

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn, Topeka, Kansas
December 12, 2001

The December 2001 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Gayle Landoll on Wednesday, December 12, 2001 at the Clubhouse Inn in Topeka. Trustees present: Gayle Landoll, Marshall County Clerk, President; Francis "Shep" Schoepf, Reno County Commissioner, Vice President; Sam Weaver, Cherokee County Commissioner, Secretary; Linda Buttron, Jefferson County Clerk, Controller; Doyle "Hooley" Alcorn, Jewell County Commissioner; Bonnie Swartz, Gray County Clerk and Ralph Unger, Decatur County Commissioner.

KWORCC staff present: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Mr. Carl Eyman, Deputy Administrator/Loss Prevention Specialist and Mr. Richard "Alex" Alexander, Accountant.

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

President Landoll called the meeting to order at 1:07 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish presented two additional items: 4(j): Disposal of 1999 Oldsmobile Intrigue; 5(c) MTAA - Request for Quote. Ms. Swartz moved that the agenda be approved with the additions. Mr. Unger seconded the motion which CARRIED unanimously.

President Landoll then addressed Agenda Item No. 3, "Consideration of the Minutes of the meeting of October 11, 2001, Special Meeting of November 2, 2001 and Special Meeting of November 20, 2001." Ms. Landoll requested correction to check No. "1751" to "7150" on the first page of the October 11, 2001 minutes. Mr. Unger moved to approve the minutes of all three meetings as corrected. Mr. Schoepf seconded the motion which CARRIED unanimously.

President Landoll then called upon Mr. Parrish to address Agenda Item No. 4, "Administrator's Report."

Mr. Parrish presented for Board approval check No. 7289 written to PriceWaterhouseCoopers, LLP for 2001 actuarial services. Mr. Parrish also presented for approval the following wire transfers approved by Ms. Buttron and Mr. Parrish: November 1, 2001, \$139,492.14 transferred from KWORCC's account at Country Club Bank to KWORCC's account at Intrust Bank; November 29, 2001, \$29,000 transferred from KWORCC's account at Country Club Bank to KWORCC's account at Intrust Bank; November 29, 2001, \$50,000 transferred from KWORCC's account at Country Club Bank to KWORCC's account at Community National Bank; December 7, 2001, \$123,119.02 transferred from KWORCC's account at Country Club Bank to

KWORCC's account at Intrust bank. Mr. Unger moved to approve the check No. 7289 and the wire transfers as presented. Mr. Alcorn seconded the motion which CARRIED unanimously.

Mr. Parrish presented Resolution No. 2001-114 accepting Morris County and Jackson County into the KWORCC pool. Ms. Swartz moved to adopt Resolution No. 2001-114; Mr. Schoepf seconded the motion which CARRIED unanimously.

Mr. Parrish next discussed the annual requirement to request that the Kansas Department of Administration waive the requirement that financial statements and financial reports be prepared in conformity with generally accepted accounting principles (GAAP). Ms. Buttron moved to adopt Resolution No. 2001-115, to request waiver by the Kansas Department of Administration that the preparation of financial statements and financial reports be prepared in conformity with GAAP for the year ended December 31, 2001; Ms. Swartz seconded the motion which CARRIED unanimously.

The Board reviewed the premiums as calculated by KWORCC staff, including the new Loss Cost Multiplier, 2002 rates and the payroll data received from Member Counties. Mr. Parrish requested that the Board approve the premiums, subject to fine-tuning by staff and changes in KWORCC Membership. Ms. Swartz moved to adopt Resolution No. 2001-116 approving the premiums as calculated and presentation of statements to Member Counties in accordance therewith, all subject to fine-tuning by staff and changes in KWORCC Membership; Mr. Alcorn seconded the motion which CARRIED unanimously.

Mr. Parrish then requested that Ms. Bird discuss Agenda Item No. 4(c), "IMA Contract Renewal." Ms. Bird stated that this is the third renewal with IMA which has provided claims adjusting and brokerage services and support for KWORCC. The contract is the same as in prior years, except for a more detailed description of the claims services and an increase in fee for claims-adjustment services of \$5,000. Thus, the fee for claims services is proposed to be \$135,000 for 2002, and the brokerage fee of \$50,000 goes unchanged. Mr. Unger stated that he believed this modest increase for claims adjustment is very reasonable in light of the increase in the number of Member Counties of almost 25 percent since IMA first contracted with KWORCC. After brief discussion, Ms. Swartz moved to accept the renewal contract with IMA; Mr. Unger seconded the motion which CARRIED unanimously.

Next the Parrish Management Corporation (PMCorp) and Jayhawk Tower Ventures (Jayhawk) renewal contracts were presented to the Board for consideration. Mr. Parrish explained the terms and conditions, which are unchanged except for the pricing. On the office sharing and lease agreement with PMCorp, the monthly payment increases from \$3,750 per month to \$4,130 per month; the cost for telecopies increases from 33¢ to 35¢ and the cost for photocopies increases from 9¢ to 11¢. Also, the rental space for storage in the Jayhawk lease increases from \$295 per month to \$320 per month. Mr. Schoepf moved to renew the PMCorp and Jayhawk contracts on the terms stated; Ms. Swartz seconded the motion which CARRIED unanimously.

Mr. Parrish then presented the renewal for independent auditing services with Wendling, Noe, Nelson and Johnson. The nature and extent of work were unchanged from prior years, and the cost for the 2002 audit is proposed to be \$6,000, an increase of \$250 from last year. Ms. Swartz moved to renew the contract with the firm of Wendling, Noe, Nelson and Johnson for independent auditing services; Ms. Buttron seconded the motion which CARRIED unanimously.

The KWORCC Board and staff reviewed the calendar for 2002, and the following meeting dates were selected by the KWORCC Board of Trustees, all of which shall be held at the Clubhouse Inn, 924 SW Henderson Road, Topeka, Kansas at 1:00 PM, subject to any changes to be determined by the Board with timely notification to all Board Members: January 17, 2002; February 14, 2002; March 14, 2002; April 11, 2002; May 23, 2002; June 13, 2002; July 25, 2002; August 22, 2002; September 19, 2002; October 17, 2002 and December 19, 2002. The KWORCC Annual Membership Meeting is planned to coincide with the last day of the Kansas Association of Counties Annual Conference, which places the meeting date on November 19, 2002. The exact location and time of the meeting will be determined later.

Next, Mr. Parrish requested that Ms. Bird review with the Board the proposed changes in KWORCC's investment policy. Ms. Bird explained that there were paragraphs added to the investment policy to comply with the requirements of Chapter 40 of the Kansas Statutes and to clarify some of the items regarding repurchase agreements and equity investments. Mr. Unger requested an amendment to the policy to provide under "Investment Incentives" on page 4 a fifth item stating that receipt by KWORCC Trustees or staff of items or services of nominal value (generally under \$50) would not be in violation of the KWORCC investment policy. Mr. Unger then moved to adopt the prepared amendments to investment policy with an additional amendment allowing for such nominal gifts. Mr. Schoepf seconded the motion which CARRIED unanimously.

Ms. Bird also addressed Agenda Item No. 4(h), "Kansas Insurance Department Examination Update." Specifically, Ms. Bird explained the contents of a letter in response to Insurance Department Chief Examiner Don Gaskill who confirmed the preliminary report issued by Examiner Alvin Garon. Ms. Bird's letter details how KWORCC has complied with the issues raised in Examiner Garon's report. One of the items involved the KWORCC disaster recovery plan which Ms. Bird explained was in place but had not yet been committed to writing. She indicated that she and Mr. Eyman had been working on this plan, and Mr. Eyman said that the plan was a "work in progress" and would be available for Board review at a future meeting. In discussing the disaster recovery plan, Ms. Bird explained that the current procedures provide that a daily back-up tape is made of KWORCC's electronic data and taken to the residence of PMCorp's office manager. The current plan is to open a safety deposit box at Community National Bank where a weekly back up tape will be kept off site in addition to the daily back up tape going to the home of the office manager. In addition to the disaster recovery plan, KWORCC has either completely addressed all issues raised by the KID Examiner or is in the process of doing so.

Mr. Schoepf moved to recess the meeting into executive session for 15 minutes to discuss non-elected personnel matters; Ms. Swartz seconded the motion which CARRIED unanimously. The executive session began at 1:55 PM. Whereupon, at 2:10 PM, Mr. Unger moved to extend executive session for an additional 10 minutes to discuss non-elected personnel matters; Mr. Schoepf seconded the motion which CARRIED unanimously. Executive session ended at 2:20.

After President Landoll reconvened the meeting, Mr. Unger moved to approve a 3% cost-of-living wage increase for all KWORCC employees plus a merit increase for each employee ranging from approximately \$500 to \$700 per year and to increase the Administrator's time commitment from 80% to 85%. Mr. Alcorn seconded the motion which CARRIED unanimously. President Landoll then conveyed the Board's request that salary review in future years be addressed earlier and asked staff to schedule a Personnel Committee meeting sometime after the regular September meeting of the Board of Trustees. The Personnel Committee would then report its recommendations to the full Board at its regular October meeting.

Mr. Parrish then discussed efforts by KWORCC staff to determine the wholesale and retail value of KWORCC's 1999 Oldsmobile Intrigue. He noted that the market for this used car was very soft in light of the zero percent financing available for new vehicles, especially when the car has more than 100,000 miles. He indicated that he had obtained several bids for wholesale or trade-in value on the vehicle. The highest bidder was Shawnee Wholesale which indicated that they would give between \$4,000 and \$4,500. Because KWORCC is exempt from sales tax, there is no savings to KWORCC by trading in the vehicle on the new vehicle. Several Board members indicated their personal experience that the used car market was depressed. After discussion, Mr. Schoepf moved that KWORCC staff should have the authority to sell KWORCC's 1999 Oldsmobile Intrigue automobile for no less than \$4,000 without further approval of the Board. Mr. Weaver seconded the motion which CARRIED unanimously.

Mr. Parrish informed the Board of a request from the Metropolitan Topeka Airport Authority (MTAA) for KWORCC to offer a proposal for workers compensation insurance. Mr. Parrish explained that the MTAA was a city-county airport authority and qualified as a county instrumentality for KWORCC membership. Ms. Swartz indicated that KWORCC has not been willing to write insurance for counties unless the host county was also willing to become a KWORCC member. Mr. Parrish explained that Shawnee County was willing to consider KWORCC as its workers compensation carrier but that Shawnee County currently is self-insured and not in a financial position to transfer from self-insurance to a defined premium workers compensation policy at this time. Further, Mr. Parrish explained that while Shawnee County might be a good candidate for KWORCC coverage in the future, KWORCC's priority at this time is to attract small counties that are having difficulty getting coverage. In order to service a county the size of Shawnee, KWORCC would need considerable adjustment within its staff. Therefore, upon discussion, the Board was not compelled to reject MTAA because Shawnee County was not a Member County. The Board agreed by consensus to allow the staff to present a proposal to MTAA.

Mr. Chris Thompson of Country Club Bank entered the meeting at approximately 3:05 PM.

Mr. Eyman provided a marketing report. This year the KWORCC staff has been asked to present bids to 15 counties, two of which were existing Member Counties. In discussing the bidding process, Mr. Eyman expressed concern that there is no uniformity in the bidding process. KWORCC staff has attempted to accommodate counties who want to look at KWORCC without holding these counties to a strict bidding process. This has resulted in the competition taking advantage of KWORCC in various ways. For example, the competition sometimes will present a false bid that understates the premium because blocks of payroll information are excluded or has a

wrong experience modification factor. These misleading proposals often are corrected later when KWORCC is not present. Mr. Eyman said that in every instance of bidding this year, KWORCC has presented the low bid for workers compensation insurance. Although some prospective counties rejected KWORCC's low bid in favor of a proposal made by the local insurance agents, many new counties have elected to join KWORCC, even though the decision took several meetings and several visits by KWORCC staff. In fact, several counties are in the process of deciding whether or not to accept KWORCC, and there are still several bids to present before the end of the year. Mr. Eyman stated at this time KWORCC's membership has reached 46 counties with new counties which have joined recently. KWORCC staff believes at least four more counties will join before the end of the year. Thereupon, Mr. Eyman specifically reviewed activities of KWORCC staff in bidding at least 17 counties, most of which have requested proposals from KWORCC before the year's end. Board Members offered suggestions regarding ways each Member could help by contacting county officials with whom they are familiar and encouraged staff to continue the process of building the KWORCC pool.

Mr. Eyman announced that the new KWORCC pick-up truck would be manufactured the week of December 17, 2001, so it probably would be delivered shortly after the first of the year.

President Landoll stated that if there were no objections, she would like to invite Mr. Chris Thompson of Country Club Bank (CCB) to proceed with his presentation prior to presentation of the claims report. She welcomed Mr. Thompson who first explained the bank's investment advisory agreement, which was initially entered in 1992. The agreement has not changed since that time, and CCB is willing to go forward with its services on the same basis. Next, Mr. Thompson reviewed KWORCC's government bonds and explained how the market affects KWORCC's holdings. He explained the terminology so that the reports could be interpreted by the Trustees and staff. Mr. Thompson noted the KWORCC investment strategy is structured for maximum safety (all are AAA-rated), liquidity (many are short-term or terms are staggered to assure availability of funds for claims payments) and the highest possible yield. Mr. Thompson explained the steps taken with Ms. Bird to ensure that the Kansas Insurance Department examiner was satisfied that the investment process, the repurchase agreement and Board reporting process were all in accordance with the examination.

Mr. Parrish confirmed with Ms. Bird and Mr. Thompson that under the Kansas Insurance Department's interpretation of Chapter 40 of the Kansas Statutes regarding equity investments, the maximum amount that can be invested in any one company or family of funds for 2001 is \$570,000, or 10% of the fund balance at the end of the last fiscal year. Whereupon, Mr. Unger moved to invest only \$10,000 in each Security Benefit Group fund in December and to make no further equity investments pending recommendation by the Investment Committee. Ms. Swartz seconded the motion which CARRIED unanimously.

Mr. Schoepf requested that Mr. Thompson be available for the Investment Committee's quarterly meetings. Mr. Thompson stated that he would be willing to do that and to come to meetings of the full Board as desired and requested. President Landoll thanked Mr. Thompson for his helpful report.

Mr. Bruce Woner joined the meeting at approximately 4:10 PM.

President Landoll then asked Ms. Duncan to address Agenda Item No. 6, "Claims Report." Ms. Duncan gave a detailed review of some of the largest opened claims and answered questions.

As a follow up to Ms. Duncan's claims report, Mr. Campuzano provided information concerning CorVel's medical bill review from January 1, 2001 through November 30, 2001. He pointed out that there were 2,333 medical bills reviewed by CorVel that initially totaled \$1,011,323.10. There were reductions in those bills totaling \$191,589.93. These reductions included fee schedule reductions of \$170,858.18 and preferred provider reductions of \$20,731.75. Thus, the recommended payments totaled \$819,733.17. For this service CorVel charged \$13,182.57, or a net savings to KWORCC of \$178,407.36. Mr. Campuzano pointed out that for every dollar spent on CorVel, the pool saved \$13.53.

President Landoll called upon KWORCC Accountant Richard Alexander to address Agenda Item No. 7, "Financial Reports." Mr. Alexander reviewed the financial reports and answered questions. Mr. Alcorn moved to approve the financial reports. Ms. Swartz seconded the motion which CARRIED unanimously.


The check register was then presented. After a brief discussion Ms. Swartz moved that check Nos. 7140 through 7272 be approved. Mr. Unger seconded the motion which CARRIED unanimously.

President Landoll asked if there was a legal report. Mr. Woner reported his experiences in Dickinson County. He stated that he would be in attendance at the commissioner's meeting on December 17, 2001 to ensure fairness in the selection of insurance coverage, inasmuch as Dickinson County had requested KWORCC to present a bid last year and this year, and KWORCC's prices have been markedly lower than the competition.

President Landoll requested committee reports. Mr. Weaver indicated that the Investment Committee met at 11:00 AM on December 12, 2001 reviewed the investments from January 1, 2001 through November 30, 2001 and found them to be in compliance with state statute and the KWORCC Investment Policy. Mr. Alcorn moved to adopt Resolution No. 2001-123; Mr. Unger seconded the motion which CARRIED unanimously.

There being no further business, Ms. Swartz moved to adjourn the meeting at 5:20 PM. Mr. Unger seconded the motion which CARRIED unanimously.

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties was approved by the Board of Trustees the 17th day of January 2002.


