

Minutes
Meeting, Board of Trustees
Kansas Workers Risk Cooperative for Counties
May 20, 2010 at 1:00 p.m.
Clubhouse Inn
924 SW Henderson Road
Topeka, KS 66615

The May 2010 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 Jim Wise on Thursday, May 20, 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; Frances Garcia, Reno County Commissioner 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 Mr. Gene Miller, Ms. Susan May and Ms. Marla Dipman.

President Wise addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish asked that Item No. 4f, "Investment Income" be added to the Agenda. Ms. Swartz moved to approve the agenda with the additional item. Ms. Garrett seconded the motion, which CARRIED unanimously.

President Wise addressed Agenda Item No. 3, "Consideration of Minutes of Meeting of April 22, 2010." Mr. Unger moved to approve the minutes as presented. Ms. Swartz 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 Ratification of Wire Transfers." He itemized the electronic transfer of funds and the checks requiring approval. Ms. Buttron moved to ratify the transfers and approve the checks as presented. Ms. Garrett seconded the motion, which CARRIED unanimously.

Mr. Parrish asked Ms. Bird to address Agenda Item No. 4b, "Kansas Department of Labor Audit." Ms. Bird described the audit process, noting that it was comprehensive. The process included several e-mail and telephone contacts, interviews with staff and submission of all payroll and benefits data as well as a complete check register for 2008. She said there was an emphasis on questions regarding independent contractors, which might be classified as employees. She explained that KWORCC has none. In the end, no adjustments were made to KWORCC's account, and no errors were found.

Mr. Parrish then reported on the requests for proposal for equities management (RFP) as he addressed Agenda Item No. 4c, "Equities RFP Responses." He stated that proposals were received from three companies: Country Club Financial Services, Inc. (CCFSI), GTrust Financial Partners (GTrust) and Wells Fargo Advisors (WFA). Mr. Parrish noted that the RFP had been addressed to A.G. Edwards, yet that entity had merged with Wachovia Securities, which eventually became WFA (headquartered in St. Louis, Missouri).

After some discussion, staff recommended the account be given to either CCFSI or GTrust. Mr. Unger suggested that the Trustees interview the persons designated in the proposals who would be responsible for managing the account. After further discussion, Mr. Unger moved that the KWORCC Trustees interview the prospective account representatives at the July 16, 2010 Board meeting and that the meeting begin at 12:30 p.m. to allow additional time for the interviews; further, he moved that Investment Committee meet briefly after today's meeting to determine the order in which the prospective account managers for CCFSI and GTrust will be interviewed. Ms. Garrett seconded the motion, which CARRIED unanimously.

Mr. Parrish then addressed Agenda Item No. 4d, "Bylaw Amendments." He reviewed the substantive changes made by KCAMP at the last annual meeting. After discussion, the Board requested that staff draft an amendment to the KWORCC Bylaws that provides for a procedure whereby action taken at a membership meeting in which a quorum was not present could be ratified by the membership.

Next, pursuant to Agenda Item No. 4e, "Update on KAC Agreement," Mr. Parrish presented the revised agreement, which had been approved by Kansas Association of Counties staff. He noted the KAC Board of Directors was scheduled to meet on May 21, 2010, and KWORCC staff would attend to discuss the agreement and the revisions. After review and discussion, Ms. Swartz moved to approve the agreement as written. Mr. Unger seconded the motion which CARRIED unanimously.

Mr. Parrish proceeded to a discussion of the investment income under Agenda Item No. 4f. Mr. Alexander stated that the current fixed income investment strategy relies heavily on discounted notes and recommended reviewing this strategy with Mr. Chris Thompson of County Club Bank. Mr. Alexander stated his belief that the investment income would be increased by investing in longer-term securities without jeopardizing liquidity needed to pay claims and overhead. Mr. Parrish said that staff had discussed this issue and recommended that he and Mr. Alexander schedule a conference call with Mr. Thompson to explore investment alternatives.

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

President Wise addressed Agenda Item No. 6, "Financial Report." Mr. Alexander discussed in detail the financial statements he prepared for April 2010. Ms. Swartz moved to receive and file the reports as presented. Ms. Garcia seconded the motion, which CARRIED unanimously.

Mr. Alexander presented the check register. Mr. Unger moved to approve check Nos. 13702 through 13732 and the direct debits, all as presented. Ms. Buttron seconded the motion, which CARRIED unanimously.

Next, Mr. Alexander reviewed reports showing the value of KWORCC's equity investments as of May 12, 2010 and May 19, 2010.

President Wise declared a break in the meeting at 2:18 p.m. The meeting resumed at 2:27 p.m.

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 a pending settlement. Mr. Unger moved to approve settlement of claim No. 2007032189 as recommended. Ms. Swartz seconded the motion, which CARRIED unanimously.

For Agenda Item No. 7b, "Logicomp Bill Review Report," Mr. Miller reported that for the period beginning January 1, 2010 through April 30, 2010, the total amount billed is \$1,152,412; the actual paid amount is \$609,185 for a net savings after fees of \$543,227. This is more than 47% of the amount billed for this 4-month period.

Ms. Dipman 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 2007 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. Ms. Dipman 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 for April, May and June for the loss-prevention staff. Messrs. Eyman and Rippee also reported on the visits with the county commissioners.

President Wise addressed Agenda Item No. 9, “Legal Report – Legislative Update.” Mr. Parrish stated there was no legal report and that the legislative session ended without any noteworthy amendments to the Kansas Workers Compensation Act.

Next, President Wise addressed Agenda Item No. 10, “Committee Reports.” There were no committee reports. Mr. Unger reminded Investment Committee members that a brief meeting would convene immediately following the Board Meeting.

President Wise then addressed Agenda Item No. 11, “Other Items.” There were no other items to bring before the Board.

There being nothing further before the Board, Mr. Unger moved to adjourn at 3:06 p.m. Ms. Swartz seconded the motion, which CARRIED unanimously.

The KWORCC Board of Trustees approved the foregoing minutes on the 17th day of June, 2010.

Linda Buttron, Secretary
KWORCC Board of Trustees