Thirty Years of Lighting the Way
Throughout 2010, Michigan Municipal Risk Management Authority celebrated 30 Years of Lighting the Way.

To cap this exciting milestone and commemorate the history of MMRMA, we have prepared this Annual Report to Members for a look back on 2010. In these pages, you’ll look back at three decades of service to the membership. We shine some much-deserved light on the people and ideas that have helped make MMRMA a continued success since its inception.

In 1980, public entity pooling was virtually unknown territory... but that did not stop MMRMA’s founders from charting the course. Their bold steps provided a much-needed solution for Michigan municipalities in need of reliable, affordable property and liability coverage. What’s more, those pioneers lit the way for every innovation that has followed. We have them to thank for the decision to retain risk, the formation of the Risk Avoidance Program (RAP), the launch of MMRMA’s new, interactive website, and countless programs and initiatives along the way.

We cannot forget the many other important contributors to MMRMA’s ongoing achievements. This commemorative guide is for every one of our member municipalities, their employees, our service providers, and MMRMA’s staff. Each one has shined their own light and contributed to our many achievements.

Please enjoy this Annual Report for a look back on 2010. Take a few moments to acknowledge your own contributions to MMRMA and to appreciate the efforts of your colleagues and associates. We are ever grateful to all of you, and we know that, together, we’ll keep on lighting the way as MMRMA begins its fourth decade of service.

Thank you for helping MMRMA light the way in municipal risk for 30 years... and beyond!
When Michigan Municipal Risk Management Authority was born in 1980, it was the bellwether for public entity pooling in Michigan. Hard markets in the late 1970s led the commercial insurance industry to desert municipalities en masse. In the face of this serious dilemma, innovative thinkers began to explore the concept of public liability pooling. MMRMA’s founders were among them.

Their revolutionary ideas were met with early skepticism and predictions of failure. But naysayers – both of public entity pooling and of its embodiment in MMRMA – could not dull the brilliance of an idea whose time had come.

MMRMA’s pioneering nature has remained one of its hallmarks. For thirty years, MMRMA has served as a beacon, protecting its membership’s best interests while helping set national public pooling standards.

The path has been long and winding, with many unforeseen obstacles and potential stumbling blocks. But MMRMA has never wavered from it. Throughout the years, Michigan municipalities have faced new threats and aging infrastructures, fluctuating insurance and financial markets, and an evolving legal landscape. MMRMA has remained diligent in lighting the way, often anticipating troubles and always finding solutions that have only improved the program.

MMRMA’s founders lit the way for its success, and every subsequent step has laid the groundwork for the achievements that followed. Together, MMRMA’s leadership, staff, membership and service providers continue down that pioneering path, lights in our hands and confidence in our hearts.

MMRMA engaged Cummings, McClorey, Davis & Acho, PC, as defense counsel in 1980. Pictured are two of CMDA’s founders, the late Bernard McClorey (left) and Owen Cummings. CMDA remains one of MMRMA’s two principal defense firms today.

This gavel belonged to the very first Chair of MMRMA’s Board of Directors, the late Roland Antil from Charter Township of Redford. His wife, Mary Antil, still works part time as an administrative assistant in MMRMA’s Claims department; she graciously lent the gavel to be photographed for this Annual Report.
SPOTLIGHT on Three Founding Contributors

Three municipalities were the first to take the leap into the unknown, joining forces to form MMRMA in 1980. Through thick and thin, the City of Ishpeming, Charter Township of Redford, and Livingston County have been members of MMRMA. These three men are proud to have participated in MMRMA’s inception, and their thoughts remain relevant today.

“MMRMA was a concept that was needed; we were fortunate that we had people with the vision and foresight to take up the challenge. That’s true not only of the people who set forth the idea, but also of the government entities that initially accepted the challenge.”
~ Gerald Buckless, Livingston County (top)

“When we joined, we knew there was a little bit of chance. But the way the program was put together, we also felt the potential was very much worth the risk. What we didn’t know was just how successful MMRMA would be. I don’t think any of us ever dreamed anything close to what it’s become.”
~ James Kelly, Charter Township of Redford (middle)

“For thirty years, MMRMA’s members have been both its driving force and its focus. The Board of Directors makes every decision with the membership’s best interests in mind. And we place a lot of trust in MMRMA’s staff and service providers. They constantly look for ways to improve services to our members.”
~ Richard Burke, City of Ishpeming (bottom)
Since MMRMA’s very beginnings, regional risk managers have been integral to its success. They serve as the primary sales and marketing arm for the organization, gathering underwriting information, delivering proposals, and articulating the many benefits of MMRMA membership. In addition, they provide practical risk management services to members and, in some cases, assume the role of risk manager for the community.

