Planting Seeds of Change
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WE PROUDLY PRESENT THE 2013 ANNUAL REPORT TO MEMBERS. This year’s theme – Planting Seeds of Change – is as relevant today as it was when MMRMA’s founders sowed their own groundbreaking ideas over 33 years ago.

One of the only constants in life is change; instead of resisting or ignoring its implications, in 1980 those visionaries demonstrated a willingness not only to accept its inevitability but to embrace and even cultivate it. MMRMA’s founding members, along with those who assisted them, took an active role in shepherding the changes that affected Michigan municipalities, rather than quietly succumbing to the forces of nature that are always – then and now – reshaping the landscapes of municipal government and the insurance industry.

The roots of our founders’ efforts have not been neglected. On the contrary, the hands-on community of MMRMA members, Board, staff, and service providers has worked together over the years to keep the organization thriving, through prime conditions and challenges alike. They have planted new seeds of innovation to further enrich this plot we have inherited. MMRMA has introduced programs like RAP grants, unveiled new products like data breach coverage to meet rapidly evolving technological advances, and brought most departments in-house to better serve the needs of the membership.

This organic process has allowed MMRMA to ground its achievements in smart, informed decisions and to earn its outstanding reputation every single day. From its bold inception, through an adolescence marked by rapid, well-managed growth – of our membership, assets, products and services, and exceptional team – to today’s mature, thriving authority, MMRMA has made a natural progression that will continue to reap countless benefits for the membership, now and far into the future.

On these pages, we will showcase MMRMA’s many successes of Fiscal Year 2013, including the recipient of our Member Recognition Award. We’ll also highlight some of the key forces of change confronting municipalities and pools in 2013 and beyond – demographics, technology, and economic climate – and show how MMRMA is flourishing in the face of these potential challenges. Our creative programs and tools are yielding solutions that will keep MMRMA and the membership strong, whatever the winds of change send our way.

The roots of our founders’ efforts have not been neglected.
Member Recognition Award

MMRMA is a Member-Owned and Member-Driven Organization.

In 2012, we introduced the Member Recognition Award to encourage and reward the kinds of fruitful innovations that are implemented by MMRMA member communities all the time.

For over three decades, our members have understood that the landscape in which we live, work, and collaborate is constantly changing. The winning and second place projects for 2013 demonstrate an acute grasp of the evolving demographic and social conditions facing municipal leaders and departments. The entire membership can reap benefits from each of these successful programs.

Training Initiative Designed to Protect against Active School Shooter Incidents

Our modern society, for all its abundant advantages, also brings its own unique perils. One example is the unfortunate prevalence of mass shootings, which often take place in schools.

In light of the troubling and unpredictable threat of school violence, the Ingham County Sheriff’s Office, under the direction of Sheriff Gene Wriggelsworth, embarked on a multi-phased training project to fulfill its vision of protecting all school children in the county – while reducing risk in the process. As Wriggelsworth points out, “when violence occurs in schools, liability issues usually follow.”

The project’s first phase entailed the creation of two committees, each with about 20 participants. The School Safety Committee, which includes school leaders, 911 dispatchers, and police and fire agency representatives, developed a uniform lockdown procedure for all schools in the county. They also produced a 16-minute DVD to illustrate the protocols and explain what to expect from law enforcement.
when it arrives on the scene. Neighboring Eaton County also adopted the lockdown procedure and received copies of the DVD for use in training.

The Police Training Committee includes SWAT commanders, firearms instructors, and tactical police trainers. They created an “Active Shooter Police Training Curriculum” for use in educating police agencies in Ingham, Eaton, and Clinton Counties. Since the 24-hour course debuted in 2009, the Ingham County Sheriff’s Office has trained over 350 tri-county officers. This initiative was bolstered by grants from the Michigan Commission on Law Enforcement Standards (MCOLES) in 2010 and 2012.

A 2012 Homeland Security grant also allowed the School Safety Committee to produce a second DVD for schools illustrating evacuation and reunification procedures. The program was also highlighted at the 2013 Michigan State Police Homeland Security Conference.

“Ingham County’s submission was a standout,” says MMRMA Risk Control Coordinator Cara Kowal. “Their active shooter training initiative reduces risk and helps protect and save lives.” The Membership Committee and MMRMA are proud to announce this outstanding project as the 2013 Member Recognition Award winner.

Still photos taken from the School Safety Committee’s DVD on lockdown procedures for internal and external threats.
Demographic Cycles

Just as seasons change, so do the faces of MMRMA and its members.
Demographic shifts can produce rich harvests – new ideas, fresh perspectives, and collaborations that are greater than the sum of their parts. But this opportunity, like any other, must be managed with care, lest the corresponding hazards threaten the bounty.

