

Minutes
Meeting, Investment Committee
Kansas Worker Risk Cooperative For Counties
Clubhouse Inn, Topeka, Kansas
December 19, 2002

On Thursday, December 19, 2002, the Investment Committee of the Kansas Workers Risk Cooperative for Counties ("KWORCC") met at the Clubhouse Inn, Topeka, Kansas. The meeting was called to order by Committee Chair, Sam Weaver at 11:30 a.m. Committee Members participating included: Sam Weaver, Cherokee County Commissioner; Francis "Shep" Schoepf, Reno County Commissioner and Ralph D. Unger, Decatur County Commissioner. Also present was James W. Parrish, Administrator.

Mr. Weaver stated the purpose of the meeting and asked for approval of the minutes of the September 19, 2002 meeting of the Investment Committee. Upon motion duly made and seconded, the Committee approved the minutes by unanimous vote.

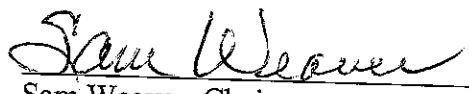
Mr. Parrish stated that KSA 40-2a01 provides that KWORCC's investments in government instruments must be approved to comply with state law and KWORCC's Investment Policy. That approval either must be by the full Board or by a committee thereof. Mr. Parrish recommended that the Investment Committee review the investments and, if approved, submit to the full Board a recommendation to pass a resolution ratifying that approval.

Whereupon, the Investment Committee reviewed the investments made on behalf of KWORCC in government securities from the period September 1, 2002 through November 30, 2002. After discussion, Mr. Unger made a motion to approve and ratify the investments and recommend to the Board of Trustees to adopt KWORCC Resolution No. 2002-100, to approve and ratify the purchases and sales of the government securities by Country Club Bank on behalf of KWORCC for the period September 1, 2002 through November 30, 2002. Mr. Schoepf seconded the motion which CARRIED unanimously.

Mr. Parrish discussed KWORCC's investments in equities and responded to questions.

There being no further business, Mr. Weaver declared the meeting was adjourned.

THE FOREGOING MINUTES of the Investment Committee of Kansas Workers Risk Cooperative for Counties were executed by the Chair of that Committee on January 23, 2003.



Sam Weaver, Chair
KWORCC Investment Committee

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn
924 SW Henderson Road, Topeka, Kansas
December 19, 2002

The December 2002 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Francis "Shep" Schoepf on Thursday, December 19, 2002 at the Clubhouse Inn in Topeka, Kansas. Trustees present: Francis "Shep" Schoepf, Reno County Commissioner, President; Sam Weaver, Cherokee County Commissioner, Vice President; Doyle "Hooley" Alcorn, Jewell County Commissioner, Secretary; Linda Buttron, Jefferson County Clerk, Controller; Bonnie Swartz, Gray County Clerk and Ralph Unger, Decatur County Commissioner.

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 Alexander, Accountant and Ms. Christie Carney, Administrative Assistant/Media Developer.

Others present: Mr. Gus Campuzano, Ms. Annette Duncan and Mr. Paul Davis of Insurance Management Associates, Inc. (IMA), Ms. Gayle Landoll, immediate past member of the KWORCC Board of Trustees, and Ms. Michelle Garrett, Morris County Clerk, trustee-elect.

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

President Schoepf addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of October 17, 2002." Ms. Swartz moved to approve the minutes as written. Mr. Weaver seconded the motion which CARRIED unanimously.

President Schoepf addressed Agenda Item No. 4, "Recognition and Appreciation of Ms. Gayle Landoll." Mr. Parrish and Ms. Bird presented Ms. Landoll with a gift from KWORCC and a plaque. Each Board Member individually expressed appreciation to Ms. Landoll for her nine years of service to KWORCC, and Ms. Landoll expressed her appreciation for the opportunity to serve.

President Schoepf addressed Agenda Item No. 5, "Welcome Board Member-Elect Michelle Garrett." Mr. Parrish welcomed Ms. Garrett and thanked her for attending the meeting. President Schoepf extended his appreciation to her for her willingness to serve on the Board.

President Schoepf called upon Mr. Parrish to address Agenda Item No. 6, "Administrator's Report." Mr. Parrish presented Check No. 8203 in the amount of \$6,649 written to PriceWaterhouseCoopers for actuarial work completed through August 31, 2002.

Mr. Parrish stated there had been seven wire transfers of funds since the last Board meeting, all of which were authorized by Ms. Buttron and Mr. Parrish. The first was completed on October 21, 2002 in the amount of \$20,000 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC account at Intrust Bank in Wichita for claim settlement. The second was completed on October 21, 2002 in the amount of \$50,000 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC administrative account at Kaw Valley Bank in Topeka. The third was completed on October 28, 2002 in the amount of \$45,000 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC account at Intrust Bank in Wichita for claim settlement. The fourth was completed on November 4, 2002 in the amount of \$188,529.95 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC account at Intrust Bank in Wichita for October claim payments. The fifth was completed on December 2, 2002 in the amount of \$120,508.01 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC account at Intrust Bank in Wichita. The sixth was completed on December 2, 2002 in the amount of \$25,000 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC administrative account at Kaw Valley Bank in Topeka. The final transfer was completed on December 16, 2002 in the amount of \$50,000 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC account at Intrust Bank in Wichita for claim settlement. Mr. Unger moved to approve Check No. 8203 and the seven wire transfers as presented. Ms. Swartz seconded the motion which CARRIED unanimously.

Mr. Parrish presented Resolution No. 2002-97 to admit Ford County and Morton County Health Care Systems as members of the KWORCC self-insurance pool. Ms. Swartz moved to approve Resolution No. 2002-97. Mr. Weaver seconded the motion which CARRIED unanimously.

Mr. Parrish presented Resolution No. 2002-98 requesting the Department of Administration to waive the requirements of K.S.A. 75-1120a(a) as they apply to KWORCC for the year ending December 31, 2002. Ms. Buttron moved to approve Resolution No. 2002-98. Ms. Swartz seconded the motion which CARRIED unanimously.

Mr. Parrish presented Resolution No. 2002-99 adopting premium rates for KWORCC members for the 2003 policy year as provided by law using current published workers compensation premium rates, NCCI experience modification factors, advance discounts and other factors which determine the premiums. Mr. Unger moved to approve Resolution No. 2002-99. Mr. Alcorn seconded the motion which CARRIED unanimously.

Mr. Parrish explained that the Investment Committee met earlier in the day to review government investments and recommends passage of Resolution No. 2002-100 to ratify investments made by Country Club Bank from September 1, 2002 through November 30, 2002. Ms. Swartz moved to approve Resolution No. 2002-100. Ms. Buttron seconded the motion which CARRIED unanimously.

Mr. Parrish then presented the IMA Contract for the year 2003 and recommended its approval. Mr. Parrish stated that IMA provides claims adjusting and brokerage services and other

insurance support for KWORCC; he briefly reviewed the changes to the contract which were discussed in detail during the September, 2002 meeting. Mr. Weaver moved to accept the renewal contract with IMA. Ms. Swartz seconded the motion which CARRIED unanimously.

Next, Mr. Parrish presented the Parrish Management Corporation (PMCorp) and Jayhawk Tower Ventures (Jayhawk) contract renewals for consideration. Mr. Parrish explained that the PMCorp contract provided a rental component of \$1,861.67 per month and component for personnel, office equipment and other services costing \$2,333.34 per month. The contract provides for telecopier charges of 35 cents per page and photocopy charges at 11 cents per page. Mr. Weaver moved to approve the contract with PMCorp. Mr. Alcorn seconded the motion which CARRIED unanimously. Mr. Parrish indicated that the lease for the records storage office in the Jayhawk Tower would remain at \$320 per month. Ms. Buttron moved to renew the Jayhawk lease. Ms. Swartz seconded the motion which CARRIED unanimously.

Mr. Parrish then presented a contract for renewal of audit services with Wendling, Noe, Nelson & Johnson. This renewal would be a three-year contract at three fixed audit prices as follows: \$6,200 for the fiscal year 2002 audit; \$6,375 for the FY2003 audit and \$6,550 for the FY2004 audit. Mr. Parrish noted that the firm's fee for the FY2001 audit was \$6,000. Mr. Unger moved to approve the renewal contract with Wendling, Noe, Nelson & Johnson. Ms. Swartz seconded the motion which CARRIED unanimously.

The KWORCC Board and staff reviewed the calendar for 2003, and the following meeting dates were selected by the KWORCC Board of Trustees, all of which may be subject to change as determined by the Board with timely notification to all Board Members: January 23, 2003; February 12, 2003; March 19, 2003; April 17, 2003; May 15, 2003; June 12, 2003; July 17, 2003; August 21, 2003; September 25, 2003; October 23, 2003 and December 18, 2003. The annual meeting is tentatively scheduled to coincide with the Kansas Association of Counties annual meeting, which is scheduled for November 23, 24 & 25, 2003.

President Schoepf called on Mr. Eyman to address Agenda Item No.7, "Marketing & Loss Prevention Report." Mr. Eyman explained that some counties were still making the bidding process difficult by not allowing KWORCC (and KCAMP when the two pools make joint presentations) to make a full and adequate presentation. Many times local insurance agents make blatant misstatements regarding the strength and viability of self-insurance pools, sometimes alleging that the pools are unregulated and regularly require member assessments. Noting that neither KWORCC nor KCAMP has assessed its Member Counties since the inception of these pools more than nine years ago, Mr. Eyman expressed his concern and dismay at the unethical behavior of some insurance representatives.

Mr. Eyman noted, however, that he had experienced some very professional bidding procedures in some counties this year. One example of a fair and ethical bidding process occurred in Ford County where insurance proposals were reviewed by county staff members and presented to the county commission in a professional manner.

Mr. Eyman pointed out that Chautaugua County, Doniphan County, Haskell County, Logan County and Pottawatomie County are currently considering KWORCC membership and either are or will be reviewing bids within the next few weeks.

Mr. Eyman also announced that he would be teaching courses for the "Kansas Local Technical Assistance Program - 2003 Workplace and Equipment Safety Workshop". He explained that this workshop would be taught in Topeka, Iola, Garden City, Hays and Salina and is a required course for the Kansas County 'Road Scholar' Technical Skills Program. Finally, Mr. Eyman reported on various county contacts and answered questions.

President Schoepf then called upon Ms. Duncan to address Agenda Item No. 8, "Claims Reports." Ms. Duncan reported on various open claims and answered questions. Ms. Duncan also presented claims for settlement authority, which were approved, as follows: For Claim No.01-8719, Ms. Swartz moved to approve the settlement as presented. Mr. Weaver seconded the motion which CARRIED unanimously. For Claim No. 99-4057, Ms. Swartz moved to approve the settlement as presented. Ms. Buttron seconded the motion which CARRIED unanimously. For Claim No 00-3591, Ms. Swartz moved to approve the settlement as presented. Mr. Weaver seconded the motion which CARRIED unanimously. For Claim No. 01-8132, Ms. Swartz moved to approve the settlement as presented. Ms. Buttron seconded the motion which CARRIED unanimously.

Thereupon, President Schoepf recessed the meeting for 15 minutes.

When the meeting resumed, President Schoepf called upon Mr. Alexander to address Agenda Item No. 9, "Financial Report." Mr. Alexander reviewed the financial reports for October and November 2002 in detail and answered questions. Mr. Alcorn moved to accept the October and November 2002 financial reports as presented. Ms. Buttron seconded the motion which CARRIED unanimously.

The check register was then presented. After discussion, Mr. Unger moved to approve check numbers 8062 through 8185. Ms. Swartz seconded the motion which CARRIED unanimously.

President Schoepf then called upon Mr. Parrish to address Agenda Item No. 10, "Legal Report." Mr. Parrish stated that there were no legal issues to be discussed.

President Schoepf addressed Agenda Item No. 11, "Committee Reports" and asked if any committees had reports to offer. There were no reports.

President Schoepf addressed Agenda Item No. 12, "Other Items." It was announced that Ms. Bird had been elected to serve as Treasurer for PRIMA's Kansas Chapter.

There being no further business, Mr. Unger moved to adjourn the meeting at 3:05 p.m. Mr. Schoepf seconded the motion which CARRIED unanimously.

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties were approved by the Board of Trustees the 23rd day of January 2003.



Bonnie Swartz, Secretary
KWORCC Board of Trustees

I, Doyle "Hooley" Alcorn, 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 19th day of December, 2002, at which a quorum was present and that said Resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2002-100

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 September 1, 2002 through November 30, 2002, which were reviewed by the Investment Committee at a meeting held at 11:30 a.m. on December 19, 2002 at the Clubhouse Inn, 924 SW Henderson Road, Topeka, Kansas 66615. Pursuant to that meeting, the Investment Committee determined said investments to be in accordance with K.S.A. 40-2a01 and KWORCC's investment policy and has made a recommendation to the KWORCC Board of Trustees to approve those investments;

NOW, THEREFORE, it is RESOLVED by the KWORCC Board of Trustees that investment purchases made in United States Government securities from the period September 1, 2002 through November 30, 2002, 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 19th day of December, 2002.


Doyle "Hooley" Alcorn, Secretary

Pursuant to KSA 40-2a01. "United States government obligations: [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."

