

## **Operating Rules and Procedures for Michigan Municipal League Legal Defense Fund**

**Section 1. Fund establishment: Definitions.** The Michigan Municipal League Legal Defense Fund shall be established and governed in accordance with the provision of these operating rules. When the term "Board" is used herein, it shall refer to the Michigan Municipal League Legal Defense Fund Board of Directors. When the term "Fund" is used herein, it shall refer to the Michigan Municipal League Legal Defense Fund. When the term "League" is used herein, it shall refer to the Michigan Municipal League. The term "Trustees" shall mean the Michigan Municipal League Board of Trustees. The Fund shall be established and these rules and procedures shall be effective upon approval of the League Trustees. The Fund shall be operated and directed by the Board of Directors herein provided for.

**Section 2. Purpose.** It is the purpose of the Fund to provide supportive aid to municipalities of Michigan in certain situations of state-wide significance involving litigation or other forms of controversy which may affect the organization, operation, powers, duties or financing of Michigan municipalities.

(Section 2 amended 4/1/2008)

**Section 3. Duties.** The Board shall:

- (a) Review applications for assistance received from Fund member municipalities.

(Section 3a amended 4/1/2008)

- (b) Develop priorities for the granting of funds or other forms of aid by the Fund.
- (c) Develop criteria for Fund participation in litigation or other forms of controversy.
- (d) Grant funds or render any other aid or assistance subject to the operating rules and procedures stated herein.
- (e) Develop a system of accounting to the League's Board of Trustees and to the Fund's membership.
- (f) Authorize necessary and appropriate expenditures from the Fund to defray administrative expenses of the Fund operations, which shall include expenses incurred for services furnished to the Fund by the Michigan Municipal League, an administrative oversight fee (a percentage of amounts

authorized for assistance whether expended or not), expenses incurred for Board meetings, conference telephone calls, reimbursement to members for mileage on authorized Fund business at rates established for Michigan Municipal League employees, and other reasonable and necessary expenses.

Section 3F amended 11/12/99)

- (g) Have the power to authorize aid or support in situations where the request originates with the Michigan Municipal League (MML), the Michigan Association of Municipal Attorneys (MAMA), or other recognized organizations where the Board finds that the action requested will fulfill the purposes herein expressed. With respect to requests which originate with the MML or MAMA, the request may be presented at the volition of the Fund Administrator in the case of the MML, and the President or Vice President in the case of MAMA.

(Section 3G amended 11/12/99)

(Section 3 amended 6/7/85)

**Section 4. Use of Funds.** The Board shall not commit or expend monies in the following situations:

- (a) Where the commitment or expenditure exceeds the balance in the Fund.
- (b) To pay damages or court awarded charges or costs.
- (c) Where the commitment or expenditure represents the total cost of litigation in any case in which aid is provided.

**Section 5. Membership.** Any municipality of the State of Michigan which is a member of the League shall be eligible for membership in the Fund on a voluntary basis upon paying the established membership fees.

(Section 5 amended 4/1/2008)

**Section 6. Membership Fees.** Membership fees shall be as established from time to time by the League Trustees.

**Section 7. Board of Directors.** The Fund shall be governed and directed by a Board of Directors to consist of a maximum of 13 persons who shall be the duly elected president, immediate past president, vice president, secretary-treasurer and directors of the Michigan Association of Municipal Attorneys (hereinafter referred to as "Association"), the President of the League (or designee) and the Executive Director of the League (or designee). The president, vice president and secretary-treasurer of the Association shall hold the corresponding offices on the Board. In the event any member of the Board is

prohibited from voting on a matter pending before the Board due to a conflict of interest, the remaining members of the Board may designate another attorney-member of the Association to act in the place of said member in the specific situation where the conflict of interest exists.

(Section 7 amended 11/4/83; 9/26/88; 9/10/93; 6/1/01 and 4/1/2008)

### **Section 8. Meetings.**

- (a) The Board shall meet on an annual basis and at such other times and places as it deems necessary. Meetings, other than the annual meeting, may be held by telephone conference.
- (b) The Board shall also meet upon the call of the president of the League or upon the call of the Executive Director of the League, the president of the Board, any two members of the Board, or upon the request of ten percent of the members of the Fund pursuant to certified copies of resolutions of their legislative bodies requesting such a meeting being transmitted to the president of the Board.
- (c) A quorum of the Board shall be necessary to conduct the business of the Fund. A quorum shall be seven members of the Board.
- (d) Each member of the Board shall have one (1) vote and a majority of those present and voting shall be necessary to authorize any aid from the Fund, but no fewer than four (4) votes shall be required for such action. An abstention shall count as a vote for the majority on any motion, except in conflict of interest and tie vote situations. In a tie vote situation, an abstention shall not count and the motion shall be defeated. In a conflict of interest situation, an abstention shall not count as a vote for either side on any motion.
- (e) Emergency requests. In the event the Fund Administrator receives a request for assistance which the Fund Administrator deems to require immediate action and is unable to convene a quorum of the Board in a timely fashion, the Fund Administrator shall do all of the following:
  - (1) Review and evaluate the request, paying particular attention to applicable deadlines.
  - (2) If the request is deemed to have merit, the Fund Administrator shall, as soon as possible, contact the President or Vice President and available Board members of the Fund to review and discuss the merits of the request.
  - (3) Where a consensus to grant the request has been reached between