Special recognition goes to our founding regional risk managers. They were very special people who passionately believed in the idea of MMRMA. Starting with virtually no members, they traveled the state convincing communities to leave their local insurance providers and join a new, untested MMRMA. They were indeed risk takers and it is through their hard work and vision that we enjoy the benefits of this wonderful program today.

We currently have eight outside contracted regional risk manager agencies or agents and one in-house risk manager who provides marketing and related services for members who prefer to receive such support directly from MMRMA.

MMRMA’s risk managers know the members – what they need, what they expect, and how to fulfill those expectations. These partnerships remain a strong and essential asset to the continued success of MMRMA.

**In memoriam**

Alongside growth and change, the passage of years, unfortunately, brings loss. Several of MMRMA’s longstanding regional risk managers have passed away. While it is always difficult to say goodbye to dear friends and colleagues, the legacy of these gentlemen lives on in their good works and in our memories:

Donald Althoff

Ken Fink

Glen Foster

Donald Manser

*(L. to r.) Chris Bowles and Glen Foster*

*(L. to r.) Craig Manser and Donald Manser*

*(L. to r.) Donald Althoff and Keith Potter*

*(L. to r.) Donald Althoff and Ken Fink*
Following in the founders’ footsteps, MMRMA’s leaders have never shied away from innovations, even when it meant making significant changes to the inner workings of the organization. One early example, in 1987, was the Board of Directors’ decision to create the position of Executive Director.

The Board determined that its primary function was to set policy, and that it could not feasibly oversee every element of MMRMA’s daily operations. To provide optimal, efficient services to members, the Board appointed MMRMA’s first Executive Director, Rufus Nye, to manage day-to-day operations.

For 14 years, Nye did exactly that, presiding over MMRMA through a host of improvements. In his first five years alone, MMRMA launched the publication of the Risk Journal and Annual Report and brought several previously contracted services in-house. He continued to lead as MMRMA earned PRIMA certification, launched its Risk Avoidance program, raised liability coverage limits, and sailed smoothly through the supposed Y2K “crisis.” These accomplishments still reverberate in MMRMA’s successes to this day.

What’s more, in 1999, Nye served on the original task force that created the Association of Government Risk Pools (AGRiP) and subsequently sat on its board of directors. AGRiP provides a trusted national voice for public pooling and an independent, dedicated resource for public pool directors and their teams.

Under Nye’s direction, MMRMA continued to grow and thrive throughout the 1990s. When he announced his plans to retire in 2001, everyone was thankful for his contributions. MMRMA’s first Executive Director helped light the way for the successes still to come.
As MMRMA began its second decade of service, the organization did not rest on the laurels of its early successes. While some people and organizations might be tempted to stick rigidly to what worked in the past, MMRMA’s decision makers knew better. After all, MMRMA was borne out of the founders’ realization that sometimes change is not only possible but necessary.

In late 1991, MMRMA ended its contract with Governmental Risk Managers (GRM) and brought its risk control and underwriting services in-house. Shortly thereafter, in early 1992, MMRMA decided to bring claims and adjusting services in-house as well. Within the space of a few short months, the MMRMA staff had grown from three – the Executive Director, his assistant, and a secretary – to thirty-one.

At first, this expanded staff worked in two locations. The claims department’s home base was in Farmington Hills, while the administrative, risk control, and underwriting departments worked on Newburgh Road in Livonia. Three accountants from Quenneville & Associates who serviced the MMRMA account on a full-time basis had their offices in the Livonia location as well.

Before long, the MMRMA leadership began to consider finding a single location in which it could consolidate its administrative, claims, risk control, underwriting, and accounting functions. This new site, they envisioned, would facilitate interdepartmental communication, teamwork, and cohesion. With the entire team under one roof, MMRMA could further enhance and streamline services to members.