Government Investments of KWORCC from 09/01/02 to 11/30/02

-----PURCHASED-----

<u>Transaction Date</u>	<u>Description</u>	<u>Coupon Rate/Maturity Date</u>	<u>Par/Shares</u>	<u>Principal RCVD/Cost</u>
09/13/02	FHLB 4.1 STEP UP 4.25 9/03	4.100-09/13/10	500,000	500,000.00
10/29/02	FEDERAL HOME LOAN BANK	3.375-11/15/04	300,000	307,914.00
11/01/02	FEDERAL FARM CREDIT BANK	1.600-02/03/03	200,000	200,000.00
11/01/02	FEDERAL FARM CREDIT BANK	1.600-02/03/03	700,000	700,000.00
11/05/02	FHLB ONE TIME CALL	2.330-11/05/04	250,000	250,000.00
-----SOLD-----				
09/03/02	FEDERAL FARM CREDIT BANK	1.730-10/03/02	550,000	550,000.00
09/16/02	FEDERAL FARM CREDIT BANK	1.710-11/01/02	300,000	300,000.00
11/04/02	FEDERAL FARM CREDIT BANK	1.600-02/03/03	200,000	199,999.89

I, Doyle "Hooley" Alcorn, 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 19th day of December, 2002, at which a quorum was present and that said Resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2002-99

WHEREAS, the KWORCC Board of Trustees has directed staff to calculate the premiums for workers compensation coverage for Member Counties for policy year 2003, 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 2003 reflects that calculation by staff;

WHEREAS the insurance renewal date for Member Counties is January 1, 2003;

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 19th day of December, 2002.


Doyle "Hooley" Alcorn Secretary

I, Doyle "Hooley" Alcorn, 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 19th day of December, 2002, at which a quorum was present and that said Resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2002-98

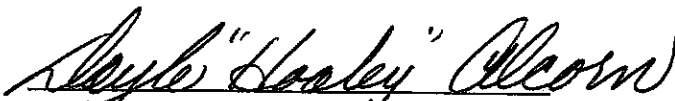
WHEREAS the Kansas Workers Risk Cooperative for Counties has determined that the financial statements and financial reports to be prepared for the year ending December 31, 2002, if prepared in conformity with the requirements of K.S.A. 75-1120a(a) will not be relevant to the requirements of the cash 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, 2002,

NOW, THEREFORE BE IT RESOLVED, by the Board of Trustees of Kansas Workers Risk Cooperative for Counties, in regular meeting duly assembled this 19th day of December, 2002, 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, 2002.

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 19th day of December, 2002.


Doyle "Hooley" Alcorn Secretary

KWORCC

KANSAS
WORKERS RISK COOPERATIVE
for COUNTIES

Trustees

Francis "Shep" Schoepf
Reno County Commissioner
President

Sam Weaver
Cherokee County Commissioner
Vice President

Doyle "Hooley" Alcorn
Jewell County Commissioner
Secretary

Linda M. Buttron
Jefferson County Clerk
Controller

Bonnie Swartz
Gray County Clerk

Ralph D. Unger
Decatur County Commissioner

Gayle Landoll
Marshall County Clerk

Staff

James W. Parrish
Administrator

Dortha O. Bird
Deputy Administrator
& Staff Counsel

Carl Eyman
Deputy Administrator &
Loss Prevention Representative

Richard Alexander "Alex"
Accountant

Christie Carney
Administrative Assistant
& Media Developer

Office Address
Jayhawk Towers
700 S.W. Jackson, Suite 200
Topeka, KS 66603

Telephones
Toll Free (877) 357 - 1069
(785) 357 - 1069
Facsimile (785) 233 - 5440

Internet
E-mail: kworcc@aol.com
Website: www.kworcc.com

December 19, 2002

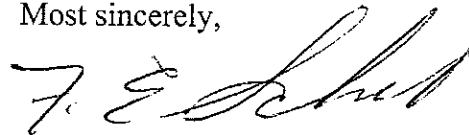
Mr. Dale Brunton, Acting Director
Division of Accounts and Reports
900 SW Jackson - Room 351S
Landon State Office Building
Topeka, Kansas 66612-1248

Dear Director:

Pursuant to KWORCC Resolution #2001-98, passed at its meeting on December 19, 2002 (photocopy enclosed for your immediate reference), the Board of Trustees found that financial statements and financial reports prepared in conformity with generally accepted accounting principles are not relevant to the requirements of the cash basis and budget laws of Kansas 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.

In accordance with K.S.A. 75-1120a(c)(1), the Board of Trustees hereby requests a waiver from the preparation of financial statements and financial reports prepared in conformity with generally accepted accounting principles for the year ended December 31, 2002. It is the intention of the Cooperative to prepare its financial statements and financial reports utilizing the statutory basis of accounting in accordance with the rules and regulations as set forth by the Kansas Insurance Commissioner.

Most sincerely,



F.E. "Shep" Schoepf, President
Board of Trustees

FES:db
pc:File

KWORCC Board of Trustees
Enclosure

STATE OF KANSAS
DEPARTMENT OF ADMINISTRATION
DIVISION OF ACCOUNTS AND REPORTS

December 30, 2002

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

In regard to the audit of: KS WORKERS RISK COOP FOR COS, fiscal year ending December 31, 2002.

As provided by K.S.A. 75-1120a(c)(1), I hereby waive the following requirements of K.S.A. 75-1120a to the extent requested by the governing body:

GAAP-PRESCRIBED FINANCIAL STATEMENTS

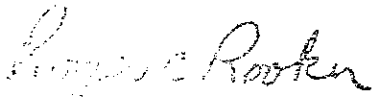
A waiver from generally accepted accounting principles-prescribed (GAAP-prescribed) financial statements permits a municipality to prepare its financial statements on a basis of accounting which demonstrates compliance with the cash basis and budget laws of Kansas. Such a waiver automatically includes a waiver from general fixed assets accounting because fixed assets accounting is a part of GAAP.

If we can be of any further assistance please don't hesitate to contact the Municipal Services Team at 785-296-2311.

Very truly yours,

Dale Brunton, Director
Division of Accounts and Reports

by



Manager, Administrative Services Section

I, Doyle "Hooley" Alcorn, Secretary of Kansas Workers Risk Cooperative for Counties ("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 19th day of December, 2002, at which a quorum was present and that said resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2002-97

WHEREAS, KWORCC presented a competitive bid to write workers compensation coverage for Morton County Health Care Systems and Ford County for policy period of January 1, 2003 to January 1, 2004.

WHEREAS, the Board of County Trustees of Morton County Health Care Systems and Board of Commissioners of Ford County voted unanimously to accept KWORCC's bid to write their workers compensation insurance;

WHEREAS, it is in the best interest of KWORCC to accept Morton County Health Care Systems and Ford County into the KWORCC self-insurance pool;

NOW, THEREFORE, it is RESOLVED by the KWORCC Board of Trustees to accept Morton County Health Care Systems and Ford County for membership in KWORCC. Accordingly, KWORCC staff shall do all things necessary to provide full workers compensation coverage to same.

IN WITNESS WHEREOF, the undersigned has caused this resolution to be executed this 19th day of December, 2002.


Doyle "Hooley" Alcorn, Secretary

*Minutes of the KWORCC
Annual Meeting*

**Hyatt Regency, Meeting Room 210B
400 West Waterman, Wichita, Kansas
November 17, 2002**

The Annual Meeting of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Francis "Shep" Schoepf on Sunday, November 17, 2002 at the Hyatt Regency Hotel, Wichita, Kansas. Trustees present: Francis "Shep" Schoepf, Reno County Commissioner, President; Sam Weaver, Cherokee County Commissioner, Vice President; Doyle "Hooley" Alcorn, Jewell County Commissioner, Secretary; Linda Buttron, Jefferson County Clerk, Controller; Gayle Landoll, Marshall County Clerk; Bonnie Swartz, Gray County Clerk and Ralph Unger, Decatur County Commissioner.

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 Alexander, Accountant and Ms. Christie Carney, Administrative Assistant/Media Developer.

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

President Schoepf called the meeting to order at 6:25 p.m. and addressed Agenda Item No. 2, "Verification of Quorum." He then announced that a total of 40 Member County representatives (36 delegates and four alternates) were present and the quorum requirements were met.

Member County representatives were present as follows: Phyllis Gettler, Anderson County Clerk, Delegate; Steve Roberts, Brown County Commissioner, Alternate; Sam Weaver, Cherokee County Commissioner, Alternate; David Thurlow, Clay County Commissioner, Delegate; Richard Chartier, Cloud County Commissioner, Delegate; Ralph D. Unger, Decatur County Commissioner, Delegate; Duane Mathes, Edwards County Commissioner, Delegate; Donna K. Kaminska, Elk County Clerk, Delegate; Dennis J. Pfannenstiel, Ellis County Commissioner, Delegate; Don Stottlemier, Franklin County Commissioner, Delegate; Florence Whitebread, Geary County Commissioner, Delegate; Mahon Tuttle, Gove County Commissioner, Delegate; Linda McHenry, Grant County Clerk, Delegate; Bonnie Swartz, Gray County Clerk, Delegate; Debbie Wyckoff, Greenwood County Clerk, Delegate; Jamie Cheatum, Hamilton County Commissioner, Delegate; Lois Pelton, Jackson County Commissioner, Alternate; Linda Buttron, Jefferson County Clerk, Delegate; Doyle "Hooley" Alcorn, Jewell County Commissioner, Delegate; Dwight Heller, Lincoln County Commissioner, Delegate; Don Proffitt, Linn County Clerk, Delegate; Peggy J. Torrens, Lyon County Commissioner, Delegate; Carol A. Maggard, Marion County Clerk, Delegate; Charles Loiseau, Marshall County Commissioner, Delegate; Bob Glenn, Meade County Commissioner,

Delegate; Darrell L. Miller, Morris County Commissioner, Delegate; Glenda Taylor, Neosho County Register of Deeds, Alternate; John Miller, Norton County Commissioner, Delegate; Carl F. Meyer, Osage County Commissioner, Delegate; William T. Kiper, Osborne County Commissioner, Delegate; Kathy Bowman, Pawnee County Commissioner, Delegate; Foster Matteson, Phillips County Commissioner, Delegate; Henry Cahoj, Rawlins County Commissioner, Delegate; Steve Boxberger, Russell County Commissioner, Delegate; Michael J. White, Saline County Commissioner, Delegate; Kevin Rasure, Sherman County Commissioner, Delegate; C. Shannon Dimitt, Stanton County Commissioner, Delegate; Ron Evans, Thomas County Commissioner, Delegate; and John Miller, Wallace County Commissioner, Delegate.

President Schoepf then addressed Agenda Item No. 3, "Approval of the Agenda." Thomas County Commissioner Ron Evans moved to approve the Agenda as presented; Rawlins County Commissioner Henry Cahoj seconded the motion which CARRIED unanimously.

President Schoepf addressed Agenda Item No. 4, "Consideration of the Minutes of the Meeting of November 21, 2001." Decatur County Commissioner Ralph D. Unger moved to approve the minutes as written. Cloud County Commissioner Richard Chartier seconded the motion which CARRIED unanimously.

President Schoepf then addressed the membership, pursuant to Agenda Item No. 5, "President's Opening Remarks". President Schoepf introduced the KWORCC Board of Trustees and the KWORCC staff. Next, he discussed the current status of KWORCC membership pointing out that the pool has grown to 59 Members; 56 of the members are Member Counties, two are county hospitals and one airport authority. He explained that KWORCC would be bidding for at least seven new accounts before the end of the year.

Next, Mr. Schoepf explained that the KWORCC Board meets monthly during each year except November when the annual meeting is scheduled. The pool has three committees which meet periodically and make recommendations to the full Board. They include: Personnel Committee, Investment Committee and Audit Committee.

President Schoepf indicated that KWORCC is financially strong, with \$7 million in assets and procedures are in place in increase reserves to protect the membership and make the pool stronger. He explained that due to increased costs in reinsurance, the Board decided not to make a distribution of funds to the membership this year. He indicated that because of the increased reinsurance rates and because of the payroll growth of the membership, Member Counties would experience, on average, an approximate 15% increase in premiums. Notwithstanding, President Schoepf stated that KWORCC is still able to provide a better price for workers compensation insurance than county government will find in the private insurance industry.

President Schoepf then called upon Mr. Parrish to address Agenda Item No. 6, "Consideration of Proposed Bylaw Changes." Mr. Parrish indicated that because the bylaw changes presented at the KCAMP meeting are almost identical to those being presented by KWORCC, and there was no motion to approve the first of the proposed amendments during the KCAMP meeting,

he would not offer further comment or explanation on the first of the two proposed amendments unless requested to do so. There being no such request, Mr. Parrish proceeded to present the second proposed amendment, involving Section 10.1 of the KWORCC Bylaws. He explained that this amendment provides a procedure for the Member Counties at annual meetings to offer changes to proposed bylaw amendments provided such does not materially change the purpose and intent of a published proposed amendment. President Schoepf asked for a motion to approve the proposed bylaw change. Cloud County Commissioner Richard Chartier moved to approve the Amendment to Section 10.1 of the KWORCC Bylaws, as presented. Elk County Clerk Donna K. Kaminska seconded the motion, which CARRIED unanimously.

President Schoepf then called upon Richard Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander presented statement of financial condition as of September 30, 2002, including a balance sheet and 2002 Statement of Operations. Mr. Alexander asked if there were any questions concerning the financial information. There were no questions.

President Schoepf then called upon Carl Eyman to make a presentation pursuant to Agenda Item No. 8, "Safety Awards." Mr. Eyman explained that the awards were broken down into three categories, according to premium amount. He congratulated the winners on having won these awards in past years and urged them to spread the magic of their success to the other KWORCC Members. The awards presented by Mr. Eyman were as follows:

<u>Premium</u>	<u>Winners</u>	<u>Ratio</u>
0-\$45,000	1 st - Marshall County	.6%
	2 nd - Decatur County	1.4%
	3 rd - Norton County	2.6%
\$45,000-\$75,000	1 st - Mead County	1.8%
	2 nd - Mitchell County	2.0%
Greater than \$75,000	Miami County	9.8%

Delegates for those winners represented came forward to receive the awards from Mr. Eyman on behalf of their Member County, and Mr. Parrish took photographs of the recipients.