The Face of the Membership
In FY 2013, MMRMA once again reached nearly 100 percent member retention. In light of demographic effects on the makeup of our membership and its leaders, this is an especially rewarding achievement. We are proud of our efforts to educate these new friends on the importance of public entity risk pools and the historical significance of MMRMA.

As the never-ending demographic cycle unfolds, it is vital for MMRMA’s seasoned veterans to keep spreading the word about this valuable organization and encouraging the up-and-coming leaders in our member municipalities to help sustain MMRMA’s ongoing success story. As they attend our events, read and share our publications, and join our committees, they help shape and cultivate MMRMA for the generations to come.

An active, welcoming approach will allow the continuous, inevitable “changing of the guard” to happen seamlessly. By tending with care, we can preserve the institutional memory of MMRMA while encouraging new and necessary input and guidance from this new crop of talent.

Member Employees and Citizenry
Demographic shifts can have profound, challenging effects on MMRMA member entities, changing the makeup and needs of their employees and citizens. We offer many tools to help our members thrive in the midst of these ongoing developments.

• Autism training. In conjunction with the Autism Alliance of Michigan, MMRMA developed a course on understanding and interacting with people who have autism spectrum disorder. Dozens of member law enforcement and municipal employees have attended sessions so far, and the response has been overwhelmingly positive. A new publication, Municipal Employee Guide to Autism Awareness, is in production and will be available to members in FY 2014.
• Sexual harassment awareness classes. As municipalities hire and promote employees, it is always a good idea to educate them about laws and policies relating to sexual harassment. MMRMA offers training to help disseminate this valuable information.

• Best Practices. This new platform is rooted in successful existing member programs and protocols. MMRMA helps other members use these roadmaps to achieve their own winning outcomes.

• RAP grants for law enforcement leadership training. Member chiefs and sheriffs can get advanced education with the help of MMRMA funding, contributing to an unbroken and unwavering chain of command in these vital departments.

MMRMA’s Exceptional Staff

From MMRMA’s earliest days, its staff and service providers have served the membership with expertise, dedication, and loyalty – all while undergoing the same demographic shifts that have affected the membership. Along the way, MMRMA has addressed these changes with creative approaches to ensure that members’ needs are always met.

This has been an evolutionary process since the early years. From the introduction in 1987 of the first executive director, Rufus Nye, to the gradual transition of various services from outside providers to in-house departments, to Nye’s retirement and replacement by current Executive Director Michael Rhyner, MMRMA has confidently managed its own and members’ evolving demographics and related circumstances with authoritative action.

This strategy continues today with prudent succession planning. Through cross-training, documentation, and excellent hiring practices and internal promotions, MMRMA is again preserving the institutional memory of the organization’s key assets – its people – while preparing for the seasons ahead.

The result of MMRMA’s collective efforts to meet the demographic cycle with its own decisive seeds of change: a strong, thriving organization that is poised for many successful decades to come.

Demographic shifts can produce rich harvests – new ideas, fresh perspectives, and collaborations that are greater than the sum of their parts.
**Technology’s Swift Current**

**MMRMA AND ITS MEMBERS UNDERSTAND**
all too well the importance – and the complexity – of keeping up with the ever-increasing pace of technological advances. Akin to edible weeds like dandelions – nutritious, tasty, yet often considered unsightly and destructive – the fruits of technology can be as thorny as they are useful. And even when we fully embrace them as essential tools (as opposed to necessary evils), each new product, feature, device, or system seems to sprout forth more quickly than the last, requiring ever-steeper learning curves, better dexterity skills, and even sharper eyesight.

This deluge of ever-evolving technology brings the golden promise of opportunity, as well as related threats. MMRMA members have us in their corner, ensuring that they – and the organization – reap the benefits of the technology boom without going bust.

**Products and Training for the Digital Age**

- **Social media resources.** The formidable forces of technology and demographics converge in the mighty, inescapable juggernaut of social media. MMRMA offers two brochures to help members contend with its implications in the workplace: *Social Media Use: Model Policy and Guidelines* and *Using Social Networking in Pre-Employment Screening*.

- **Cutting-edge training.** The issues arising from rapid changes in technology go beyond learning to optimize our use of smartphones and computers. MMRMA has developed and presented courses addressing technological challenges, from the legal ramifications of electronic data storage to the proper ways to secure our devices and information.

**Superior Member Services**

- **Tech tools.** MMRMA continue to expand electronic communications via our website and e-blast capabilities. And a new mobile app allows attendees at MMRMA’s two yearly events – the Risk Management Workshop and Annual Meeting – to view agendas and receive bulletins on their smartphones and tablets.

- **State-of-the-art facilities.** The training center at our home office in Livonia features advanced teleconferencing equipment and computer display terminals; in the future, AV recording equipment will enable MMRMA to develop a web archive of training videos and eventually provide web simulcasts of class sessions.

