EARLIER THIS YEAR, THE Association of Governmental Risk Pools (AGRiP) hosted a webinar called Preventing Employment Claims: Lessons from CIS. AGRiP is an independent association of public entity pools that advocates on behalf of intergovernmental pooling and provides a forum for issues of mutual interest.

CIS is the acronym for Citycounty Insurance Services, which was created by the League of Oregon Cities and the Association of Oregon Counties to address the risk management and employee benefit needs of Oregon public entities. CIS provides property, general, auto, and employment liability coverage and workers compensation and employee benefits to about 340 members.

Responding to a Need

The webinar shares lessons learned following a period in which CIS members experienced an increase in employment claims related to hiring practices, discharge, discrimination, etc. According to the pool’s research, not only was the number of employment claims increasing, so were the jury awards.

CIS was forced to impose rate increases to address costs that exceeded actuarial estimates. Recognizing the impact of rate increases on members, CIS explored ways to help member employers reduce or avoid employment claims.

CIS identified four stages in the “employee lifecycle”:
> Hiring
> Onboarding/orientation
> Retention
> Retirement/transition.

Hiring is the first of four stages in the “employee lifecycle.”

Each stage was evaluated for its impact on potential employment litigation. The pool realized effective risk management in each phase could yield a “hire to retire” approach to employment.

Stage One Paves Way for Long-term Success

This article focuses on CIS’s findings about stage one—hiring—and related practices that can help avoid employment-related risk. From the outset, making sound, deliberative hiring choices is one of the best ways to avoid future employment claims.

“Hire to retire” means hiring employees with the potential to stay with your organization for the bulk of their careers.

Many public administrators and human resources professionals have likely been pressured to fill a vacant position quickly. “I need somebody yesterday!” is an all too common lament as public entities face the dilemma of providing critical services, often with a downsized staff.

The need to fill vacancies can be acute across positions, from entry level to executive, and understandably so: the impact of unfilled positions can erode employee morale, require overtime, compromise services, and delay work completion. Filling vacancies is especially challenging in times of low unemployment.

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“Green Oak Township has a reputation as a great place to work,” Sedlak notes. A new police station will open soon, another exciting achievement for the township and elected and appointed officials who serve the community.

Running for Clerk was not Sedlak’s first foray into public service. He is also proud of his longtime role as a firefighter in the township, from 1986 to the present day. Sedlak is a state certified fire instructor and fire inspector, as well as a licensed emergency medical technician (EMT).

A Pair of Mentors

Firefighting runs in the family; Sedlak’s father and five of his uncles were firefighters. His father also influenced a lifelong love of cars. Since he was 13, Sedlak has been fascinated with car racing, and has owned and worked on several race cars. He does all his own mechanical and electrical automotive work.

“My dad could do practically anything: plumbing, brickwork, cleaning and rebuilding watches ... but he hated electrical work." That’s one reason Sedlak decided to learn all about electrical, to supplement, and complement, his dad’s skills.

Sedlak credits another early mentor, a neighbor from his childhood in Dearborn, with his first career. Long before public service called to him, Sedlak spent 30 years working in the automotive industry, including stints at Ford and General Motors. He started as a trainee, then moved up through the ranks to technician, senior technician, and eventually senior test engineer with a team of 40.

Family Matters

In 2002, Sedlak visited his son Todd, who was stationed in the U.S. Army in Korea. "He was using vehicles I had worked on, which was pretty incredible to see," Sedlak says.

These days, Sedlak still enjoys working on his cars and attending races with his buddies. He lives with his partner, Tina, and her sons. The couple enjoys traveling together.

Sedlak also spends as much time as he can with his son-in-law and grandchildren. Sedlak’s daughter Cathi passed away unexpectedly in 2017, and the family values time together to celebrate her memory. “It’s good to see her children living, and thriving, just as she always did,” he reflects.

Always Learning

In college, Sedlak studied fire science and automotive engineering. He humbly acknowledges, “I wasn’t great at math or English, but I excelled in political science.” It seems he had a natural inclination for public office.

Sedlak will continue to apply that skill set for MMRMA as he begins his first full term in January following the recent Board election. “I’m honored to continue serving the members in this way.” He adds, unsurprisingly, "I can’t wait to learn more."
Investment Committee Helps Safeguard Our Financial Strength

by Michael Rhyner
Executive Director
and Bryan Anderson,
Managing Director

AS A MEMBER-OWNED and governed organization, MMRMA has a longstanding Committee Policy that allows it to draw on the specialized expertise of members to serve meaningful participatory roles in its governance.

The Investment Committee (formerly the Finance Committee) is one of four standing committees created by our Committee Policy. Appointed by the Board Chairman, this committee includes nine officers of MMRMA members with expertise in accounting, finance, and investments.