President Schoepf next addressed Agenda Item No. 9, "Election of KWORCC Trustees," and announced that there were three (3) positions open, with nominations received for Michelle Garrett, Morris County Clerk; Bonnie Swartz, Gray County Clerk, incumbent; and Linda M. Buttron, Jefferson County Clerk, incumbent. President Schoepf requested additional nominations from the floor. Seeing none, William Kiper, Osborne County Commissioner, made a motion that all nominations cease and that a unanimous ballot be cast for the nominations received. Kathy Bowman, Pawnee County Commissioner, seconded the motion which CARRIED unanimously.

President Schoepf called on Mr. Parrish to address Agenda Item No. 10, "Presentation of 2003 Budget". Mr. Parrish stated that the estimated premium income for 2003 would be approximately 27% higher than the previous year. This is mostly a result of KWORCC's growth in membership. He noted that the administrative fund is budgeted to be only about 8.5% over the 2002 budgeted amount. Mr. Parrish stated that KWORCC did not anticipate hiring additional staff immediately, yet that was looking into the possibility of adding a part-time or full-time person to assist Mr. Eyman. Most of the administrative fund increases resulted from cost of living adjustments, premium tax increases and educational expenses. Mr. Parrish asked if there were questions, comments or suggestions concerning the budget and seeing none, returned the floor to President Schoepf.

President Schoepf then addressed Agenda Items No. 11 and 12, "Comments from Membership" and "Comments from Board of Trustees" respectively. The membership offered no comments. Mr. Schoepf introduced representatives from IMA who were present: Annette Duncan and Paul Davis. He thanked the representatives for making such a strong showing at the KWORCC meeting. He requested that Member Counties keep in mind that KWORCC is owned and operated by its members and encouraged them to provide information and perspective concerning how the pool could better serve the membership.

There being no further business, Mr. Schoepf requested a motion to adjourn. Thomas County Commissioner Ron Evans moved to adjourn the 2002 KWORCC Annual Meeting; Gray County Clerk Bonnie Swartz seconded the motion which CARRIED unanimously.

The meeting adjourned at 7:12P.M.

Submitted for Approval:

A handwritten signature in black ink, appearing to read "Dortha O. Bird", is written over a circular stamp or seal.

Dortha O. Bird, Deputy Administrator
Staff Counsel

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn
924 SW Henderson Road, Topeka, Kansas
October 17, 2002

The October 2002 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Francis "Shep" Schoepf on Thursday, October 17, 2002 at the Clubhouse Inn in Topeka, Kansas. Trustees present: Francis "Shep" Schoepf, Reno County Commissioner, President; Sam Weaver, Cherokee County Commissioner, Vice President; Doyle "Hooley" Alcorn, Jewell County Commissioner, Secretary; Linda Buttron, Jefferson County Clerk, Controller; Gayle Landoll, Marshall County Clerk; Bonnie Swartz, Gray County Clerk and Ralph Unger, Decatur County Commissioner.

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 Alexander, Accountant and Ms. Christie Carney, Administrative Assistant/Media Developer.

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

President Schoepf called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish stated that due to restructuring of the original agenda, an "Amended Agenda" had been distributed prior to the meeting and asked that it be approved. Mr. Weaver moved to approve the amended agenda. Mr. Unger seconded the motion which CARRIED unanimously.

President Schoepf addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of September 19, 2002." Ms. Landoll moved to approve the minutes as written. Mr. Unger seconded the motion which CARRIED unanimously.

President Schoepf called upon Mr. Parrish to address Agenda Item No. 4, "Administrator's Report." Mr. Parrish presented Check No. 8079 in the amount of \$13,500 written to IMA as the 10th and final installment of claims adjustment fees. Mr. Parrish stated there had been only one wire transfer of funds since the last Board meeting. This transfer was completed on October 1, 2002 in the amount of \$93,925.37 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC account at Intrust Bank in Wichita for September claim payments; it was authorized by Ms. Buttron and Mr. Parrish. Ms. Swartz moved to approve Check No. 8079 and the wire transfer as presented. Ms. Landoll seconded the motion which CARRIED unanimously.

Ms. Bird informed the Board that all incumbent board members seeking reelection to the KWORCC board had been re-nominated. There were no other nominations. Ms. Bird also informed the Board that the KWORCC office had received a total of 35 voting delegate and alternate delegate forms for the Annual Meeting, which will provide the needed quorum at the meeting. Ms. Bird stated that the room for the meeting had not yet been assigned by the Kansas Association of Counties, and she would advise upon receiving the information.

Mr. Parrish presented a revised budget for consideration. The revisions were made because the preliminary draft from the PriceWaterhouseCoopers, LLC, KWORCC's actuary firm, showed an increase in the ultimate loss rate. While KWORCC staff and IMA are continuing to work with the actuary, Mr. Parrish said he recommended that the original budget as presented be amended to reflect the anticipated increase in ultimate loss. He noted that the budget was based on a higher loss cost multiplier, which the Board would need to address in a separate motion if the budget is passed. After discussion, Ms. Swartz moved to adopt the budget for 2003, as presented. Mr. Weaver seconded the motion which CARRIED unanimously.

Mr. Parrish stated that Mr. Davis and KWORCC staff, after reviewing income and loss data for previous years and expected income, expenses and loss data for the upcoming years, are recommending that the Board increase the loss cost multiplier in order to recover anticipated losses and maintain health reserved for future years. The basis for this conclusion is another large increase in reinsurance premiums, the acceptance by KWORCC of several high-risk counties, a decrease in investment income and an increase in estimated ultimate losses as projected by the actuary. Mr. Parrish stated that the KWORCC staff recommends a minimum increase from 1.37 to 1.40 in the loss cost multiplier. Ms. Swartz moved to file a request with the Kansas Insurance Department to increase KWORCC's loss cost multiplier from 1.37 to 1.40. Mr. Unger seconded the motion which CARRIED unanimously.

Mr. Eyman provided information requested by the Board concerning the impact that a \$500 deductible would have made on various KWORCC accounts. Mr. Eyman stated that KWORCC could offer such a deductible upon approval by the Kansas Insurance Department. After some discussion, the Board concluded that KWORCC should have the option to offer an alternative workers compensation policy with a \$500 deductible. During discussion, Board members expressed a desire to learn more about all aspects of offering a policy with a \$500 deductible clause but recognized the need to move forward immediately in order to have this tool available. Ms. Swartz moved to request that a filing be made with the Kansas Insurance Department that would allow KWORCC to offer a \$500 deductible on its workers compensation policies. Ms. Buttron seconded the motion which CARRIED unanimously.

Mr. Eyman and Ms. Bird passed around for review the Interim Risk Management Institute's (IRMI) Source Manuals. These manuals would be housed at the KWORCC office in Topeka and would be available for "check out" by Board members. The Board concluded by general consensus that the IRMI Source Manuals would offer valuable information to both staff members and Board members and directed staff to proceed with the purchase.

President Schoepf called on Mr. Eyman to address Agenda Item No. 5, "Marketing & Loss Prevention Report." Mr. Eyman reported on various county contacts and answered questions.

Mr. Eyman next reported that KWORCC had been contacted by Mr. Ron Srajer of IMA about the possibility of offering workers compensation coverage to the Morton County Hospital. Mr. Eyman explained that this hospital is a county entity and is eligible for KWORCC coverage. He pointed out that IMA currently is providing risk assessment and loss prevention services on a separate contract with the Morton County Hospital. After discussion, Board members encouraged staff to continue dialogue with Mr. Srajer and proceed with coverage with the Morton County Hospital if the KWORCC staff determines that the hospital will continue to work with IMA's loss prevention staff and, in addition, begin working with Mr. Eyman on safety and loss prevention. Board members asked staff to monitor the progress of the hospital in its loss prevention and safety efforts and keep the Board advised of its progress.

Mr. Eyman briefed the Board on counties that were interested in receiving a bid from KWORCC for their 2003 workers compensation coverage and answered questions. Mr. Eyman also reported on the Kansas Department of Human Resources Annual Safety and Health Conference he attended recently.

President Schoepf then called upon Ms. Duncan to address Agenda Item No. 6, "Claims Reports." Ms. Duncan reported on various open claims and answered questions. Ms. Duncan also reviewed the details of Claim No. 00-8247. Mr. Alcorn moved to offer a settlement as discussed. Mr. Unger seconded the motion which CARRIED unanimously.

Thereupon, President Schoepf recessed the meeting for a 15 minute break.

When the meeting resumed, President Schoepf called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander reviewed the financial reports for September 2002 in detail and answered questions. Mr. Alexander then reviewed the Kansas Insurance Department's third quarter report with the Board and answered questions. Ms. Landoll moved to accept the September 2002 financial reports and the third quarter financial report as presented for filing with the Kansas Insurance Department. Ms. Buttron seconded the motion which CARRIED unanimously.

The check register was then presented. After a brief discussion Mr. Unger moved to approve check Nos. 7861 through 7903, which were written on the Community National account, and check Nos. 8050-8061, written on the new Kaw Valley Bank account. Ms. Landoll seconded the motion which CARRIED unanimously.

President Schoepf then called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report." Mr. Parrish stated that there were no legal issues to be discussed.

President Schoepf addressed Agenda Item No. 9, "Committee Reports" and asked if any committees had reports to offer. Mr. Parrish stated that minutes from the September 19, 2002 meetings of the Personnel Committee and the Investment Committee had been mailed out for signatures. The committees had nothing further to report.

President Schoepf addressed Agenda Item No. 10, "Other Items." There were no items to be discussed.

There being no further business Mr. Unger moved to adjourn the meeting at 3:15 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 were approved by the Board of Trustees the 19th day of December.

Doyle "Hooley" Alcorn
Doyle "Hooley" Alcorn

Doyle "Hooley" Alcorn, Secretary
KWORCC Board of Trustees

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn
924 SW Henderson Road, Topeka, Kansas
September 19, 2002

The September 2002 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Francis "Shep" Schoepf on Thursday, September 19, 2002 at the Clubhouse Inn in Topeka, Kansas. Trustees present: Francis "Shep" Schoepf, Reno County Commissioner, President; Sam Weaver, Cherokee County Commissioner, Vice President; Doyle "Hooley" Alcorn, Jewell County Commissioner, Secretary; Linda Buttron, Jefferson County Clerk, Controller; Gayle Landoll, Marshall County Clerk; Bonnie Swartz, Gray County Clerk and Ralph Unger, Decatur County Commissioner

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 Alexander, Accountant and Ms. Christie Carney, Administrative Assistant/Media Developer.

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

President Schoepf called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish requested that because Ms. Annette Duncan of IMA will be absent due to a prior work commitment, that his name be listed under Agenda Item No. 6a to review the claims report. Mr. Parrish also requested the Board consider a resolution for Ellsworth County Commissioner Bobby Heitschmidt under Agenda Item No. 10. Mr. Unger moved to approve the agenda with the two additional items. Ms. Buttron seconded the motion which CARRIED unanimously.

President Schoepf addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of August 22, 2002." Ms. Landoll moved to approve the minutes as written. Ms. Swartz seconded the motion which CARRIED unanimously.

President Schoepf called upon Mr. Parrish to address Agenda Item No. 4, "Administrator's Report." Mr. Parrish presented Check No. 7922 in the amount of \$13,500 written to IMA as the ninth of 10 installments for claims adjustment fees for Board approval. Mr. Parrish stated there had been four wire transfers of funds since the last Board meeting. The first was completed on September 4, 2002 in the amount of \$185,971.86 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC account at Intrust Bank in Wichita for August claim payments; it was authorized by Ms. Buttron and Mr. Parrish. The second wire transfer was completed on September 4, 2002 in the amount of \$25,000 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC administrative account at Community National Bank in Topeka; it was authorized by Ms. Buttron and Mr. Parrish. The third transfer was completed on September 4, 2002 in the amount of \$50,000 from the KWORCC account at Country Club Bank in Prairie Village to the new KWORCC administrative account at Kaw Valley Bank in Topeka; it was authorized by Ms. Buttron and Mr. Parrish. The fourth wire transfer was completed on September 11, 2002 in the amount of \$40,000 from the KWORCC account at Country

Club Bank in Prairie Village to the KWORCC account at Intrust Bank in Wichita for a claim settlement; it was authorized by Ms. Buttron and Mr. Parrish. Ms. Swartz moved to approve Check No. 7922 and the four wire transfers as presented. Ms. Landoll seconded the motion which CARRIED unanimously.

Mr. Parrish and Ms. Bird presented items for the Board to consider as possible joint KWORCC/KCAMP mementos for delegates at the annual meeting in November. After discussion, the Board approved by unanimous consent either or both of the items presented for the joint memento.

Mr. Parrish and Ms. Bird presented bylaw changes that had been discussed with KCAMP to be presented at the annual fall meeting. Ms. Swartz moved to approve the proposed bylaw changes as presented. Ms. Buttron seconded the motion which CARRIED unanimously. A copy of the proposed bylaw changes is attached to these minutes and made a part hereof.

Mr. Parrish informed the Board of the criteria of KWORCC's auditing firm, Wendling, Noe, Nelson & Johnson for allowing access to its audit work papers.

President Schoepf called on Mr. Eyman to address Agenda Item No. 5, "Marketing & Loss Prevention Report." Mr. Eyman reported on various county contacts and answered questions.

