

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
December 20, 2007 at 2:00 p.m.
Club House Inn
924 SW Henderson
Topeka, KS 66615

The December 2007 meeting of the Board of Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board Vice-President Francis "Shep" Schoepf on Thursday, December 20, 2007 at 2:05 p.m. Trustees participating included Francis "Shep" Schoepf, Reno County Commissioner, Vice President; Michelle Garrett, Morris County Clerk, Secretary; Linda M. Buttron, Jefferson County Clerk, Controller; Bonnie Swartz, Gray County Clerk; Jim Wise, Miami County Commissioner; Doyle "Hooley" Alcorn, Jewell County Commissioner.

Staff participating from the KWORCC office included Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Mr. Carl Eyman, Deputy Administrator and Loss Prevention Specialist; Mr. Philip J. Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant; Mr. Bruce Woner, General Counsel; Ms. Nicole Jarboe, Administrative Assistant.

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

Vice-president Schoepf addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish recommended two additions. He asked to add Agenda Item No. 2a, "Excuse President Unger for Family Medical Reasons" and Item No. 4h, "Holiday Schedule." He also recommended moving Agenda Item No. 11, "Legal Report" to follow Agenda Item No. 5 "Marketing Report." Mr. Wise moved to approve the agenda with those changes. Ms. Buttron seconded the motion, which CARRIED unanimously.

Vice-president Schoepf addressed Agenda Item No. 2a, "Excuse President Unger for Family Medical Reasons." Mr. Wise moved that President Unger be excused for family medical reasons. The motion was seconded by Ms. Buttron and CARRIED unanimously.

Vice-president Schoepf addressed Agenda Item No. 3a, "Consideration of minutes of the meeting of October 18, 2007." President Unger asked Mr. Parrish to suggest the addition of the word "be" to page 3. Mr. Alcorn moved to approve the minutes with this amendment. Ms. Garrett seconded the motion, which CARRIED unanimously.

Vice-President Schoepf addressed Agenda Item No. 3b, "Consideration of minutes of the meeting of November 19, 2007." Ms. Swartz moved to approve the minutes as presented. Mr. Wise seconded the motion, which CARRIED unanimously.

Vice-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. Mr. Wise seconded the motion, which CARRIED unanimously.

Mr. Parrish proceeded to Agenda Item No. 4b, "Loss Cost Multiplier Filing." He presented an illustration how premiums would be affected for certain high-loss counties if KWORCC filed higher loss cost multipliers for those counties. Mr. Parrish asked the Board to consider the advantages and disadvantages of a tiered loss cost multiplier filing for future consideration, but recommended the Board take no action at this time to change the loss cost multiplier for 2008 premiums.

Mr. Parrish next addressed Agenda Item No. 4c, "Insurance Premium Statements." He reviewed how the premiums are determined and the various factors which can affect premiums. Ms. Buttron moved to adopt resolution No. 2007-77. Ms. Swartz seconded the motion, which CARRIED unanimously.

Mr. Parrish presented Resolution No. 2007-78 requesting the Kansas Department of Administration to waive the requirements of K.S.A. 75-1120a(a) as they apply to KWORCC for the year ending December 31, 2007. Ms. Garrett moved to adopt Resolution No. 2007-78. Mr. Wise seconded the motion, which CARRIED unanimously.

Mr. Parrish asked Ms. Bird to present contract renewals for approval by the Board of Trustees. Ms. Bird detailed the terms and changes incorporated in the renewal contracts for office space, storage space and office sharing and support staff costs. Next, Ms. Bird asked IMA to detail the terms and changes incorporated in the contract for claims, brokerage and risk management services. Ms. Bird said the proposed expenditures incorporated in these agreements were approved when the Trustees adopted the 2008 budget in October. She recommended that the Board approve the contracts as presented. Ms. Swartz moved to approve the contracts as presented by staff counsel. Ms. Buttron seconded the motion, which CARRIED unanimously.

Mr. Parrish presented a working calendar for KWORCC 2008 Board meetings. After discussion, the following dates were adopted by consensus for KWORCC Board meetings in 2008: January 17th; February 12th at 4pm; March 20th; April 17th; May 22nd; June 19th; July 17th; August 21st; September 18th; October 16th; November 17th (Annual Meeting) and December 11th. Except for the February meeting, the meetings which occur during daylight savings time would begin at 1:00 p.m., and the other meetings would begin at 2:00 p.m.

