

Minutes
Meeting, Board of Trustees
Kansas Workers Risk Cooperative for Counties
February 18, 2010 at 2:00 p.m.
Clubhouse Inn
924 SW Henderson Road
Topeka, KS 66615

The February 2010 meeting of the Board of Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order at 2:01 p.m. at the Clubhouse Inn in Topeka by Board President Jim Wise on Thursday, February 18, 2010. Trustees present included; Jim Wise, Miami County Commissioner, President; Doyle 'Hooley' Alcorn, Jewell County Commissioner, Vice-President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; Bonnie Swartz, Gray County Clerk and Ralph D. Unger, Decatur 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 and Ms. Nicole Jarboe-Paxson, Executive Assistant and Media Director.

Insurance Management Associates (IMA) appeared by Ms. Marla Dipman, Ms. Susan May, Mr. Gene Miller and Mr. Paul Davis. Also present was Mr. Sam Cargnel of Centric Actuaries.

President Wise addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Unger moved to approve the agenda. Ms. Swartz seconded the motion, which CARRIED unanimously.

President Wise addressed Agenda Item No 2a, "Excuse Frances Garcia for Schedule Conflict." Mr. Unger moved to excuse Ms. Garcia, Ms. Swartz seconded the motion which CARRIED unanimously.

President Wise addressed Agenda Item No. 3a, "Consideration of Minutes of Meeting of January 14, 2010." Mr. Unger moved to approve the minutes as presented. Ms. Garrett seconded the motion, which CARRIED unanimously.

President Wise addressed Agenda Item No. 4, "Administrator's Report." Mr. Parrish first addressed Agenda Item No. 4a, "Checks Requiring Board Approval and Approval of Electronic Transfer of Funds." He itemized the electronic transfer of funds and the check requiring approval. Ms. Swartz moved to ratify the transfers and approve the check as presented. Mr. Alcorn seconded the motion, which CARRIED unanimously.

Mr. Parrish then asked Mr. Cargnel to address Agenda Item No. 4b, "Actuarial Year-End Adjustments." Mr. Cargnel reviewed the changes to the ultimate loss picks for prior years, noting there were no large changes to any particular year. He reported that 2009 was an unusual year with more than 100 fewer claims than expected. For 2010, the reports show that 540 claims are expected, with an average cost of \$8,500 per claim, resulting in a loss pick for 2010 of \$4.6 million. Mr. Cargnel then asked for and responded to questions. Mr. Alcorn moved to accept the report. Ms. Swartz seconded the motion, which CARRIED unanimously.

Mr. Parrish proceeded to Agenda Item No. 4c, "Request Investment Income Allocation to 2004, per Actuarial Report." Mr. Alexander explained that the actuarial adjustments resulted in a deficit for 2004 and recommended that \$65,000 be moved from investment income to policy year 2004. He explained that the 2009 financial statements were still open pending finalization of payroll audits and other year-end adjustments, and the transfer would be reflected in the final 2009 financial report. Ms. Swartz moved to allocate \$65,000 from investment income to policy year 2004 as of December 31, 2009. Ms. Garrett seconded the motion, which CARRIED unanimously.

Mr. Parrish next addressed Agenda Item No. 4d, "Partnership with Kansas Association of Counties." Mr. Parrish presented a copy of the agreement between KCAMP and KAC. The board was in agreement that a similar agreement for KWORCC would be beneficial. The KCAMP agreement is for \$20,000 per year for a two-year agreement, which automatically renews thereafter. Mr. Unger moved that the board approve a similar agreement between KWORCC and KAC at a rate of \$10,000 per year. If the staff is unable to attain the agreement at \$10,000 per year, the Board will review the matter again at the next board meeting. Ms. Swartz seconded the motion, which CARRIED unanimously.

Mr. Parrish then asked Ms. Bird to address Agenda Item No. 4e, "Report on 2010 Member Premiums." Ms. Bird reported that KWORCC has received premiums from all but one county. The outstanding balance is \$105,682.

Under Agenda Item No. 4f, "PRIMA Conferences," Ms. Bird explained that the National Prima Conference is scheduled this year from June 6th through the 9th in Orlando, Florida. She asked Board members to indicate their interest as soon as possible. The registration cost increases on March 12, so Ms. Bird asked all trustees to let her know if they will be attending prior to that date. She also explained that the annual MoKan Prima conference is scheduled for April 14th through the 16th. She asked everyone interested in attending this conference to let her know as soon as possible.