In October 1993, MMRMA moved into its current home at 14001 Merriman Road in Livonia. The benefits of the new surroundings

In 1993, a quartet of MMRMA leadership stands proudly in front of the brand new MMRMA home office in Livonia. From left to right: Mary Antil (wife of the late Roland Antil, MMRMA’s first Board Chair), James Kelly, Richard Burke, and Gerald Buckless.
were evident from the very beginning. On a practical note, the staff enjoyed fewer games of phone tag, more efficient meetings, and the convenience of a stroll down the hall instead of a drive across town. MMRMA’s departments converged into a whole that was truly stronger and more efficient than its parts.

More changes would come, of course. In 2009, for example, accounting and finance services were also brought in-house (see page 11). But MMRMA had chosen wisely, and its choice of home office has allowed for further growth to accommodate those changes as they have unfolded.
With 2001 fast approaching, the Board, faced with Rufus Nye’s impending departure, began looking for MMRMA’s next Executive Director. After an extensive search of candidates from Michigan and across the country, the Board determined that Michael Rhyner was the right person for the job. A decade later, Rhyner continues to preside over the day-to-day operations of MMRMA and remains a nationally recognized leader in the public entity pooling community.

When he joined the team in June 2001, Rhyner brought not only an extensive public entity pooling and insurance background but the valuable experience of a career in association management and public policy. Prior to joining MMRMA, he administered pools in Minnesota and Connecticut and served on the Board of Directors of the National League of Cities Mutual Insurance Company. Rhyner currently serves on the Board of Directors of the Association of Governmental Risk Pools (AGRiP) and is a past president of AGRiP. He also helped found Government Entities Mutual (GEM), a captive reinsurance company for public entity risk pools. He continues to serve on the GEM Board of Directors and is a past board chair.

From the outset, Rhyner was committed to upholding the outstanding services members had come to expect while constantly striving to improve the organization consistent with the highest standards and “best practices” in our industry. By all accounts he has succeeded in achieving those goals, although it was by no means without challenges.

During Rhyner’s first decade as Executive Director, MMRMA – indeed, the entire country – saw more than its share of difficulties. Less than six months after Rhyner joined MMRMA, the nation felt the devastating blow of September 11, 2001. The long, arduous financial crisis that followed is still reverberating, most recently with drastic failings in the banking and auto industries. Volatile real estate and equities markets have crunched municipal budgets across the US, and Michigan in particular has suffered record unemployment rates.
Throughout these tumultuous times, MMRMA has remained a beacon of stability and hope. Under Rhyner’s watchful eye and the vigilant efforts of everyone at MMRMA, it has continued to light the way to success and growth. When the markets were at their worst, members were protected by the sound financial groundwork of policies established by the Board of Directors and the Finance Committee. And when MMRMA later saw more favorable returns on its investments, it established the Net Asset Policy and returned excess net assets to the membership in four out of the past five years, totaling over $37 million. Rhyner also spearheaded sweeping revisions to MMRMA’s governance and management structure, ensuring that the organization remains a leader in the industry.

MMRMA has only strengthened on Rhyner’s watch, a true testament to his skills and his effective management of the organization. MMRMA’s continued success is proof that his appointment was one of the Board of Directors’ many shining decisions of the last 30 years.

In 2005, Lillian Sims retired from MMRMA after 16 years. With a background in publishing, Sims responded when MMRMA was seeking a writer/editor. During her interview, however, Sims was asked if she would also be capable of planning MMRMA’s membership meetings. As she wrote in the May 2005 Risk Journal, “With great confidence and total naivete, I replied, ‘Sure.’”

And she was right. She planned and oversaw dozens of events, including MMRMA’s Annual Meetings, all while writing 15 Annual Reports, 60 quarterly newsletters, 145 Board Updates, and a host of other materials.

Simply put, Sims left her mark in countless ways. “I will cherish the memories,” she wrote of her time at MMRMA. The feeling is mutual.

For MMRMA member employees, the prospect of a lawsuit can be daunting. In 2005, MMRMA provided a glimpse into the trial process with the Anatomy of a Lawsuit DVD. MMRMA staff and attorneys from Cummings, McClorey, Davis & Acho and Johnson, Rosati, LaBarge, Aseltyne & Field, worked on the project with the professional assistance of Vince Wade of Wade Multimedia.

The hour-long DVD presents a mock employment incident and several stages of the trial process, including discovery, deposition, trial, and jury deliberations. The dramatizations are bracketed by in-depth, easy-to-understand segments in which Attorney Mike Rosati explains what viewers are seeing and what to expect if they are ever targeted by a lawsuit.