The committee meets quarterly, or more often, if needed, reviewing guidelines and recommending revisions that govern the investment of MMRMA assets. With $500.6 million in invested assets as of June 30, 2018, the Investment Committee is vitally important to MMRMA’s success.

Investment Objectives
Objectives of MMRMA’s Investment Guidelines include moderate growth of assets and protection against the erosion of purchasing power caused by inflation without undue risk exposure or volatility.

MMRMA has averaged a 7.2 percent annual return on investments over the last five years, and $25.1 million in investment income in Fiscal Year 2018.

Emphasis is placed on safety, security, and diversification.

The goal is to achieve long-term above-market average rates of return on the total investment asset portfolio throughout economic cycles. Guidelines include a diversified asset allocation strategy involving U.S. and non-U.S. equities, fixed income securities, real estate funds, and cash/cash equivalents.

Committee members take an active role in evaluating various asset classes to further diversify the portfolio. In recent years, this resulted in including several real estate investments and adding a second non-U.S. equities manager.

MMRMA’s investment results have been very favorable over the past five years, with an average annual return on invested assets of 7.2 percent. In Fiscal Year 2018, MMRMA recognized $25.1 million in investment income on its invested assets.

Net Asset Policy Returns $279 Million
The Investment Committee also assists the MMRMA Board and Executive Director in implementing the Net Asset Policy, which involves developing the recommended level of capital adequacy and identifying excess or deficient net assets.

This effort supports the Board’s decision to declare distributions to renewing members when there are identified excess net assets.

Based on this analysis—as well as our underlying solid investment income, favorable loss experience, and member loyalty—MMRMA has returned $279 million to its renewing Individual and State Pool Members over the past 13 years.

We can all be proud of this record of financial stewardship.

MMRMA Investment Committee Members
MMRMA recognizes and thanks these committee members for their time and expertise:

John Cubba, Redford Township, Committee Chair
Dean Bott, Grand Traverse County
Edward Brennan, City of Port Huron
Jeff Dood, City of Grand Rapids
John Fuentes, Eaton County
Ken Hinton, Livingston County
Bud Norman, Branch County
Julie Rudd, City of Royal Oak
Mike Slater, City of Livonia

Net Asset Policy

Returns $279 Million

We can all be proud of this record of financial stewardship.
Balancing Urgency and Effectiveness

Recognizing the need for speed, we must also acknowledge the significant pitfalls in hiring an unqualified candidate. Such a misstep in stage one could expose employers to liability, not to mention other negative effects on the organization and its valued employees. With the goal of “hire to retire,” we must allow sufficient time to find the right candidate.

With that in mind, a vital first step is to draft or update position descriptions to accurately convey job activities, required skillsets, experience, education, and credentials, and management’s expectations for the position.

It’s also smart to share your organization’s culture, mission statement, and core values with candidates, who are really customers at this stage. Conveying the reasons your organization is a worthwhile place to work is simply good customer service.

Recruitment Decisions

Deciding how to recruit is the next key step. Will you post your vacancy with professional organizations, on your own website, and/or on job search sites like Indeed?

Have you thought about asking employees for referrals? This is not an endorsement of nepotism with a disregard for experience, education, or skillsets, but an acknowledgement that employees likely network with colleagues in similar organizations. They may know others with the right blend of skills and experience to serve you well. Other options include university and college job boards, recruiting agencies, and even social media.

Evaluating the Options

Once applications are in hand, it’s time to carefully vet each candidate’s skillset, experience, education, and training in light of position requirements. Gaps in employment may require exploration.

Other considerations include culture and demographics. Millennials can bring valuable perspectives, and a more diverse workforce might better reflect constituents and enhance services. It’s also a good idea to develop—and consistently apply—any hiring protocols deemed necessary. These might include background checks, reference verification, post-employment physicals, and psychological examinations.

Effectively conducting this first phase helps ensure the right individual for each position and, in turn, could avoid future employment claims, a laudable risk avoidance objective. Thorough, consistent hiring and recruitment practices may help you acquire the valued “hire to retire” employee.

Current employees can be a good source of candidates with relevant experience.

Future issues of the Risk Journal will feature articles addressing subsequent stages of the employee lifecycle: onboarding/orientation, retention, and retirement/transition.

Resource: Webinar by Sharon Harris, Tamara Jones, and Lynn McNamara, Citycounty Insurance Services

Michigan is the nation’s third largest producer of holiday trees, harvesting more than three million pine trees each year. Only Oregon and North Carolina produce more. It takes about seven years for a tree to grow to six feet, the most desired height. Fraser is the most popular variety, while white pine, our state tree, is favored because it doesn’t shed its needles as quickly as others.