President Wise then proceeded to Agenda Item No. 5, "Marketing Report." Mr. Eyman discussed marketing activities in several counties.

President Wise addressed Agenda Item No. 6, "Financial Report." Mr. Alexander reported on the preliminary 2009 year-end financial reports which will be finalized after completion of the payroll audits and other adjustments.

Mr. Alexander then reported on the preliminary January 2010 financial statements. Corrected reports will be furnished after 2009 year-end numbers are available. Ms. Swartz moved to approve the preliminary reports as presented; Ms. Buttron seconded the motion, which CARRIED unanimously.

Mr. Alexander presented the check register. Mr. Alcorn moved to approve check Nos. 13510 through 13566 and the direct debits, all as presented. Mr. Unger seconded the motion, which CARRIED unanimously.

Next, Mr. Alexander reviewed reports showing the value of KWORCC's equity investments as of February 9, 2010 and February 17, 2010.

President Wise next addressed Agenda Item No. 7, "Claims Report – IMA." Addressing Agenda Item No. 7a, "Select Claims Review," Ms. May and Mr. Miller reported on claims and answered questions. Ms. May also requested approval on pending settlements. Ms. Swartz moved to approve settlement of claim Nos. 2008035131 and 2008036396 as recommended. Ms. Buttron seconded the motion, which CARRIED unanimously.

For Agenda Item No. 7b, "Logicomp Bill Review Report," Mr. Miller reported that for the period from January 1, 2010 through January 31, 2010, the total amount billed is \$167,622; the actual paid amount is \$99,400 for a net savings after fees of \$68,222. This is more than 41% of the amount billed for this one month period.

Mr. Davis then explained the "Policy Year Performance Review" under Agenda Item No. 7c. This analytical review generated by IMA shows KWORCC's claim history for policy years 2006 through 2010. The documents consist of graphs which compare the actual paid and incurred losses to the estimated paid and incurred losses and show the actuarial projections. Mr. Davis emphasized these charts should not be considered as a guarantee of either good or poor ultimate loss performance.

President Wise called upon Messrs. Eyman and Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Eyman reviewed calendars January, February and March for the loss-prevention staff.

President Wise addressed Agenda Item No. 9, "Legal Report." Mr. Parrish touched on pending legislation. He also reported besides filing the lawsuit in Shawnee County, there had not been much activity on the fund sweep litigation, although there has been considerable publicity directed toward the plaintiff's counsel.

Next, President Wise addressed Agenda Item No. 10, "Committee Reports." Mr. Unger reported that the Investment Committee met immediately prior to the Board meeting. He stated that KWORCC has reached a point where it needs to hire someone to give advice on the equity investments. The committee recommends getting proposals from three to five potential advisors. At this time, the committee recommends investing at a rate of \$10,000 per month in each of three of KWORCCs current funds, specifically the Security Global fund, the Mid Cap Growth Fund and the Mid Cap Value Fund for the next three months. Mr. Unger moved to accept the committee's recommendation. Ms. Garrett seconded the motion which CARRIED unanimously. At its last meeting, the Board authorized investment in two additional funds, but upon further review, it was determined that there was substantial duplication between the two new funds and the current funds. Ms. Swartz moved to ratify the decision made by the Investment Committee to withhold investments in the two new funds. The motion was seconded by Ms. Buttron and CARRIED unanimously. Ms. Swartz moved to authorize the staff to seek proposals from between three and five potential advisors to assist with the management of the equity investments. Mr. Alcorn seconded the motion, which CARRIED unanimously.

Ms. Swartz moved to hold the Personnel Committee meeting at 12:00 noon on March 11, 2010. Mr. Unger seconded the motion, which CARRIED unanimously.

President Wise then addressed Agenda Item No. 11, "Other Business." Ms. Bird presented an idea for promotional items for use during county visits. Board members expressed agreement, and Ms. Bird said she would proceed with the order.

There being nothing further before the Board, Mr. Unger moved to adjourn at 3:53 p.m. Ms. Swartz seconded the motion, which CARRIED unanimously.

The KWORCC Board of Trustees approved the foregoing minutes on the 11th day of March, 2010.

Linda Buttron, Secretary
KWORCC Board of Trustees