**Members reap the benefits of the technology boom without going bust.**
Enhanced Internal Systems

In FY 2013, the technological seeds planted in previous years yielded additional returns for staff and members alike. Upgraded data systems for underwriting, claims, and accounting have been fully rolled out, and the related internal processes continue to evolve. “We chose Finys to help us implement their eponymous system because, unlike the other companies we reviewed, their proposal included ongoing assistance through the various phases,” says Director of Claims Michael Ellis. “Finys assured us that our procedures would inevitably evolve, and they were right.”

The interdepartmental teamwork that has taken place throughout this “iterative process,” as Ellis describes it, has led to an extraordinary “cross-pollination of ideas.” Whereas the other firms would have installed their product and left the staff to its own devices, Finys has continued to work alongside MMRMA employees to facilitate this rewarding, challenging, and invaluable project.

By further strengthening MMRMA’s team, streamlining its internal processes, and working to improve the quality of financial reports and analysis, this upgrade is already producing outstanding results.

In the coming years, MMRMA will continue to master the swift currents of technology for the benefit of its members.
Economic Climate

OVER THE COURSE OF MMRMA’S HISTORY, local governments have survived amidst constantly fluctuating economic conditions – from periods of relative prosperity to those requiring an approach of fiscal austerity. It’s safe to say that recent years have most resembled the latter, and that we are not yet out of the proverbial woods.

While MMRMA members have always prided themselves on providing their citizens with the best possible services at the lowest costs, times like these demand ever more creative solutions. And MMRMA itself is a quintessential example. As state officials tout the magic bullet of shared services, MMRMA’s founders applied its principles back in 1980 as part of the fledging public entity risk pool industry that has seen abundant growth through fair and stormy economic climates alike.

MMRMA generously shares that abundance. As a non-profit pool, our success feeds directly to the membership. “MMRMA’s commitment to our members is reflected in additional coverages at no cost to them,” says Finance Director Bryan Anderson. “our policies and services help enhance our members’ bottom lines in myriad ways.”

Net asset distributions
Since MMRMA developed its Net Asset Policy in 2006, it has declared excess net asset distributions to members approaching $115 million. The strength of MMRMA’s financial position allows us to return these assets to the members.

Rate reductions
MMRMA’s strong financial position also enabled us to negotiate lower reinsurance renewal rates, despite increased member property values. This, in turn, led to reduced rates for members.

RAP grants
MMRMA deploys another portion of its net assets to fund the Risk Avoidance Program (RAP), providing grants that help members pay for equipment, training, and other tools that mitigate risk and protect them from liability exposures.

Whatever the weather, our members know that their trust in MMRMA is well rooted.
Other ways of protecting members’ financial resources

- **Safety and Accident Review Committees.** MMRMA has developed a program to help members develop their own internal teams to identify, mitigate, and reduce the potential costs of various risks in their workplaces and communities.

- **Shared services.** Beyond the formation of MMRMA itself, its members have long been pioneers and champions of the judicious and effective sharing of services and resources with their fellow municipalities. MMRMA supports their continued efforts in this area. In FY 2013, our meeting and training center hosted a coalition of member entities exploring this essential component of municipal government operations.

- **Finys reporting and analysis.** As mentioned on page 7, MMRMA’s new systems software includes robust new features and capabilities. By providing upgraded reports, improved analysis, and more automated, integrated access to this data, MMRMA will give members a clearer picture of their claim and loss history. This, in turn, can allow members to better manage their risk and control their financial stakes.

While the economic climate may continue to favor fiscal austerity in municipal government for the foreseeable future, MMRMA is here to provide the membership with support and peace of mind. Whatever the weather, our members know that their trust in MMRMA is well rooted and that we have earned it through our track record, our innovation, and our steadfast reputation.
STRONG LEADERSHIP IS AN ESSENTIAL COMPONENT OF ANY SUCCESSFUL ENTERPRISE. This holds especially true when change is afoot, as it always is in the terrain of municipal government and public entity risk pooling.

Our Board of Directors tills MMRMA’s fertile fields with poised confidence. These ten people apply their collective experience and wisdom to continue the legacy of our founders and all of the MMRMA leaders who followed. Together, they cultivate the programs and systems that are tended by the entire MMRMA team with excellence each and every day.

In the past decade, the Board has developed a strategic planning initiative to further strengthen MMRMA’s performance and reputation. Each September, they gather to review MMRMA’s health and harvest ideas for future production. In 2013, the Board helped members weather the swift currents of technology by developing and introducing data breach coverage. They also gave members financial relief in today’s harsh economic climate through rate reductions and another net asset distribution.

Looking ahead, the Board is considering several new initiatives with which to sustain MMRMA’s growth and, in turn, continue to nourish members’ best interests. Tax bonds and fiduciary coverage are just two of the potential bounties on the MMRMA horizon.