Mr. Eyman briefly discussed the program for the Kansas Department of Human Resources 53rd Annual Safety and Health Conference. He indicated that he would be attending various parts of the conference which begins October 1, 2002 and lasts through October 5th. This year's conference will be in Topeka. Mr. Eyman asked Board Members to review the conference program and asked for input on sessions the Board would specifically like for him to attend.

Mr. Eyman presented Board handouts of "Claims Analysis Charts" prepared for each Board member's county by Paul Davis of IMA. The charts provided information on loss claims reports by body part, accident type, department, county, month, year and dollar amounts. Mr. Eyman and Mr. Davis then answered questions.

President Schoepf then called upon Mr. Parrish to address Agenda Item No. 6, "Claims Reports." Mr. Parrish reported on various open claims and answered questions.

Mr. Parrish then presented the proposed 2003 contract for claims and brokerage services with IMA and recommended that it be approved. He noted that the fee for brokerage services would be increased from \$135,000 to \$145,000 because of the large increase in member counties and the additional workload resulting therefrom. Mr. Weaver moved to accept the contract presented for claims and brokerage services with IMA. Ms. Swartz seconded the motion which CARRIED unanimously.

President Schoepf called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander reviewed the financial reports for August 2002 in detail and answered questions. Mr. Alcorn moved to accept the August 2002 financial reports. Ms. Landoll seconded the motion which CARRIED unanimously.

The check register was then presented. After a brief discussion, Mr. Unger moved to approve check Nos. 7861 through 7903. Ms. Swartz seconded the motion which CARRIED unanimously.

Mr. Alexander reviewed a draft of the proposed 2003 budget. After discussion, the Board determined, by unanimous consent, to defer final decision on the budget until the October Board meeting because the final quote for reinsurance premiums was not yet available.

President Schoepf then called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report. Mr. Parrish stated that due to inquiries from Member Counties, staff had been researching the issue of employers providing other benefits to injured employees who were receiving temporary total disability (TTD) payments. Mr. Parrish explained that the counties as employers have no obligation to make payments in excess of the required 66 2/3% of the average weekly wage. At least one county has a policy of making up the difference between that portion of the wage and the full wage when an employee is off duty as a result of a job related injury or illness. Mr. Parrish explained that each county can develop its own policy applicable to all employees or enter into a separate agreement with an employee for amounts that exceed the statutory minimum disability payment. He cautioned, however, that counties should as a matter of policy treat all employees the same. In the event of a specific or special agreement with a particular employee, that agreement should be in writing and signed by the employee. Mr. Parrish emphasized that the counties, as employers, do not have authority without such an agreement to take an employee's insurance payment and deposit it into the county treasury, even though the county is providing full salary benefits.

Mr. Parrish then discussed the use of vacation and sick leave in lieu of wages for on-the-job injuries and illnesses. County policy will dictate how these benefits are allowed for injured workers. Generally, sick leave benefits can be allowed to make up the difference between the workers compensation benefits and the full salary and to cover the one-week waiting period. However, the County is under no obligation to offer sick leave benefits in this manner; any such policy should be applied uniformly as a matter of county policy to all employees. Mr. Parrish noted that sick leave generally is viewed as a contingent benefit for specific use and should not be confused with workers compensation benefits which also are contingent upon a work related injury or disease. Mr. Parrish suggested that any such policy should give the employee the option of either accepting limited sick leave under these circumstances or not. As it regards vacation pay, this benefit can be paid to the employee in addition to disability payments, but again, Mr. Parrish recommended that all employees be treated the same and that there should either be a written county policy or a written agreement with the affected employee whenever such benefits are paid. Again, the employee should be given the option either of accepting some of his or her vacation pay as a supplement to the workers compensation benefit or not. Vacation pay is an earned benefit, and employees should probably be given flexibility to draw from this benefit if they need additional funds while off work on a job-related injury or illness. However, the accumulated vacation pay of an employee should only be charged to the extent it is drawn upon. Thus, for each day vacation pay is used to make up the differential between work comp and regular salary vacation pay should only be charged with 1/3rd of a day.

Mr. Parrish stated that there were no further legal issues to be discussed.

President Schoepf addressed Agenda Item No. 9, "Committee Reports" and asked if any committees had reports to offer. Mr. Alcorn, Chair of the Personnel Committee, moved that the Board recess to an executive session for a period of five minutes beginning at 3:05 p.m. and ending at 3:10 p.m. for the purpose of discussing non-elected personnel matters. Further, Mr. Alcorn requested that the KWORCC Administrator remain with the Board during the executive session. Ms. Landoll seconded the motion which CARRIED unanimously.

At 3:10 p.m. staff returned to the meeting. Ms. Landoll reported the following recommendations of the Personnel Committee:

1. A 2% increase will be applied to the Administrator's salary;
2. Up to a 2% increase will be applied to each Deputy Administrator's salary with the approval of the Administrator and at his discretion;
3. A \$2,000 increase will be added to the Accountant's salary with the approval of the Administrator and at his discretion;
4. The Administrator will determine the appropriate hourly wage for the position of Administrative Assistant/Media Developer;
5. The Administrator will report all salary changes to the Board before implementation in January of 2003, and
6. Any performance enhancements will be considered at the February 2003 regular board meeting.

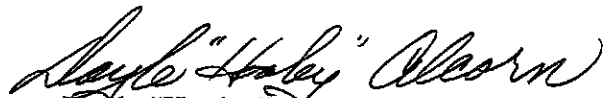
Mr. Unger moved to accept the Personnel Committee's recommendations for staff salaries for the 2003 fiscal year. Mr. Alcorn seconded the motion which CARRIED unanimously.

The Investment Committee presented Resolution No. 2002-82 to approve investment of KWORCC funds in government securities for the period of June 1, 2002 through August 31, 2002. Mr. Unger moved to approve Resolution No. 2002-82. Ms. Landoll seconded the motion which CARRIED unanimously.

President Schoepf addressed Agenda Item No. 10, "Other Items." Mr. Parrish requested that a resolution be adopted by the Board in support of Mr. Bobby Heitschmidt, Ellsworth County Commissioner, and in gratitude to Mr. Heitschmidt for his years of service to KWORCC and KCAMP. Mr. Unger moved to adopt such a resolution of support and gratitude and to send a card signed by members of the KWORCC Board and staff to Mr. Heitschmidt. Ms. Swartz seconded the motion which CARRIED unanimously.

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

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


Doyle "Hooley" Alcorn, Secretary
KWORCC Board of Trustees

Summary: a. Instrumentalities don't get a delegate/vote; b. Alternates do not have to be an elected official; c. Commissioners can change delegate/alternate at any time with written notice; d. non-substantial changes to proposed bylaw amendments at annual meeting may be overturned by 35% of Membership (by majority vote of Commissioners) unless approved by 2/3rds of Membership at annual meeting.

PROPOSED BYLAW AMENDMENTS 2002 – **DRAFT No. 4**

2.9 Representative. The person designated pursuant to Section 11.1.b. to be a Member's County's official representative for the purposes of the Cooperative, ~~who is an elected county official of a Member county~~ designated by that County's Board of Commissioners, provided that regardless of the number of Members from a County, only one Representative ~~elected official~~ may represent all Members from that County.

11.1 Members shall have the obligation to:

- b. Designate in writing a representative and one or more alternate representatives for the Members' meetings. Each representative ~~and alternate representative~~ must be an elected County official and must be appointed as a KWORCC representative ~~or alternate representative~~ for a term of not less than one (1) year by majority vote of the county commissioners of the Member to be the Member's official representative for the purposes of the Cooperative. An alternate representative may be an elected county official or any other such person appointed to be a KWORCC alternate representative for a term of not less than one (1) year by a majority vote of the county commissioners of the Member. An alternate representative may exercise all the powers of a representative during a Member meeting, in the absence of the representative. Notwithstanding any of the foregoing, a Member County may appoint a new representative and/or one or more alternate representatives by majority vote of the county commissioners at any time, upon written notification to the Cooperative.

10.1 At any meeting held pursuant to Section 10.2, the Members shall have the power to:

- d. Amend ~~the~~ this Agreement by a two-thirds vote of the Members present at a meeting. Written notice of any proposed amendment shall be provided to each Member at least thirty days in advance of the vote thereon. If Members have received advance written notice of the proposed amendment in accordance with this paragraph, Members may revise the proposed amendment during the meeting as long as the revision does not materially change the purpose and intent of the proposed amendment and a minimum of two-thirds of all Member Counties votes in favor of the proposed revision at the meeting. However, if less than two-thirds of the Member Counties vote to revise the published amendment, the revision nevertheless may be passed if: (i) two-thirds of the Members present at the meeting approves the revision; (ii) such amendment, as revised, is sent to the Member Counties with opportunity to object within 30 days after such meeting and (iii) within thirty (30) days from said mailing, less than 35% of the Membership provides written objection (by majority vote of Commissioners) to the said revised amendment.

Minutes
Meeting, Personnel Committee
Kansas Worker Risk Cooperative For Counties
Clubhouse Inn, Topeka, Kansas
September 19, 2002

On Thursday, September 19, 2002, the Personnel Committee of the Kansas Workers Risk Cooperative for Counties ("KWORCC") met at the Clubhouse Inn, Topeka, Kansas. The meeting was called to order by Committee Chair, Doyle "Hooley" Alcorn at 10:00 a.m. Committee Members participating included: Doyle "Hooley" Alcorn, Jewell County Commissioner; Gayle Landoll, Marshall County Clerk and Ralph D. Unger, Decatur County Commissioner. Also present were Frances E. "Shep" Schoepf, Reno County Commissioner, Sam Weaver, Cherokee County Commissioner and James W. Parrish, Administrator.

Mr. Alcorn stated the purpose of the meeting and thanked all in attendance for their participation.

Whereupon, the Committee discussed pay increases for KWORCC personnel. Mr. Alcorn requested comments from Mr. Parrish, who reviewed the performance of the KWORCC staff. Mr. Parrish also reviewed the mailing he previously sent to the full Board regarding U.S. Department of Labor's statistics showing inflation calculator at 1.69% over last year and US Price Index dated July 2002, showing consumer prices increasing 1.3% overall compared to last year. The average of these two numbers is 1.5%, which was the basis of his recommendation to the Board for cost of living increases.

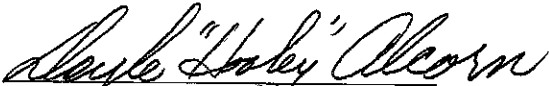
After deliberation, Mr. Unger moved that the Personnel Committee recommend to the full Board the following:

1. A 2% increase in the Administrator's salary;
2. Up to a 2% increase for each Deputy Administrator, with the approval of the Administrator and at his discretion;
3. A \$2,000 increase for the Accountant position with the approval of the Administrator and at his discretion;
4. That the Administrator determine the appropriate hourly wage for the position of Administrative Assistant/Media Developer; and,
5. That the Administrator is directed to report all salary changes to the Board before implementation in January of 2003. Any performance enhancement be considered at the February, 2003 regular meeting of the Board.

Ms. Landoll seconded the motion which CARRIED unanimously.

Mr. Alcorn then asked if there were any further questions or comments. Upon hearing none, he stated that the Personnel Committee meeting was adjourned by consensus at 12:15 p.m.

THE FOREGOING MINUTES of the Personnel Committee of Kansas Workers Risk Cooperative for Counties were executed by the Chair of that Committee on the 17th day of October, 2002.


Doyle "Hooley" Alcorn, Chair
KWORCC Personnel Committee

Minutes
Meeting, Investment Committee
Kansas Worker Risk Cooperative For Counties
Clubhouse Inn, Topeka, Kansas
September 19, 2002

On Thursday, September 19, 2002, the Investment Committee of the Kansas Workers Risk Cooperative for Counties ("KWORCC") met at the Clubhouse Inn, Topeka, Kansas. The meeting was called to order by Committee Chair, Sam Weaver at 12:20 p.m. Committee Members participating included: Sam Weaver, Cherokee County Commissioner; Francis "Shep" Schoepf, Reno County Commissioner and Ralph D. Unger, Decatur County Commissioner. Also present was James W. Parrish, Administrator.

Mr. Weaver stated the purpose of the meeting and asked for approval of the minutes of the June 13, 2002 meeting of the Investment Committee. Upon motion duly made and seconded, the Committee approved the minutes by unanimous vote.

Mr. Parrish stated that KSA 40-2a01 provides that KWORCC's investments in government instruments must be approved to comply with state law and KWORCC's Investment Policy. That approval either must be by the full Board or by a committee thereof. Mr. Parrish recommended that the Investment Committee review the investments and, if approved, submit to the full Board a recommendation to pass a resolution ratifying that approval.

Whereupon, the Investment Committee reviewed the investments made on behalf of KWORCC in government securities from the period June 1, 2002 through August 31, 2002. After discussion, Mr. Unger made a motion to approve and ratify the investments and recommend to the Board of Trustees that it approve and ratify the purchases and sales of the government securities by Country Club Bank on behalf of KWORCC for the period June 1, 2002 through August 31, 2002. Mr. Schoepf seconded the motion which CARRIED unanimously.

Mr. Weaver then asked if there were any further questions or comments. Upon hearing none, he stated that the Investment Committee meeting was adjourned by consensus at 12:40 p.m.

THE FOREGOING MINUTES of the Investment Committee of Kansas Workers Risk Cooperative for Counties were executed by the Chair of that Committee on the 17th day of October, 2002.