Doyle "Hooley" Alcorn, Secretary
KWORCC Board of Trustees

I, Sam Weaver, Secretary of Kansas Workers Risk Cooperative for Counties (Hereinafter referred to as "KWORCC") hereby certify that the following is a true and correct copy of a Resolution duly adopted by the Board of Directors of KWORCC at a meeting duly called and held on the 12th day of December, 2001, at which a quorum was present and that said Resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2001-114


WHEREAS, KWORCC presented a competitive bid to write workers compensation coverage to Morris County for policy year 2001 and to Jackson County for policy year 2002.

WHEREAS, the Commissioners at Morris and Jackson Counties voted unanimously to accept KWORCC's bid to write their workers compensation insurance;

WHEREAS, it is in the best interest of the KWORCC to accept Morris and Jackson Counties into the pool as a Member Counties;

NOW, THEREFORE, it is RESOLVED by the KWORCC Board of Trustees to accept Morris and Jackson Counties as a KWORCC Member Counties. Accordingly, KWORCC staff shall do all other things necessary to provide full workers compensation coverage to said counties.

IN WITNESS WHEREOF, the undersigned has caused this Resolution to be executed this 12th day of December, 2001.



Sam Weaver, Secretary

I, Sam Weaver, Secretary of Kansas Workers Risk Cooperative for Counties (Hereinafter referred to as "KWORCC") hereby certify that the following is a true and correct copy of a Resolution duly adopted by the Board of Directors of KWORCC at a meeting duly called and held on the 12th day of December, 2001, at which a quorum was present and that said Resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2001-115


WHEREAS the Kansas Workers Risk Cooperative for Counties has determined that the financial statements and financial reports to be prepared for the year ending December 31, 2001, if prepared in conformity with the requirements of K.S.A. 75-1120a(a) will not be relevant to the requirements of the cash basis and budget basis laws of this state and are of no significant value to the Board of Trustees, members of the general public, or members of the Kansas Workers Risk Cooperative for Counties;

WHEREAS there are no revenue bond ordinances or other ordinances or resolutions of the Cooperative which would require financial statements and financial reports to be prepared in conformity with K.S.A. 75-1120a(a) for the year ending December 31, 2001,

NOW, THEREFORE BE IT RESOLVED, by the Board of Trustees of Kansas Workers Risk Cooperative for Counties, in regular meeting duly assembled this 12th day of December, 2001, that the Board of Trustees request the Director of Accounts and Reports waive the requirements of K.S.A. 75-1120a(a) as they apply to the Kansas Workers Risk Cooperative for Counties for the year ending December 31, 2001.

BE IT FURTHER RESOLVED that the Board of Trustees shall cause the financial statements and financial reports of Kansas Workers Risk Cooperative for Counties to be prepared on the statutory basis of accounting as promulgated by rules and regulations as set forth for the Kansas Insurance Commissioner.

IN WITNESS WHEREOF, the undersigned has caused this Resolution to be executed this 12th day of December, 2001.



Sam Weaver, Secretary

STATE OF KANSAS
DEPARTMENT OF ADMINISTRATION
DIVISION OF ACCOUNTS AND REPORTS

December 19, 2001

KS WORKERS RISK COOPERATIVE
FOR COUNTIES
700 SW JACKSON - SUITE 200
TOPEKA KS 66603

DEC 20 2001

In regard to the audit of: KS WORKERS RISK COOP FOR COS, fiscal year ending December 31, 2001.

As provided by K.S.A. 75-1120a(c), I hereby waive the following requirements of K.S.A. 75-1120a to the extent requested by the governing body:

GAAP-PREScribed FINANCIAL STATEMENTS

A waiver from generally accepted accounting principles-prescribed (GAAP-prescribed) financial statements permits a municipality to prepare its financial statements on a basis of accounting which demonstrates compliance with the cash basis and budget laws of Kansas. Such a waiver automatically includes a waiver from general fixed assets accounting because fixed assets accounting is a part GAAP. Because of the importance of public disclosure of the municipality's financial condition, as well as the need for additional information by users of the financial reports, such as bond rating companies, we believe every municipality should work toward the goal of presenting its financial statements in conformity with generally accepted accounting principles. For many municipalities, this would require only minor changes to the accounting system. We urge you to work toward GAAP compliance with your auditor.

If we can be of any further assistance please don't hesitate to contact the Municipal Services Team at 785-296-3436.

Very truly yours,

Dale Brunton, Director
Division of Accounts and Reports

by Roger C Rooker
Manager, Administrative Services Section

I, Sam Weaver, Secretary of Kansas Workers Risk Cooperative for Counties (Hereinafter referred to as "KWORCC") hereby certify that the following is a true and correct copy of a Resolution duly adopted by the Board of Directors of KWORCC at a meeting duly called and held on the 12th day of December, 2001, at which a quorum was present and that said Resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2001-116

WHEREAS, the KWORCC Board of Trustees has directed staff to calculate the premiums for workers compensation coverage for Member Counties for policy year 2002, as provided by law using current published workers compensation loss cost rates, NCCI experience modification factors and other factors which effect the premium;

WHEREAS, the Kansas Insurance Department has published workers compensation loss cost rates, the experience modification factors have been calculated and estimated payroll from KWORCC Member Counties has been provided to KWORCC;


WHEREAS, the attached itemization for estimated premium for the year 2002 reflects that calculation by staff;

WHEREAS the insurance renewal date for Member Counties is January 1, 2002;

NOW, THEREFORE, the KWORCC Board of Trustees RESOLVES to adopt the attached rates of premium for the Member Counties and KWORCC Staff is directed to send out the premium statements;

FURTHER RESOLVED by the Board that KWORCC staff prepare the worksheets and premium invoices in accordance with the foregoing and forward the same to the Member Counties for payment;

IN WITNESS WHEREOF, the undersigned has caused this Resolution to be executed this 12th day of December, 2001.



Sam Weaver, Secretary

I, Sam Weaver, Secretary of Kansas Workers Risk Cooperative for Counties (Hereinafter referred to as "KWORCC") hereby certify that the following is a true and correct copy of a Resolution duly adopted by the Board of Directors of KWORCC at a meeting duly called and held on the 12th day of December, 2001, at which a quorum was present and that said Resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2001-123

WHEREAS, KWORCC has elected to place investments pursuant to Chapter 40 of Kansas Statutes Annotated, and thus is to comply with the provisions thereof;

WHEREAS, KSA 40-2a01 states, in pertinent part: "[C]ompany...may invest with the direction or approval of a majority of its board of directors or authorized committee thereof, any of its funds, or any part thereof in bonds or other evidences of indebtedness issued, assumed or guaranteed by the United States of America, or by any agency or instrumentality thereof;"

WHEREAS, KWORCC has invested in certain United States instruments during the period January 1, 2001 through November 30, 2001, which was reviewed by the Investment Committee at a meeting held at 11:00 a.m. on December 12, 2001 in the lobby area of the Clubhouse Inn, 924 SW Henderson Road, Topeka, Kansas 66615. Pursuant to that meeting, the Investment Committee determined them to be in accordance with K.S.A. 40-2a01 and KWORCC's investment policy, has made recommendation to the KWORCC Board of Trustees to approve those investments;

NOW, THEREFORE, it is RESOLVED by the KWORCC Board of Trustees Investment purchases and sales made in United States Government securities from the period January 1, 2001 through November 30, 2001, having been reviewed by KWORCC's Investment Committee and made in accordance with K.S.A. 40-2a01 and KWORCC's investment policy hereby are approved.

IN WITNESS WHEREOF, the undersigned has caused this Resolution to be executed this 12th day of December, 2001.



Sam Weaver, Secretary

KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES (KWORCC) INVESTMENT POLICY

WHEREAS, KWORCC is a group-funded liability pool, receiving its Certificate of Authority on December 31, 1991;

WHEREAS, KWORCC is governed by the Kansas Group-Funded Pool Act and can invest funds in accordance therewith, the applicable language for which is as follows:

12-2622. **Same; investments.** The trustees shall not utilize any of the contributions collected as premiums for any purpose unrelated to the pool. Moneys not needed for current obligations may be invested by the trustees. Such investments shall be limited to investments permitted by K.S.A. 12-1677b and 75-4209 and amendments thereto, except that a pool which has been in existence for at least five years shall be permitted to invest in any of the securities or other investments permitted by article 2a of Chapter 40 of the Kansas Statutes Annotated.

WHEREAS, in carrying out its duties under the Act, the Board of Trustees shall apply “the prudent investor rule” pursuant to K.S.A. 17-5004, et seq, incorporated herein by this reference;

WHEREAS KWORCC Trustees have determined to rely upon the professional investment advisors with whom it has contracted to make decisions and take actions in accordance with this Investment Policy;

WHEREAS KWORCC Trustees have created an Investment Committee to oversee investments and to advise the full Board of status of investments and make recommendations in conjunction with professional investment advisors;

NOW, THEREFORE, KWORCC Trustees hereby specify the following policies, guidelines and goals for the investment of KWORCC Funds:

Goals

1. Comprehensive, effective portfolio planning for both short and long term;
2. Careful consideration of all factors which affect and control the cash flow of KWORCC;
3. Timely relocation of portfolio maturities to reflect changes in economic indices and other determining factors of interest rates;
4. Close, timely evaluation and monitoring of portfolio performance;
5. Timely, comprehensive and responsive reporting of portfolio status and operating results to the KWORCC Administrator and Trustees;
6. Compliance with Kansas Statutes and Kansas Insurance Department regulations, directives and guidelines with respect to all KWORCC investments.

Specific Guidelines

1. None of the contributions collected as insurance premiums may be utilized for any purpose unrelated to KWORCC.
2. Moneys not needed for current obligations shall be invested by the investment advisors, in accordance with directives by the Board of Trustees and as provided by statute.
3. In addition to investments in bonds or other evidences of indebtedness issued, assumed or guaranteed by the United States of America, any agency or instrumentality of the United States of America or certificates of deposit in one or more federally insured banks located in Kansas or shares or shares or savings deposits in one or more federally insured savings and loan associations located in Kansas, the Trustees specify the following specific guidelines for equity investments:
 - A. Any equity investment would be made in equity mutual funds and would be intended as long-term investments;
 - B. There would be no direct investments into individual companies or business enterprises;
 - C. In no event shall funds be invested in equities which are reserved either for claims incurred but not reported (IBNR), unpaid claims or overhead expenses;

- D. No more than 40 percent of the total amount authorized by the Board to be invested in equities shall be invested in any one mutual fund;
- E. With regard to equity market (mutual funds), investments in the shares of any one investment company shall not exceed 10% of the admitted assets of KWORCC at last annual filing, as determined on the basis of the cost of such shares to KWORCC at time of purchase;
- F. With regard to equity market (mutual funds), KWORCC's aggregate investment shall not exceed 25% of its admitted assets as per KWORCC's last annual filing with Kansas Insurance Department;
- G. Repurchase agreement(s), between KWORCC and any financial institution, shall include the following provisions:
 - i. The collateral must have a market value of at least 102% of the purchase price paid by issuer for such securities under such agreement;
 - ii. The financial institution is not permitted to substitute other securities for those subject to such agreement and must keep KWORCC's securities segregated at all times;
 - iii. In the event of default by such financial institution to repurchase the securities at the terms contained in the repurchase agreement, title to the securities will be deemed to have passed immediately to KWORCC without recourse;
 - iv. No more than 5% of KWORCC's admitted assets per most recent quarterly KID filing shall be allowed to be invested in any such repurchase agreement with any one institution.
- H. No current investment would be liquidated at a loss in order to assemble money to be invested in equity mutual funds.
- I. The Board and its investment advisors shall monitor KWORCC investments periodically and take action necessary to ensure compliance with the provisions of KSA 40-2a01, *et seq.* Specifically, the Investment Committee shall review such investments no less than quarterly and report to the full Board. If all provisions of this Investment are complied with, the KWORCC Board of Directors shall publish in its minutes approval of all investment purchases and sales and shall confirm that such and sales are in compliance with this Investment Policy and the provisions of K.S.A. 40-2a01, *et seq.*

General Income and Investment Objectives

1. To keep all available funds invested and earning interest at all times;
2. To provide for liquidity needs;
3. To assure that the maturity distributions of its assets (investments) are reasonably matched to its liabilities;
4. To maximize yield from the investment portfolio without compromising the overall quality and liquidity.

Portfolio Adjustments

Purchase and sale of securities, in an effort to accomplish the stated objectives, should be considered normal operating practice. A significant change in KWORCC's expected growth and income patterns may also necessitate changing the portfolio's structure.

Profits or losses may be taken within the portfolio if a "net advantage" accrues to KWORCC from the trade. The net advantage can be either in the form of a dollar-value (improved income or capital), beneficial upgrading of the credit, or desired alteration of maturity structure within the portfolio.

Exceptions

The Administrator and the Board of Trustees will regularly and specifically note and ratify any proper actions carried out which are or may be construed to be exceptions to the policies and procedures.

Investment Incentives

It is the policy of KWORCC not to accept any financial favors or incentives or any other favors or incentives of any type from banks and savings and loan associations with whom KWORCC and its investment advisors have investment arrangements. By way of illustration, such unacceptable incentives could include:

1. Discounts or rebates on fees paid for other products or services or other special consideration received by or purchased by KWORCC, KWORCC Board Members, KWORCC employees or other agents of KWORCC or any family members from those same institutions or third parties;
2. Discounts or rebates on computer goods or services received by or purchased by KWORCC, KWORCC Board Members, KWORCC employees or other agents of KWORCC or any of their family members from those same institutions or third parties;

3. Travel or accommodation expenses for KWORCC, KWORCC Board Members, KWORCC employees or other agents of KWORCC or any of their family members in connection with programs offered or sponsored by those same institutions or third parties and,
4. Tickets, travel or accommodation to recreation or entertainment events for KWORCC, KWORCC Board Members, KWORCC employees or other agents of KWORCC or any of their family members offered or sponsored by those same institutions or third parties.
5. Receipt by KWORCC Trustees or Staff of items or services of nominal value (generally valued at no more than \$50) would not be in violation of KWORCC investment policy.

THE FOREGOING POLICY of Kansas Workers Risk Cooperative for Counties was formally documented and entered into the record by the Board of Trustees the 12th day of December, 2001.

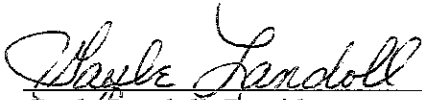


Sam Weaver, Secretary
KWORCC Board of Trustees
Chairman of KWORCC Investment Committee

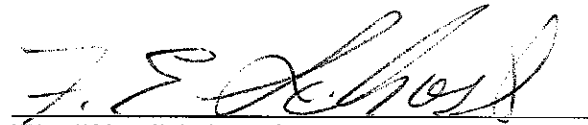
**CALL AND WAIVER OF NOTICE OF
SPECIAL KWORCC BOARD OF TRUSTEES MEETING**

We, the undersigned, being all of the Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC), do hereby call a special meeting of the KWORCC Board of Trustees, to be held at the Hyatt Regency Hotel, Wichita, Kansas, Eagle Ballroom, Salon E, directly after the Annual Meeting of the Membership on the 20th day of November, 2001, and we hereby waive all statutory and bylaw requirements as to the notice of time, place and the objects of said meeting, and for the transaction of any and all business.


Dated this 20th day of November, 2001, at Wichita, Sedgwick County, Kansas.



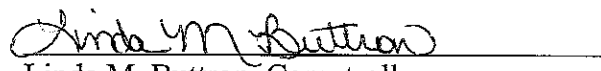
Gayle Landoll, President
Marshall County Clerk



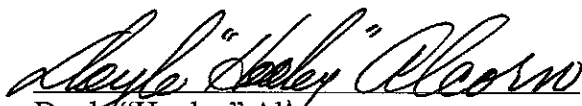
F.E. "Shep" Schoepf, Vice President
Reno County Commissioner



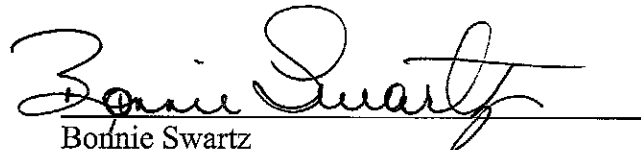
Sam Weaver, Secretary
Cherokee County Commissioner



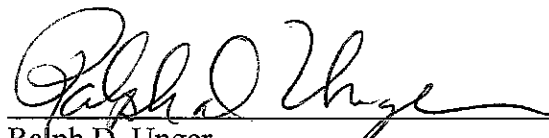
Linda M. Buttron, Comptroller
Jefferson County Clerk



Doyle "Hooley" Alcorn
Jewell County Commissioner



Bonnie Swartz
Gray County Clerk



Ralph D. Unger
Decatur County Commissioner

Minutes
Special Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Hyatt Regency Hotel, Wichita, Kansas
Eagle Ballroom, Salon E
November 20, 2001

A special meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Gayle Landoll directly following the Annual Meeting on Tuesday, November 20, 2001. A waiver of notice was signed by each of the seven KWORCC Trustees; no other person(s) have requested notice of KWORCC meetings. Present were: Gayle Landoll, Marshall County Clerk, President; Francis "Shep" Schoepf, Reno County Commissioner, Vice President; Sam Weaver, Cherokee County Commissioner, Secretary; Linda Buttron, Jefferson County Clerk, Controller; Doyle "Hooley" Alcorn, Jewell County Commissioner; Bonnie Swartz, Gray County Clerk and Ralph Unger, Decatur County Commissioner.

