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EMPLOYEE BENEFIT SERVICES
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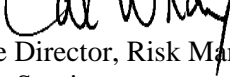
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July 28, 2015

TO: Members of GMA's Risk Management and Employee Benefit Services Fund

FROM: Lamar Norton 
GMA Executive Director and Secretary-Treasurer of the GMEBS/WCSIF/GIRMA Boards of Trustees

Cal Wray 
Deputy Executive Director, Risk Management and Employee Benefit Services

SUBJECT: FY 2014 Annual Report on GMA's Risk Management and Employee Benefit Services

Attached is the FY 2014 Risk Management and Employee Benefit Services (RMEBS) Annual Report for your review. The report provides an update on the status of the GMA retirement fund, OPEB trust, life and health insurance fund, workers' compensation insurance fund and property and liability insurance fund at fiscal year end 2014.

If you have any questions about the report, please do not hesitate to contact Cal Wray at cwray@gmanet.com or (678) 686-6215.

LN:CW/lm

Attachment

RISK MANAGEMENT EMPLOYEE BENEFIT SERVICES SUMMARY

SPRING 2015 UPDATE

This report serves as an update on the risk management and employee benefit services provided by GMA to its membership. The report briefly discusses membership, financials and any other recent significant developments relative to each fund.

Should you have any questions relative to this report, please contact:

Mr. Cal Wray
Deputy Executive Director
cwray@gmanet.com
(678) 686-6215



RETIREMENT FUND

The fund provides defined benefit retirement plans to municipalities, municipal authorities and commissions and regional commissions in Georgia. The defined benefit plan provides for payment of monthly benefits to participants for life after retirement.

Total membership in the fund is 284 members. Over the last twelve-month period, there was a net increase of one member.

As of December 31, 2014, the fund had more than 40,000 participants, with 51% active; 16% terminated vested; 27% retirees and 6% survivors.

The fund is the largest of the risk management and employee benefit funds in terms of assets. Based on unaudited financials dated December 31, 2014, net assets were \$1.724 billion, an increase of \$149 million from fiscal year end 2013. This increase was due primarily to investment income and increases in the fair market value of investment.

Since the end of fiscal year 2008, following the significant stock market decline, the assets in the fund have grown from \$763 million to \$1.724 billion, an increase of \$961 million.

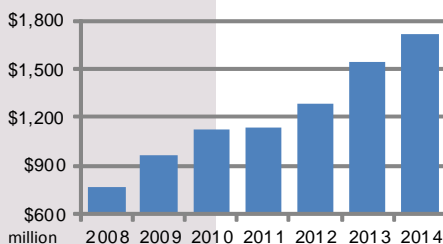
The significant increase in assets is due to strong investment returns. When compared to the Callan database which consists of more than 350 public retirement plans, the fund ranked in the 3rd percentile for the last year, in the 1st percentile for the last 3 years and in the 4th percentile for the last 5 years. (with 1=best, 100=worst)

The investment fund portfolio is broadly diversified by both asset class and investment management style. The retirement fund uses 13 investment managers who represent active

management and passive management (index funds).

Staff has worked diligently to educate the membership about changes in the Governmental Accounting Standards Board (GASB) Statements 67/68. These changes impact the accounting procedures for reporting pension liabilities on financial audits. Training sessions have been held at Mayors' Day and the Annual Convention along with articles and videos posted in the GMA newspaper and online at the GMA website. District workshops were held in August of last year which were well attended. Attendees included elected and appointed staff from the fund's membership, auditing firms and staff from the Georgia Department of Audits.

Retirement Net Assets



OTHER POST-EMPLOYMENT BENEFITS TRUST

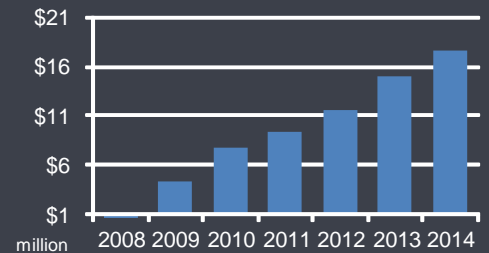


The trust was created to help cities comply with GASB Statements 43/45 which require local governments to account for the value of other post-employment benefits (OPEB) liabilities. The trust assists cities in identifying and establishing the value of OPEB liabilities by offering actuarial services and by providing a mechanism to accept funds for pre-funding the obligations. Cities may participate in the trust by using either the actuarial services or the trust or the combination of the actuarial services and the trust.