Sam Weaver, Chair
KWORCC Investment Committee

KWORCC RESOLUTION # 2002-85

~FOR~

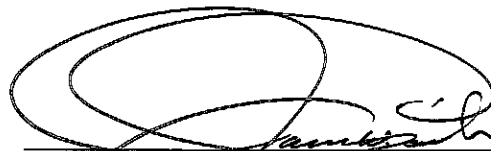
Commissioner Bobby Heitschmidt

WHEREAS, Kansas Workers Risk Cooperative for Counties (hereafter referenced "KWORCC") has been notified of the illness of Ellsworth County Commissioner and former KWORCC President, Bobby Heitschmidt;

WHEREAS, Commissioner Heitschmidt has dedicated many years to public service and provided invaluable guidance to KWORCC as Trustee, President and Delegate;

NOW, THEREFORE, it is RESOLVED that the KWORCC Board of Trustees expresses its appreciation to Commissioner Bobby Heitschmidt for his years of public service as a County Commissioner and as a Member of the Board of Trustees and President of KWORCC.

IN WITNESS WHEREOF, I, James W. Parrish, Administrator of Kansas Workers Risk Cooperative for Counties hereby certify that the foregoing 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 19th day of September 2002, at which a quorum was present.


James W. Parrish, Administrator

I, Doyle "Hooley" Alcorn, 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 19th day of September, 2002, at which a quorum was present and that said Resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2002-82

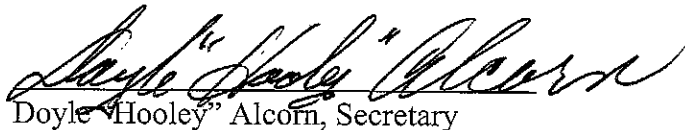
WHEREAS, KWORCC has elected to place investments pursuant to Chapter 40 of Kansas Statutes Annotated, and thus is to comply with the provisions thereof;

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 June 1, 2002 through August 31, 2002, which were reviewed by the Investment Committee at a meeting held at 12:30 p.m. on September 19, 2002 at the Clubhouse Inn, 924 SW Henderson Road, Topeka, Kansas 66615. Pursuant to that meeting, the Investment Committee determined said investments to be in accordance with K.S.A. 40-2a01 and KWORCC's investment policy and has made a recommendation to the KWORCC Board of Trustees to approve those investments;

NOW, THEREFORE, it is RESOLVED by the KWORCC Board of Trustees that investment purchases made in United States Government securities from the period June 1, 2002 through August 31, 2002, 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 19th day of September, 2002.


Doyle "Hooley" Alcorn, Secretary

Pursuant to KSA 40-2a01. "United States government obligations: [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."

Government Investments of KWORCC from 06/01/02 to 08/31/02

-----PURCHASED-----

<u>Transaction Date</u>	<u>Description</u>	<u>Coupon Rate/Maturity Date</u>	<u>Par/Shares</u>	<u>Principal RCVD/Cost</u>
06/07/02	Federal Home Loan Bank DN	1.684-06/20/02	900,000	899,460.50
06/26/02	FHLB 4.0 STEP UP 4.25 6/03	4.000-12/26/07	500,000	500,000.00
07/01/02	Federal Farm Credit Bank	1.730-10/01/02	550,000	550,000.00
07/01/02	Federal Farm Credit Bank	1.730-10/01/02	550,000	550,000.00
08/01/02	Federal Farm Credit Bank	1.710-11/01/02	1,500,000	1,500,000.00
08/13/02	FNMA One Time Call	6.250-07/19/11	500,000	523,115.00

-----SOLD-----

08/02/02	Federal Farm Credit Bank	1.880-09/03/02	200,000	200,000.00
08/13/02	Federal Farm Credit Bank	1.730-10/01/02	550,000	550,000.00

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn
924 SW Henderson Road, Topeka, Kansas
August 22, 2002

The August 2002 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Francis "Shep" Schoepf on Thursday, August 22, 2002 at the Clubhouse Inn in Topeka, Kansas. Trustees present: Francis "Shep" Schoepf, Reno County Commissioner, President; Sam Weaver, Cherokee County Commissioner, Vice President; Doyle "Hooley" Alcorn, Jewell County Commissioner, Secretary; Linda Buttron, Jefferson County Clerk, Controller; Gayle Landoll, Marshall County Clerk; Bonnie Swartz, Gray County Clerk and Ralph Unger, Decatur County Commissioner

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/Media Developer.

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

President Schoepf called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish requested that under Agenda Item No. 4, the following items be added: 4(d) Review of Reinsurance Premiums and 4(e) Discussion of Policy Effective Dates. Under Agenda Item No. 5, he asked to add: 5(c) Attendance at the Southwest Regional KAC meeting on October 18, 2002. Ms. Swartz moved to approve the agenda with the additions. Ms. Landoll seconded the motion which CARRIED unanimously.

President Schoepf addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of July 25, 2002." Ms. Landoll noted one grammatical error. Mr. Alcorn moved to approve the minutes with the correction. Ms. Landoll seconded the motion which CARRIED unanimously.

President Schoepf called upon Mr. Parrish to address Agenda Item No. 4, "Administrator's Report." Mr. Parrish presented Check No. 7866 in the amount of \$13,500 written to IMA as the eighth of 10 installments for claims adjustment fees for Board approval. Mr. Parrish stated there had been three wire transfers of funds since the last Board meeting. The first was completed on August 5, 2002 in the amount of \$158,365.53 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC account at Intrust Bank in Wichita for July claim payments and was authorized by Ms. Buttron and Mr. Parrish. The second wire transfer was completed on August 5, 2002 in the amount of \$25,000 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC administrative account at Community National Bank in Topeka and was authorized by Ms. Buttron and Mr. Parrish. The third transfer was completed on August 19, 2002 in the amount of \$32,190.20 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC account at Intrust Bank in Wichita for special billings and settled claims and was authorized by Ms. Buttron and Mr. Parrish. Ms. Landoll moved to approve Check No. 7866 and the wire transfers as presented. Ms. Swartz seconded the motion which CARRIED unanimously.

Mr. Parrish and Ms. Bird discussed the format for the annual meeting. They stated that they had been working closely with KCAMP personnel under a format that would allow the meetings to be held separately. This year, the KCAMP meeting will be first and the KWORCC meeting will follow. Because the meeting is scheduled for early evening on Sunday, November 17, 2002, the pools decided jointly to provide refreshments in the form of hors d'oeuvres and soft drinks for delegates and their guests. The room will be set up in a manner similar to previous years. Further, there will be a KCAMP/KWORCC promotional item provided for each delegate.

Mr. Parrish presented Resolution No. 2002-70 for wire transfer authorization on the new Kaw Valley State Bank and Trust account in Topeka. Ms. Swartz moved to approve Resolution No. 2002-70. Mr. Weaver seconded the motion which CARRIED unanimously.

Mr. Parrish asked Mr. Davis to review his efforts to ascertain the extent of any increase in reinsurance cost for the upcoming policy year. Mr. Davis explained that his discussions with Employers Reinsurance Corporation (ERC) revealed that reinsurance costs may increase as much as 20 percent for next year. He did not anticipate any increase in the monetary attachment points for either specific or excess reinsurance coverage. He explained that the reinsurance coverage would be on a statutory basis without limits as proposed last year by reinsurance companies.

Referring to the policy effective date, Mr. Parrish indicated that KCAMP was exploring a change in the policy renewal date in order to achieve better reinsurance rates and help member counties with budgeting. After some discussion, the Board determined that no action would be taken to change the policy date at this time. However, the Board requested that staff keep them advised of further action by KCAMP in this regard.

President Schoepf called on Mr. Eyman to address Agenda Item No. 5, "Marketing & Loss Prevention Report." Mr. Eyman reported on various county contacts and answered questions from the Board. Mr. Eyman also informed the Board that he had been requested by the Kansas Local Technical Assistance Program to serve on the Workplace, Equipment and Job Site Safety Task Force.

Mr. Parrish and Mr. Eyman discussed the possibility of their attending the Southwest Regional KAC meeting being held in Syracuse on October 18, 2002.

President Schoepf then called upon Ms. Duncan to address Agenda Item No. 6, "Claims Reports." Ms. Duncan reported on various open claims and answered questions. Ms. Duncan also reviewed the details of Claim No. 01-2275 and presented a proposed settlement. Ms. Swartz moved to authorize the proposed settlement with consultation from the administrator. Mr. Alcorn seconded the motion which CARRIED unanimously.

Ms. Duncan then reviewed the details of Claim No. 00-1823 and presented a proposed settlement on this claim also. Ms. Swartz moved to authorize the proposed settlement with consultation from the administrator. Mr. Unger seconded the motion which CARRIED unanimously.

Mr. Parrish then introduced Ms. Marcia Payne, Branch Manager of CorVel, who provides nurse case management and medical bill review services for KWORCC. Ms. Payne provided information concerning medical bill reductions for KWORCC as a result of fee schedule and preferred provider discounts. The total medical bills received on KWORCC claims for 2001 was \$535,550.53; CorVel detected fee schedule overcharges in the amount of \$117,779.08 and additional preferred provider reductions of \$13,319.34, for a total reduction of \$131,098.42. Ms. Payne also discussed her research

work with Dr. Terry Tracy at the Kansas Workers Compensation Division. The research specifically concerns carpal tunnel syndrome; the results of that research would be published soon and may have an impact on how that injury is treated under the Kansas Workers Compensation Act. Mr. Schoepf thanked Ms. Payne for her presentation.

President Schoepf called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander reviewed the financial reports for July 2002 in detail and answered questions. Mr. Alcorn moved to accept the July 2002 financial reports. Ms. Landoll seconded the motion which CARRIED unanimously.

The check register was then presented. After a brief discussion Mr. Unger moved to approve check Nos. 7777 through 7860. Ms. Swartz seconded the motion which CARRIED unanimously.


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

President Schoepf addressed Agenda Item No. 9, "Committee Reports" and asked if any committees had reports to offer. There were no reports but meetings were scheduled for the Personnel Committee to meet at 10:30 a.m. on September 19, 2002 and the Investment Committee to meet at 12:30 p.m. of the same day. Both meetings would be held in the Clubhouse Inn conference room.

President Schoepf addressed Agenda Item No. 10, "Other Items." Mr. Parrish stated there were no other items to be presented.

There being no further business Ms. Swartz moved to adjourn the meeting at 3:10 p.m. Mr. Unger seconded the motion which CARRIED unanimously.

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties were approved by the Board of Trustees the 19th day of September 2002.


Doyle "Hooley" Alcorn, Secretary
KWORCC Board of Trustees

I, Doyle "Hooley" Alcorn, Secretary of Kansas Workers Risk Cooperative for Counties ("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 25th day of July, 2002, at which a quorum was present and that said resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2002- 61


WHEREAS, KWORCC presented a competitive bid to write workers compensation coverage Phillips County for policy period of July 1, 2002 to January 1, 2003.

WHEREAS, the Board of County Commission of Phillips County voted unanimously to accept KWORCC's bid to write their workers compensation insurance;

WHEREAS, it is in the best interest of KWORCC to accept Phillips County into the KWORCC self-insurance pool;

NOW, THEREFORE, it is RESOLVED by the KWORCC Board of Trustees to accept Phillips County for membership in KWORCC. Accordingly, KWORCC staff shall do all things necessary to provide full workers compensation coverage to same.

IN WITNESS WHEREOF, the undersigned has caused this resolution to be executed this 25th day of July, 2002.


Doyle "Hooley" Alcorn, Secretary

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn
924 SW Henderson Road, Topeka, Kansas
June 13, 2002

The June 2002 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Francis "Shep" Schoepf on Thursday, June 13, 2002 at the Clubhouse Inn in Topeka, Kansas. Trustees present: Francis "Shep" Schoepf, Reno County Commissioner, President; Sam Weaver, Cherokee County Commissioner, Vice President; Doyle "Hooley" Alcorn, Jewell County Commissioner, Secretary; Linda Buttron, Jefferson County Clerk, Controller; Gayle Landoll, Marshall County Clerk; Bonnie Swartz, Gray County Clerk and Ralph D. Unger, Decatur County Commissioner.

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/Media Developer.

Others present: Ms. Annette Duncan and Mr. Paul Davis of Insurance Management Associates, Inc. (IMA), Chris Thompson of Country Club Bank and Eric Otting and Glenn Wilson of Wendling, Noe, Nelson & Johnson.

President Schoepf called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish requested that amendments to the KWORCC distribution policy be added under Item 4(e), the date under 9(a) be corrected to read "5/31/02" instead of "4/30/02" and that a communication from KCAMP be added at Item 10. Mr. Alcorn moved to adopt the agenda with the two additions and one correction. Ms. Swartz seconded the motion which CARRIED unanimously.

President Schoepf then addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of May 23, 2002." Ms. Landoll moved to approve the minutes as written. Ms. Swartz seconded the motion which CARRIED unanimously.

President Schoepf called upon Mr. Parrish to address Agenda Item No. 4, "Administrator's Report." Mr. Parrish presented two checks for Board approval: Check No. 7723 in the amount of \$21,500.00 written to IMA for KWORCC claims and Check No. 7724 in the amount of \$13,500.00 written to IMA as the sixth of 10 installments for claims adjustment fees. Mr. Parrish then stated there had been two wire transfers of funds since the last Board meeting. The first wire transfer was completed on June 3, 2002 in the amount of \$162,709.80 from the KWORCC account at Country Club Bank to the KWORCC account at Intrust Bank in Wichita for May claim payments; this transfer was authorized by Ms. Buttron and Mr. Parrish. The second wire transfer was completed on June 10, 2002 in the amount of \$50,000.00 from the KWORCC account at Country Club Bank to the KWORCC account at Community National Bank in Topeka; this transfer was authorized by Ms. Buttron and Mr. Parrish. Ms. Swartz moved to approve Check Nos. 7723 and 7724 and the wire transfers as presented. Mr. Weaver seconded the motion which CARRIED unanimously.