KWORCC staff present: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; and Mr. Carl Eyman, Deputy Administrator/Loss Prevention Specialist.

President Landoll then called the meeting to order at 3:05 PM and requested that Mr. Parrish state the purpose of the meeting. Mr. Parrish stated that KWORCC staff requested the special meeting as a result of proposals submitted to KWORCC for 2002 Pick Up Truck. Whereupon, Mr. Schoepf dismissed himself from the meeting, exited the meeting room and did not participate.

Mr. Parrish stated that three bids were received within the deadline specified in the Request for Proposal. One bid was received late. Based upon review of the proposals, Shep's Chevrolet of Haven, Kansas provided the lowest price and the most options of bids received from the vendors.

The Board members reviewed the handout provided by staff with the specifics on the proposals received and asked questions. After discussion, Mr. Unger moved to accept the low bid submitted within the deadline, by Shep Chevrolet. Mr. Alcorn seconded the motion, which CARRIED unanimously.

There being no further business, Ms. Swartz moved to adjourn the meeting at 3:15 p.m.. Ms. Buttron seconded the motion which CARRIED unanimously.

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties was approved by the Board of Trustees the 12th day of December, 2001.



Sam Weaver, Secretary
KWORCC Board of Trustees

Minutes
Special Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Via Teleconference
November 2, 2001

A special teleconference meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Gayle Landoll on Friday, November 2, 2001. Participating in the teleconference: Gayle Landoll, Marshall County Clerk, President; Francis "Shep" Schoepf, Reno County Commissioner, Vice President; Sam Weaver, Cherokee County Commissioner, Secretary; Linda Buttron, Jefferson County Clerk, Controller; Doyle "Hooley" Alcorn, Jewell County Commissioner; Bonnie Swartz, Gray County Clerk and Ralph Unger, Decatur County Commissioner.

KWORCC staff also on the call: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; and Mr. Carl Eyman, Deputy Administrator/Loss Prevention Specialist.

President Landoll then called the meeting to order at 9:30 a.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Unger moved to approve the agenda, Mr. Schoepf seconded the motion which CARRIED unanimously.

President Landoll then called upon Mr. Parrish to address Agenda Item No. 3, "Loss Cost Multiplier Adjustment." Mr. Parrish discussed the effect of the proposed new rates received from the Kansas Insurance Department (which have not yet been approved), and the payroll data received. He stated that he wanted the Board to have the opportunity to review this material before KWORCC proceeded to bid some thirteen counties prior to the first of the year. The Board members offered comments and perspective on the issues at hand. Many Board Members pointed out that their personal and business coverage reflected increased rates and reduction in coverage.

Ms. Buttron expressed that the impact of terrorist attacks may drive up insurance costs even more next year; she noted this may force an even larger increase in the loss cost multiplier next year, if we do not take steps to increase KWORCC reserves this year. It was noted that increases in loss cost multipliers by competitors will allow KWORCC to offer a better price to Kansas Counties even with the increase in the loss cost multiplier from 1.318 to 1.37. Comments also were made that there is enough crisis and instability in the market, and enough unknown variables to more than justify moving up the loss cost multiplier as determined by the Board at the last meeting. Whereupon, Mr. Schoepf moved to sustain the Board's earlier decision to raise KWORCC's loss cost multiplier from 1.318 to 1.37, using adjustment to advance discount where necessary to provide fair pricing. Mr. Unger seconded the motion which CARRIED unanimously.

President Landoll then addressed Agenda Item No. 4 "Review of Claim" and asked Mr. Parrish and Ms. Bird to review that information. The claim in question requires Board approval for settlement, and in the opinion of KWORCC staff, IMA adjusters and the attorney assigned to

the claim, the claim should be settled. Ms. Bird reviewed the history, facts, circumstances and specific recommendations. Ms. Swartz moved to follow the recommendations for settlement of the claim presented. Mr. Alcorn seconded the motion which CARRIED unanimously.

There being no further business, Ms. Swartz moved to adjourn the meeting at 10:15 a.m.. Mr. Schoepf seconded the motion which CARRIED unanimously.

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties was approved by the Board of Trustees the 12th day of December, 2001.



Sam Weaver, Secretary
KWORCC Board of Trustees

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Jayhawk Tower-Senate Room, Topeka, Kansas
October 11, 2001

The October 2001 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Gayle Landoll on Thursday, October 11, 2001 at the Jayhawk Tower Senate Room in Topeka. Trustees present: Gayle Landoll, Marshall County Clerk, President; Francis "Shep" Schoepf, Reno County Commissioner, Vice President; Sam Weaver, Cherokee County Commissioner, Secretary; Linda Buttron, Jefferson County Clerk, Controller; Doyle "Hooley" Alcorn, Jewell County Commissioner; Bonnie Swartz, Gray County Clerk and Ralph Unger, Decatur County Commissioner.

KWORCC staff present: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Mr. Carl Eyman, Deputy Administrator/Loss Prevention Specialist; Mr. Richard "Alex" Alexander, Accountant and Ms. Christie Carney, Administrative Assistant/Media Developer.

Others present: Mr. Paul Davis and Ms. Annette Duncan of Insurance Management Associates, Inc. (IMA).

President Landoll called the meeting to order at 1:10 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish requested that a presentation by Arthur J. Gallagher & Co. on health care pools be added under Other Business as Agenda Item 10a. Mr. Schoepf moved that the agenda be approved with this one addition. Mr. Alcorn seconded the motion which CARRIED unanimously.

President Landoll then addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of September 13, 2001." Mr. Unger moved to approve the minutes with the exception that "Investment Committee" be changed to "Audit Committee." Ms. Swartz seconded the motion which CARRIED unanimously.

President Landoll then called upon Mr. Parrish to address Agenda Item No. 4, "Administrator's Report."

Mr. Parrish presented for Board approval Check No. 7150 issued to IMA in the amount of \$13,000 as the 10th and final installment on the claims adjusting contract. Mr. Parrish then stated that there were three wire transfers to be considered for Board approval. The first wire transfer was completed on October 1, 2001 in the amount of \$93,111.57 from the KWORCC account at Country Club Bank to the KWORCC account at Intrust Bank in Wichita and was authorized by Ms. Buttron and Mr. Parrish. The second wire transfer would be in the amount of \$50,000 from the KWORCC account Country Club Bank to the KWORCC account at Community National Bank in Topeka. Authorization for this transfer would be completed during break by Ms. Buttron and Mr. Parrish. The third wire transfer would be in the amount of \$30,225.38 from the KWORCC account at Country Club Bank to the KWORCC account at Intrust Bank in Wichita. Authorization for this transfer would also be completed during break by Ms. Buttron and Mr. Parrish. Mr. Weaver moved to approve Check No. 7150 and the wire transfers as presented. Mr. Unger seconded the motion which CARRIED unanimously.

Mr. Eyman then passed around several of the items that had been purchased as the KWORCC giveaways for the upcoming Kansas Association of Counties Annual Meeting in Wichita. Ms. Bird also reviewed with the Board the nomination form and list of candidates submitted so far for election at the Annual KWORCC/KCAMP business meeting in Wichita. The deadline for nominations previously had been set for October 23, 2001.

Mr. Parrish then presented a preliminary draft of the KWORCC examination report conducted by the Kansas Insurance Department. He stated that the report was still subject to supervisory review by the insurance department but appears to be a fair report with few requirements and generally reflects favorably on KWORCC.

Mr. Parrish next provided a worksheet analyzing the effect of a possible adjustment of the Loss Cost Multiplier ("LCM"). Mr. Parrish pointed out that the premiums for next year and subsequent years are always dependent upon a number of factors which are not known until late in the year. Thus, it is difficult to have all information necessary to determine the effect of a change in the LCM. Some of those factors include the cost of excess insurance (reinsurance), new rates approved by the insurance department, and experience modification factors of Member Counties. Even more uncertainty exists because of the instability of the insurance market following the September 11, 2001 terrorist attacks. It is generally believed that the cost of insurance is going to increase for workers compensation as well as property, casualty and liability coverages. Mr. Parrish pointed out that many municipalities are losing their existing workers compensation coverage because of the hardening of the market. Mr. Parrish recommended the Board consider increasing the LCM by a slight amount as indicated on the worksheets to reflect the increased cost of excess insurance and the expected increase in workers compensation rates. Mr. Unger moved to make application to the Kansas Insurance Department for an increase in the KWORCC LCM from 1.318 to 1.37. Mr. Schoepf seconded the motion which CARRIED unanimously.

Staff then presented alternative budgets for consideration. The Board considered the budget that reflected the Loss Cost Multiplier adjustment to 1.37. Mr. Parrish provided explanation and answered questions concerning various line items. Ms. Swartz moved to adopt the budget under discussion. Mr. Schoepf seconded the motion which CARRIED unanimously.

The Board then discussed the purchase of a new company vehicle. KWORCC staff was instructed to look into the purchasing of a full-sized, American-made pickup. It was the Board's consensus to get bids from car dealerships in member counties on both an outright purchase and a purchase with a trade-in of the current vehicle. Mr. Unger moved to proceed to solicit bids for the purchase of a new pick-up truck. Mr. Alcorn seconded the motion which CARRIED unanimously.

President Landoll requested that Mr. Eyman address Agenda Item No. 5, "Marketing and Loss Prevention." Mr. Eyman reported on various contacts with Member Counties as well as the status of several bids that KWORCC would be presenting nonmember Counties for 2002.

President Landoll asked Ms. Duncan to address Agenda Item No. 6, "Claims Report." Ms. Duncan reported on various open claims and answered questions.

President Landoll called upon KWORCC Accountant Richard Alexander to address Agenda Item No. 7, "Financial Reports." Mr. Alexander reviewed the financial reports and answered questions. Mr.

Alcorn moved to approve the financial reports. Ms. Swartz seconded the motion which CARRIED unanimously.

The check register was then presented. After a brief discussion Ms. Swartz moved that Check Nos. 7027 through 7139 be approved. Mr. Weaver seconded the motion which CARRIED unanimously.

President Landoll called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report." Mr. Parrish stated that there were no legal issues to report.


President Landoll addressed Agenda Item No. 9, "Committee Reports" and asked if any committees had reports to offer. Mr. Weaver, Chair of the Investment Committee, discussed the Committee's teleconference meeting September 24, 2001 which was called to consider the status of KWORCC's equity investments in light of the September 11, 2001 disaster. Mr. Weaver reported that the Investment Committee recommended no change in the current investment strategy. He indicated that minutes of the Investment Committee's meeting would be filed with KWORCC's records. There were no other committee reports.

Ms. Carney then passed around a sample of a Christmas card that was distributed by the American Heart Association depicting a winter scene of Wichita's "Old Cowtown Museum" during the late 1800's. The picture was painted by a local Wichita artist. Mr. Unger moved to have staff proceed with purchasing the Christmas card that would be signed at a later date by both the KWORCC and KCAMP boards. Mr. Weaver seconded the motion which CARRIED unanimously.

President Landoll then welcomed KCAMP Administrator, Tom Job, and KCAMP President, John Miller. Mr. Job and Mr. Miller introduced Tom Varner and Susan Craddock of Arthur J. Gallagher and Co. Mr. Varner gave a brief presentation on health insurance pooling. He then asked if KWORCC would be willing to send a letter to the Member Counties to determine if there was any interest in looking at a health insurance pool for Kansas counties. After some discussion the Board Members agreed to take the matter under advisement. President Landoll thanked Mr. Job, Mr. Miller, Mr. Varner and Ms. Craddock for attending.

There being no further business, Ms. Swartz moved to adjourn the meeting at 5:00 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 was approved by the Board of Trustees the 12th day of December 2001.


Sam Weaver, Secretary
KWORCC Board of Trustees

Minutes
Meeting, Investment Committee
Kansas Worker Risk Cooperative For Counties
Via Teleconference

September 24, 2001

On Monday, September 24, 2001, the Investment Committee of the Kansas Workers Risk Cooperative for Counties ("KWORCC") met via teleconference and was called to order by Committee Chair, Sam Weaver at 9:30 am. Committee Members participating included: Francis E. "Shep" Schoepf, Reno County Commissioner, Ralph D. Unger, Decatur County Commissioner and Sam Weaver, Cherokee County Commissioner. Also participating were Marc D'Andrea, Security Benefit Life Group of Companies, Christopher Thompson, County Club Bank, Richard "Alex" Alexander, Accountant and James W. Parrish, Administrator.

Mr. Weaver stated the purpose of the meeting, welcomed Mr. Thompson and Mr. D'Andrea and thanked everyone for their participation.

Mr. Thompson reviewed the history of several recent financial panics. He noted the panic in the Fall of 1987 brought the market down 32.4%. The recent World Trade Center disaster on September 11, 2001, has brought the market down to 14.3% so far. Preliminary indications are that the market is rebounding somewhat this morning. Mr. Thompson stated that in his research he has reviewed a number of financial setbacks or "panics" wherein much selling was done over the past 50 years or so and when the results of all of those events are averaged, the result is a 7.1 immediate loss in market value; however, within four months of these losses, there was a rebound by the market, again averaging all of the events summarized, of 12.5%.

Mr. Thompson noted that over the past weekend investment expert Peter Lynch advised investors to stay with their enunciated plans and do nothing precipitous as a result of the World Trade Center disaster.

Mr. Thompson then pointed out that as of August 31, 2001, the latest date for which he had a summary, KWORCC owns 10 AAA rated government bonds with a book value of \$5,481,968.10. The current market value of those bonds total \$5,521,303.15. He indicated that the average yield on KWORCC's current bond portfolio was 6.05%. By comparison, two year treasuries are now yielding 2.95%.

Mr. Marc D'Andrea commented on the three mutual funds in which KWORCC is invested. He stated that although KWORCC had invested \$360,000, the current market value of the portfolio is \$301,146.75. He pointed out that this was off 17%. However, he noted that the S&P 500 Index is down 27% and that NASDAQ is down 42% for the year. Thus, the KWORCC investments look strong by comparison.

There was discussion on what industries were contained in the three mutual funds in which KWORCC is investing. Mr. D'Andrea pointed out that the Security Mid-Cap Fund included the following top 10 industries: oil and gas, electronic equipment, banks, property and casualty insurance, information technology consulting and services, electrical components and equipment, electric utilities, auto parts and equipment, diversified commercial services and agricultural products. He then gave a list of the top 10 holdings in the Security Mid-Cap Fund, pointing out that this fund was a value fund. Marc indicated that the Security Ultra Fund, being the most aggressive fund, and was down 35% year to date, as of last Friday. This

fund has been up in the order of 60% to 70% in one-year periods, yet because it is an aggressive fund, it is more likely to suffer losses rapidly as a result of an event like that which occurred on September 11 than the other funds which are more stable. However, he reminded the Committee that KWORCC invested in three separate funds in order to experience three separate levels of risk. Mr. Thompson noted that the Security Ultra Fund was considered a four-star fund on a five-star scale and that relative to germane indices (Russel 1000, NASDAQ) its performance is appropriate.

On the request of Mr. Parrish and Committee Members, Mr. D'Andrea agreed to provide the Investment Committee with a list of the industries and sectors in which each of the three funds are invested.

Each member of the Investment Committee separately stated his desire to continue with the equity investment plan that was put into place six months ago, not only as a sound investment strategy, but as a means by which KWORCC can show its confidence in the American economy and be supportive thereof.

KWORCC's accountant, Richard Alexander stated his support of continuation of the current investment policy and pointed out that the hazards of an investment strategy were considered completely and thoroughly by the Board for several months before it made its decision to make use of the new law which allowed KWORCC to invest in securities. Further, the Trustees anticipated any criticism or second-guessing that may occur from competitors and adversaries and, taking all things into consideration, decided upon a strategy that involved investing in three separate mutual funds administered by a Kansas company representing varying degrees of risk. The soundness of that decision-making process is strong enough to justify maintaining the course, even in the wake of the terrorist attacks on September 11, 2001.

