

GIRMA

\$29 million returned in dividends

The membership of the property and liability fund had a net decrease of 10 members during the year, bringing total membership in the fund to 319 members. The membership in the fund experienced a net decrease of 40 members over the last five-year period.

The fund's financial position continues to be fiscally sound. As of fiscal year end 2010, the fund had total assets of \$143 million and liabilities of \$67 million, most of which were reserves for claims.

The financial position of the fund gave the board the opportunity to respond to members in these difficult economic times by distributing a \$5 million dividend in the form of a renewal credit to the membership effective May 1, 2011. Since inception, the fund has returned a total of almost \$29 million in dividends to the membership.

The total dollar amount of grant funds approved for the grant program totaled nearly \$50,000 to leverage the costs of training and general public liability loss control efforts of almost \$100,000. Sixteen grants were approved during 2010.

In light of the financial difficulties many members were facing due to the recent economic downturn, the board decided to

Board Composition

Over the past year, Mayor Boyd Austin of Dallas; Ms. Elizabeth English, Vienna Councilmember; Ms. Myrtle Figueras, Gainesville Councilmember; Mr. Joe Morton, Fayetteville City Manager; and Mr. Bill Lewis, Dahlonga City Manager, were reelected to the GMEBS/WCSIF Boards of Trustees. In addition, Mr. Morton, Ms. English and Mr. David Nunn, Madison City Manager, were reelected to the GIRMA Board of Trustees. Mayor Mickey Thompson of Douglasville and Mr. John Bennett, Rome City Manager, were re-elected to serve a second one-year term as Chairman and Vice Chairman, respectively, of the GMEBS/WCSIF/GIRMA Boards.

modify the grant structure to provide the membership with a better opportunity to fund much needed loss control training. The GIRMA Board modified the grant structure for program year 2011 to reimburse members at 100% rather than at 50%, reimbursing members for the entire cost of training or equipment. Since inception of the grant program, the fund has given in excess of \$560,000 to fund members.

Members of the fund also have access to a free legal advisory service on employment and personnel matters. Over the course of the past year, the advisory service saved members approximately \$200,000 in legal fees.

The public safety driving simulator program has trained more than 5,800 law enforcement officers and Fire/EMS staff since inception, 800 of which were trained in 2010.

The Inmate Medical Program, available at no additional premium to its members, has saved members nearly \$480,000 in inmate medical costs due to medical fee negotiations and claims paid on behalf of its members.

Summary

In summary, the benefits of the GMA risk management and employee benefit programs to GMA member cities are significant. For example... since 1994, the insurance funds have returned more than \$57 million to the membership to subsidize premiums.