Total membership in the trust is 27 members. There was no change in membership over the last twelve-month period.

Based on unaudited financials as of December 31, 2014, the trust had \$17.6 million in total assets.

OPEB Total Assets



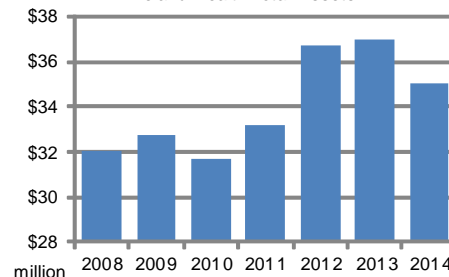
LIFE AND HEALTH INSURANCE FUND

GMA administers the GMEBS Life and Health Self-Insurance Fund for cities, municipal authorities and commissions, housing authorities and regional commissions. The fund has several health insurance plan designs consisting of a POS, PPO and HMO plans.

Total membership in the fund is 166 members. The membership is broken down as follows: 155 members with health and life coverages, two members with dental coverage only and eight members with life insurance coverage only. There was a net increase in health insurance membership of four members over the past twelve month period.

The life and health fund is in good financial position. Based on unaudited financials dated December 31, 2014, the fund had total assets of \$35 million and liabilities and claims reserves of \$4.4 million.

Life and Health Total Assets



The fund's surplus position allowed the board to return a portion to the membership in the form of subsidized rates. By subsidizing rates, members have the advantage of more stable rates year over year allowing them to better budget each year for health care costs. The fund has subsidized rates for the membership for the past 5 years.

Staff has taken steps to comply with the Affordable Care Act and has also worked to educate the membership on the act and how the act would affect their municipalities. A training session was held during the Annual Convention to discuss the most critical issues surrounding health care reform. The response from that session was so well received, staff held four webinar sessions in July. Recorded versions of those sessions are available on the GMA website.



PROPERTY AND LIABILITY FUND

GEORGIA INTERLOCAL RISK MANAGEMENT AGENCY

The fund is an intergovernmental risk sharing program that provides property and liability coverage to cities, municipal authorities and commissions, regional commissions and certain city school districts.

Total membership is 342 members. For the last twelve-month period, the fund had a net increase of four members.

The fund's financial position continues to be very strong. Based on unaudited financials dated December 31, 2014, the fund had total assets of \$159 million and liabilities and claims reserves of \$71 million.

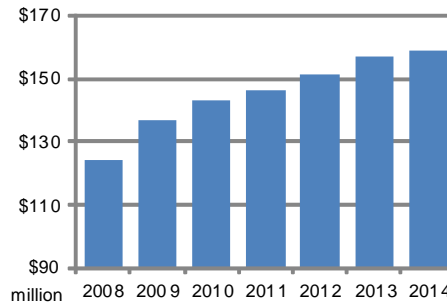
The characteristic that differentiates GMA's programs from others is our understanding of city operations and the environment in which cities operate. Because of this, the funds include features to help keep members' costs down and return savings to the membership.

Examples of savings to the membership can be found in the property and liability fund. One feature of the property and liability fund that is helping achieve savings is the personnel hotline, which saved members \$424,000 in legal fees in 2014. This feature provides free legal advice on employment and personnel matters. If the member takes the advice provided by the

attorneys and is sued, the fund will waive the deductible.

Another feature available at no extra cost to members is the inmate medical service, which has saved cities more than \$1.15 million since 2008 by handling and managing inmate medical claims.

