MMRMA’S 2012 ANNUAL MEETING will take you on a journey to many destinations—you’ll step outside the box to a fuller life, check your moral compass, and take a musical trip down memory lane. This year’s meeting of the membership will take place August 16—18 at its traditional venue, the Grand Traverse Resort in Acme.

Here’s a preview of the program, which promises as always to inform and enlighten.

Chart Your Own Course  
In Thursday’s opening session, author and magician Giovanni Livera takes you away from the limitations of conventional thinking into a world where thinking like a magician makes anything possible. With Livera’s M.A.G.I.C. formula—Momentum, Attitude, Goals, Imagination, and Care—you’ll learn to solve problems creatively and improve your personal and professional relationships.

Live A Thousand Years  
Imagine living each day of your life to its fullest, so the total of your life experiences is enough to fill a thousand years. That’s Giovanni Livera’s message in Friday’s lead-off training session. He’ll introduce you to the Twelve Chimes, the essential elements in creating a grander life experience. With jaw-dropping magic and unparalleled showmanship, Livera will challenge you to live life with greater passion, purpose, and balance.

Check Your Moral Compass  
In Friday’s second training session, retired U.S. Navy Captain Mark Adamshick, senior military professor of leadership and ethics at the United States Naval Academy, discusses the need for a stronger moral compass in the world today.

A TOPGUN graduate, Adamshick has flown more than 100 combat missions over Libya, Iraq, Afghanistan, and the former Yugoslavia. He forcefully presents the need for public and elected officials to maintain the public trust through moral character and decision-making. Adamshick then explores the paradox of why seemingly good people sometimes do bad things and suggests a framework for becoming more civic minded.

Energize Your Work Life  
Rounding out the training is author Kathleen Alessandro, an expert on the challenges of maintaining a productive and balanced work life. Alessandro promises you’ll increase your productivity up to 25 percent by using her secrets on how to organize, simplify, and prioritize your work. You’ll learn to manage paperwork, voicemails, emails, and interactions with others effortlessly. She’ll also show you how to do more with less, an invaluable skill wherever you go.

Thursday evening’s dinner pays tribute to an iconic American highway, while Friday’s lunch explores the history of Michigan roadways.

Make your reservations today at mmrma.org or contact Denise McGinn at 517 333-3628 or email associationg93@aol.com.
State Pool Committee Is an Integral Part of MMRMA Leadership

by Michael Rhyner
MMRMA Executive Director

MMRMA’S STATE POOL members play an active role in MMRMA governance. First, they elect a representative to serve on MMRMA’s Board of Directors. Kathy Revels, City of Mason, currently represents the State Pool on the MMRMA board.

In addition, MMRMA’s Governance Policies provide for a State Pool Committee comprised of nine individuals appointed by MMRMA’s Board Chair. The State Pool Committee meets quarterly (see sidebar for membership) to review and discuss risk management issues and challenges facing MMRMA’s smaller members. Examples of committee activities include:

- Reviewing State Pool loss experience and making loss control recommendations to the MMRMA Board.
- Reviewing the overall performance results of the State Pool and developing recommendations concerning special programs and services for smaller municipalities.
- Recommending new or enhanced coverage that meets the needs of smaller members.
- Monitoring the pool loss fund for members’ self-insured retentions.
- Suggesting training ideas that will benefit smaller members.

“We receive regular updates on Board activity from Kathy Revels,” says Pool Committee chair Ron Beaton. The committee also hears status reports from MMRMA’s Executive Director, Director of Claims, and the Director of Risk Management.

The State Pool Committee provides a forum for direct input and representation from State Pool Members. The committee also advises MMRMA on how to tailor Committee input has helped shape initiatives in online education and communication.

With travel and meeting budgets continually tightening, such innovations allow us to communicate economically and efficiently, providing valuable information to all our members, including smaller entities in the State Pool.

There is currently one vacancy on the committee, and we strongly encourage officials from State Pool members to consider participation on the committee as this and future openings occur. To learn more about serving on the State Pool Committee, contact Ron Beaton or Michael Rhyner at MMRMA headquarters.

State Pool Committee Members

Ron Beaton, Committee Chair, Municipal Employees Retirement System (MERS)
Mary Anderson, Newaygo County Community Mental Health
Jon Bayless, City of Grand Ledge
Anne Hart, Shiawassee County Medical Care Facility
Rosalie A. King, Iron County Board of Commissioners
Jeffery B. Lawson, Cheboygan County
David Murphy, City of South Lyon
Mike Welsch, AuSable Valley Community Mental Health

MMRMA thanks all past and present State Pool Committee participants for their service.

State Pool Success Based on a Sound Risk-Financing Structure

MMRMA FEATURES two primary categories of membership for Michigan municipalities: Individual Membership and State Pool Membership. The principal distinguishing characteristic is the method of self-insuring casualty losses.

The concept of self-insurance is a cornerstone of MMRMA’s philosophy and culture. When an entity retains (self-insures) a portion of the risk, there is a greater incentive to control losses. MMRMA offers a host of services to help members establish and maintain effective loss control programs.

Member self-insurance also allows MMRMA to negotiate better prices and terms for its reinsurance, because the reinsurer knows that each member has some “skin in the game.” Casualty reinsurance allows MMRMA to protect members with up to $15 million in casualty coverage limits.