MMRMA’s Board of Directors has proven it is more than capable of overseeing our organization. Under its guidance, MMRMA will continue to plant seeds of change that allow us to stay strong and hearty, whatever challenges lie ahead.

MMRMA plants tree to commemorate its legacy – and its future

At the 2013 Annual Meeting, Executive Director Michael Rhyner and the Board of Directors planted a flowering crabapple tree on the Grand Traverse Resort property. Board Chair Michael Bosanac broke ground as the entire Board gathered for a photo opportunity to celebrate this milestone in our history. Like the sapling, MMRMA has solid roots that have fostered sustainable growth for a healthy future.
(l. to r.) William Wild; Richard Reaume; Michael Bosanac, Chair; Curtis Holt; Executive Director Michael Rhyner; James Scharret; Kathy Revels, Secretary; Doug Johnson; Phil LaJoy; Fabian Knizacky, Vice Chair; and Richard Burke.
## Financials

### Claims Filed by Lines of Coverage

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<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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<tbody>
<tr>
<td>Auto Liability</td>
<td>391</td>
<td>367</td>
<td>314</td>
<td>343</td>
<td>219</td>
<td>244</td>
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<tr>
<td>Auto Physical</td>
<td>662</td>
<td>601</td>
<td>568</td>
<td>573</td>
<td>579</td>
<td>568</td>
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<tr>
<td>Gen Liability</td>
<td>1,128</td>
<td>1,097</td>
<td>904</td>
<td>2,137</td>
<td>1,774</td>
<td>756</td>
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<tr>
<td>Property</td>
<td>415</td>
<td>375</td>
<td>357</td>
<td>397</td>
<td>354</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>2,596</td>
<td>2,440</td>
<td>2,143</td>
<td>3,450</td>
<td>2,926</td>
<td>1,848</td>
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### Litigation

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<tbody>
<tr>
<td>Files Opened</td>
<td>320</td>
<td>330</td>
<td>292</td>
<td>320</td>
<td>330</td>
<td>254</td>
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<tr>
<td>Files Closed</td>
<td>352</td>
<td>360</td>
<td>357</td>
<td>352</td>
<td>370</td>
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### Financial Highlights

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<th>2011</th>
<th>2012</th>
<th>2013</th>
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</thead>
<tbody>
<tr>
<td>Member Contributions - General Fund and Retention Fund - Gross</td>
<td>$71,788,290</td>
<td>$72,784,656</td>
<td>$70,315,934</td>
<td>$73,947,538</td>
<td>$73,044,682</td>
<td>$81,320,080</td>
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<tr>
<td>Claims and Claim Adjustment Expenses Paid - General Fund and Retention Fund - Gross</td>
<td>32,735,013</td>
<td>30,400,379</td>
<td>30,046,434</td>
<td>36,949,598</td>
<td>33,747,341</td>
<td>34,903,221</td>
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<tr>
<td>Net Asset Distributions to Members</td>
<td>15,628,856</td>
<td>–</td>
<td>10,260,745</td>
<td>19,660,124</td>
<td>38,644,191</td>
<td>19,145,625</td>
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<tr>
<td>Cash and Investments at Fair Market Value</td>
<td>310,946,143</td>
<td>280,848,304</td>
<td>328,828,201</td>
<td>384,382,823</td>
<td>392,414,791</td>
<td>417,777,698</td>
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<tr>
<td>Investment Income - includes realized and unrealized gains/losses, interest, dividends, and other income</td>
<td>(10,619,115)</td>
<td>(35,039,400)</td>
<td>33,064,222</td>
<td>54,450,653</td>
<td>15,768,280</td>
<td>42,681,969</td>
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<tr>
<td>Reserves for Claims and Claim Adjustment Expenses - reported and IBNR</td>
<td>84,663,987</td>
<td>78,048,595</td>
<td>85,583,448</td>
<td>82,108,876</td>
<td>72,917,118</td>
<td>63,233,142</td>
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<td>Net Position</td>
<td>509,855</td>
<td>522,191</td>
<td>150,423</td>
<td>170,331</td>
<td>3,981,571</td>
<td>4,771,867</td>
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<tr>
<td>Total</td>
<td>356,669,121</td>
<td>315,946,972</td>
<td>391,349,117</td>
<td>482,599,954</td>
<td>475,053,294</td>
<td>556,266,631</td>
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**Member Contributions History**

*General Fund and Retention Fund*

*Includes contributions from MCCRMA, but excludes Energy Choice Program revenue.*

**Cash and Investments History**

*General Fund and Retention Fund*

*Net of pending trades.*

**Total Paid by Year**

*Mbr Property Paid*

**Legal Expense Paid**

**Liability Paid**

**Total Paid by Year**

*$12$