Mr. Parrish pointed out that the Board of Trustees would not meet again until the October Board meeting on October 11th, and given that the periodic investment of \$60,000 was due in just a couple of days, the Board of Trustees, at its September 13, 2001 meeting authorized the Investment Committee to change the investment strategy temporarily, at least until the next meeting of the full Board, if they deemed it appropriate.

Acknowledging this authority and responsibility, each Member of the Investment Committee repeated his desire to continue the current investment strategy.

Before adjourning the meeting, Investment Committee Members requested both Mr. Thompson and Mr. D'Andrea provide more frequent information regarding the status of KWORCC's investments in a simple, easy-to-follow summary format. Mr. Thompson and Mr. D'Andrea agreed to consult together to determine the best way of disseminating additional information to the Board of Trustees either by e-mail or telecopier. Mr. Thompson agreed to contact KWORCC office and obtain the appropriate e-mail addresses and telecopier numbers to use to provide this information.

Mr. Weaver then asked if there were any further questions or comments. Upon hearing none, he stated that the meeting was adjourned by consensus at 10:40 am.

THE FOREGOING MINUTES of the Investment Committee of Kansas Workers Risk Cooperative for Counties were executed by the Chair of that Committee on the 11th day of October, 2001.



Sam Weaver, Chair
KWORCC Investment Committee

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn, Topeka, Kansas
September 13, 2001

The September 2001 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Gayle Landoll on Thursday, September 13, 2001 at the Clubhouse Inn in Topeka. Trustees present: Gayle Landoll, Marshall County Clerk, President; Francis "Shep" Schoepf, Reno County Commissioner, Vice President; Sam Weaver, Cherokee County Commissioner, Secretary; Linda Buttron, Jefferson County Clerk, Controller; Doyle "Hooley" Alcorn, Jewell County Commissioner; Bonnie Swartz, Gray County Clerk and Ralph Unger, Decatur County Commissioner.

KWORCC staff present: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Mr. Carl Eyman, Deputy Administrator/Loss Prevention Specialist; Mr. Richard "Alex" Alexander, Accountant and Ms. Christie Carney, Administrative Assistant.

Others present: Mr. Gus Campuzano and Ms. Annette Duncan of Insurance Management Associates, Inc. (IMA).

Before calling the meeting to order President Landoll requested that those present pause for a moment of silence in memory of the victims of the September 11, 2001 tragedy in New York and Washington. At the request of President Landoll Ms. Bird lead the group in a short prayer, as follows:

Blessed Heavenly Father, we come today with heavy hearts for those in crisis in New York, Washington and elsewhere in our Country. We pray that those who mourn would feel Your love and compassion in this time of sorrow. We pray that they receive the necessary care and support from family and community. Divine Father, be with these – our brothers and sisters.

We pray for the Prince of Peace to come forward at this time to provide guidance and wisdom to our leaders. We pray that humanity has learned from its history of warring and that decisions are made for the greatest good of all concerned. Heavenly Father, grant us peace. Amen.

President Landoll then called the meeting to order at 1:10 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish noted a typographical error in Agenda Item 7.a. and requested that "June" be changed to "July." Also he requested "Discussion of KWORCC's Equity Investments" be added to the Administrator's Report at Agenda Item 4.e. and that "Review of Holiday Card Samples" be added as Agenda Item 10.a. Ms. Buttron moved that the agenda be approved with the additions. Ms. Swartz seconded the motion which CARRIED unanimously.

President Landoll then addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of August 8, 2001." Mr. Unger moved to approve the minutes as written. Mr. Alcorn seconded the motion which CARRIED unanimously.

President Landoll then called upon Mr. Parrish to address Agenda Item No. 4, "Administrator's Report."

Mr. Parrish presented checks written to Member Counties in excess of \$5,000 for investment income and premium returns for Board approval. Checks written to Member Counties for investment income and

premium returns for less than \$5,000 were also ready for transmittal to the counties. Mr. Unger moved to approve the checks to counties for premium returns and investment income in excess of \$5,000. Mr. Alcorn seconded the motion which CARRIED unanimously.

Mr. Parrish also presented Check No. 7086 issued to IMA in the amount of \$13,000 for the ninth of 10 installments on the claims adjusting contract for Board approval. Mr. Parrish then stated that there had been four wire transfer of funds since the last Board meeting. The first wire transfer was completed on August 17, 2001 in the amount of \$50,000 from the KWORCC account at Country Club Bank in Overland Park to the KWORCC account at Community National Bank in Topeka and was authorized by Ms. Buttron and Ms. Landoll. The second wire transfer was completed on August 22, 2001 in the amount of \$57,457.89 from the KWORCC account at Country Club Bank in Overland Park to the KWORCC account at Intrust Bank in Wichita and was authorized by Ms. Buttron and Mr. Parrish. The third wire transfer was completed on September 4, 2001 in the amount of \$122,710.80 from the KWORCC account at Country Club Bank in Overland Park to the KWORCC account at Intrust Bank in Wichita and was authorized by Ms. Buttron and Mr. Parrish. The fourth wire transfer was completed on September 10, 2001 in the amount of \$300,000 from the KWORCC account at Country Club Bank in Overland Park to the KWORCC account at Community National Bank in Topeka and was authorized by Ms. Buttron and Mr. Parrish. Mr. Schoepf moved to approve the Check No. 7086 and the wire transfers as presented. Ms. Swartz seconded the motion which CARRIED unanimously.

Ms. Bird then presented to the Board a list of the giveaways that had been purchased for distribution at the 26th Annual KAC Conference and the cost breakdown. Mr. Eyman indicated that he had been in contact with Tom Job who stated that KCAMP was interested in obtaining a larger booth for the pools at the conference and perhaps even having two booths side-by-side.

Mr. Parrish then presented information concerning the two upcoming AGRIP meetings. After some discussion the Board decided there was adequate time to plan for and decide who would attend the AGRIP event scheduled in connection with the PRIMA Conference in May 2002. Estimated costs for this event were not yet available, but the Board was given a preliminary schedule of activities to review for their next meeting. Mr. Schoepf stated that he had an interest in attending the AGRIP meeting scheduled for October 17-19, 2001 in New Orleans, Louisiana. Mr. Unger moved that the Board approve the attendance of any Trustee or KWORCC staff member wishing to attend the October AGRIP meeting. Ms. Swartz seconded the motion which CARRIED unanimously.

Mr. Parrish and Mr. Campuzano then introduced Annette Duncan to the Board. Ms. Duncan is KWORCC's new claims adjuster. Ms. Duncan offered a brief profile of her professional credits as well as some of her interests. The Board and the KWORCC staff in return introduced themselves and welcomed Ms. Duncan to KWORCC.

Mr. Parrish indicated that the Investment Committee might want to consider having a special meeting in light of the fluctuating market. The Investment Committee Chair Sam Weaver requested KWORCC staff to schedule an Investment Committee meeting via teleconference prior to the purchase of equities scheduled for the end of September. The Board, by consensus, requested that the Investment Committee meet and review the condition of the market prior to the September equity purchase and that the Committee have the authority to postpone further investments after its review. The Board requested a report by the Investment Committee at the regularly scheduled meeting in October.

President Landoll requested that Mr. Eyman address Agenda Item No. 5, "Marketing and Loss Prevention." Mr. Eyman reported on various contacts and upcoming presentations with Member Counties as well as nonmember counties which expressed an interest in receiving KWORCC bids. Mr. Eyman also stated that he had recently presented his third CEVO-II class.

President Landoll asked Mr. Campuzano and Ms. Duncan to address Agenda Item No. 6, "Claims Report." Mr. Campuzano reported on various open claims and answered questions. Mr. Campuzano and Ms. Duncan then reviewed the claims count for FY2001 as follows:

469	New claims opened for 2001
364	New claims closed for 2001
105	New claims remaining open for 2001
171	Total claims remaining open for all years

President Landoll called upon KWORCC Accountant Richard Alexander to address Agenda Item No. 7, "Financial Reports." Mr. Alexander reviewed the financial reports and answered questions. Mr. Alcorn moved to approve the financial reports. Ms. Swartz seconded the motion which CARRIED unanimously.

The check register was then presented. After a brief discussion Mr. Schoepf moved that check Nos. 6964 through 7026 be approved. Ms. Swartz seconded the motion which CARRIED unanimously.

President Landoll called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report." Mr. Parrish stated that there were no legal issues to report.

President Landoll addressed Agenda Item No. 9, "Committee Reports" and asked if any committees had reports to offer. There were no reports.

KWORCC staff presented various samples of holiday cards for consideration by the Board. Whereupon, the Board by consensus requested that staff investigate holiday cards created and marketed by Kansas vendors and that the motif be one of conservative or traditional holiday scenes and greetings.

There being no further business, Mr. Unger moved to adjourn the meeting at 4:10 p.m. Ms. Swartz seconded the motion which CARRIED unanimously.

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties was approved by the Board of Trustees the 11th day of October 2001.



Sam Weaver, Secretary
KWORCC Board of Trustees

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn, Topeka, Kansas
August 9, 2001

The August 2001 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Gayle Landoll on Thursday, August 9, 2001 at the Clubhouse Inn in Topeka. Trustees present: Gayle Landoll, Marshall County Clerk, President; Francis "Shep" Schoepf, Reno County Commissioner, Vice President; Sam Weaver, Cherokee County Commissioner, Secretary; Linda Buttron, Jefferson County Clerk, Controller; Doyle "Hooley" Alcorn, Jewell County Commissioner; Bonnie Swartz, Gray County Clerk and Ralph Unger, Decatur County Commissioner.

KWORCC staff present: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Mr. Richard "Alex" Alexander, Accountant and Ms. Christie Carney, Administrative Assistant.

Others present: Mr. Marshall Matthews and Mr. Paul Davis of Insurance Management Associates, Inc. (IMA).

President Landoll called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Alcorn moved that the agenda be approved as presented. Mr. Schoepf seconded the motion which CARRIED unanimously.

President Landoll then addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of July 12, 2001." It was noted that there were grammatical errors to be corrected. Mr. Schoepf moved to approve the minutes with the mentioned corrections. Ms. Swartz seconded the motion which CARRIED unanimously.

President Landoll then called upon Mr. Parrish to address Agenda Item No. 4, "Administrator's Report."

Mr. Parrish presented one check for Board approval: Check No. 6977 issued to IMA in the Amount of \$13,000 for the eighth of 10 installments on the claims adjusting contract. Mr. Parrish then stated that there had been only one wire transfer of funds since the last Board meeting. This wire transfer was completed on August 3, 2001 in the amount of \$92,570 from the KWORCC account at Country Club Bank in Overland Park to the KWORCC account at Intrust Bank in Wichita and was authorized by Ms. Buttron and Mr. Parrish. Ms. Swartz moved to approve the check and wire transfer presented. Mr. Alcorn seconded the motion which CARRIED unanimously.

Ms. Bird and Ms. Carney then passed around several items for the Board to consider as possible KWORCC giveaways for the upcoming 26th Annual KAC Conference. They also presented several items that had been suggested by KCAMP as possible joint giveaways. After looking over the items, the Trustees expressed their preferences for the KWORCC giveaways as well as the item to be given jointly with KCAMP. Staff was directed to order the KWORCC giveaways and to notify KCAMP of the Trustees' preference for the joint giveaway.

Mr. Parrish then discussed two upcoming AGRIP events. The first is the Governance and Leadership Conference scheduled October 17-19, 2001 in New Orleans, Louisiana. Mr. Parrish informed the Board that although KWORCC had just recently received the information on this conference, there was still time to meet the early-bird registration deadline. Any Trustee interested in attending was invited to contact the KWORCC staff to make necessary arrangements. The second event is a series of "track sessions" designed especially for pools scheduled by AGRIP during the PRIMA conference next May 14-17 in San Antonio, Texas. President Landoll instructed KWORCC staff to check with the KAC to make sure this date did not conflict with any KAC workshops or conferences planned for May of 2002.

Mr. Parrish reviewed Resolution No. 2001-82 to accept Brown and Greenwood Counties as members of KWORCC. Mr. Unger moved to adopt Resolution No. 2001-82. Ms. Swartz seconded the motion which CARRIED unanimously.

Ms. Bird then discussed the status of errors and omissions insurance coverage for KWORCC insurance agents.

President Landoll requested that Mr. Parrish address Agenda Item No. 5, "Marketing and Loss Prevention." Mr. Parrish reported on various contacts and upcoming presentations with Member Counties as well as nonmember counties which expressed an interest in receiving KWORCC bids. Mr. Eyman, Deputy Administrator and Loss Prevention Specialist, was on vacation.

President Landoll asked Mr. Matthews to address Agenda Item No. 6, "Claims Report." Mr. Matthews first reviewed the savings which the pool has enjoyed due to medical bill review and adjustments by Corvel. The fee schedule reduction has saved the pool \$89,776.27 during the period from January to June of 2001. In addition, KWORCC experienced savings of \$9,239.98 through discounts from preferred provider organizations.

Mr. Matthews then reported on various open claims. Mr. Matthews reviewed the claims count for FY2001 as follows:

383	New claims opened for 2001
266	New claims closed for 2001
117	New claims remaining open for 2001
184	Total claims remaining open for all years

President Landoll called upon KWORCC Accountant Richard Alexander to address Agenda Item No. 7, "Financial Reports." Mr. Alexander reviewed the financial reports and answered questions. Mr. Alcorn moved to approve the financial reports. Ms. Buttron seconded the motion which CARRIED unanimously.

Mr. Alexander also presented the quarterly report for Board review and answered questions. Ms. Swartz moved to approve the quarterly report. Mr. Unger seconded the motion which CARRIED unanimously.

The check register was then presented. After a brief discussion Mr. Unger moved that check Nos. 6903 through 6963 be approved. Mr. Schoepf seconded the motion which CARRIED unanimously.

President Landoll called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report." Mr. Parrish stated that there were no legal issues to report.

Ms. Bird reported that she had received questions and concerns from Member Counties regarding KWORCC's mandatory policies contained in the new KWORCC Loss Prevention and Policy Manual distributed last month to Member Counties. She stated that some modifications may be necessary to some of those policies. She stated that she would continue to compile suggestions and concerns so that amendments to the policy manual can be addressed at a later meeting.

Mr. Parrish then introduced Mr. Richard Thomas from the Kansas Division of Workers Compensation. Mr. Thomas gave a brief, yet informative presentation concerning workers compensation eligibility and reporting. After his presentation Mr. Thomas answered questions; Trustees expressed their gratitude to Mr. Thomas for attending the meeting and giving the presentation.

President Landoll addressed Agenda Item No. 9, "Committee Reports" and asked if any committees had reports to offer. There were no reports.

There being no further business, Mr. Unger moved to adjourn the meeting at 4:10 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 was approved by the Board of Trustees the 13th day of September 2001.



Sam Weaver, Secretary

KWORCC Board of Trustees

I, Sam Weaver, Secretary of Kansas Workers Risk Cooperative for Counties (Hereinafter referred to as "KWORCC") hereby certify that the following is a true and correct copy of a Resolution duly adopted by the Board of Directors of KWORCC at a meeting duly called and held on the 9th day of August, 2001, at which a quorum was present and that said Resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2001-82

WHEREAS, KWORCC presented bid to write workers compensation coverage to Brown and Greenwood Counties for policy year 2001;

WHEREAS, the Commissioners at Brown and Greenwood Counties voted unanimously to accept KWORCC's bid to write their workers compensation insurance;

WHEREAS, it is in the best interest of the Pool to accept Brown and Greenwood Counties into the pool as a Member Counties;

NOW, THEREFORE, it is RESOLVED by the KWORCC Board of Trustees to accept Brown and Greenwood Counties as a KWORCC Member Counties. Accordingly, KWORCC staff shall do all other things necessary to provide full workers compensation coverage to said counties, effective immediately.

IN WITNESS WHEREOF, the undersigned has caused this Resolution to be executed this 9th day of August, 2001.


Sam Weaver, Secretary

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative For Counties
Clubhouse Inn, Topeka, Kansas
July 12, 2001

The July 2001 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Gayle Landoll on Thursday, July 12, 2001 at the Clubhouse Inn in Topeka. Trustees present: Gayle Landoll, Marshall County Clerk, President; Sam Weaver, Cherokee County Commissioner, Secretary; Linda Buttron, Jefferson County Clerk; Doyle "Hooley" Alcorn, Jewell County Commissioner and Bonnie Swartz, Gray County Clerk.