MMRMA was founded by a group of municipalities that retained the first $50,000 of each casualty loss through a self-insured retention (SIR). Members placed their funds on deposit with MMRMA to pay for their individual retained

continued on back page
Sidewalk claims have long been a costly issue for Michigan municipalities. Although Michigan’s Governmental Tort Liability Act (GTLA) of 1986 gives broad immunity to governmental entities, it does not extend to a limited number of narrowly construed exceptions, including sidewalks adjacent to a highway.

Anyone who has walked down a Michigan sidewalk after a spring thaw knows that the walkway is seldom pristine. Thus, the courts have been challenged to decide what represents “reasonable repair” of a sidewalk, regardless of the season.

Before 1970, the two-inch rule was ironclad: If the rise in the sidewalk was less than two inches, there was no legal basis for a claim. Then, in 1972, in Rule v Bay City, the Michigan Supreme Court overturned the rule, stating, “We do not regard it as desirable to continue to enforce the two-inch rule.”

Fast forward to 1986, when the GTLA stated, “Except as otherwise provided... this Act does not modify or restrict the immunity of the state for tort liability as it existed before July 1, 1965, which immunity is affirmed.” Many municipalities felt this language resurrected the two-inch rule as a defense because the rule was not overturned until 1972 and was thus in effect on July 1, 1965.

Negligence, Not Immunity

This legal argument was used in many sidewalk cases until 1998, when the Supreme Court, in Glancy v the City of Roseville, held that the two-inch rule was a negligence rule rather than a principle of governmental immunity, so the GTLA did not apply.

In 2009, in Gadigian v City of Taylor, the Michigan Court of Appeals held that the term “inference” did not equate to a “presumption.” In rebuttal, plaintiffs presented expert testimony that overcame the “inference.” Once again, the municipal law community mounted an appeal.

As the appeal progressed, plaintiffs’ attorneys argued that a break in the sidewalk, which had always been assumed to be vertical, could also be horizontal. If there was a gap of more than two inches between the two slabs of pavement, they reasoned, it was enough to nullify the two-inch rule defense. This opened the door to all sorts of new claims that had previously been defensible.

In 2010, MMRMA watched closely as Robinson v the City of Lansing reached the Supreme Court, thinking that it would clarify the issue of the vertical rise. In fact, the court decided that the two-inch rule applied only to counties. The question of verticality became irrelevant, and all municipalities except counties lost the rule’s protection.

Lobbying began again, ultimately resulting in PA 50, which seems to take things back to how they were before the two-inch rule was overturned. PA 50 also clarifies that the “discontinuity” must be “vertical” and further increases the standard from a “rebuttable inference” to a “rebuttable presumption.”

Finally, PA 50 specifies that whether this presumption “has been rebutted is a question of law for the court.” This means that in the future, judges, rather than juries, will decide this question.

As always, we at MMRMA will continue to monitor this and other developments relating to municipal risk.
Workshop: Effective Employee Discipline and Grievance Processing

Friday, June 29, 2012, MMRMA Training Center, Livonia, and Monday, August 6, Great Wolf Lodge, Traverse City
$30 per person

AS ANY MANAGER WILL TELL YOU, dealing with under-performing employees or handling a case of employee misconduct is one of the most stressful parts of the job. But knowing the right way to handle these situations can ease the stress level and reduce exposure to wrongful termination actions.

This full-day workshop covers the essential elements of effective employee discipline. The day begins with a history and overview of employment principles, including the rights and obligations of employer and employee.

You’ll learn about the importance of establishing work policies and disciplinary procedures, documenting disciplinary action, and determining appropriate corrective disciplinary measures. Other topics include the specific requirements and considerations for discipline of contracted employees. Attendees will learn what a grievance is, as well as procedures for processing, arbitrating, and settling grievances.

The course will be offered Friday, June 29 at MMRMA’s offices and repeated Monday, August 6 at Great Wolf Lodge in Traverse City. Register for either session at mmrma.org or by calling Cara Kowal, Risk Control Coordinator at 734 513-0300.

State Pool’s Risk-Financing Structure, continued from p 2

losses. Subsequently, the minimum self-insured retention was increased to $75,000 and today, many Individual Members have opted for higher SIRs of up to $1,000,000 per occurrence.

While this method of funding self-insurance proved quite successful for larger communities, MMRMA did not initially offer an option for smaller municipalities that lack the financial strength to individually assume the first $50,000 of each casualty loss.

In the mid-1980s, MMRMA worked with groups of smaller communities that were jointly self-insuring property and casualty risk to create the State Pool. These smaller entities had less exposure to greater losses, especially in the area of law enforcement.

With the trend toward consolidation of local government services, we expect continued growth in the State Pool.

Today, each State Pool Member self-insures the first $50,000 of each casualty loss, including legal expenses. But rather than individually placing funds on deposit with MMRMA, State Pool Members deposit funds into a pool administered by MMRMA, which then pays their self-insured losses up to the $50,000 self-insured retention.

Casualty losses above the SIR are paid by MMRMA and its reinsurers. For property and auto physical damage coverage, State Pool Members can select deductibles as a means of retaining part of the risk.

This structure has worked very well, and MMRMA’s State Pool membership has grown to 225 public entities. With the trend toward consolidation of local government service delivery, we expect continued growth in the State Pool membership as more joint special service districts and authorities are created.

In addition to MMRMA’s superior coverage and professional services, State Pool members also receive other benefits of MMRMA membership, including distributions of excess net assets. Each member’s share of the distribution is based on its length of membership, loss experience, and contribution amount.