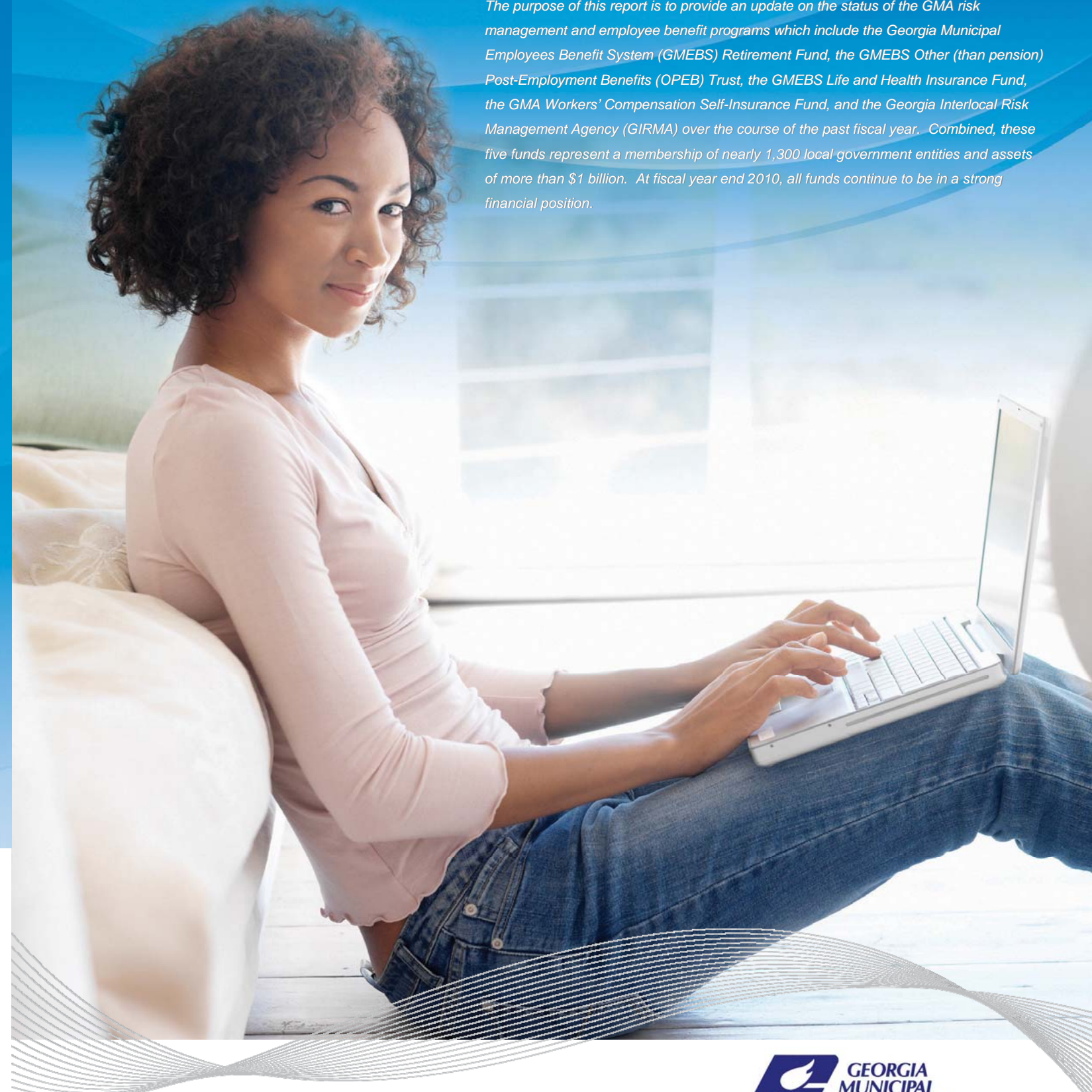
Another point which bears mentioning about the GMA risk management and employee benefit programs is the value-added services and the unique nature of the programs. Through these value-added services, members of the risk management and employee benefit programs have received services valued at over \$2.5 million over the past five years.

The GMA employee benefit and risk management funds continue to maintain strong financial positions in an environment characterized mostly by challenging conditions. The boards of these funds have also taken proactive steps to assist members during these difficult economic times by returning dollars in the form of reduced or subsidized premiums, value-added services and flexibility in the short term in the funding of their retirement plans.

2010 ANNUAL REPORT

RISK MANAGEMENT AND EMPLOYEE BENEFIT SERVICES

The purpose of this report is to provide an update on the status of the GMA risk management and employee benefit programs which include the Georgia Municipal Employees Benefit System (GMEBS) Retirement Fund, the GMEBS Other (than pension) Post-Employment Benefits (OPEB) Trust, the GMEBS Life and Health Insurance Fund, the GMA Workers' Compensation Self-Insurance Fund, and the Georgia Interlocal Risk Management Agency (GIRMA) over the course of the past fiscal year. Combined, these five funds represent a membership of nearly 1,300 local government entities and assets of more than \$1 billion. At fiscal year end 2010, all funds continue to be in a strong financial position.



*Should you have any questions or comments about this report... Contact Mr. Cal Wray,
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The GMEBS Retirement Fund

Total assets of \$1.13 billion

Total membership of the retirement fund at fiscal year end was 283 members. For the last five-year period, the fund has had a net increase of 8 members.

The total number of participants as of fiscal year end 2010 was over 37,000, having increased by nearly 8,000 participants in the last five-year period. The total number of participants is comprised of 57% active, 14% terminated vested, 6% survivors and 23% retirees.

The GMEBS Retirement Fund is the largest of the risk management and employee benefit funds in terms of assets. In fiscal year 2010, the fund's net assets increased from \$972 million to \$1.13 billion, an increase of \$155 million. The net increase of \$155 million in fund assets was due primarily to investment income and increases in the fair market value of investments.

During the last five-year period, the fund was not immune to the turmoil in the financial markets that occurred in 2008 and continued through the first quarter of 2009. However, the fund's assets have rebounded nicely. As of fiscal year end 2010, assets were \$265 million greater when compared to five years ago.