Next, Mr. Parrish introduced Mr. Chris Thompson, Senior Vice President, Investment Service Division of County Club Bank. Mr. Thompson reviewed KWORCC's fixed income holdings, bond portfolio and equity investments and answered questions.

Mr. Parrish then introduced Mr. Eric Otting, Member of the accounting firm, Wendling, Noe, Nelson & Johnson, the firm which served as KWORCC's independent auditor for FY 2001. Mr. Otting reviewed goals for the audit and his findings and concluded that KWORCC has a strong balance sheet with more than \$3.3 million above required reserves and IBNR. He also stated that there had been only two adjusting entries this year, and there were no disagreements on the accounting procedure being used. After a brief discussion Mr. Alcorn moved to accept the 2001 Audit Report. Ms. Swartz seconded the motion which CARRIED unanimously.

Mr. Parrish then presented the analysis he had prepared on the advisability of making a Member distribution in 2002. After discussion, the Board agreed by consensus that KWORCC would not make distributions to Member Counties this year. Mr. Unger and Mr. Schoepf requested that KWORCC staff provide loss and premium ratio data for the Board's consideration.

Mr. Parrish next discussed modifications to the KWORCC Distribution Policy. He proposed that the policy be amended to extend the time for KWORCC staff to make a recommendation on distributions to member counties from 90 days to 180 days after the beginning of the year; the deadline for a decision by the board on any such distribution would be extended from the current deadline of July 1 to August 1. The policy should read "Such formula may include the return of unused premiums during *policy* years..." not "*policies* years." Ms. Swartz moved to approved the amendments to the KWORCC Distribution Policy. Ms. Landoll seconded the motion which CARRIED unanimously.

President Schoepf called on Mr. Parrish to address Agenda Item No. 5, "Marketing & Loss Prevention Report." Mr. Parrish reported on various county contacts and answered questions from the Board.

President Schoepf then called upon Ms. Duncan to address Agenda Item No. 6, "Claims Reports." Ms. Duncan reported on various open claims and answered questions.

President Schoepf called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander reviewed the financial reports for May 2002 in detail and answered questions. Ms. Landoll moved to accept May 2002 financial reports. Mr. Unger seconded the motion which CARRIED unanimously.

The check register was then presented. After a brief discussion Mr. Unger moved to approve check Nos. 7660 through 7715. Ms. Swartz seconded the motion which CARRIED unanimously.

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

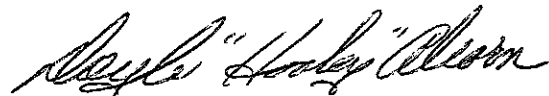
President Schoepf addressed Agenda Item No. 9, "Committee Reports" and asked if any committees had reports to offer. The Investment Committee presented Resolution No. 2002-55 to ratify investments made by Country Club Bank from March 1, 2002 through May 31, 2002. Mr. Unger moved to adopt Resolution No. 2002-55. Ms. Swartz seconded the motion which CARRIED unanimously.

The Audit Committee presented Resolution No. 2002-56, to adopt and file the 2001 audit report. Ms. Swartz moved to approve Resolution No. 2002-56 to adopt and file the 2001 audit report with appropriate governmental offices, with copies distributed to KWORCC Members. Ms. Buttron seconded the motion which CARRIED unanimously.

President Schoepf then called upon Ms. Bird to address Agenda Item No. 10, "Other items ...". Ms. Bird announced Mr. Bill Kiper, KCAMP Vice President and his wife, Emma, were now the proud parents of a baby daughter, Emily.

There being no further business Ms. Swartz moved to adjourn the meeting at 3:10 p.m. Mr. Unger seconded the motion which CARRIED unanimously.

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties were approved by the Board of Trustees the 25th day of July 2002.



Doyle "Hooley" Alcorn, Secretary
KWORCC Board of Trustees

Minutes
Meeting, Investment Committee
Kansas Worker Risk Cooperative For Counties
Clubhouse Inn, Topeka, Kansas
June 13, 2002

On Thursday, June 13, 2002, the Investment Committee of the Kansas Workers Risk Cooperative for Counties ("KWORCC") met at the Clubhouse Inn, Topeka, Kansas. The meeting was called to order by Committee Chair, Sam Weaver at 11:00 a.m. Committee Members participating included: Sam Weaver, Cherokee County Commissioner; Francis "Shep" Schoepf, Reno County Commissioner and Ralph D. Unger, Decatur County Commissioner. Also present were Chris Thompson, Country Club Bank Investment Advisor and James W. Parrish, Administrator.

Mr. Weaver stated the purpose of the meeting and thanked all in attendance for their participation and asked for approval of the minutes of the last meeting of the Investment Committee. Upon motion duly made and seconded, the Committee approved the minutes by unanimous vote.

Mr. Parrish stated that KSA 40-2a01 provides that KWORCC's investments in government instruments must be approved to comply with state law and KWORCC's Investment Policy. That approval either must be by the full Board or by a committee thereof. Mr. Parrish recommended that the Investment Committee review the investments and, if approved, submit to the full Board to pass a resolution ratifying that approval.

Whereupon, Mr. Chris Thompson reviewed with the Investment Committee the investments made on behalf of KWORCC in government securities from the period March 1, 2002 through May 31, 2002 and answered questions. After some discussion, Mr. Unger made a motion to approve and ratify the investments and recommend to the Board of Trustees at its regular meeting later in the day to approve and ratify the purchases and sales of the government securities by Country Club Bank on behalf of KWORCC for the period March 1, 2002 through May 31, 2002. Mr. Weaver seconded the motion which CARRIED unanimously.

Next, Mr. Weaver called upon Mr. Thompson to discuss equity investments and to advise the Committee on alternative families of mutual funds. Should KWORCC chose to increase its equity investments, it must look to a different family of funds than SBG. Mr. Thompson provided printed materials on three alternative families of funds including Van Kampen, Oppenheimer and AIM. After some discussion, the Committee declined to recommend further investments. Mr. Schoepf stated that it would be his personal preference to wait until the first of the year to determine if the equity markets have stabilized before committing additional equity investments.

Mr. Thompson pointed out that even though our current investments are down slightly, they reflect much more health than the market generally and only represent approximately 7.5% of all funds currently invested by KWORCC. Mr. Weaver suggested that all materials reviewed concerning current investments be made a part of the minutes of the meeting, by way of attaching them to the minutes.

Mr. Thompson also addressed the Indexed Powered CD (IPCD), which was discussed at prior meetings. Correspondence from Patrick J. Conway of Home Loan Bank in Des Moines, Iowa was reviewed by the Committee. The correspondence provided the reasons the bank was not recommending offering the IPCD concluding that it has a responsibility to offer sound products to its customers and that the IPCD presents too great a potential risk to the bank's reputation to be acceptable. Also the Committee reviewed an article which was published in the ABA Banking Journal in May, 2001, which provided how the lack of popularity may be due to the fact that investing in the IPCD requires long-term faith in the U.S. economy and "what's happening right now in the markets, nobody likes...". Mr. Thompson did not recommend KWORCC pursue this investment. The KWORCC Investment Committee determined to take no action on the IPCD at this time.

Mr. Weaver then asked if there were any further questions or comments. Upon hearing none, he stated that the Investment Committee meeting was adjourned by consensus at 12:17 p.m.

THE FOREGOING MINUTES of the Investment Committee of Kansas Workers Risk Cooperative for Counties were executed by the Chair of that Committee on the 25th day of July, 2002.



Sam Weaver, Chair
KWORCC Investment Committee

OBJECTIVES:

1. Conservative - Maintain a weighted portfolio beta close the S&P 500.
2. Long-term track record.
3. Performance that meets or exceeds the S&P 500.
4. Flexibility.
5. Protection in down markets.

ACTUAL PROPOSAL:

1. Weighted portfolio beta of .79 vs. 1.00 for the S&P 500.
2. Suggested investments have a track record of at least 30 years with combined histories of 181 years.
3. Over the last 10 and 15 years the suggested portfolio exceeded the S&P 500 by 1.06% and .49% respectively.
4. You are able to shift the portfolio to any of 60+ funds without incurring any cost or penalty.
5. In the crash of 2000 and 2001, the suggested portfolio posted a weighted average return of 13.40% and -8.26% vs -10.14% and -13.04% for the S&P 500.

Oppenheimer Global (one of the oldest Global funds in existence)

- 5 star Morningstar
- Beta .91
- Out-performed benchmark last 1, 3, 5, 10 and 15 years
- 2000 performance 4.06%
- 2001 performance -11.18%
- Inception date 12/69

Eaton Vance Tax Managed Growth (managing money since 1924)

- 4 star Morningstar
- Beta .87
- Out-performed benchmark last 1, 3, 5, 10 and 15 years
- 2000 performance 3.36%
- 2001 performance -9.70
- Inception date 3/66

Growth Fund of America (American Funds)

- 4 star Morningstar
- Beta 1.08
- Out-performed benchmark last 1, 3, 5, 10 and 15 years
- 2000 performance 7.49%
- 2001 performance -12.30
- Inception date 1/59

Van Kampen Comstock (owned by Morgan Stanley)

- 4 star Morningstar
- Beta .63
- Out-performed benchmark last 1, 3, 5, 10 and 15 years
- 2000 performance 31.91%
- 2001 performance -1.80%
- Inception date 10/68

Van Kampen Equity Income

- 5 star Morningstar
- Beta .49
- Out-performed benchmark last 1, 3, 5 and 10 years
- 2000 performance 20.19
- 2001 performance -2.20%
- Inception date 10/60

Morningstar (Consumer Reports of the mutual fund industry)

There are approx. 10,000 funds in existence. Morningstar will not rate a fund until it is at least 3 years old. At that time they will begin coverage and assign a star rating which is primarily based upon risk and return. Only the top 10% of funds in a category will get 5 stars, the top 20% in a category receive 4 stars etc...

Oppenheimer Global A

Rating
★★★★★
1398 International Equity Funds

Net Assets
\$5997.6 mil

Morningstar Category
World Stock

Investment Approach

Equity Style			Fixed-Income Style		
Value	Blend	Growth	Short	Int	Long
		Large			
		Medium			
		Small			

Composition as of 01-31-02		Regional Exposure % of assets as of 01-31-02	
Cash	5.4	US & Canada	42.8
U.S. Stocks	42.3	Europe	28.2
Non-U.S. Stocks	52.2	Japan	5.3
Bonds	0.1	Latin America	3.8
Other	0.0	Pacific Rim	6.7
		Other	1.2

Risk and Return Profile

Morningstar	3Yr 1398 funds	5Yr 935 funds	10Yr 176 funds
Rating	5★	5★	5★
Risk	0.83	0.77	0.77
Return	0.74	1.87	3.14

Average Historical Rating Over 197 Mos: 4.0★s

Equity Portfolio Statistics

	Portfolio Average	Relative Index	Relative Category
P/E Ratio	31.3	1.10	1.08
P/C Ratio	18.9	1.31	1.18
P/B Ratio	5.1	1.42	1.19
3 Yr Earnings Gr%	19.2	1.41	1.42
Mdn Mkt Cap (\$mil)	9677	0.38	0.45

Fixed-Income Portfolio Statistics

Avg Eff Mat/Duration	—/—
Avg Weighted Coupon	—
Avg Weighted Price	—
Avg Credit Quality	—

Turnover Ratio %	36%
Assets in Top 10 Holdings %	28.83
Total Holdings	123

Sector Weightings as of 01-31-02

	% of Stocks	Relative MSCI EAFE
Utilities	0.0	0.00
Energy	4.3	0.62
Financials	15.1	0.62
Industrial Cyclicals	5.5	0.42
Consumer Durables	3.8	0.43
Consumer Staples	11.9	1.68
Services	13.5	0.95
Retail	2.9	0.69
Health	17.9	1.70
Technology	25.2	3.27

MPT Statistics/Other Measurements

	S&P 500	Best Fit: Wti 4500
R-squared	48	82
Beta	0.91	0.72
Alpha	16.69	9.04

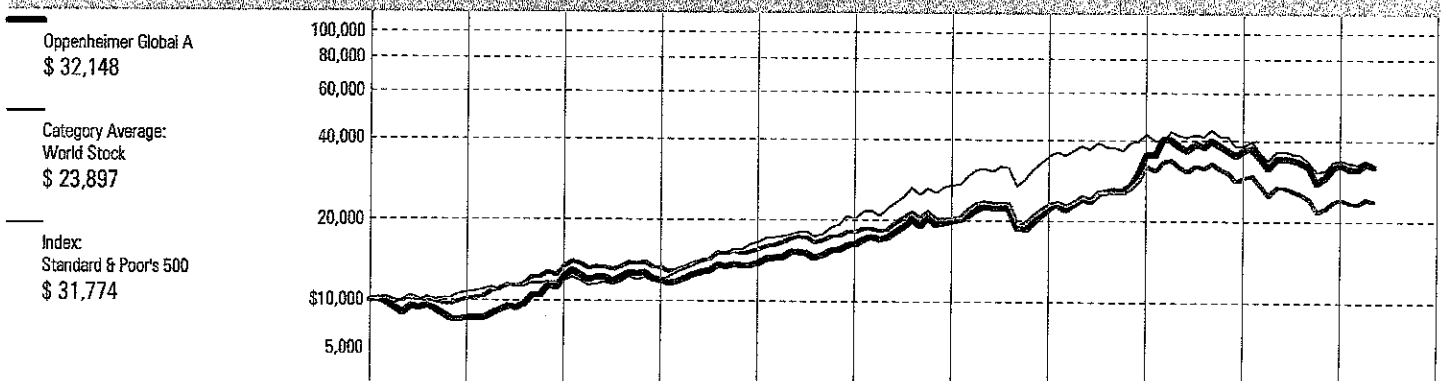
	3Yr	5Yr	10Yr
Sharpe Ratio	0.24	—	—
Std Deviation	24.61	23.70	18.95
Mean	9.94	13.27	13.64