Since it launched, MMRMA has presented training sessions using Anatomy of a Lawsuit to help prepare member employees for such an occurrence. In 2006, the DVD earned PRIMA’s first place achievement award in the pooling category.
MMRMA has a long, beneficial relationship with the Public Risk Management Association (PRIMA). Not only was MMRMA the first pool in Michigan to earn certification for PRIMA's standards, but it has amassed quite an impressive track record of PRIMA achievement awards in the pooling category. Presented to an outstanding national program, product, or service each year, these awards recognize the cutting edge of public risk management innovations. MMRMA boasts the following awards in recent years alone:

**2006:** First place, Anatomy of a Lawsuit DVD (See page 9 for more information).

**2007:** Second place, Sure Steps to Sidewalk Safety DVD and brochure.

**2008:** First place, TASER project, including RAP grant funding, DVD, and model policy/procedure brochure.

**2009:** First place, Sudden Death in Custody (SDIC) training program.

### Net Asset Distributions Declared

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<tr>
<th>Year</th>
<th>Distribution Amount</th>
<th>Cumulative Distributions</th>
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<tbody>
<tr>
<td>2006</td>
<td>3,696,996</td>
<td>3,696,996</td>
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<tr>
<td>2007</td>
<td>7,573,675</td>
<td>11,270,671</td>
</tr>
<tr>
<td>2008</td>
<td>15,766,399</td>
<td>27,037,070</td>
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<tr>
<td>2010</td>
<td>10,260,745</td>
<td>37,297,815</td>
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SPOTLIGHT on a New Finance Team

When Paul Quenneville announced in 2008 that he would soon retire, along with two of his associates who worked exclusively on MMRMA’s account, it was, indeed, the end of an era. One of MMRMA’s earliest partners, Quenneville helped the fledgling pool with its accounting and financial needs since its inception, first as part of Quenneville & McSweeney and later as the president of Quenneville & Associates (Q&A).

In considering its options, MMRMA determined that the best course of action was to bring another arm of its operations in-house. Bryan Anderson, CPA, was hired to head up the department. In January 2009, the new team members, including Bryan, Tami Weidman, CPA, Linda Alger, and Tina White, took over accounting and financial responsibilities. Their attention to detail and commitment to the organization made the transition seamless. Together, the finance department has helped MMRMA to uphold its reputation of excellence.

Now Finance Director, Anderson attributes their success in large part to the people who came before: “Quenneville and his team created a strong finance and accounting foundation on which our department and, more importantly, the entire organization continues to build upon today,” he says.

Above: Accounting Manager Kathy Ryba and Q&A President Paul Quenneville.

From left to right: Accountants Tina White, Tami Weidman, and Finance Director Bryan Anderson. Not pictured: Linda Alger.
In 2010, MMRMA retired its former website and launched a brand new mmrma.org. In addition to providing a professional image and serving as a marketing vehicle, the new site also provides a sophisticated intranet with a host of functions for membership services and operations. This represents an ongoing migration from printed and mailed communications to electronic formats. The advantage to members is that they will receive a wealth of information in a timely and cost-effective manner. The new site features full color graphics and interactive tools that can be easily updated by staff members to ensure up-to-date content.

The site was developed by wedü, a New Hampshire-based marketing firm with experience in creating and maintaining websites specifically for public entity pools, including the New Hampshire Public Risk Management Exchange (PRIMEX). Wedü also built the website for Government Entities Mutual (GEM).

After months of careful preparation, Communications Specialist Tamara Christie, along with wedü representative Kim Griswold, gave a sneak-preview of the new site to attendees of the 2010 Annual Meeting. The
MMRMA celebrated thirty years of success at its August Annual Meeting.

SPOTLIGHT on a 30-Year Reunion

MMRMA invited past Board Chairs to participate in its 30th anniversary celebration at the 2010 Annual Meeting. Five past chairs traveled to join the proceedings at the Grand Traverse Resort: Gerald Buckless, Robert Deadman, Kurt Humphrey, James Kelly, and Ron Showalter. They were pleased to participate in the event, and willingly posed for a photo opportunity with the presiding Board Chair, Jim Kohmescher.

(L. to r.) Gerald Buckless, James Kelly, James Kohmescher, Robert Deadman, and Kurt Humphrey. Not pictured: Ron Showalter.