GIRMA Total Assets



WORKERS' COMP

GMA WORKERS' COMPENSATION SELF-INSURANCE FUND

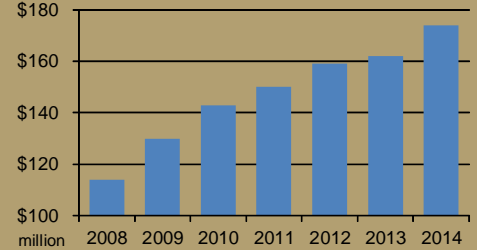
The fund offers Georgia local government entities an alternative to the standard commercial market providing statutory coverage to municipalities, municipal authorities and commissions and regional commissions.

The fund is the largest risk management and employee benefit fund in terms of membership. Total membership in the fund is 480 members. For the last twelve-month period, there was a net decrease of four members.

Financially, the fund continues to be in a good position. Based on unaudited financials dated December 31, 2014, the fund had total assets of \$174 million and liabilities and claims reserves of \$112 million.

Staff has seen a hardening of the workers' compensation insurance market. Typically, the fund does well in hard markets.

GMA WCSIF Total Assets

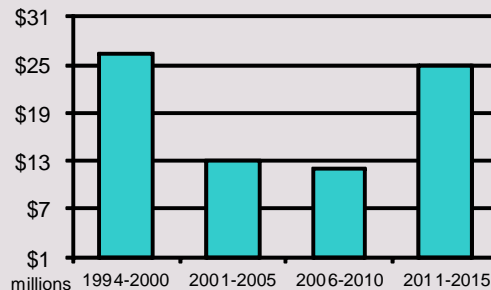


GIVING BACK: DIVIDENDS



One of the more significant advantages of membership in the risk management insurance funds is member ownership and control of the funds. When appropriate, the boards which oversee the workers' compensation and the property and liability funds have distributed dividends to the membership in the form of a renewal credit. Although the workers' compensation fund is not currently distributing renewal credits, the GMA WCSIF Board has returned a total of \$28 million to the membership. The current surplus position of the property and liability fund resulted in a \$5 million renewal credit declared for the 2015/2016 program year, bringing the total distributed renewal credits to nearly \$49 million.

Combined Renewal Credits





GRANT PROGRAMS

In light of the financial difficulties many members are facing due to the economic downturn, the boards have used some of the surplus from the insurance funds to continue the grants programs, and, in some cases, to increase the amount of grants awarded.

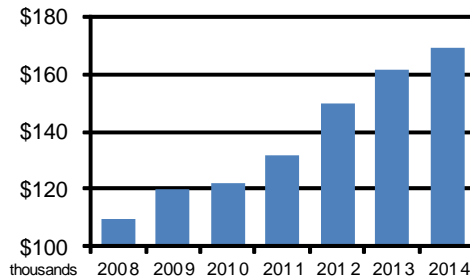
LIFE AND HEALTH WELLNESS GRANTS

Life and Health Wellness Grants for 2014:
\$166,200

Grants since inception of the program:
\$1.1 million

Members of the life and health fund received grants to assist in enhancing workplace health and wellness programs. The Local Government Risk Management Services (LGRMS), a joint service of GMA and ACCG, provides support and information for wellness coordinators.

Wellness Grants



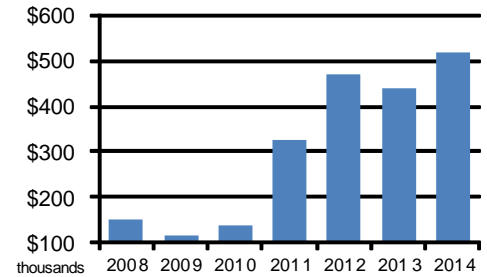
WORKERS' COMP AND PROPERTY/ LIABILITY GRANTS

GMA Workers' Compensation and Property and Liability Grants for 2014: **\$518,000**

Grants since inception of the program:
\$3.2 million

Members of the workers' compensation and property and liability funds use the grants to fund items such as bulletproof vests, training videos, confined space entry equipment, trenching equipment, reflective safety vests, fire department turnout gear and police department in-vehicle video systems.

WCSIF/GIRMA Grants



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