12-Month Yield	0.00%
30-day SEC Yield	—
Potential Cap Gains Exp	5% of assets

Trailing-Period Performance

	YTD	1 Mo	3 Mo	12 Mo	3 Yr Annlzd	5 Yr Annlzd	10 Yr Annlzd	15 Yr Annlzd	Load-Adjusted Return% as of 03-31-02
Total Return % as of 04-30-2002	-0.92	-2.40	2.14	-5.88	9.94	13.27	13.64	11.74	12 Mo -1.43
+/- S&P 500	4.88	3.66	6.55	6.74	15.68	5.72	1.42	-0.16	5 Yr 12.87
+/- MSCI World Ndr_D	2.15	1.18	2.17	7.97	16.63	9.29	5.14	5.00	10 Yr 12.71
% Rank within Morningstar Category:				28(301)	8(237)	7(163)	3(33)	1(16)	Inception 12.89

Growth of \$10,000



Calendar-Year Performance

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	04-02
Total Return %	-14.20	42.63	-3.11	16.58	17.52	21.82	12.71	58.48	4.06	-11.80	-0.92
+/- S&P 500	-21.82	32.57	-4.43	-20.95	-5.43	-11.53	-15.87	37.44	13.16	0.08	4.88
+/- MSCI World Ndr_D	-8.97	20.13	-8.19	-4.14	4.04	6.06	-11.63	33.54	17.24	5.02	2.15

Operations

Family:	OppenheimerFunds	Ticker:	OPPAX	Front-End Fees:	5.75%
Inception:	12-1969	Minimum Initial Purchase:	\$1000	Deferred Load:	0.00%
Manager:	Wilby, William L. (et al.)	Minimum IRA Purchase:	\$250	12b-1 Fee:	0.21%
Tenure:	10 Years	Minimum Auto Investment Plan:	\$25	Expense Ratio:	1.12%
Telephone:	800-525-7048	Purchase Constraints:	—	Assets:	\$5997.6 mil
Objective:	World Stock			NAV:	46.30

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Principia™ Pro for Mutual Funds

Eaton Vance Tax-Mgd-Gr 1.0

Rating

★★★★

5094 Domestic Equity Funds

Net Assets

\$1089.9 mil

Morningstar Category

Large Blend

Investment Approach

Equity Style

Value Blend Growth

Large

Medium

Small

Fixed-Income Style

Short Int Long

High

Medium

Low

Composition

as of 04-30-01

Cash	1.3	US & Canada	96.7
U.S. Stocks	95.2	Europe	3.1
Non-U.S. Stocks	3.4	Japan	0.0
Bonds	0.0	Latin America	0.0
Other	0.1	Pacific Rim	0.0
		Other	0.2

Regional Exposure

% of assets as of 04-30-01

Risk and Return Profile

Morningstar 3Yr 5Yr 10Yr
5094 funds 3350 funds 947 funds

Rating	3★	4★	4★
Risk	0.79	0.81	0.81
Return	-1.06	1.39	1.52

Average Historical Rating Over 197 Mos: 3.6★s

Equity Portfolio Statistics

	Portfolio Average	Relative Index	Relative Category
P/E Ratio	31.3	0.98	1.02
P/C Ratio	18.3	1.03	1.06
P/B Ratio	5.2	0.93	1.02
3 Yr Earnings Gr%	11.5	1.13	1.08
Mdn Mkt Cap (\$mil)	27248	0.49	0.61

Fixed-Income Portfolio Statistics

Avg Eff Mat/Duration	—/—
Avg Weighted Coupon	—
Avg Weighted Price	—
Avg Credit Quality	—

Turnover Ratio %	11%
Assets in Top 10 Holdings %	15.87
Total Holdings	660

Sector Weightings as of 04-30-01

	% of Stocks	Relative S&P500
Utilities	2.0	0.67
Energy	5.8	0.82
Financials	19.9	1.05
Industrial Cyclicals	8.7	0.75
Consumer Durables	1.0	0.56
Consumer Staples	7.1	0.90
Services	16.3	1.51
Retail	7.6	1.01
Health	14.9	1.08
Technology	16.7	0.95

MPT Statistics/Other Measurements

	S&P 500	Best Fit S&P 500	
R-squared	94	94	
Beta	0.87	0.87	
Alpha	4.29	4.29	
	3Yr	5Yr	10Yr
Sharpe Ratio	-0.37	—	—
Std Deviation	15.18	18.48	15.21
Mean	-0.27	10.26	13.54
12-Month Yield		0.65%	
30-day SEC Yield		—	
Potential Cap Gains Exp		—% of assets	

Trailing-Period Performance

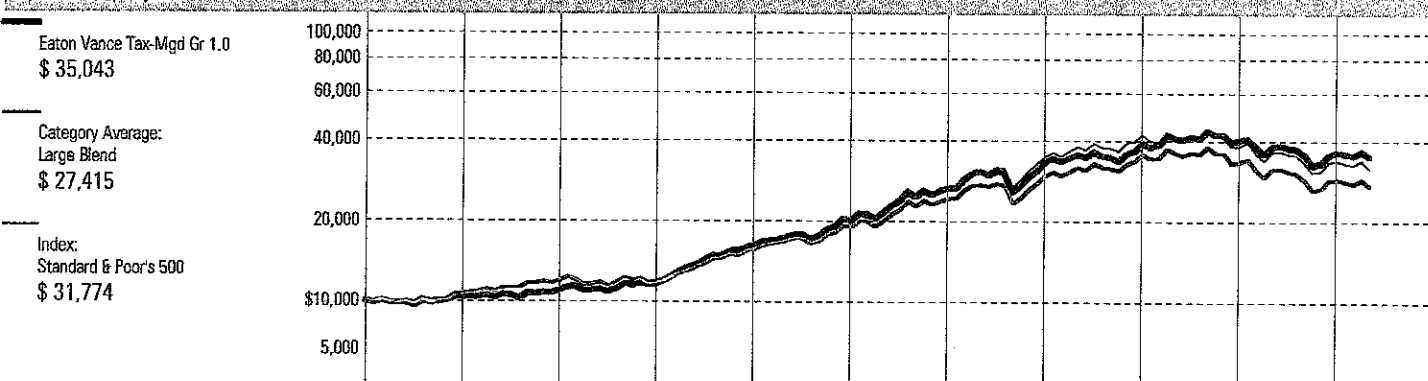
	YTD	1 Mo	3 Mo	12 Mo	3 Yr Annlzd	5 Yr Annlzd	10 Yr Annlzd	15Yr Annlzd	Load-Adjusted Return% as of 03-31-02
Total Return % as of 04-30-2002	-3.31	-4.10	-1.87	-7.65	-0.27	10.26	13.54	12.11	12 Mo 2.71
+/- S&P 500	2.49	1.96	2.54	4.97	5.47	2.71	1.32	0.21	5 Yr 12.31
+/- Wil Lg 750	1.71	1.58	1.98	4.39	5.89	2.81	1.63	0.43	10 Yr 14.04
									Inception 10.88

% Rank within Morningstar Category :

1 = Best 100 = Worst (number of funds)

13(1292) 13(921) 9(563) 10(167) 17(97)

Growth of \$10,000



Calendar-Year Performance

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	04-02
Total Return %	4.04	5.66	5.98	37.28	25.54	32.17	25.75	17.27	2.58	-9.71	-3.31
+/- S&P 500	-3.58	-4.40	4.66	-0.25	2.59	-1.18	-2.83	-3.77	11.68	2.17	2.49
+/- Wil Lg 750	-3.61	-4.18	5.53	-0.32	3.38	-0.86	-2.89	-4.56	13.54	3.06	1.71

Operations

Family: Eaton Vance Group
Inception: 03-1966
Manager: Richardson, Duncan W.
Tenure: 12 Years
Telephone: 800-225-6265
Objective: Growth

Ticker:
Minimum Initial Purchase:
Minimum IRA Purchase:
Minimum Auto Investment Plan:
Purchase Constraints:

CAPEX
Closed
Closed
Closed
C/L

Front-End Fees: 0.00%
Deferred Load: 0.00%
12b-1 Fee: 0.00%
Expense Ratio: 0.47%
Assets: \$1089.9 mil
NAV: 496.25

American Funds Growth Fund A

Rating

★★★★

5094 Domestic Equity Funds

Net Assets

\$37732.3 mil

Morningstar Category

Large Growth

Investment Approach

Equity Style

Value Blend Growth

Large

Medium

Small

Fixed-Income Style

Short Int Long

High

Medium

Low

Composition

as of 12-31-01

Cash
U.S. Stocks
Non-U.S. Stocks
Bonds
Other

18.8
71.5
9.1
0.0
0.6

US & Canada
Europe
Japan
Latin America
Pacific Rim
Other

66.6
3.8
0.0
0.5
2.7
0.9

Risk and Return Profile

Morningstar	3Yr	5Yr	10Yr
	5094 funds	3350 funds	947 funds
Rating	3★	5★	4★
Risk	0.95	0.90	0.97
Return	-0.29	2.62	1.68

Average Historical Rating Over 197 Mos: 3.6★s

Equity Portfolio Statistics

	Portfolio Average	Relative Index	Relative Category
P/E Ratio	33.7	1.06	0.96
P/C Ratio	21.6	1.21	1.01
P/B Ratio	4.8	0.86	0.83
3 Yr Earnings Gr%	20.0	1.96	1.32
Mdn Mkt Cap (\$mil)	18853	0.34	0.50

Fixed-Income Portfolio Statistics

Avg Eff Mat/Duration	—/—
Avg Weighted Coupon	—
Avg Weighted Price	—
Avg Credit Quality	—

Turnover Ratio %	36%
Assets in Top 10 Holdings %	36.44
Total Holdings	186

Sector Weightings as of 12-31-01

	% of Stocks	Relative S&P500
Utilities	0.7	0.23
Energy	2.9	0.41
Financials	12.5	0.66
Industrial Cyclical	4.9	0.42
Consumer Durables	0.0	0.00
Consumer Staples	3.9	0.49
Services	22.8	2.11
Retail	6.8	0.91
Health	16.2	1.17
Technology	29.3	1.66

MPT Statistics/Other Measurements

	S&P 500	Best Fit: WJ 4500
R-squared	70	83
Beta	1.08	0.72
Alpha	13.62	4.49

	3 Yr	5 Yr	10 Yr
Sharpe Ratio	0.04	—	—
Std Deviation	23.42	24.90	19.54
Mean	5.37	15.71	14.88

12-Month Yield	0.20%
30-day SEC Yield	—
Potential Cap Gains Exp	-2% of assets

Trailing-Period Performance

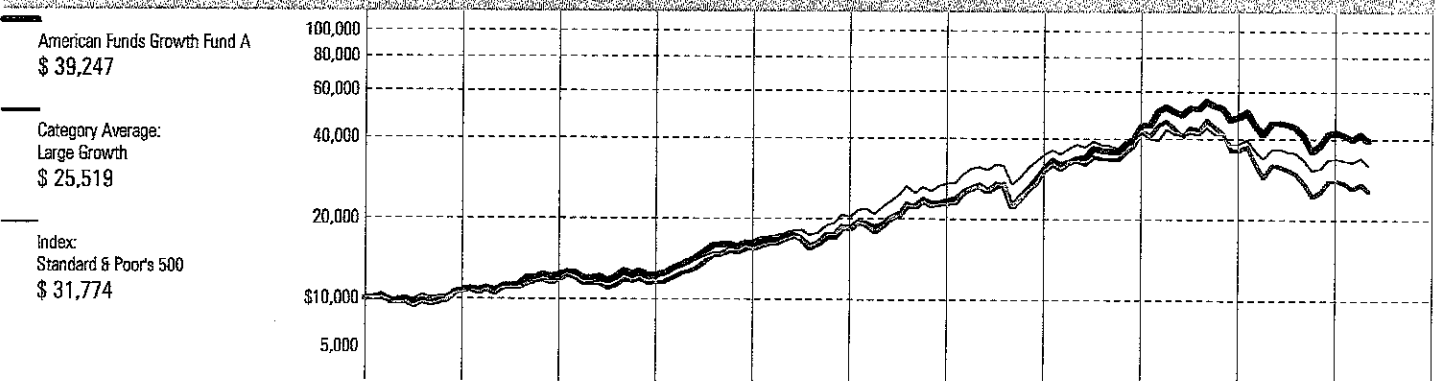
	YTD	1 Mo	3 Mo	12 Mo	3 Yr Annlzd	5 Yr Annlzd	10 Yr Annlzd	15 Yr Annlzd	Load-Adjusted Return% as of 03-31-02
Total Return % as of 04-30-2002	-6.75	-5.55	-4.12	-13.60	5.37	15.71	14.88	13.88	12 Mo -4.96
+/- S&P 500	-0.95	0.51	0.29	-0.98	11.11	8.16	2.66	1.98	5 Yr 16.28
+/- Russ Top 200 Growth	4.57	3.24	5.89	7.59	18.74	11.81	4.67	2.90	10 Yr 14.80