KWORCC staff present: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Mr. Carl D. Eyman, Deputy Administrator/Loss Prevention Specialist; Mr. Richard "Alex" Alexander, Accountant and Ms. Christie Carney, Administrative Assistant.

Others present: Mr. Gus Campuzano, Mr. Marshall Matthews and Mr. Paul Davis of Insurance Management Associates, Inc. (IMA) and Mr. Eric Otting, Audit Manager, Wendling, Noe, Nelson & Johnson.

President Landoll called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Ms. Swartz moved that the agenda be approved as presented. Ms. Buttron seconded the motion which CARRIED unanimously.

President Landoll then addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of June 14, 2001." President Landoll noted that two items needed to be corrected. The first was a grammatical error in the paragraph explaining the membership into AGRIP. The second concerned the August Board meeting that would be held on the 9th, not the 8th as stated in the minutes. Mr. Alcorn moved to approve the minutes with the mentioned corrections. Mr. Weaver seconded the motion which CARRIED unanimously.

President Landoll then called upon Mr. Parrish to address Agenda Item No. 4, "Administrator's Report."

Mr. Parrish stated there had been three wire transfer of funds since the last Board meeting. The first wire transfer was completed on June 20, 2001 in the amount of \$56,181.56 from the KWORCC account at Country Club Bank in Overland Park to the KWORCC account at Intrust Bank in Wichita and was authorized by Ms. Buttron and Mr. Parrish. The second wire transfer was completed on June 25, 2001 in the amount of \$100,000.00 from the KWORCC account at Country Club Bank in Overland Park to the KWORCC administrative account at Community National Bank in Topeka and was authorized by Ms. Buttron and Mr. Parrish. The third wire transfer was completed on July 5, 2001 in the amount of \$70,537.12 from the KWORCC account at Country Club Bank in Overland Park to the KWORCC account at Intrust Bank in Wichita and was authorized by Ms. Buttron and Mr. Parrish. Mr. Parrish then presented three checks for Board approval: Check No. 6906 issued to Wendling, Noe, Nelson & Johnson in the amount of \$5,750.00 for the year-end 2000 independent KWORCC audit, Check No. 6907 issued to IMA in the amount of \$34,897.00 for the second half of the annual premium for reinsurance coverage and Check No. 6908 issued to IMA in the amount of \$13,000.00 for the seventh of 10 installments on the claims adjusting contract. Ms. Swartz moved to approve the wire transfers and the checks presented. Mr. Alcorn seconded the motion which CARRIED unanimously.

Mr. Eyman then distributed the new KWORCC shirts to the Trustees and staff. The shirts were embroidered with the KWORCC logo and each individual's name.

President Landoll reported that the Audit Committee met earlier in the day with Wendling, Noe, Nelson & Johnson's Audit Manager, Mr. Eric Otting, and the committee agreed that upon approval of the full KWORCC Board, the independent audit would be accepted as set forth in Resolution 2001-73. President Landoll then introduced Mr. Otting to report his findings to the Board. Mr. Parrish reminded the Board that staff could be requested to leave the meeting so that the Board could review the audit and ask questions of Mr. Otting independently.

Mr. Otting reported the findings and conclusions of the financial condition of KWORCC as of December 31, 2000 to the Board. After questioning by Board Members, Mr. Alcorn moved to adopt Resolution 2001-73 which provides for approval of the independent audit prepared by Wendling, Noe, Nelson & Johnson for the fiscal year ending December 31, 2000 and requires that it be appropriately filed and made available for public inspection. Ms. Swartz seconded the motion which CARRIED unanimously.

Ms. Bird informed the Board that Mr. Al Garon with the Kansas Insurance Department would be at the KWORCC offices on or about August 8, 2001 to begin on-site examinations for the triennial review.

Mr. Parrish next discussed the Kansas Self-Insurers Association Seventh Annual Conference scheduled for July 19-20, 2001 in Wichita. Board Members were invited to take advantage of this educational opportunity. Mr. Parrish noted that Mr. Schoepf would be attending the conference on Friday, July 20th, and that KWORCC staff would assist with registration of any other Board members who were interested.

Mr. Weaver moved to excuse from the meeting Francis "Shep" Schoepf, Reno County Commissioner, who was absent due to county business and Ralph Unger, Decatur County Commissioner, who was absent due to a death in the family. Mr. Alcorn seconded the motion which CARRIED unanimously.

President Landoll requested Mr. Eyman address Agenda Item No. 5, "Marketing and Loss Prevention." Mr. Eyman reported that the Greenwood County Commission voted unanimously to join the KWORCC and KCAMP pools. He then reported on various proposals to new counties, the sign-up of two Member Counties to participate in KWORCC's newly added CEVO II training course and one Member County that would be partaking in a self-defense class to be conducted by Mr. Matthews.

President Landoll then asked Mr. Matthews to address Agenda Item No. 6, "Claims Report." Mr. Matthews reported on various open claims. Mr. Matthews then reviewed the claims count for FY2001 as follows:

336	New claims opened for 2001
211	New claims closed for 2001
125	New claims remaining open for 2001
202	Total claims remaining open for all years

President Landoll called upon KWORCC Accountant Richard Alexander to address Agenda Item No. 7, "Financial Reports." Mr. Alexander reviewed the financial reports and answered questions. Ms. Swartz moved to approve the financial reports. Ms. Buttron seconded the motion which CARRIED unanimously.

The check register was then presented. After a brief discussion Ms. Swartz moved that check Nos. 6836 through 6902 be approved. Mr. Alcorn seconded the motion which CARRIED unanimously.

President Landoll called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report." Mr. Parrish stated that there were no legal issues to report.

President Landoll addressed Agenda Item No. 9, "Committee Reports" and asked if any committees had reports to offer. There were no reports.

Promotional catalogs were then distributed among the Trustees for giveaway ideas for the KWORCC booth at the KAC annual convention in November. Trustees requested KWORCC staff obtain samples of some of the items to have available at the next Board meeting.

There being no further business, Mr. Alcorn moved to adjourn the meeting at 3:40 p.m. Ms. Swartz seconded the motion which CARRIED unanimously.

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties was approved by the Board of Trustees the 9th day of August 2001.


Sam Weaver, Secretary
KWORCC Board of Trustees

I, Sam Weaver, Secretary of Kansas Workers Risk Cooperative for Counties (hereinafter "KWORCC") hereby certify that the following is a true and correct copy of a Resolution duly adopted by the Board of Directors of KWORCC at a meeting duly called and held on the 12th day of July, 2001, at which a quorum was present and that said Resolution has not been rescinded and is still in full force and effect:

RESOLUTION #2001-73

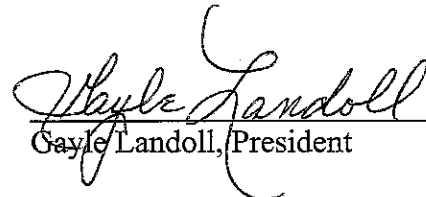
WHEREAS, the KWORCC Board of Trustees has engaged the firm of Wendling, Noe, Nelson and Johnson, LLC to undertake an independent audit of KWORCC's books and records for the year ending December 31, 2000 as required by KSA 12-2620(b);

WHEREAS, the independent audit was completed and filed with the Kansas Insurance Department on June 19, 2001;

WHEREAS auditor Eric Otting met in Executive Session with the KWORCC Audit Committee on the 12th day of July, 2001; and,

WHEREAS the Audit Committee, having discussed the independent audit with the auditor and having reviewed the audit reports with accompanying memoranda, recommends that the independent audit be accepted by the KWORCC Board of Trustees;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Trustees of Kansas Workers Risk Cooperative For Counties, that the independent audit prepared by the firm of Wendling, Noe, Nelson and Johnson for the fiscal year ending December 31, 2000 shall be adopted and filed in its books and records for public view.



Gayle Landoll, President

IN WITNESS WHEREOF, the undersigned has caused this Resolution to be executed this 12th day of July, 2001.



Sam Weaver, Secretary

Minutes
Meeting, Audit Committee
Kansas Worker Risk Cooperative For Counties
Jayhawk Tower Senate Room
700 SW Jackson Street, Topeka, Kansas
July 12, 2001

On Thursday, July 12, 2001, the Audit Committee of the Kansas Workers Risk Cooperative for Counties ("KWORCC") met in the Senate Room at the Jayhawk Tower, 700 SW Jackson Street, Topeka, Kansas, and was called to order by Committee Chair, Bonnie Swartz at 10:00 AM. Committee Members participating included: Linda Buttron, Jefferson County Clerk, Gayle Landoll, Marshall County Clerk and Bonnie Swartz, Gray County Clerk. Also participating were Eric Otting, Accountant and Audit Supervisor with Wendling, Noe, Nelson and Johnson of Topeka, and James W. Parrish, Administrator.


Ms. Swartz stated the purpose of the meeting, and welcomed Mr. Otting. Mr. Parrish left the meeting at 10:05 AM so that the Auditor could review the audit report and consult with the Audit Committee independently.

Mr. Parrish returned to the meeting at 10:27 AM.

Whereupon, Ms. Landoll made a motion that the Audit Committee recommend that the full Board of Trustees approve the December 31, 2000 audit after having the opportunity to review the audit and ask questions of Mr. Otting. Ms. Buttron seconded the motion, which CARRIED unanimously.

The meeting adjourned by consensus at 10:40 AM.

THE FOREGOING MINUTES of the Audit Committee of Kansas Workers Risk Cooperative for Counties were executed by the Chair of that Committee on the 9th day of August, 2001.



Bonnie Swartz, Chair
KWORCC Audit Committee

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative For Counties
Clubhouse Inn, Topeka, Kansas
June 14, 2001

The June 2001 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Gayle Landoll on Thursday, June 14, 2001 at the Clubhouse Inn in Topeka. Trustees present: Gayle Landoll, Marshall County Clerk, President; Francis "Shep" Schoepf, Reno County Commissioner, Vice President; Sam Weaver, Cherokee County Commissioner, Secretary; Doyle "Hooley" Alcorn, Jewell County Commissioner; Bonnie Swartz, Gray County Clerk, and Ralph Unger, Decatur County Commissioner.

KWORCC staff present: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Mr. Carl D. Eyman, Deputy Administrator/Loss Prevention Specialist; Mr. Richard "Alex" Alexander, Accountant and Ms. Christie Carney, Administrative Assistant.

Others present: Mr. Gus Campuzano, Mr. Marshall Matthews and Mr. Paul Davis of Insurance Management Associates, Inc. (IMA).

President Landoll called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Ms. Swartz moved that the agenda be approved as presented. Mr. Unger seconded the motion which CARRIED unanimously.

President Landoll then addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of May 10, 2001." Mr. Unger moved to approve the minutes as written. Ms. Swartz seconded the motion which CARRIED unanimously.

President Landoll then called upon Mr. Parrish to address Agenda Item No. 4, "Administrator's Report."

Mr. Parrish stated there had been two wire transfer of funds since the last Board meeting. The first wire transfer was completed on June 7, 2001 in the amount of \$108,895.87 from the Country Club Bank in Overland Park to the KWORCC account at Intrust Bank in Wichita and was authorized by Ms. Buttron and Mr. Parrish. The second wire transfer was completed on June 12, 2001 in the amount of \$50,000.00 from the Country Club Bank in Overland Park to the KWORCC administrative account at Community National Bank in Topeka and was authorized by Ms. Buttron and Mr. Parrish. Mr. Parrish then presented five checks for Board approval: Check No. 6785 issued to IMA in the amount of \$25,987.52 for special claims billing, Check No. 6844 issued to IMA in the amount of \$16,377.00 for E&O/D&O renewal, Check No. 6845 issued to the Division of Workers Compensation in the amount of \$30,987.70 for the assessment fee for FY2002, Check No. 6846 issued to the Kansas Insurance Department in the amount of \$11,106.70 for the assessment fee for FY2002 and Check No. 6847 issued to IMA in the amount of \$13,000.00 for the sixth of 10 installments on the claims adjusting contract. Mr. Unger moved to approve the wire transfers and the checks presented. Mr. Alcorn seconded the motion which CARRIED unanimously.

Mr. Eyman then addressed the matter of KWORCC joining AGRIP, an association of insurance pools from across the country. There was consensus among the members of the Board that a trial, one year membership into AGRIP could be beneficial to KWORCC. Mr. Schoepf made a motion to approve funding for a one year membership into AGRIP and to sign the AGRIP resolution assigning James W. Parrish the voting delegate. Ms. Swartz seconded the motion which CARRIED unanimously.

President Landoll then stated that the Audit Committee received and reviewed the Audit Report from KWORCC's independent auditors and will report to the full Board after its meeting with the Auditors the morning of July 12, 2001. Mr. Parrish indicated the audit report would be filed with the Kansas Insurance Department and Kansas Department of Administration, Division of Accounts and Reports on or before June 30, 2001.

Mr. Eyman then presented the Board with several shirt styles to consider for the Trustees and KWORCC staff. The board showed interest in the short-sleeved, natural denim shirt. The shirts would be embroidered with the KWORCC logo and the name of the Trustee or staff member. Mr. Unger made a motion to have Mr. Eyman proceed to order the apparel. Mr. Weaver seconded the motion which CARRIED unanimously.

Mr. Parrish asked the Board to confirm that the August Board meeting would be held on August 9, 2001 as originally scheduled. The date tentatively had been changed to coincide with a proposed seminar. The seminar was postponed.

President Landoll requested Mr. Eyman to address Agenda Item No. 5, "Marketing and Loss Prevention." Mr. Eyman reported that Brown County had recently joined both the KWORCC and KCAMP pools. He then reported on various proposals to new counties and presented several sample portfolios to be considered as possible give-aways. Mr. Schoepf agreed to discuss using these portfolios as a joint give-away of the upcoming KWORCC/KCAMP Joint Committee on Cooperation.

President Landoll then asked Mr. Matthews to address Agenda Item No. 6, "Claims Report." Mr. Matthews reported on various open claims. He also informed the Board that he was working on a new claims- activity report that would be sent to the KWORCC office to be mailed out to the Member Counties monthly. Mr. Marshall then reviewed the claims for the FY2001 as follows:

284	New claims opened for 2001
145	New claims closed for 2001
139	New claims remaining open for 2001
216	Total claims remaining open for all years

President Landoll called upon KWORCC Accountant Richard Alexander to address Agenda Item No. 7, "Financial Reports." Mr. Alexander reviewed the financial reports and answered questions. Ms. Swartz moved to approve the financial reports. Mr. Unger seconded the motion which CARRIED unanimously.

Mr. Schoepf moved to excuse Linda Buttron, Jefferson County Clerk, from the meeting, because she had a scheduling conflict with other County business. Mr. Alcorn seconded the motion which CARRIED unanimously.

The check register was then presented. After a brief discussion Ms. Swartz moved that check Nos. 6765 through 6835 be approved. Mr. Unger seconded the motion which CARRIED unanimously.


President Landoll called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report." Mr. Parrish stated that there were no legal issues to report.

President Landoll addressed Agenda Item No. 9, "Committee Reports" and asked if any committees had reports to offer. There were no reports.

Discussion was then held concerning Country Club Bank's proposal for automatic cash transfer for equity investments. The Board determined that it would be better to have the KWORCC staff provide reminders to Country Club Bank each month. Mr. Unger moved to direct Country Club Bank to place KWORCC's equity investments on a date which would allow the settlement date to be no later than the last business day of each month. Mr. Schoepf seconded the motion which CARRIED unanimously.

There being no further business, Ms. Swartz moved to adjourn the meeting at 3:45 p.m. Mr. Alcorn seconded the motion which CARRIED unanimously.

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties was approved by the Board of Trustees the 12th day of July 2001.


Sam Weaver, Secretary
KWORCC Board of Trustees

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative For Counties
Clubhouse Inn, Topeka, Kansas
May 10, 2001

The May 2001 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Gayle Landoll on Thursday, May 10, 2001 at the Clubhouse Inn in Topeka. Trustees present: Gayle Landoll, Marshall County Clerk, President; Francis "Shep" Schoepf, Reno County Commissioner, Vice President; Sam Weaver, Cherokee County Commissioner, Secretary; Linda Buttron, Jefferson County Clerk, Controller; Doyle "Hooley" Alcorn, Jewell County Commissioner; Bonnie Swartz, Gray County Clerk, and Ralph Unger, Decatur County Commissioner.

KWORCC staff present: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Mr. Carl D. Eyman, Deputy Administrator/Loss Prevention Specialist; Mr. Richard "Alex" Alexander, Accountant and Ms. Christie Carney, Administrative Assistant.

