, ~~nor be utilized~~ used for any purpose except the purposes permitted in this chapter~~hereinafter specifically set forth~~.

**1:264. – Investments.**

The risk fund may be invested by the ~~city chief financial officer~~ City Chief Financial Officer under City Council-approved ~~city~~City investment guidelines.

### **1:265. – Authorized expenditures.**

~~The Board of Insurance Administration is authorized to expend up to \$10,000.00 from the risk fund on a single claim without City Council approval. The Board of Insurance Administration may delegate to the chief financial officer by resolution authority to expend a lesser amount. Expenditures pursuant to subsections (7) and (8) of this Code section shall be allowed without the Board of Insurance Administration's approval if the other requirements applicable to such purchases are satisfied. Each expenditure shall be reported to City Council as part of the official minutes of the Board of Insurance Administration. Except for expenditures authorized in subsections (7) and (8) (below), all other expenditures from the risk fund above \$10,000.00 may be expended only after recommendation of the Board of Insurance Administration and approval by the City Council. Payments from the risk fund may be made only as follows:~~

Expenditures from the risk fund may be made only for the following:

- (1) Payment of amounts to or on behalf of employees or retirees of the City of Ann Arbor ~~for amounts for which the city is or becomes liable to them by reason of in accordance with~~ the Worker's Disability Compensation Act, ~~including~~. Such payments made may be made prior to the recommendation of the Insurance Board and approval by City Council after the chief financial officer has verified the employee's entitlement to payment through a claims adjuster or third-party administrator and settlements of disputed claims.
- (2) Payment of compensation for injury-injuries to persons or property or other claims for which the ~~city~~City is or may be liable or is authorized to pay on behalf of its officers or employees ~~and in respect of which~~ where the ~~city~~City is not otherwise protected by insurance.
- (3) Replacement of moneys, credits, or securities belonging to the ~~City of Ann Arbor~~City that have been lost ~~to the city~~ through the defalcation or misconduct of any City officer or employee ~~of the city~~ or of any other person and ~~in respect of which~~ where the ~~city~~City is not protected by surety bond or other insurance.
- (4) Reimbursement for the amount of ~~loss~~ losses or ~~damage~~ damages in excess of \$1,500.00 to City property ~~belonging to the City of Ann Arbor~~ not otherwise protected by insurance, caused by any peril, except losses caused by ordinary wear and tear of use, war, or any form of atomic fission.
- (5) Payment of expenses incurred in the investigation and defense of claims that are payable from the risk fund. ~~Such payments may be made prior to the~~

~~recommendation of the Board of Insurance Administration and approval by City Council, including third-party administrator or claims adjuster expenses.~~

(6) Payment for actions that City Council, by resolution, has determined may:

~~(a) mitigate a public safety concern, a public health concern, or nuisance; or~~

~~(b) limit the potential liability of the City of Ann Arbor.~~

(7) Payments to fund health and employee benefits, and related administrative costs, for ~~city~~City employees, retirees, and their authorized dependents, ~~if such payments are pursuant to an approved contract.~~

(8) Payments for emergency expenditures where:

(a) such expenditure is otherwise allowed pursuant to Chapter 14 or Chapter 15 of this Code;

(b) the ~~Controller~~Chief Financial Officer confirms that an appropriation from the general fund would otherwise be required to fund the payment; and

(c) the Treasurer confirms there are sufficient funds available in the risk fund to pay such ~~expenditures~~expenditure.

~~Payments for expenditures pursuant to this subsection (8) do not require City Council approval if they exceed \$75,000, but such expenditures shall be reported to City Council along with other expenditures according to this chapter.~~

~~The Service Area Administrator who is responsible for the expenditures incurred pursuant to either subsections (7) or (8) (above) shall report such expenditures (but not protected health information) to the Board of Insurance Administration within 120 days of the date such amounts are expended~~

**1:266. – Custody of fund. Expenditures of \$75,000.00 or less; expenditures requiring City Council approval.**

~~All moneys, credits and securities constituting the risk fund shall be kept in the custody of the City Treasurer who shall be responsible for their safekeeping to the same extent that he or she is responsible for other similar property belonging to the City of Ann Arbor. A report concerning the fund shall be prepared by the City Treasurer as of February 1 of each year and furnished to the City Administrator for use in preparation of the annual budget to the city.~~

In accordance with Section 1:265, the City Administrator may approve an expenditure from the risk fund for an amount of \$75,000.00 or less without City Council approval. Except for expenditures pursuant to Section 1:265(8), expenditures in excess of \$75,000.00 must be approved by City Council.

**1:267. – ~~Accounting~~ Custody of risk fund.**

~~An account of properties constituting the risk fund, of acquisitions and expenditures, and of other matters concerning it shall be kept by the City Treasurer and shall be available at all reasonable times to the Board of Insurance Administration and to the City Council.~~

All moneys, credits, and securities constituting the risk fund shall be kept in the custody of the City Treasurer who shall be responsible for their safekeeping to the same extent that the City Treasurer is responsible for other similar property belonging to the City. A report concerning the risk fund shall be prepared by the City Treasurer as of February 1 of each year and furnished to the City Administrator for use in preparation of the annual City budget.

**1:268. – ~~Claims Adjuster~~ Accounting.**

~~Notwithstanding any other provisions of this chapter, payment required by the Worker's Disability Compensation Act or payment for claims for which the risk fund is liable may be made by such person as the City has contracted with to evaluate and pay claims without the recommendation of the board and approval by Council, provided that such payments may be made only for the purposes set forth herein and pursuant to a contract approved by City Council. The contract shall state a limitation on the amount of any payment made without the Board of Insurance Administration and City Council approval and shall further state the Board of Insurance Administration shall retain authority to pay or deny any claims that would be subject to evaluation and payment by such person.~~

~~-The City Treasurer shall keep an accounting of all matters concerning the risk fund, including acquisitions and expenditures, and all moneys, credits, securities, and properties constituting the risk fund. The accounting shall be available at all reasonable times to the City Council upon request.~~

Section 2. That Section 1:193 of Chapter 8 (Organization of Boards and Commissions) of Title I of the Code of the City of Ann Arbor is repealed.

Section 3. This ordinance shall take effect immediately upon legal publication.

**CERTIFICATION**

I hereby certify that the foregoing ordinance was adopted by the Council of the City of Ann Arbor, Michigan, at its regular session of March 20, 2023.

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
Jacqueline Beaudry, Ann Arbor City Clerk

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Christopher Taylor, Mayor of the City of Ann Arbor

I hereby certify that the foregoing ordinance received legal publication on the City Clerk's webpage on March 23, 2023.

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Jacqueline Beaudry, Ann Arbor City Clerk