the Fund Administrator and the President or Vice President, the Fund Administrator shall engage counsel of his or her choice to implement that consensus, provided, however, that in no instance shall the cost of engaging such counsel on an emergency basis exceed the sum of \$10,000; and

- (4) Report to the full Board in writing concerning actions taken within no more than ten working days of granting the request.

(Section 8 amended 6/1/84, 6/26/88, and 3/27/90)

(Section 8 (e) added 3/27/90)

(Section 8(e)(3) and (4) amended 11/12/99)

(Section 8 (c) amended 6/1/01)

**Section 9. Aid Requests.** Except as provided in Section 3, (g), aid requests shall be from Fund member municipalities and either: (A) in the form of, or contain as a part thereof, a resolution of the legislative body of the requesting municipality; or (B) in the form of, or contain as a part thereof, a letter to the Legal Defense Fund from the Chief Executive Officer (or his/her designee) of the municipality requesting the assistance.

(Section 9 amended 6/1/84, 6/1/01, 4/1/2008 and 1/29/2010)

**Section 10. Consideration of Requests.** In considering a request for aid, the board shall be mindful of the potential state-wide significance of the litigation or controversy and in so deliberating shall give due regard to the following:

- (a) Whether the particular litigation or controversy involves important questions of law, the favorable decision of which could provide substantial benefit for a significant number of Michigan municipalities.

(Section 10a amended 4/1/2008)

- (b) The extent to which the disposition of the litigation or controversy at its current level would serve as a persuasive precedent in similar future litigation or controversies before the courts or other adjudicative bodies having jurisdiction in the State of Michigan.
- (c) Whether aid is currently being provided in other litigation or controversies involving substantially similar issues or questions of law.
- (d) Other factors deemed appropriate by the Board and applicable to the particular litigation or controversy for which Fund aid is requested.

**Section 11. Types of Aid.** Types of aid to be provided by the Fund in any given case shall be at the sole discretion of the Board and may consist of (but shall not be limited to)

the following:

- (a) Amicus curiae briefs financed in whole or in part by the Fund.
- (b) The provision of legal counsel designated by the Board.
- (c) Such other assistance as the Board may deem reasonable and proper.

The Board in its discretion may attach any condition it deems reasonable and proper upon the furnishing of any assistance as set forth above.

(Section 11 amended 11/12/99)

**Section 12. Amendment of Rules and Procedures.**

- (a) Any amendment to these operating rules and procedures may be proposed by any member of the Board or by the League Trustees.
- (b) All amendments proposed by members of the Board shall be submitted to the Board in writing and it shall take at least four affirmative votes for the amendment to be sent to the League Trustees for final approval.
- (c) An amendment to these operating rules and procedures shall take effect upon final approval by the League Trustees.

**Section 13. Administration.** The Michigan Municipal League shall carry out all administrative functions and activities subject to the direction of the League Executive Director. The Executive Director of the League may name a Fund Administrator who shall have charge of this activity.

(Section 13 added 11/4/83)

**Section 14.** The Board by affirmative vote may accept contributions from members or non-members to be utilized in the Board's discretion for specific cases or legal issues. The terms of such contribution shall be as the Board and contributor agree, but in all events shall be subject to the following:

- (a) All specific terms of the contribution shall be in writing and shall be entered into the minutes of the Board meeting at which the contribution is accepted.
- (b) The Board, subject to the terms of the contribution shall have complete discretion on the utilization of such funds.
- (c) The purpose of the contribution and the use of the contributed funds must comply with the Operating Rules and Procedures of the Legal Defense Fund.

- (d) Any interest on contributed funds shall be the property of the Board or League as an administrative expense and not subject to the terms of such contribution as the Board and contributor may have agreed on.
- (e) Contributions may not be returned to the contributor for one year after the contribution. If all or a part of the contribution remains unexpended and unencumbered after one year from the date of acceptance of the contribution, all or part of the contribution may be returned to the contributor by the Board and shall be returned if requested in writing by the contributor.

(Section 14 added 6/6/86)