Others present: Mr. Gus Campuzano, Mr. Marshall Matthews and Mr. Paul Davis of Insurance Management Associates, Inc. (IMA).

President Landoll called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish asked that a review of the CEVO-II course, to be presented by Mr. Eyman, be included as item "d" under the Marketing and Loss Prevention Report. Ms. Swartz moved that the agenda be approved with the requested addition. Mr. Unger seconded the motion which CARRIED unanimously.

President Landoll then addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of March 8, 2001." Ms. Swartz moved to approve the minutes as written. Mr. Schoepf seconded the motion which CARRIED unanimously.

President Landoll then called upon Mr. Parrish to address Agenda Item No. 4, "Administrator's Report."

Mr. Parrish stated there had been only one wire transfer of funds since the last Board meeting. It was completed on May 7, 2001 in the amount of \$77,331.64 from Community National Bank in Topeka to the KWORCC account at Intrust Bank in Wichita and was authorized by Ms. Buttron and Mr. Parrish. Ms. Bird presented one check for Board approval. Check No. 6776 in the amount of \$13,000 was issued to IMA for the fifth of 10 installments on the claims adjusting contract. Mr. Unger moved to approve the wire transfer and the check presented. Mr. Alcorn seconded the motion which CARRIED unanimously.

Ms. Bird reported on the premiums received and the status of Member County payroll audits. All audits for FY2000 have been completed, all additional premiums have been received and all premium refunds have been issued.

President Landoll then requested that Ms. Bird discuss the proposed joint KWORCC/KCAMP seminar. Ms. Bird distributed copies of a rough draft of the program stating that a copy had also been faxed to Mr. Job at KCAMP for his input. Ms. Swartz moved to change the meeting date and location of the August board meeting to coincide with the joint seminar should such a seminar be scheduled. Staff was directed to work with KCAMP to evaluate the potential for such a seminar. Mr. Alcorn seconded the motion which CARRIED unanimously.

Mr. Parrish then reviewed with the Board alternatives for the renewal of KWORCC's errors and omissions and directors and officers liability insurance policies. After some discussion, Mr. Unger moved to renew the policy without changes for the new policy year. Mr. Weaver seconded the motion which CARRIED unanimously.

Upon consideration and deliberation, Mr. Schoepf moved to adopt the following policy concerning dividend distribution, Mr. Alcorn seconded the motion which CARRIED unanimously. The policy is as follows:

It shall be the policy of KWORCC to distribute unused premiums and investment income to its Member Counties and former Member Counties as described in this policy, provided KWORCC possesses adequate resources to pay all its obligations and to retain adequate reserves to protect its current Member Counties. Within 90 days following the end of each calendar year, KWORCC staff shall prepare an analysis to determine whether or not adequate resources exist for any such distribution and make a recommendation to the Board of Trustees regarding the amount and manner of any such distribution to Member Counties.

The Board of Trustees, either on its own initiative or upon recommendation by staff, shall develop a formula for each year of distribution of unused premiums and investment income consistent with Kansas law. Such formula may include the return of unused premiums during policies years for which there is little likelihood for further claims (payable only to counties who were Member Counties during that policy year) and may include the return of investment income to current and former Member Counties. Any such formula may take into consideration the amounts paid in premiums by current and former Member Counties, provided the Board will limit its consideration only to premiums that have been subjected to a payroll audit.

A resolution determining the amount of any distribution to Member Counties, whether in the form of unused premiums or investment income, shall be made no later than the first day of July of each year, and distribution of such investment income shall be made no sooner than after the first day of September of that year.

Mr. Parrish then advised that there had been discussions between KWORCC and KCAMP staff regarding the advisability of including townships as members of the respective pools. This would require amendments to each pool's bylaws. Mr. Parrish requested that the Board give this matter some consideration. After discussion, it was the consensus of the Board that because of the large number of townships that would be eligible and the varying sizes and needs of different Kansas townships, it would not be practical to expand KWORCC's membership to include Kansas townships without further study.

President Landoll requested Mr. Eyman address Agenda Item No. 5, "Marketing and Loss Prevention." Mr. Eyman reported on various presentations to Member Counties, KWORCC's eligibility to present a CEVO II Course, the interest in a self-defense seminar and loss prevention activities. There was consensus among members of the Board that the CEVO II course would be beneficial to Member Counties. It further was suggested that non-member counties be invited to participate in the course, provided they pay for the booklet. Mr. Eyman was also asked to look into the self-defense seminar and report to the Board.

President Landoll then asked Mr. Matthews to address Agenda Item No. 6, "Claims Report." Mr. Matthews reported on various open claims. He then reviewed the claims for the FY2001 as follows:

194	New claims opened for 2001
120	New claims closed for 2001
74	New claims remaining open for 2001
159	Total claims remaining open for all years

President Landoll called upon KWORCC Accountant Richard Alexander to address Agenda Item No. 7, "Financial Reports." Mr. Alexander reviewed the financial reports and answered questions. Mr. Schoepf moved to approve the financial reports. Ms. Buttron seconded the motion which CARRIED unanimously.

Mr. Alexander then reviewed the group funded pool quarterly report as of March 31, 2001 which he prepared for filing with the Kansas Insurance Department. After a brief discussion Ms. Swartz moved to approve the quarterly report for filing. Mr. Weaver seconded the motion which CARRIED unanimously.

The check register was then presented. During Board discussion it was noted the register indicated the wrong payee for check number 6721. After a brief discussion Mr. Unger moved that check Nos. 6696 through 6764 be approved with the change to correct the name of the payee on check number 6721. Mr. Weaver seconded the motion which CARRIED unanimously.

President Landoll called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report." Mr. Parrish stated that there were no legal issues to report.

President Landoll addressed Agenda Item No. 9, "Committee Reports" and asked if any committees had reports to offer. There were no reports. Ms. Bird suggested that the Audit Committee schedule a meeting to review the audit report before it is brought to the full Board. After discussion, it was determined that scheduling conflicts prevented the meeting of the Audit Committee prior to the June 30th deadline for filing the audit report with the Kansas Insurance Department. By consensus, the Board agreed that the audit reports would be delivered individually to each Member of the Audit Committee; any Member seeking further discussion of the report then could call a telephone meeting to discuss the audit report in more detail. If no such meeting is scheduled, the audit report would be filed by the deadline and would be reviewed by the Audit Committee at a special meeting in July. After discussion, Ms. Swartz, Chair of the Audit Committee, called a meeting for the Audit Committee on Thursday, July 12, 2001 at 10:00 AM in the Senate Room of the Jayhawk Tower. Ms. Swartz stated that the results of that committee meeting would be reported to the full Board at its regularly-scheduled meeting on the afternoon of Thursday, July 12, 2001.

There being no further business, Mr. Unger moved to adjourn the meeting at 4:00 p.m. Ms. Swartz seconded the motion which CARRIED unanimously.

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties was approved by the Board of Trustees the 14th day of June 2001.



Sam Weaver, Secretary
KWORCC Board of Trustees

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative For Counties
Clubhouse Inn, Topeka, Kansas
April 12, 2001

The April 2001 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Gayle Landoll on Thursday, April 12, 2001 at the Clubhouse Inn in Topeka. Trustees present: Gayle Landoll, Marshall County Clerk, President; Francis "Shep" Schoepf, Reno County Commissioner, Vice President; Sam Weaver, Cherokee County Commissioner, Secretary; Linda Buttron, Jefferson County Clerk, Controller; Doyle "Hooley" Alcorn, Jewell County Commissioner; Bonnie Swartz, Gray County Clerk; and Ralph Unger, Decatur County Commissioner.

KWORCC staff present: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Mr. Carl D. Eyman, Deputy Administrator/Loss Prevention Specialist and Ms. Christie Carney, Administrative Assistant.

Others present: Mr. Gus Campuzano, Mr. Marshall Matthews and Mr. Paul Davis of Insurance Management Associates, Inc. (IMA).

President Landoll called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish asked that a review of the KWORCC advertisement be included in the Administrator's Report. Ms. Swartz moved that the agenda be approved with the requested additions. Mr. Alcorn seconded the motion which CARRIED unanimously.

President Landoll then addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of March 8, 2001." President Landoll noted two items needed to be corrected under the "Administrator's Report." The first concerned the amount of approved check No. 6611 payable to Intrust Bank was to be \$15,850.71 instead of \$15,815.71. The second concerned changing of the May Board meeting date from the 17th to the 10th to avoid conflict with the County Commissioners meeting instead of the County Clerks meeting. Mr. Schoepf moved to approve the minutes with the mentioned amendments. Mr. Weaver seconded the motion which CARRIED unanimously.

President Landoll then called upon Mr. Parrish to address Agenda Item No. 4, "Administrator's Report."

Mr. Parrish stated there had been only one wire transfer of funds since the last Board meeting. It was completed on April 3, 2001 in the amount of \$102,478.68 from Community National Bank in Topeka to the KWORCC account at Intrust Bank in Wichita and was authorized by Ms. Buttron and Mr. Parrish. Ms. Bird presented five checks for Board approval. Check Nos. 6659 in the amount of \$16,230 to Grant County, 6672 in the amount of \$10,078 to Pawnee County, 6674 in the amount of \$19,637 to Saline County and 6710 in the amount of \$6,550 to Elk County were all issued for FY2000 premium audit refunds. Check No. 6709 in the amount of \$13,000 was issued to IMA for the fourth of 10 installments on the claims adjusting contract. Mr. Unger moved to approve the wire transfers and the checks presented. Ms. Swartz seconded the motion which CARRIED unanimously.

Ms. Bird reported on premiums received and status of payroll audits. All audits for FY2000 have been completed and billings for additional premium or premium refunds are processed. Ms. Bird indicated that all premiums for FY2001 have been received, totaling \$2,356,499.

President Landoll called upon Ms. Bird concerning the Kansas Insurance Department (KID) Triennial Review of the KWORCC pool. Ms. Bird reported that the deadline of April 1, 2001 set by KID for answering questionnaires and providing documentation had been met. Ms. Bird reviewed the materials that were produced for KID. Upon request of Ms. Bird, Mr. Davis reported that all loss, reserve and information-systems data requested for KWORCC was provided to KID by IMA for the audit period. After discussion, the Trustees thanked Ms. Bird and Mr. Davis for their work on the Triennial Review.

President Landoll then requested that Mr. Parrish discuss what the staff developed concerning return of premiums and return of investment income to the counties. After some discussion, the Board indicated general approval of a plan which would return \$250,000 to member counties and former member counties allocating approximately two-thirds of that amount to return of investment income and one-third of that amount to return of unused premiums from the 1993 policy year. Half of the return of investment income would be paid to the existing member counties on the ratio that they paid FY2000 premiums and the other half would be paid to all current and former member counties on the ratio that they paid premiums from FY1993 through FY2000. The Board instructed staff to present the matter of return of premiums and investment income for final decision at the next Board meeting.

Ms. Bird presented Resolution No. 2001-47 approving new signatories on the KWORCC Intrust Bank account to reflect newly elected officers. Mr. Unger moved to adopt Resolution No. 2001-47; Ms. Swartz seconded the motion which CARRIED unanimously.

President Landoll requested that Mr. Eyman provide the marketing and loss prevention report. Mr. Eyman presented samples of calendars for possible give-aways. This would be a joint purchase of KWORCC and KCAMP with the calendar exhibiting KWORCC and KCAMP logos. The Board expressed interest in a calendar that showed all 12-months without lamination for ease of writing thereon. Mr. Eyman stated he would pursue this purchase further in accordance with the requests expressed by members of the Board.

Mr. Eyman then reported on a new tracking sheet he is using to keep the Board better informed on his contact with new potential member counties.

Mr. Parrish then discussed KWORCC's opportunity to present a bid to Shawnee County. Mr. Parrish had been in contact with Paul Starr from IMA on possibly doing a joint presentation demonstrating KWORCC's services. Mr. Parrish and Mr. Eyman will represent KWORCC at this meeting.

President Landoll indicated that the Labette County Clerk had made inquiry to her regarding the Labette County Community Corrections having an interest in joining KWORCC. The Board expressed that it would prefer to be able to sign on the county as a whole, not just a section of it. KWORCC staff expressed its intention to contact Labette County in July.

KWORCC staff then presented samples of a new advertisement to replace the one used in the Kansas Association of Counties ("KAC") monthly newsletter. The samples were prepared by Christie Carney. After discussion, the Board expressed approval of the "puppy dog" sample.

President Landoll then asked for Mr. Matthews to address Agenda Item No. 6, "Claims Report." Mr. Matthews reported on various open claims. He then reviewed the claims for the FY2001 as follows:

157	New Claims <i>Opened</i> for 2001
92	New Claims <i>Closed</i> for 2001
65	New Claims <i>Remaining Open</i> for 2001
155	<i>Total Claims Open</i>

President Landoll called upon Mr. Parrish to address Agenda Item No. 7, "Financial Reports." Mr. Parrish reviewed the financial reports and answered questions. Mr. Parrish also stated that a letter had been provided by Mr. Richard Alexander, Accountant, who was absent due to prior commitments. Mr. Schoepf inquired regarding mutual fund investments. Ms. Bird stated that she received statements specifying that the first equity investments were made and will forward statements to the Investment Committee as they are received. Ms. Bird explained that the first investments were made after the reporting period on the financial statements, so those investments would not appear on the February financial statements. Mr. Unger moved to approve the financial reports. Ms. Swartz seconded the motion which CARRIED unanimously.

The check register was then presented. Ms. Bird explained that Check No. 6663 issued to Jewell County had been voided due to an error in the audit calculations and a new check would be issued. After a brief discussion Ms. Swartz moved that check Nos. 6592 through 6695 be approved with the exception of Check No. 6663. Mr. Alcorn seconded the motion which CARRIED unanimously.

President Landoll called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report." Mr. Parrish reported he knew of no new legislation that would have an impact on KWORCC. Mr. Alcorn asked about mailing by Ms. Bird to the Member Counties regarding volunteers. Ms. Bird discussed the importance of counties filing the K-WC 123 form covering volunteer workers and the K-WC 135 form covering inmates and public service workers. These forms are necessary for counties to "elect in" these workers so that in the event of injury, workers compensation would be the exclusive remedy.

President Landoll addressed Agenda Item No. 9, "Committee Reports" and asked if any committees had reports to offer. There were no reports.

Ms. Bird then asked for a count of those who would be attending the annual "steak fry" to be held on May 10.

There being no further business, Mr. Unger moved to adjourn the meeting at 3:30 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 was approved by the Board of Trustees the 10th day of May 2001.



Sam Weaver, Secretary
KWORCC Board of Trustees

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative For Counties
Jayhawk Tower, Senate Room, Topeka, Kansas
March 8, 2001

The March 2001 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Gayle Landoll on Thursday, March 8, 2001 at the Jayhawk Tower, Senate Room in Topeka. Trustees present: Gayle Landoll, Marshall County Clerk, President; Francis "Shep" Schoepf, Reno County Commissioner, Vice President; Sam Weaver, Cherokee County Commissioner, Secretary; Linda Buttron, Jefferson County Clerk; Bonnie Swartz, Gray County Clerk; and Ralph Unger, Decatur County Commissioner. Doyle "Hooley" Alcorn, Jewell County Commissioner was absent.

KWORCC staff present: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Mr. Richard Alexander, Accountant; and Ms. Christie Carney, Administrative Assistant.

Mr. Marshall Matthews of Insurance Management Associates, Inc. (IMA) was also present.

President Landoll called the meeting to order at 1:20 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish asked that Resolution 2001-39 on equity funds be added to the Administrator's Report. Ms. Swartz moved that Resolution 2001-39 be added under the Administrator's Report as item E. Mr. Schoepf seconded the motion which CARRIED unanimously.

President Landoll then addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of February 8, 2001." After a brief discussion, the Board decided that it was not necessary to list the claims numbers that were reviewed under the "Claims Report." Mr. Schoepf moved to approve the minutes as written with the omission of the claim numbers. Mr. Unger seconded the motion which CARRIED unanimously.

President Landoll then called upon Mr. Parrish to address Agenda Item No. 4, "Administrator's Report."

Mr. Parrish stated there had been two wire transfers of funds since the last Board meeting. The first wire transfer was completed on March 5, 2001 in the amount of \$400,000 from Community National Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village and was authorized by Ms. Buttron and Mr. Parrish. The second wire transfer was also completed on March 5, 2001 in the amount of \$92,326.87 from Community National Bank to the KWORCC account at Intrust Bank in Wichita and was authorized by Ms. Buttron and Mr. Parrish. Ms. Bird presented two checks for Board approval: Check No. 6610 to IMA for the third of 10 installments on the contract for claims adjusting in the amount of \$13,000 and Check No. 6611 to Intrust for special billing on medical claims in the amount of \$15,850.71. Mr. Unger moved to approve the wire transfers and the checks presented. Ms. Swartz seconded the motion which CARRIED unanimously.