Even though the fund's investment performance has been good in 2009, 2010 and continues into 2011, many members are struggling with budgetary and revenue issues stemming from the sluggish economy. In recognition of this situation, the board modified the funding policy to provide greater contribution flexibility in the short term, changed actuarial assumptions to reflect current actual experience of

the members, and spread the impact of the market losses in 2008 and early 2009 over a longer period.

The broad diversification of the investment portfolio both by asset class and investment management style, helped lessen the negative impact of the stock market on the fund during the market decline.

In 2009, fund performance was up 25% versus the stock market (as measured by the S&P 500) which was up 27%. The investment return for the fund in 2010 was 14% compared to the stock market return of 15%. During this most recent period of strong market performance, the fund has participated in 93% of the stock market appreciation as measured by the S&P 500. This



is very positive given that the fund's investment portfolio is broadly diversified between equities and fixed income.

Although we are experiencing trying times, it should be noted that defined benefit retirement plans are long term in nature and should be viewed in this context. The fund has previously experienced financial market corrections and has rebounded. Not losing sight of the long term nature of the retirement plan, the fund has been able to achieve an annual equivalent return of 9% for the 30-year period ending December 31,

2010. This return exceeded the actuarial investment return benchmark of 7.75%.

Updated investment returns through March 31, 2011, investment returns for the fund continue to track the most recent positive investment returns of the market. As of March 31, 2011, the fund had a total annualized return of almost 15% compared to the S&P 500 Index which had an annualized return of 16%.

There were 25 members in the trust at fiscal year end, with four of those members making contributions to the trust.

As of fiscal year end, the fund had total assets of \$7.79 million and liabilities of \$8,500, resulting in net assets of \$7.78 million.

The GMEBS OPEB Trust

The GMEBS OPEB Trust assists cities in identifying and establishing the value of OPEB liabilities by offering actuarial services for this purpose and by providing a mechanism to accept funds for pre-funding these obligations. Cities may participate in the trust by utilizing the actuarial services only, the trust only or by utilizing both the actuarial services and the trust.

RISK MANAGEMENT EMPLOYEE BENEFIT SERVICES

Since 1994, the insurance funds have returned more than \$57 million to the membership to subsidize premiums. In addition... through value-added services, members of the risk management and employee benefit programs have received services valued at over \$2.5 million over the past five years.

The GMEBS Life and Health Insurance Fund

\$470,000 awarded in grant funds

The life and health fund had a net decrease of five members over the course of the past year bringing total membership in the fund to 153 members. This represents a net decrease of 15 members when compared to five years ago.

The fund continues to be in a good financial position. As of fiscal year end 2010, the fund had total assets of \$32 million and liabilities of \$5 million, most of which were reserves for claims.

The strong financial position of the fund allowed the board to supplement rate increases for members of the life and health fund for 2010 and 2011. The board limited any increase to 15% and for those members with better claims experience, the board reduced any needed rate increase for this group by 50%.

The strong financial position of the fund also allows the board to give money back to members for specific activities. Twenty-five members of

the fund were selected as recipients of Health Promotion Grants for 2010 receiving more than \$120,000 to assist in enhancing existing workplace health promotion and wellness programs or starting such programs. Over a five-year period, the fund has given over \$470,000 to selected members for wellness activities.

GMA WCSIF

\$1 million awarded in grant funds

The GMA WCSIF is the largest risk management and employee benefit fund in terms of membership. Total membership in the fund was 479 members, which represents a net decrease of 21 members since last year. For the last five-year period, the fund had a net decrease of 61 members.

Financially, the GMA WCSIF continues to be in a good position. As of fiscal year end 2010, the fund had total assets of \$130 million and liabilities of \$93 million, most of which were reserves for claims.

While the fund is not currently providing a dividend to its members in the form of a renewal credit, previously the board has returned \$28 million as a renewal credit.

In 2010, 25 safety grants were approved totaling nearly \$87,000 to leverage the purchase of approximately \$174,000 in critical safety equipment for employees.

In light of the financial difficulties many members were facing due to the recent economic downturn, the board decided to modify the grant structure to provide the membership with a better opportunity to purchase much needed safety equipment. The workers' comp board modified the safety grant structure for program year 2011 to reimburse members at 100% rather than at 50%, reimbursing members for the entire cost of the safety equipment.

Since inception of the grant program, the fund has given more than \$1 million to fund members.