Mr. Parrish requested Mr. Felix explain reinsurance alternatives. After review and discussion, Ms. Garrett moved to renew KWORCC's reinsurance policy with Safety National Casualty Corporation at the same retention levels. Mr. Wise seconded the motion, which CARRIED unanimously.

Mr. Parrish moved on to Agenda Item No. 4h, "Holiday Schedule." He pointed out that the State of Kansas declared Christmas Eve to be a paid holiday and New Year's Eve was scheduled to be a work day. He suggested that KWORCC follow a holiday schedule that was similar to that adopted by county governments, and it was determined after discussion that the counties represented on the KWORCC Board adopted a schedule similar to the state. Ms. Buttron moved to give the KWORCC staff the day off on Christmas Eve. The motion was seconded by Ms. Garrett and CARRIED unanimously.

Vice-President Schoepf then proceeded to Agenda Item No. 5, "Marketing Report." Mr. Eyman reported on marketing activities for both current and prospective counties. He reported on the results of the competitive bids submitted by KWORCC and stated that all current County Members would remain in the pool. Mr. Eyman further reported he would be presenting the loss ratio awards to the counties.

Vice-president Schoepf addressed Agenda Item No.9, "Legal Report." Mr. Parrish stated there were no legal matters to report. He indicated that Mr. Woner was present to respond to any questions of Trustees. Mr. Woner commended the KWORCC Board and staff for responsible and professional operation of the KWORCC pool.

A break was declared in the meeting.

Vice-president Schoepf asked Mr. Alexander to address Agenda Item No. 6, "Financial Reports." Mr. Alexander reported on financial statements he had prepared for October 2007. Ms. Swartz moved to receive and file the reports as presented. Ms. Garrett seconded the motion, which CARRIED unanimously.

Mr. Alexander reported on financial statements he had prepared for November 2007. Mr. Wise moved to receive and file the reports as presented. Mr. Alcorn seconded the motion, which CARRIED unanimously.

Mr. Alexander presented the check register. Ms. Buttron moved to approve check Nos. 12150 through 12264 and the direct debits, 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 December 10, 2007.

Vice-president Schoepf addressed Agenda Item No.7, "Claims Report." Ms. Duncan reported on several claims and answered questions. She also requested approval on a pending settlement of claim # 2007031933. Ms. Buttron moved for approval of the settlement as recommended; Ms. Garrett seconded the motion, which CARRIED with Ms. Swartz abstaining.

Ms. Duncan reviewed the Logicom report for the period of January 1, 2007 through November 30, 2007. She stated that the total amount billed is \$4,632,628.65. The report showed actual paid amount to be \$2,911,259.58 for net savings after fees of \$1,631,501.74 or 35.22% for this eleven-month period.

Next, Mr. Felix presented an analytical review of KWORCC's claim history for policy years 2005 through 2007. 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.

Vice-president Schoepf called upon Messrs. Eyman and Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Rippee reviewed calendars for November, December and January. Mr. Eyman reported that two new classes are planned for next year and also reported on an accident involving a sheriff's deputy.

Vice-president Schoepf proceeded to Agenda Item No. 10a, "Investment Committee Report." Mr. Wise reported on the meeting of the Investment Committee held at 1:30 p.m., just prior to this meeting, and that Mr. Mark D'Andrea of Security Benefit attended the meeting to discuss the status of KWORCC investments. Mr. Wise reported that the Investment Committee recommends KWORCC continue the \$30,000 equity investments each month provided funds are available without penalties for early termination of fixed-asset investments. The funds in which the investments are to be made are Alpha Opportunity, Global Security and Midcap Value. Additionally, it was recommended the committee review its investments again in March and decide at that point if KWORCC should continue to invest in Midcap Growth. Mr. Wise moved that the recommendations of the committee accepted. Mr. Alcorn seconded the motion, which, CARRIED unanimously. Additionally, Mr. Wise moved to ratify Resolution No. 2007-86 approving purchases of United States Government-backed securities during the period beginning July 3, 2007 through December 10, 2007. The motion was seconded by Mr. Alcorn and CARRIED unanimously.

On the recommendation of Mr. Parrish, in the interest of time, the planned trustee training was postponed until January by consensus of all Board members present.

There being no further business on the agenda, Ms Swartz moved to adjourn at 4:12 p.m. Mr. Alcorn 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 17th day of January 2008.

_____, Secretary
KWORCC Board of Trustees