

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
April 27, 2007 at 1:00 PM
Clubhouse Inn
924 SW Henderson Road
Topeka, KS 66615

The April 2007 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Ralph D. Unger on Friday, April 27, 2007 at 1:00 p.m. Trustees participating included Ralph D. Unger, Decatur County Commissioner, President; Francis "Shep" Schoepf, Reno County Commissioner, Vice President; Michelle Garrett, Morris County Clerk, Secretary; Linda M. Buttron, Jefferson County Clerk, Controller; Jim Wise, Miami County Commissioner; 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/Staff Counsel; Mr. Carl D. Eyman, ARM-P, Deputy Administrator/Loss Prevention Specialist; Mr. Philip J. Rippee, Loss Prevention Specialist and Mr. Richard Alexander, Accountant.

Others present included Ms. Annette Duncan, Mr. Tris Felix and Mr. Gus Campuzano of Insurance Management Associates (IMA).

President Unger addressed Agenda Item No. 2, "Approval of the Agenda." President Unger requested two additions, as follows: Item 12a, "National PRIMA Update" and 12b, "Executive Session – Non-Elected Personnel." Mr. Schoepf moved to approve the agenda with the two additions. Mr. Wise seconded the motion, which CARRIED unanimously.

President Unger addressed Agenda Item No. 3, "Consideration of minutes of the meeting of March 22, 2007." President Unger noted that Mr. Bruce Woner's presence was not included in the minutes. Ms. Swartz moved to approve the minutes with the inclusion of Mr. Woner's attendance. Mr. Wise seconded the motion, which CARRIED unanimously.

President Unger proceeded to Agenda Item No. 4, "Administrator's Report." Mr. Parrish addressed Agenda Item No. 4a, "Report from Independent Auditors, Wendling, Noe, Nelson & Johnson, LLC." Mr. Eric Otting, a member of the audit firm, reported that he met with KWORCC's Audit Committee independently earlier in the day. He stated that all statutory accounting requirements were met by KWORCC and that all financial events tied to supporting documentation. He said the KWORCC staff reflects good organization and cooperation with the audit process. He reviewed key parts of the report, which was published in the Board packet, concluding that KWORCC Members' Fund Balances grew significantly due to investment income as well as release of reserve funds from prior years. Mr. Otting answered questions. Mr. Parrish said the report from Audit Committee would be discussed later in the meeting. President Unger thanked Mr. Otting for the independent auditor's services and his presentation at the meeting.

President Unger next addressed Agenda Item No. 4b, "Checks Requiring Board Approval and Ratification of Wire Transfers." Mr. Parrish reviewed checks for approval and wire transfers of funds. Ms. Swartz moved to approve the checks and wire transfers as presented. Mr. Schoepf seconded the motion, which CARRIED unanimously.

Ms. Bird addressed Agenda Item No. 4c, "2006 Premium Audit Receipts." She reviewed a handout that reflected all premium audit receipts and how they were allocated. The total of all billings

was \$397,998, and \$261,631 of that amount has been received to date, leaving an outstanding balance due of \$136,367.

President Unger then addressed Agenda Item No. 4d, "Modification of 2007 Budget." Mr. Parrish reviewed the proposed modified budget, which reflected temporary allocation of investment income as well as actual costs on some items. Mr. Schoepf moved to adopt the modified budget with the temporary investment income allocation and actual costs. Ms. Swartz seconded the motion, which CARRIED unanimously.

President Unger asked Mr. Felix to report on Agenda Item No. 4e, "Directors and Officers Errors and Omissions Policy Renewal." Mr. Felix stated that although the policy was taken to market for competitive proposals, renewal of the policy with the current carrier on same terms is the best bargain for KWORCC. The premium decreased slightly compared to the premium for last year's policy. Ms. Garrett moved to approve the D&O, E&O policy renewal on same terms as last year with the reduced premium. Mr. Alcorn seconded the motion, which CARRIED unanimously.

President Unger called on Mr. Eyman to address Agenda Item No.5, "Marketing Report." Mr. Eyman stated that secretary for Cowley County's Administrator called asking for a quote for premiums. He reported that in prior years, the premiums he quoted apparently never were conveyed to the commissioners in that county. He expressed concern over the time and cost of presenting quotes to counties that were not seriously considering KWORCC. Board Members discussed their concern that KWORCC have procedures that require county decision makers to review and seriously consider KWORCC proposals as a condition to investing the time and money to prepare and present these proposals. They also discussed procedures that reward loyal KWORCC Members.

President Unger called on Mr. Alexander to address Agenda Item No. 6, "Financial Reports." Mr. Alexander discussed in detail the final financial reports for December 2006 and the financial reports for March 2007. He then asked for and responded to questions. Ms. Swartz moved to receive and file the reports as presented. Mr. Schoepf seconded the motion, which CARRIED unanimously.