Ms. Bird reported that KWORCC had received \$739,999 more in premiums since the last Board meeting, bringing the total amount of premiums received for 2001 to \$2,219,402. Ms. Bird also reported that a total of \$137,157 in premiums is still outstanding from three Member Counties.

Discussion was then held regarding changing the Board meeting dates in May and December. It was suggested that the May meeting be moved from the 17th to the 10th to avoid conflict with the County Commissioner's meeting, and the December meeting be moved from the 13th to the 12th to coincide with the Christmas party being held on the 12th. Mr. Unger moved to approve the Board meeting date changes. Ms. Swartz seconded the motion which CARRIED unanimously.

Ms. Bird presented Resolution No. 2001-39 with accompanying documents from County Club Bank. These are necessary in order to open the investment account. Ms. Bird indicated that she worked with the bank to ensure compliance with KWORCC's investment policy for equity investments. Ms. Swartz moved to adopt Resolution No. 2001-39 and to execute all documents necessary to open the account for the investments. Ms. Buttron seconded the motion which CARRIED unanimously.

Return of unused premiums and payment of investment income to members or former members was discussed and options reviewed by the Board. Mr. Unger moved to table this matter for future determination by the Board. Mr. Schoepf seconded the motion which CARRIED unanimously.

President Landoll then called upon Mr. Parrish to address Agenda Item No. 5, "Marketing and Loss Prevention Report." Mr. Parrish reviewed the recent contacts with counties as well as the loss prevention seminars conducted and planned by Mr. Carl Eyman, Deputy Administrator and Loss Prevention Specialist. Mr. Eyman was absent because he was conducting a previously scheduled defensive drivers course in Reno County.

Discussion was then held on how KWORCC could participate at the Kansas Association of Counties Regional Meetings and other such meetings of county officials. Suggestions included sponsoring one or more breaks, holding drawings and participating in the silent auction at the County Clerks Meeting. Mr. Parrish indicated that KCAMP had expressed an interest in participating with KWORCC in these events.

President Landoll then called upon Mr. Matthews to address Agenda Item No. 6, "Claims Report." Mr. Matthews reported on various open claims. Upon inquiry by Mr. Schoepf, Mr. Matthews acknowledged that a form letter was sent in error to the Cherokee County Clerk from IMA soliciting county insurance business. Mr. Matthews apologized on behalf of IMA for the oversight. Further, Ms. Bird reported that Paul Starr at IMA called to accept full responsibility for the oversight and to ask the KWORCC Board of Trustees to accept his apology.

Before any further discussion, Mr. Unger moved to excuse Mr. Alcorn from the meeting due to other county business which was previously scheduled. Ms. Swartz seconded the motion which CARRIED unanimously.

President Landoll called upon Mr. Alexander to address Agenda Item No. 7, "Financial Reports." Mr. Alexander reviewed the financial reports and answered questions. Ms. Swartz moved to approve the financial reports. Mr. Unger seconded the motion which CARRIED unanimously.

Mr. Parrish reviewed a proposed modification to the previously-adopted budget. He explained that budget amendments are necessary to meet the increasing demands resulting from the addition of several new Member Counties. Mr. Unger moved to approve the budget modifications as presented. Ms. Swartz seconded the motion which CARRIED unanimously.

The check register was then presented. After a brief discussion Mr. Schoepf moved that check Nos. 6527 through 6591 be approved. Ms. Buttron seconded the motion which CARRIED unanimously.

President Landoll called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report." Mr. Parrish discussed the status of House Bill 2301 dealing with emergency personnel volunteers.

President Landoll addressed Agenda Item No. 9, "Committee Reports" and asked if any committees had reports to offer. There were no reports.

There being no further business, Mr. Unger moved to adjourn the meeting at 4:40 p.m. Mr. Weaver seconded the motion which CARRIED unanimously.

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties was approved by the Board of Trustees the 12th day of April, 2001.


Sam Weaver, Secretary
KWORCC Board of Trustees

I, Sam Weaver, Secretary of Kansas Workers Risk Cooperative for Counties (Hereinafter referred to as "KWORCC") hereby certify that the following is a true and correct copy of a Resolution duly adopted by the Board of Directors of KWORCC at a meeting duly called and held on the 8th day of March, 2001, at which a quorum was present and that said Resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2001-39


WHEREAS the Kansas Workers Risk Cooperative For Counties (KWORCC), is duly authorized and permitted by Kansas Statute, its Bylaws and its Investment Policy to deal in equity funds;

WHEREAS KWORCC's Board of Directors specifically passed terms and conditions under which it would invest in equity fund at it's regular Board meeting on October 12, 2000, as follows:

- Any equity investment would be made in equity mutual funds and would be intended as long-term investments;
- There would be no direct investments into individual companies or business enterprises;
- The total amount invested in equities would not exceed 25% of the liquid assets of the pool based on the net book value;
- Only surplus funds would be invested, and no funds would be invested which were reserved either for IBNR, unpaid claims or overhead expenses;
- No more than 40% of the total amount authorized for investment in equities would be invested in any one mutual fund, and all investments would be made in the same family of mutual funds;
- No current investment would be liquidated at a loss in order to assemble money to be invested in equity mutual funds;


NOW THEREFORE BE IT RESOLVED THAT KWORCC open an account or accounts in its name with County Club Bank, Prairie Village, Kansas, and that Linda M. Buttron, Controller; Gayle Landoll, President, Francis E. Schoepf, Vice-President; Sam Weaver, Secretary; and, James W. Parrish, Administrator of KWORCC, or any two (2) of them or their successors in office, may, on behalf of KWORCC (1) give orders in the said account or accounts for purchase, sale or other disposition of equity funds; (2) deliver to and receive from Pershing Division of Donaldson Lufkin & Jenrette Securities Corporation on behalf of KWORCC monies and equity funds; (3) sign acknowledgments of the correctness of all statements of accounts and (4) make, execute and deliver under certification of KWORCC any and all written endorsements and documents necessary or proper to effectuate the authority hereby conferred; the within authorization to said officers to remain in full force and effect until written notice of the revocation thereof shall have been received by County Club Bank, Prairie Village, Kansas.


The undersigned Secretary also hereby certifies that 1) each of the individuals listed below currently holds the office indicated adjacent to his/her name; 2) the specimen signature directly below this paragraph is the signature of such individual; and, 3) the signatures are of officers and trustees who are authorized by the foregoing resolution to act for the Corporation, to wit:


Linda M. Buttron, Controller


Gayle Landoll, President


Francis "Shep" Schoepf, Vice President


Sam Weaver, Secretary


James W. Parrish, Administrator

Tax ID# 48-1148078

IN WITNESS WHEREOF, the undersigned has caused this Resolution to be executed this 8th day of March, 2001.


Sam Weaver, Secretary

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative For Counties
Clubhouse Inn, Topeka, Kansas
February 8, 2001

The February 2001 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Gayle Landoll on Thursday, February 8, 2001 at the Clubhouse Inn in Topeka. Trustees present: Gayle Landoll, Marshall County Clerk, President; Francis "Shep" Schoepf, Reno County Commissioner, Vice President; Sam Weaver, Cherokee County Commissioner, Secretary; Doyle "Hooley" Alcorn, Jewell County Commissioner; Bonnie Swartz, Gray County Clerk.

KWORCC staff present: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Mr. Carl D. Eyman, Deputy Administrator/Loss Prevention Specialist; Mr. Richard Alexander, Accountant; Mr. Bruce Woner, Woner, Glenn, Reeder and Girard, KWORCC Counsel; Ms. Christie Carney, Administrative Assistant.

Others present: Mr. Gus Campuzano, Mr. Marshall Matthews, and Mr. Paul Davis of Insurance Management Associates, Inc. (IMA).

President Landoll called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish asked that resolutions for bank signatures and a discussion of dividend distribution be added to the Administrative Report and that a discussion on enhancing the \$500,000 reserve fund be added to the Marketing Report. The agenda was approved with additions by consensus.

President Landoll then addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of January 18, 2001." It was moved by Ms. Swartz that the minutes be approved as written. Mr. Alcorn seconded the motion which CARRIED unanimously.

President Landoll then called upon Mr. Parrish to address Agenda Item No. 4, "Administrator's Report."

Mr. Parrish stated there had been three wire transfers of funds since the last Board meeting. The first wire transfer was completed on January 26, 2001 in the amount of \$800,000 from Community National Bank to the KWORCC account at Country Club Bank in Prairie Village and was authorized by Ms. Buttron and Mr. Parrish. The second wire transfer was completed on February 1, 2001 in the amount of \$105,657.32 from Community National Bank to the KWORCC account at Intrust Bank in Wichita and was authorized by Ms. Buttron and Mr. Parrish. The third wire transfer was completed on February 6, 2001 in the amount of \$300,000 from Community National Bank to the KWORCC account at County Club Bank in Prairie Village and was authorized by Ms. Buttron and Mr. Parrish. Ms. Bird presented three checks for Board approval: Check No. 6538 to the Kansas Insurance Department for 2000 premium taxes in the amount of \$16,158.28; Check No. 6539 to the KWORCC Intrust Bank Account for special billing for claims settlement for Neosho County in the amount of \$13,053.57; and Check No. 6540 in the amount of \$13,000 to IMA for the second of 10 installments on the contract for claims adjusting. Mr. Alcorn moved to approve the wire transfers and the checks presented. Mr. Weaver seconded the motion which CARRIED unanimously.

Mr. Parrish presented Resolution No. 2001-22 to accept Trego County as a member of KWORCC. Mr. Schoepf moved to adopt Resolution No. 2001-22. Ms. Swartz seconded the motion which CARRIED unanimously.

Ms. Bird reported that KWORCC had received \$827,835 more in premiums since the last Board meeting, bringing the total amount of premiums received for 2001 to \$1,479,407. Ms. Bird also reported that a total of \$869,108 in premiums was left outstanding from 12 Member Counties.

Ms. Bird presented for consideration Resolution No. 2001-23, which provides for new signatories on the Community National Bank accounts. This is necessary in light of election of new officers on the KWORCC Board of Trustees. Ms. Swartz moved to approve and apply signature to Resolution No. 2001-23. Mr. Alcorn seconded the motion which CARRIED unanimously.

Ms. Bird presented for consideration Resolution No. 2001-24, which authorizes signatories on Agreement for Wire Transfer of Funds with County Club Bank; Resolution No. 2001-25, which identifies persons authorized to sign agreements regarding Security/Safekeeping Transactions, to conduct fund transfers and to sign Repurchase/Reverse Repurchase Agreements; Resolution No. 2001-26 which provides for new signatories on the County Club Bank Accounts. All of these agreements and resolutions need to be re-authorized and re-signed because new officers have been elected by the KWORCC Board of Trustees. Ms. Swartz moved to approve and apply signatures to Resolution Nos. 2001-24, 2001-25 and 2001-26, together with the documentation relative to those resolutions. Mr. Schoepf seconded the motion which CARRIED unanimously.

Mr. Parrish asked that the Board consider enhancing the \$500,000 Reserve Fund. After discussion, Ms. Swartz moved to increase the Reserve Fund by \$75,000 to reflect the approximate increase in premiums due to addition in the number of Member Counties. Mr. Schoepf seconded the motion which CARRIED unanimously.

President Landoll called on Mr. Eyman to address Agenda Item No. 5, "Marketing & Loss Prevention Report." Mr. Eyman first reported on the status of the Loss Prevention Manual. He passed around a draft copy for the board to examine, reporting that he hoped to have the manual ready to go to print within the next several weeks. Mr. Eyman asked for suggestions from the Trustees.

Mr. Eyman then reported that Washington County had decided to stay with their current insurance carrier even though the bid by KWORCC and KCAMP was considerably lower. Mr. Alcorn indicated that when he talked to the Commissioners, he was told that the pools provided a higher bid than the local agent. Mr. Alcorn requested a breakdown of the bids so that he could re-address this with one or more of the Washington County Commissioners. Mr. Eyman also reported on his continued efforts to acquire additional member counties.

Before any further discussion, it was moved by Mr. Weaver to excuse Ralph Unger, Decatur County Commissioner and Linda Buttron, Jefferson County Clerk from the meeting due to inclement weather. Ms. Swartz seconded the motion which CARRIED unanimously.

President Landoll then called upon Mr. Campuzano and Mr. Matthews to address Agenda Item No. 6, "Claims Report." Mr. Matthews requested an increase in reserves for a claim due to the failure of conservative therapy to improve the condition of the claimant and the determination that further surgery was needed. Mr. Schoepf moved to approve the reserve increase as requested. Mr. Weaver seconded the motion which CARRIED unanimously.

Mr. Matthews then requested an increase in reserves for another claim due to an estimated impairment of approximately seven percent to the whole body of the claimant. Ms. Swartz moved to approve the reserve increase as requested. Mr. Schoepf seconded the motion which CARRIED unanimously.

Mr. Matthews then made one final request for an increase in reserves for a claim due to the surgeon's anticipated 20 percent impairment rating of the claimant. Mr. Alcorn moved to approve the reserve increase as requested. Ms. Swartz seconded the motion which CARRIED unanimously.

Mr. Matthews then presented a check which was received from the Kansas Insurance Department Workers Compensation Fund, reimbursing the Pool for payments made on a claim which was later determined not to be compensable. With closure of that claim, there remains only one claim open for policy year 1993.

President Landoll called upon Mr. Alexander to address Agenda Item No. 7, "Financial Reports." Mr. Alexander reviewed the financial reports and answered questions. Mr. Alcorn moved to approve the financial statement. Ms. Swartz seconded the motion which CARRIED unanimously.

Ms. Swartz moved to approve the quarterly report for filing with the Kansas Insurance Department. Mr. Schoepf seconded the motion which CARRIED unanimously.

Mr. Schoepf then made a motion that the board recess to an executive session to discuss a performance enhancement for non-elected personnel for 15 minutes beginning at 3:44 pm. The motion was seconded by Ms. Swartz and CARRIED unanimously.

At the conclusion of the executive session, President Landoll asked the Board to approve a performance enhancement for staff, to be distributed at the administrator's discretion without the need for further Board approval. After discussion, Ms. Swartz moved to approve a \$10,000 performance enhancement for KWORCC staff. Mr. Alcorn seconded the motion which CARRIED unanimously. The performance enhancement is a one-time allotment and not to be included in staff salaries. The administrator was asked to report to the board the allocation of the performance enhancement among staff members.

The check register was then presented. After a brief discussion Ms. Swartz moved that check Nos. 6459 through 6526 be approved. Mr. Alcorn seconded the motion, which CARRIED unanimously.

President Landoll called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report;" Mr. Parrish turned the discussion over to Bruce Woner of Woner, Glenn, Reeder and Girard, to discuss strategy for the pool to follow when it submits a low bid but is not selected. No action was taken.

President Landoll addressed Agenda Item No. 9, "Committee Reports" and asked if any committees had reports to offer. There were no reports.

There being no further business, Ms. Swartz moved to adjourn the meeting at 4:55 p.m. Mr. Alcorn seconded the motion which CARRIED unanimously.

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties was approved by the Board of Trustees the 8th day of March 2001.



Sam Weaver, Secretary
KWORCC Board of Trustees

I, Sam Weaver, Secretary of Kansas Workers Risk Cooperative for Counties (Hereinafter referred to as "KWORCC") hereby certify that the following is a true and correct copy of a Resolution duly adopted by the Board of Directors of KWORCC at a meeting duly called and held on the 8th day of February, 2001, at which a quorum was present and that said Resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2001-22

WHEREAS, KWORCC presented bid to write workers compensation coverage to Trego County for policy year 2001;

WHEREAS, the Commissioners at Trego County voted unanimously to accept KWORCC's bid to write their workers compensation insurance;

WHEREAS, it is in the best interest of the Pool to accept Trego County into the pool as a Member County;

NOW, THEREFORE, it is RESOLVED by the KWORCC Board of Trustees to accept Trego County as a KWORCC Member County. Accordingly, KWORCC staff shall present resolutions, bylaws and disclosure statements for signature by Trego County and do all other things necessary to provide full workers compensation coverage to said county, effective January 21, 2001.

IN WITNESS WHEREOF, the undersigned has caused this Resolution to be executed this 8th day of January, 2001.