These leaders each left their own mark on MMRMA and contributed immeasurably to the organization’s success throughout the years and today. Together with their fellow Board members, and all who came before and since, they helped light the way, fostering MMRMA’s current position as Michigan’s premier municipal risk pool.

In addition to Christie and the wedü team, the success of the site is also attributable to the cooperative efforts of many MMRMA team members, including Administrative Services Specialist Kim Michael, Risk Control Coordinator Cara Kowal, Information Services Manager Patrick Cummings, and Information Services Specialist Shari Galvin.

MMRMA thanks the entire staff for their many contributions:

Linda Alger  
Bryan Anderson  
Mary Antil  
Jack Barron  
Tim Belanger  
Mike Bertha  
Denise Cervelli  
Tamara Christie  
Patrick Cummings  
Steve Cummings  
Karen Damron  
Kevin Denecke  
Guy DesJardins  
Louise Duchesneau  
Jim Duffy  
Michael Ellis  
Kelly Elmore  
Shari Galvin  
Pam Garton  
Frank Hughes  
Cara Kowal  
Kim Michael  
Florence Nagy  
Bill Page  
Mike Rhyner  
Katie Schoening  
Chuck Schwab  
Melanie Shippe  
Boyd Smith  
Al Smolen  
Marianne Stawicki  
Charlie Stevens  
Terry VanDoren  
Vera Vasquez  
Tami Weidman  
Elaine Wood  
Lorraine Zurenko
From Day One, MMRMA has benefitted from outstanding leadership. Indeed, the organization owes much of its success and longevity to the dedicated, talented people who have served on MMRMA’s Board of Directors. Their vision has been lighting the way to success for the last 30 years.

Elected by the members, from the members, the Board was designed to keep the needs of the membership in its focus. It has lived up to the challenge, even as the membership has grown from three founding entities to nearly 340 members in 2010.
For the ten individuals who sat on the Board in 2010, MMRMA’s history of excellence was always in mind as they made the decisions that will shape its future. They brought their collective experience to the table and worked together to forge strategic plans, optimize policies, and ensure that MMRMA continues to provide its members with the very best in programs and services.

In recent years, the Board of Directors has outlined several key program priorities to help guide MMRMA in achieving its mission, and technological initiatives are high on that list. It was thanks, in part, to the Board’s support and encouragement that MMRMA launched its brand new website in 2010.

Along with further technical enhancements, the Board has set the stage for additional improvements to MMRMA’s business processes and an ongoing review of its primary governing documents. Other priorities, including education, training, and the development of new products and services for members, remain in their sights as well.

A lot has changed in 30 years, at MMRMA and across the globe. But one thing hasn’t: The 2010 Board of Directors conducted business with the same professionalism, consideration, and integrity set forth by the very first Board in 1980, which included MMRMA founding contributors James Kelly, Gerald Buckless, and Richard Burke.

Thank you for joining us for this retrospective journey through MMRMA’s history. As MMRMA looks ahead to its next three decades – and beyond – the path to continued excellence remains clearly illuminated thanks to the watchful, expert guidance of the Board of Directors.
### Financial Highlights

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<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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<tr>
<td><strong>Member Contributions - General Fund and Retention Fund - Gross</strong></td>
<td>$67,436,771</td>
<td>$69,547,762</td>
<td>$70,931,706</td>
<td>$71,788,290</td>
<td>$72,784,656</td>
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<td><strong>Claims and Claim Adjustment Expenses Paid - General Fund and Retention Fund - Gross</strong></td>
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<td>28,270,759</td>
<td>34,524,235</td>
<td>32,735,013</td>
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<td><strong>Distributions to Members</strong></td>
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<td>3,696,996</td>
<td>7,573,675</td>
<td>15,628,856</td>
<td>–</td>
<td>10,260,745</td>
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<tr>
<td><strong>Cash and Investments at Fair Market Value</strong></td>
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<td>259,786,976</td>
<td>305,107,090</td>
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<td>328,828,201</td>
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<td><strong>Investment Income - includes realized and unrealized gains/losses</strong></td>
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<td>12,248,794</td>
<td>37,231,234</td>
<td>(10,619,115)</td>
<td>(35,039,400)</td>
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<td><strong>Reserves for Claims and Claim Adjustment Expenses - reported and IBNR</strong></td>
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<td>96,190,964</td>
<td>89,122,053</td>
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<td>78,048,595</td>
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