

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
April 17, 2008 at 1:00 p.m.
Clubhouse Inn
924 SW Henderson Road
Topeka, KS 66615

The April 2008 meeting of the Board of Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order at 12:59 p.m. at the Clubhouse Inn in Topeka by Board President F. E. "Shep" Schoepf on Thursday, April 17, 2008. Trustees participating included, F. E. "Shep" Schoepf, Reno County Commissioner, President; Michelle Garrett, Morris County Clerk, Vice President; Jim Wise, Miami County Commissioner, Secretary; Linda M. Buttron, Jefferson County Clerk, Controller; Bonnie Swartz, Gray County Clerk and Doyle "Hooley" Alcorn, Jewell County Commissioner.

Staff participating included Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator and Staff Counsel; Mr. Carl Eyman, Deputy Administrator and Loss Prevention Specialist; Mr. Philip J. Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant; Ms. Nicole Jarboe, Executive Assistant and Media Director.

Others present included Ms. Annette Duncan and Mr. Paul Davis of Insurance Management Associates (IMA) and Mr. Tom Groves and LuAnn Hemenway of Safety National Casualty Corporation.

President Schoepf addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish requested to add Item No. 2a, "Excuse Ralph D. Unger;" Item No. 4c, "KWORCC Vehicle" and Item No. 7b, "Executive Session – Legal." Mr. Wise moved to approve the agenda as modified. Ms. Swartz seconded the motion, which CARRIED unanimously.

President Schoepf addressed Agenda Item No. 3, "Consideration of Minutes of Meeting of March 13, 2008." Mr. Parrish advised that during telephone discussion, Mr. Unger requested removal of a superfluous "that" on page two of the minutes. Ms. Buttron moved to approve the minutes as modified. Ms. Swartz seconded the motion, which CARRIED unanimously.

President Schoepf then addressed Agenda Item No. 2a, "Excuse Ralph D. Unger." Ms. Swartz moved that Mr. Unger be excused from the Board Meeting for family reasons. Mr. Wise seconded the motion, which CARRIED unanimously.

President Schoepf proceeded to Agenda Item No. 4, "Administrator's Report." Mr. Parrish addressed Agenda Item No. 4a, "Checks Requiring Board Approval and Ratification of Wire Transfers." Mr. Parrish itemized checks and wire transfers of funds. Ms. Swartz moved to approve the checks and ratify the wire transfers as presented. Ms. Garrett seconded the motion, which CARRIED unanimously.

Next, Mr. Parrish asked Ms. Bird to address Agenda Item No. 4b, "Report 2007 Premium Audits." Ms. Bird reviewed the results of the premium audits. She stated checks and invoices have been processed.

Next, Mr. Parrish addressed Agenda Item No. 4c, "KWORCC vehicle." The KWORCC 2006 Chevrolet Silverado currently has 66,000 miles on it and has a trade-in value of \$12,000. Mr. Eyman's research shows a new vehicle would run between \$31,000 and \$34,000. Continuing to drive the current vehicle for another 60,000 miles will decrease that value by approximately \$6,000. The 2006 Silverado gets an average of 20 miles per gallon, which is better than the new similar models due to gear ratio on the rear axle. Mr. Eyman recommended that

KWORCC continue to use the current vehicle and closely monitor repairs and maintenance costs. Board members expressed agreement with this recommendation.

President Schoepf then proceeded to Agenda Item No. 5, "Marketing Report." Mr. Eyman reviewed the status of the bidding process in two counties.

Mr. Alexander reported on final, post-audit financial statements he prepared for 2007. Mr. Wise moved to accept the reports as presented. Ms Swartz seconded the motion, which CARRIED unanimously.

Mr. Alexander discussed in detail the final fourth quarterly financial report for 2007 to be filed with the Kansas Insurance Department (KID). Ms. Swartz moved to approve filing the report with the KID. Ms. Garrett seconded the motion, which CARRIED unanimously.

Mr. Alexander reported on financial statements he prepared for March 2008. Ms. Swartz moved to accept the reports as presented. Ms. Buttron seconded the motion, which CARRIED unanimously.

Mr. Alexander discussed in detail the first quarterly financial report for 2008 to be filed with the KID. Ms. Buttron moved to approve filing the report with the KID. Ms. Swartz seconded the motion, which CARRIED unanimously.

Mr. Alexander presented the check register. Mr. Wise moved to approve check Nos. 12419 through 12500 and the direct debits, all as presented. Mr. Alcorn seconded the motion, which CARRIED unanimously.

Mr. Alexander then reviewed a spreadsheet showing the value of KWORCC's equity investments as of April 4, 2008.

President Schoepf addressed Agenda Item No.7, "Claims Report." Ms. Duncan reported on several claims and answered questions. She also requested approval on two pending settlements. Ms. Swartz moved to approve settlement of claim No. 2005024932 as recommended. Ms. Buttron seconded the motion, which CARRIED unanimously. Ms. Swartz moved to approve settlement of claim No. 2006030069 as recommended. Mr. Wise seconded the motion, which CARRIED unanimously.

Ms. Duncan reviewed the Logicom report for the period of January 1, 2008 through March 31, 2008. She stated that the total amount billed is \$1,467,883. The report showed actual paid amount to be \$900,730 for net savings after fees of \$567,153 or 39% for this three-month period.

Next, Mr. Davis presented an analytical review of KWORCC's claim history for policy years 2003 through 2008. Separate exhibits compared the actual paid and incurred claim payments to the estimated paid and incurred claim payments. The intent of the presentation was to provide Board members a visual comparison of the currently estimated losses, the actuarial projected losses and the budgeted losses. IMA staff emphasized these charts should not be viewed as a guarantee of either good or poor ultimate-loss performance.

President Schoepf called for a motion to recess into executive session to discuss a legal matter at 1:50 p.m. for a period not to exceed 15 minutes. Mr. Wise so moved and Ms. Swartz seconded. At 2:05 p.m. the executive session was terminated. President Schoepf then declared a 10-minute break. The meeting was reconvened at 2:15 p.m.

President Schoepf called upon Messrs. Eyman and Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Eyman reviewed calendars for March, April and May for the loss prevention staff as well as the breakdown of county visits since the first of the year. Mr. Eyman then discussed two trade articles.

President Schoepf addressed Agenda Item No. 9, "Legal Report." Mr. Parrish reported there were no legal matters to review.

President Schoepf addressed Agenda Item No. 10, "Committee Reports." Ms. Swartz reported the committee met independently with the auditor and that the report was favorable with no management concerns, issues or problems. Ms. Swartz moved to adopt Resolution No. 2008-24. Ms. Buttron seconded the motion, which CARRIED unanimously.

President Schoepf next proceeded to Agenda Item No. 11, "Trustee Training: Safety National - Reinsurance Coverage." Mr. Groves and Ms. Hemenway explained the history and strengths of Safety National, its underlying strategies and the services it provides. Mr. Schoepf thanked Mr. Groves and Ms. Hemenway for the informative presentation.

President Schoepf proceeded to Agenda Item No. 12, "Other items." There were no other items to discuss.

There being no further business on the agenda, Ms. Swartz moved to adjourn at 2:41 p.m. Mr. Wise seconded the motion, which CARRIED unanimously.

The Board of Trustees approved the foregoing minutes of the Board of Trustees of Kansas Workers Risk Cooperative for Counties on the 22nd day of May 2008.

Mr. Jim Wise, Secretary
KWORCC Board of Trustees