Sam Weaver, Secretary

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative For Counties
Clubhouse Inn, Topeka, Kansas
January 18, 2001

The January 2001 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 Thursday, January 18, 2001 at the Clubhouse Inn in Topeka. Trustees present and participating in person included: Ralph D. Unger, Decatur County Commissioner, President; Gayle Landoll, Marshall County Clerk, Vice President; Francis "Shep" Schoepf, Reno County Commissioner, Secretary; Linda M. Buttron, Jefferson County Clerk, Controller; Doyle "Hooley" Alcorn, Jewell County Commissioner; Bonnie Swartz, Gray County Clerk; and Sam Weaver, Cherokee County Commissioner.

Staff present included: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Mr. Carl D. Eyman, Deputy Administrator/Loss Prevention Specialist; Mr. Richard Alexander, Accountant; and Ms. Christie Carney, Administrative Assistant.

Also present at the meeting were: Mr. Gus Campuzano, Mr. Marshall Matthews and Mr. Paul Davis of Insurance Management Associates, Inc. (IMA);

President Unger called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." The agenda was approved with additions by consensus.

President Unger then addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of December 14, 2000." Ms. Landoll noted that the motion made by Mr. Alcorn and seconded by Ms. Swartz to go into executive session was not included in the minutes. That motion carried unanimously. The purpose of the executive session was to discuss non-elected personnel matters. The executive session began at 3:20 pm and ended at 3:37 pm. She also noted that motion made by Mr. Schoepf and seconded by Ms. Landoll which also carried unanimously, to give KWORCC staff a three percent cost of living increase and a one-time performance enhancement, the exact amount to be determined upon completion of the year-end financial statement, was not included in the minutes. It was moved by Ms. Landoll that the minutes be approved with the above mentioned addition. Ms. Swartz seconded the motion, which CARRIED unanimously.

The floor was then opened for nominations for new officers. Ms. Swartz nominated Ms. Landoll for the office of President, Mr. Schoepf for Vice President, Mr. Weaver for Secretary, and Ms. Buttron for Controller. Mr. Alcorn seconded the nominations and then moved that nominations cease and that a unanimous ballot be cast for all nominations. Mr. Weaver seconded the motion, which CARRIED unanimously.

Ms. Landoll presented a plaque to outgoing President Ralph Unger for his service as President of KWORCC in 2000. The meeting then continued with Ms. Landoll presiding as the new president.

President Landoll called upon Mr. Parrish to address Agenda Item No. 5, "Administrator's Report." Mr. Parrish stated there had been three wire transfers of funds since the last Board meeting. The first wire transfer was completed on December 21, 2000 in the amount of \$45,526.23 from Country Club Bank to the KWORCC account at Intrust Bank in Wichita and was authorized by Ms. Buttron and Mr. Parrish. The second wire transfer was completed on January 5, 2001 in the amount of \$11,784.73 from County Club Bank to the KWORCC account at Intrust Bank in Wichita and was authorized by Ms. Buttron and Ms. Landoll. The third wire transfer was completed on January 5, 2001 in the amount of \$88,939.73 from Country Club Bank to the KWORCC account at Intrust Bank in Wichita and was authorized by Ms. Buttron and Ms. Landoll. Ms. Bird present three checks for Board approval: Check No. 6481 to IMA for the first claims management installment for 2001 in the

amount of \$13,000; Check No. 6482 to IMA for brokerage fee renewal in the amount of \$50,000; and Check No. 6498 to IMA for one-half premium for reinsurance policy in the amount of \$34,987. Mr. Unger moved to approve the wire transfers and the checks presented. Ms. Buttron seconded the motion, which CARRIED unanimously.

Mr. Parrish reviewed Resolution No. 2001-7 to accept Bourbon County and Ellis County as members of KWORCC. Ms. Swartz moved to adopt Resolution No. 2001-7. Mr. Schoepf seconded the motion, which CARRIED unanimously.

Ms. Bird explained that 16 counties had already paid premiums for 2001, the amount totaling \$651,572. She also stated that the pool currently has 41 Member Counties, plus Comanche Hospital.

Mr. Parrish requested the Board to approve a \$6,000 expenditure budget for office furniture and equipment to accommodate the needs of the newly hired part-time administrative assistant. Mr. Schoepf moved to approve the \$6,000 expenditure. Mr. Unger seconded the motion, which CARRIED unanimously.

President Landoll called on Mr. Eyman to address Agenda Item No. 6, "Marketing & Loss Prevention Report." Mr. Eyman first reported on the status of KWORCC's bid in Dickinson County. He stated that Dickinson County decided to stay with its local agent, even though the local agent's ultimate price for combined coverage was more than \$7,000 higher than the KWORCC and KCAMP combined bid. Mr. Eyman reported that KWORCC staff had been under impression that Dickinson County would at least join KWORCC, if not both pools. He further reported that there was discussion during the Dickinson County Commission meeting about the history of the pools and questions raised about the dividend payments to Dickinson County. Because pool representatives were asked not to attend, these misleading comments had a negative impact on Commissioners' decision. The Board instructed KWORCC staff to investigate the comments that were made and to communicate further with Dickinson County in preparation for a follow-up presentation for the next policy year.

Mr. Eyman next stated that his intentions for 2001 were to provide more aggressive safety training for member counties and stronger marketing approaches to promote KWORCC.

President Landoll then called upon Mr. Campuzano and Mr. Marshall to address Agenda Item No. 7, "Claims Report." Mr. Matthews reported on various open claims. He explained the work activity of IMA by reviewing the claims for the 2000 policy year as follows:

549	New Claims <i>Opened</i> for 2000
420	New Claims <i>Closed</i> for 2000
129	New Claims <i>Remaining Open</i> for 2000
167	<i>Total Claims Open</i>

President Landoll called upon Mr. Alexander to address Agenda Item No. 8, "Financial Reports." Mr. Alexander reviewed the financial reports and answered questions. Mr. Alexander stated that the 1992 claims year would be closing and would no longer be a line item. Mr. Schoepf moved to approve the financial statement. Ms. Swartz seconded the motion, which CARRIED unanimously.

The check register was then presented. After a brief discussion Mr. Unger moved that check Nos. 6403 through 6458 be approved. Mr. Alcorn seconded the motion, which CARRIED unanimously. President Landoll called upon Mr. Parrish to address Agenda Item No. 9, "Legal Report;" Mr. Parrish indicated that there were no pending legal matters to discuss.

President Landoll addressed Agenda Item No. 10, "Committee Reports," and asked if any committees had reports to offer. Mr. Weaver, Investment Committee Chair, explained that the committee had met via teleconference on Wednesday, January 17, 2001. Discussion was held concerning the approval of committee meeting minutes needing to be approved by the Board. Mr. Unger moved to delegate the responsibility of

committee minute approval to each committee chair. Ms. Swartz seconded the motion, which CARRIED unanimously.

Mr. Weaver reported that the Investment Committee reviewed various options available for investment in equity funds. The conclusion of the committee was to recommend the Kansas firm of Security Benefit Group (SBG) and ask the Board to review several select mutual funds offered by SBG. At Mr. Weaver's request, Mr. Parrish summarized the KWORCC Investment Policy adopted in March of 1999 and amended in October of 2000. He then explained the particulars of four SBG mutual funds. After considerable discussion by the Board, Mr. Schoepf moved that KWORCC should invest a total of \$1,000,000 over a period of at least 36 months beginning with investments of \$20,000 per month in each of the following SBG funds: Security Global Fund, Security Ultra Fund and Security Mid-Cap Fund and that these investments be reviewed by the Investment Committee quarterly. Mr. Alcorn seconded the motion which CARRIED unanimously.

President Landoll then appointed the members of the four KWORCC committees as follows: Audit Committee: Ms. Swartz as Chair, Ms. Landoll and Ms. Buttron; Investment Committee: Mr. Weaver as Chair, Mr. Schoepf and Mr. Unger; Personnel Committee: Mr. Alcorn as Chair, Mr. Unger and Ms. Landoll; Joint KWORCC/KCAMP Committee on Cooperation: Mr. Schoepf as Chair, Mr. Weaver and Mr. Alcorn.

Mr. Parrish then suggested a clarification to the KWORCC Investment Policy. He noted that the restriction that no more than 40 percent of the total be invested in equities be invested in any one fund needed to be modified so that investments in three funds would not need to be made simultaneously. He recommended that the language be changed to read: "In order to diversify, it is KWORCC's policy that no more than 40 percent of the total amount authorized by the Board to be invested in equities shall be invested in any one mutual fund; the Board and its investment advisors shall monitor the investments periodically and take action necessary to ensure that this ratio is maintained, and all investments would be made in the same family of mutual funds." Mr. Unger made a motion to so amend the KWORCC Investment Policy, seconded by Ms. Buttron, which CARRIED unanimously.

Board meeting dates were set for the remainder of the year as follows: February 8th; March 8th; April 12th; May 17th; June 14th; July 12th; August 9th; September 13th; October 11th; and December 13th. The annual meeting was scheduled for November 20th at 1:00 PM, to be held in conjunction with the Kansas Association of Counties annual conference. It was also decided, by consensus, that the Christmas party be held on December 12th, and an invitation be extended to KCAMP Board and staff to join in the festivities.

President Landoll requested the board to approve the adoption of the new state meal per diem rates which specifies: \$6.50 for breakfast; \$7.50 for lunch and \$14.00 for dinner, and for meals taken in Topeka or Shawnee County (high-cost area), as follows: \$7.00 for breakfast; \$8.00 for lunch and \$14.00 for dinner. Mr. Unger moved to adopt the new meal per diem rates. Ms. Swartz seconded the motion, which CARRIED unanimously.

There being no further business, Mr. Unger moved to adjourn the meeting at 4:20 pm. Mr. Alcorn seconded the motion, which CARRIED unanimously.

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties was approved by the Board of Trustees the 8th day of February, 2001.


Sam Weaver, Secretary
KWORCC Board of Trustees

Minutes
Meeting, Investment Committee
Kansas Worker Risk Cooperative For Counties
Via Teleconference
January 17, 2001

On Wednesday, January 17, 2001 the Investment Committee of the Kansas Workers Risk Cooperative for Counties ("KWORCC") met by teleconference and was called to order by Committee Chair, Sam Weaver at 9:00 AM. Committee Members participating included: Sam Weaver, Cherokee County Commissioner, Francis "Shep" Schoepf, Reno County Commissioner, and Ralph D. Unger, Decatur County Commissioner. Also participating were Chris Thompson of Country Club Bank, James W. Parrish, Administrator and Dortha O. Bird, Deputy Administrator.

To begin the meeting, Mr. Parrish reviewed past communications and discussions. Mr. Parrish reiterated that although the pool may be investing up to \$1 million, that this would be in increments, not a lump sum. Moreover, he discussed the modifications to the investment policy, which include the following:

- Any equity investment would be made in equity mutual funds and would be intended as long-term investments;
- There would be no direct investments into individual companies or business enterprises;
- The total amount invested in equities would not exceed 25% of the liquid assets of the pool based on the net book value;
- Only surplus funds would be invested, and no funds would be invested which were reserved either for IBNR, unpaid claims or overhead expenses;
- No more than 40% of the total amount invested in equities would be invested in any one mutual fund, and all investments would be made in the same family of mutual funds; and,
- No current investment would be liquidated at a loss in order to assemble money to be invested in equity mutual funds.

Mr. Parrish concluded that the issues for discussion today are as follows: 1) what investment strategy should be taken by the pool, including amount invested and how the monies are paid into the fund(s); and 2) identify the exact equity mutual funds that the Investment Committee feels most comfortable.

Mr. Thompson then reported that as of December 31, 2000, the pool had a book value at Country Club Bank of approximately \$5.5 million, net. He stated that if all assets were sold today, there would be a net loss of \$84,000. Dortha Bird indicated that based upon premiums of \$2.3

million this year, the fund would probably receive an additional \$1.3-\$1.5 million in the next 60 days. Mr. Thompson stated, to be ultra-conservative, he estimated that the increase in funds for 2001 would be between \$500,000 and \$1 million based upon those premium figures.

Mr. Schoepf began a discussion about the condition of the equity funds and asked that Mr. Thompson confirm that although there would be losses in the short term, long term investment would certainly bring growth. Mr. Thompson stated that based upon his analysis and literature available, that he would agree with Mr. Schoepf and that he feels that the market will be healthier by the end of the year.

Mr. Thompson stated that as far as incremental investments, Van Kampen and the AIM Family of Funds ("AIM") provide for "rights of accumulation and letters of intention" meaning that KWORCC has a 13 month period in which to place funds into a family of funds and get purchase price of "net asset value" if investment commitment on the dollar cost average is in the \$1 million range. Security Benefit Group ("SBG") on the other hand would provide up to 36 months to accumulate the total amount committed.

Mr. Unger indicated of the funds discussed to date, SBG would certainly be of interest because they are a Kansas company and have the equity funds available for investment. Furthermore, Mr. Unger liked the idea of investing over a longer period of time, noting that a 36 month period for \$1 million would be approximately \$30,000 per month. Mr. Unger likes the dollar cost average approach and favors this more conservative approach.

Mr. Thompson certainly honors Mr. Unger's perspective. Mr. Thompson indicated that it may be worth a try to ask AIM and VanKampen if they would agree to a 24 month or 36 month dollar cost average approach. He expressed doubt that they would change their policy just for KWORCC, but that it would not hurt to ask. Mr. Parrish stated that AIM and VanKampen appear to have more secure and favorable ratings, which is certainly something to consider.

Mr. Thompson indicated that any monies allocated to these funds would reduce fees to Country Club Bank, leaving the bank with less money to manage. Country Club Bank receives a "distribution fee" paid by the companies into which the customer invests. The customer does not pay the companies anything but the net cost for the shares. Although it appears that the companies get nothing from this transaction, the motivation is to get the client's business and keep the business by performing for the client.

At 9:32, Mr. Schoepf indicated that he needed to get off of the phone, but requested Mr. Thompson provide the most recent performance information. Mr. Weaver concurred and requested that Mr. Thompson provide that information in summary form to KWORCC staff so the full Board could have it for consideration at the regular Board meeting tomorrow. Mr. Thompson stated he would get this information to Ms. Bird by e-mail or telecopier or both. Mr. Shoepf then disconnected from the teleconference.

Mr. Parrish reemphasized that only 40% could be invested in one specific equity mutual fund. Mr. Unger indicated that perhaps that should be clarified that the amount invested in a single equity mutual fund would be 40% of a total investment plan, over a period of time. For example, if the Board decided to invest \$1 million over a one year period, within that year, no more than 40% could be placed in any given equity mutual fund.

Mr. Parrish indicated that he would like Mr. Thompson to provide the SBG funds that would fall within the purview of the investment policy. Mr. Thompson stated these would include the equity fund previously mentioned, as well as the Global Fund, Select 25 Fund, Large Cap Fund and Tech Fund. There would definitely be enough variety so that no more than 40% would need be in any one fund. He stated that this was true for all of the family of funds previously discussed.

Mr. Thompson reviewed the types of information he would be compiling for the Investment Committee and full Board. He stated that he would be glad to participate in further meetings and encouraged everyone to call at any time with questions or otherwise.

The meeting adjourned by consensus at 9:51 AM.

THE FOREGOING MINUTES of the Investment Committee of Kansas Workers Risk Cooperative for Counties was approved by the Board of Trustees on the 18th day of January, 2001.


Sam Weaver, Chair
KWORCC Investment Committee

I, Sam Weaver, Secretary of Kansas Workers Risk Cooperative for Counties (Hereinafter referred to as "KWORCC") hereby certify that the following is a true and correct copy of a Resolution duly adopted by the Board of Directors of KWORCC at a meeting duly called and held on the 18th day of January, 2001, at which a quorum was present and that said Resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2001-7

WHEREAS, KWORCC presented bids to write workers compensation coverage to Ellis County and Bourbon County for policy year 2001;

WHEREAS, the Commissioners at those counties voted unanimously to accept KWORCC's bids to write their workers compensation insurance;

WHEREAS, it is in the best interest of the Pool to accept Ellis County and Bourbon County into the pool as Member Counties;

NOW, THEREFORE, it is RESOLVED by the KWORCC Board of Trustees to accept Ellis County and Bourbon County as KWORCC Member Counties. Accordingly, KWORCC staff shall present resolutions, bylaws and disclosure statements for signature by Ellis County and Bourbon County and do all other things necessary to provide full workers compensation coverage to said counties, effective January 1, 2001.

IN WITNESS WHEREOF, the undersigned has caused this Resolution to be executed this 18th day of January, 2001.


Sam Weaver, Secretary