Mr. Alexander discussed in detail the financial report for first quarter of 2007 to be filed with the Kansas Insurance Department. Ms. Swartz moved to receive and file that report. Mr. Schoepf seconded the motion, which CARRIED unanimously.

Mr. Alexander discussed in detail the final report for fourth quarter of 2006 to be filed with the Kansas Insurance Department. Ms. Swartz moved to receive and file the report. Ms. Buttron seconded the motion, which CARRIED unanimously.

Mr. Alexander presented the check register. Mr. Schoepf moved to approve check Nos. 11755 through 11842 as well as the direct deposits, all as presented. Ms. Swartz seconded the motion, which CARRIED unanimously.

Mr. Alexander then reviewed a spreadsheet showing the value of KWORCC's equity investments as of April 16, 2007.

President Unger declared a break in the meeting. Mr. Jeremy Deckard with Kansas Human Rights Commission (KHRC) arrived during the break.

President Unger reconvened the meeting and stated that in light of Mr. Deckard's availability ready to present his program, the Board would proceed directly to Agenda Item No. 11, "Trustee Training: KHRC Public Information Program Overview." Mr. Deckard described the cost-free programs he presents as Information Officer for the KHRC. These programs cover such topics as diversity training, sexual harassment, fair housing and discrimination. The programs are presented to state agencies,

counties, municipalities, schools and private employers. Mr. Deckard asked for and responded to questions. President Unger thanked Mr. Deckard for his presentation.

President Unger addressed Agenda Item No.7, "Claims Report." Ms. Duncan reported on several claims and answered questions.

Ms. Duncan requested authorization from the Board to settle claim No 04-2083. After discussion, Ms. Swartz moved to approve the settlement as presented. Mr. Schoepf seconded the motion, which CARRIED unanimously.

Ms. Duncan requested authorization from the Board to settle claim No 04-2984. After discussion, Mr. Schoepf moved to approve the settlement as recommended by the Administrator. Mr. Wise seconded the motion, which CARRIED unanimously.

Ms. Duncan requested authorization from the Board to settle claim No 04-8392. After discussion, Mr. Alcorn moved to approve the settlement as presented. Ms. Swartz seconded the motion, which CARRIED unanimously.

Ms. Duncan reviewed the Logicomp report for the period of January 1, 2007 through February 28, 2007. She stated that the total amount billed is \$845,496.72. The report showed detected \$28,846.83 in duplicate billings that were deleted from the total amount billed. She further indicated a total of \$323,257.37 in recommended adjustments to comply with the Kansas fee schedule, provider write-offs and other costs. Inclusive of the cost for bill review and nurse case management services of \$6,032.32, the amount KWORCC paid was reduced to \$522,239.35 for net savings of \$317,225.05. Ms. Duncan then asked for and responded to questions.

Next, Mr. Felix presented an analytical review of KWORCC's losses for policy years 2005 through 2007. Separate exhibits compared the actual paid and incurred losses to the estimated paid and incurred losses. 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 Unger called upon Mr. Eyman and Mr. Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Eyman and Mr. Rippee reported on visits to various counties for classes, inspections and other visits. Mr. Eyman explained that adverse weather conditions have restricted his travel in some cases causing the need for rescheduling some visits.

President Unger addressed Agenda Item No.9, "Legal Report." Mr. Parrish stated that there was no legal report.

President Unger addressed Agenda Item No. 10a, "Audit Committee." Ms. Swartz reported that the Audit Committee met earlier in the day with Mr. Eric Otting of the independent audit firm, Wendling, Noe, Nelson & Johnson, LLC. She stated that Mr. Otting thoroughly reviewed the audit report with the Committee without the presence of KWORCC staff members. The Committee decided unanimously to recommend passage of KWORCC Resolution No. 2007-27, which adopts the report of independent auditor. Ms. Swartz moved to approve KWORCC Resolution No. 2007-27. Mr. Wise seconded the motion, which CARRIED unanimously.

President Unger turned to Agenda Item No. 12a, "National PRIMA Update." Ms. Bird recounted the status of flights, registrations and other details and answered questions.

President Unger next addressed Agenda Item No. 12b, "Executive Session – Non-Elected Personnel." Mr. Schoepf moved that the KWORCC Board of Trustees recess the meeting into an

executive session for a maximum period of 20 minutes beginning at 3:27 p.m. for the purposes of discussing non-elected personnel with the KWORCC Administrator. Mr. Wise seconded the motion, which CARRIED unanimously.

The meeting reconvened at 3:45 p.m.

There being no further business on the agenda, Ms. Swartz moved to adjourn the meeting at 3:48 p.m. Mr. Schoepf seconded the motion, which CARRIED unanimously.

The FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties were approved by the Board of Trustees on the 17th day of May 2007.

Michelle Garrett, Secretary
KWORCC Board of Trustees