% Rank within Morningstar Category :

1 = Best 100 = Worst (number of funds)

21(1026) 2(689) 2(435) 3(129) 5(85)

Growth of \$10,000



Calendar-Year Performance

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	04-02
Total Return %	7.35	14.54	0.02	29.75	14.84	26.86	31.78	45.70	7.49	-12.28	-6.75
+/- S&P 500	-0.27	4.48	-1.30	-7.78	-8.11	-6.49	3.20	24.66	16.59	-0.40	-0.95
+/- Russ Top 200 Growth	3.46	14.61	-4.83	-8.90	-10.68	-6.88	-13.32	16.02	32.01	8.22	4.57

Operations

Family:	American Funds Group	Ticker:	AGTHX	Front-End Fees:	5.75%
Inception:	01-1959	Minimum Initial Purchase:	\$250	Deferred Load:	0.00%
Manager:	Crawford/Draesdo/O'Neal/Rothenber	Minimum IRA Purchase:	\$250	12b-1 Fee:	0.25%
Tenure:	13 Years	Minimum Auto Investment Plan:	\$50	Expense Ratio:	0.71%
Telephone:	800-421-4120	Purchase Constraints:	—	Assets:	\$37732.3 mil
Objective:	Growth			NAV:	22.11

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Principia™ Pro for Mutual Funds

Van Kampen Equity-Income A

Rating

★★★★★
5094 Domestic Equity Funds

Net Assets

\$2672.3 mil

Morningstar Category

Domestic Hybrid

Investment Approach

Equity Style

Value Blend Growth



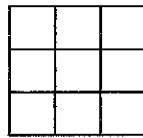
Large

Medium

Small

Fixed-Income Style

Short Int Long



High

Medium

Low

Composition

as of 12-31-01

Cash	9.1	US & Canada	62.3
U.S. Stocks	55.2	Europe	2.1
Non-U.S. Stocks	2.6	Japan	0.0
Bonds	18.0	Latin America	0.0
Other	15.2	Pacific Rim	0.2
		Other	0.1

Regional Exposure

% of assets as of 12-31-01

Risk and Return Profile

Morningstar	3Yr 5094 funds	5Yr 3350 funds	10Yr 947 funds
Rating	4★	4★	5★
Risk	0.34	0.42	0.49
Return	0.45	1.75	1.43

Average Historical Rating Over 197 Mos: 3.1★s

Equity Portfolio Statistics

	Portfolio Average	Relative Index	Relative Category
P/E Ratio	27.2	0.85	0.93
P/C Ratio	15.2	0.85	0.94
P/B Ratio	3.5	0.63	0.76
3 Yr Earnings Gr%	9.1	0.89	0.83
Mdn Mkt Cap (\$mil)	21884	0.39	0.69

Fixed-Income Portfolio Statistics

Avg Eff Mat/Duration	—/5.2 Yrs
Avg Weighted Coupon	5.80
Avg Weighted Price	100.30
Avg Credit Quality	—

Turnover Ratio %	92%
Assets in Top 10 Holdings %	24.07
Total Holdings	247

Sector Weightings

	as of 12-31-01	% of Stocks	Relative S&P500
Utilities	2.8	0.93	
Energy	11.8	1.66	
Financials	25.0	1.32	
Industrial Cyclical	16.0	1.38	
Consumer Durables	4.7	2.61	
Consumer Staples	5.7	0.72	
Services	13.3	1.23	
Retail	2.5	0.33	
Health	9.5	0.69	
Technology	8.8	0.50	

MPT Statistics/Other Measurements

	S&P 500	Best Fit: S&P Midcap 400
R-squared	74	76
Beta	0.49	0.44
Alpha	9.04	0.48

	3 Yr	5 Yr	10 Yr
Sharpe Ratio	0.45	—	—
Std Deviation	10.28	12.44	10.60
Mean	8.71	12.84	13.84

12-Month Yield	2.59%
30-day SEC Yield	—
Potential Cap Gains Exp	3% of assets

Trailing-Period Performance

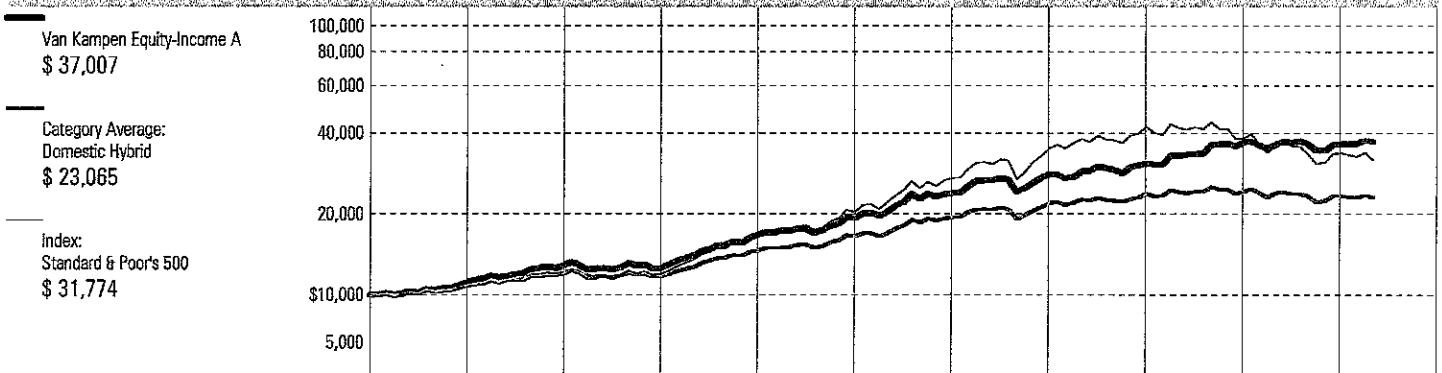
	YTD	1 Mo	3 Mo	12 Mo	3 Yr Annltz	5 Yr Annltz	10 Yr Annltz	15 Yr Annltz	Load-Adjusted Return% as of 03-31-02
Total Return % as of 04-30-2002	2.25	-0.92	2.52	2.34	8.71	12.84	13.84	11.74	12 Mo 0.91
+/- S&P 500	8.05	5.14	6.93	14.96	14.45	5.29	1.62	-0.16	5 Yr 12.44
+/- DJ 60% Global	1.39	-0.49	0.52	2.97	6.24	5.70	4.83	1.84	10 Yr 13.48
									Inception 7.31

% Rank within Morningstar Category :

1 = Best 100 = Worst (number of funds)

10(821) 3(671) 3(479) 1(117) 4(63)

Growth of \$10,000



Calendar-Year Performance

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	04-02
Total Return %	10.72	16.01	-1.98	32.60	15.55	24.13	16.99	9.95	20.19	-2.23	2.25
+/- S&P 500	3.10	5.95	-3.30	-4.93	-7.40	-9.22	-11.59	-11.09	29.29	9.65	8.05
+/- DJ 60% Global	5.10	-1.26	-2.45	12.80	4.89	12.23	4.67	-7.38	21.86	0.57	1.39

Operations

Family:	Van Kampen Funds	Ticker:	ACEX	Front-End Fees:	5.75%
Inception:	08-1960	Minimum Initial Purchase:	\$1000	Deferred Load:	0.00%
Manager:	Gilligan/Carroll/Manioudakis/Roeder	Minimum IRA Purchase:	\$500	12b-1 Fee:	0.25%
Tenure:	5 Years	Minimum Auto Investment Plan:	\$25	Expense Ratio:	0.82%
Telephone:	800-421-5666	Purchase Constraints:	—	Assets:	\$2672.3 mil
Objective:	Equity Income			NAV:	7.52

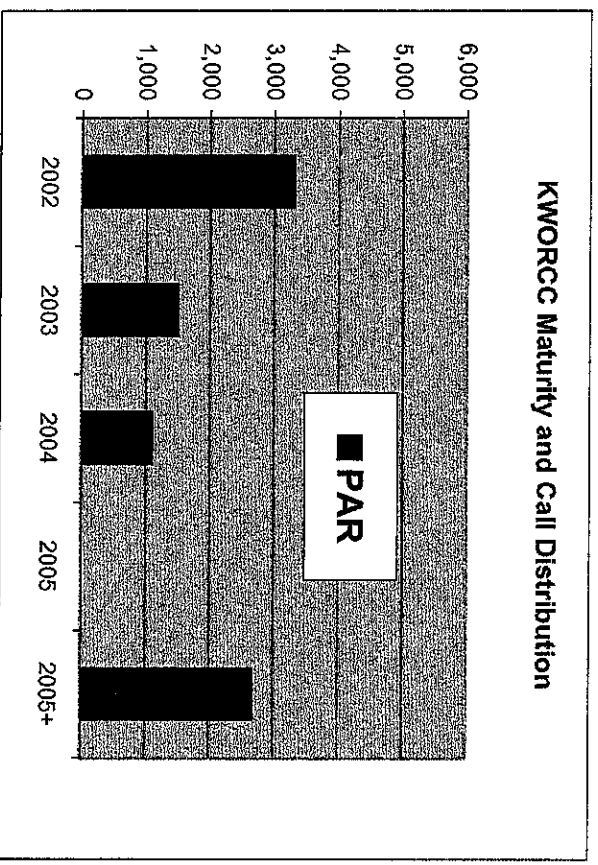
KWORCC Topeka, KS

ITEM #	ISSUER	VALUE	COUPON	YIELD	CALL DATE	MATURITY	BOOK PRICE	MARKET PRICE	EXPECTED CALL?
1	FHNDN	900,000	1.684%	1.684%	N/C	20-Jun-02	99.940	99.940	
2	FPCB	1,100,000	1.900%	1.900%	N/C	01-Jul-02	100.000	100.000	
3	FHLB	200,000	1.880%	1.880%	N/C	03-Sep-02	100.000	99.969	
4	FHLB	500,000	6.025%	6.025%	N/C	13-Mar-03	100.000	102.906	
5	FHLB	600,000	5.245%	5.245%	25-Jul-02	25-Apr-05	100.000	100.563	yes
6	FNMA	500,000	4.950%	4.950%	08-May-03	08-May-06	100.000	100.875	yes
7	FHLMC	500,000	4.250%	4.250%	15-Oct-02	15-Oct-06	100.000	97.815	no
8	FHLMC	500,000	5.100%	5.100%	16-May-03	16-Nov-06	100.000	100.693	yes
9	FHLB	500,000	5.250%	5.250%	15-Nov-02	15-Nov-07	100.000	100.250	yes
10	FHLB STEP	1,000,000	4.25/7.00%	4.250%	29-Nov-04	29-May-09	100.000	100.000	yes
11	FHLMC	100,000	6.080%	5.936%	10-Aug-04	10-Aug-11	100.279	100.734	yes
12	FHLMC	2,165,000	0.000%	7.466%	12-Jul-02	12-Jan-18	31.816	31.145	no
		<u>8,565,000</u>				<u>11-Jul-04</u>			

If rates look as they do today, by the first call date is there an

PAR	% of Portfolio	Cumulative
2002	38.529%	38.529%
2003	17.513%	56.042%
2004	12.843%	68.885%
2005	0.000%	68.885%
2005+	31.115%	100.000%
<u>TOTAL</u>	<u>8,565</u>	<u>100.000%</u>

ISSUER	PAR	Percent
FPCB = Federal Farm Credit Bank	1,100	12.84%
FHLB = Federal Home Loan Bank	3,700	43.20%
FHLMC = Federal Home Loan Mortgage (3,265	38.12%
FNMA = Fannie Mae	500	5.84%
<u>TOTAL</u>	<u>8,565</u>	<u>100.00%</u>



GP	REG	CLASS	PL	SK	ISSUE	CURR	PAR/SHARES	DESCRIPT	MOODY	MAT	DATE	RATE	HLDNG	TE/BE	BOOK
TAX	INT	ABS	TY/CAT	P/Y	LCK	TID	ORIGINAL	FACE	S & P	MAL	DT	WAL	YLD	YLD	VALUE
									ESCRW	DT			DURA	CONV	MARKET
															GAIN/LOSS
32	B	312923L78	437046	061101			500,000.00	FHLMC MTN ONE TIME CALL	AAA	12/07/04	5.150	5.150	5.150	5.150	500,000.00
T	B	235	000 01	060701			500,000.00		AAA	06/07/02	OPTIONAL		2.42	AT 100.000	500,592.50
AFS															592.50
32	B	312924AM5	447530	121301			100,000.00	FHLMC MTN ONE TIME CALL	AAA	08/10/11	6.080	5.936	5.936	5.936	100,279.47
T	B	235	000 01	081001			100,339.00		AAA	08/10/04	OPTIONAL		2.13	AT 100.000	100,733.60
AFS															454.13
32	B	312925KE9	455239	051602			500,000.00	FHLMC ONE TIME CALL	AAA	11/16/06	5.100	5.100	5.100	5.100	500,000.00
T	B	235	000 01	051602			500,000.00	MEDIUM TERM NOTE	AAA	05/16/03	OPTIONAL		AT 100.000	AT 100.000	503,467.00
AFS															3,467.00
32	B	3133F0G06	444228	102501			500,000.00	FEDERAL HOME LOAN MTG CORP	AAA	10/15/06	4.250	4.250	4.250	4.250	500,000.00
T	B	235	000 01	102501			500,000.00	MEDIUM TERM NOTE	AAA	10/15/02	CONTIN		4.06	AT 100.000	489,073.50
AFS															-10,926.50
32	B	3133ME662	434231	042501			600,000.00	FHLB ONE TIME CALL	AAA	04/25/05	5.245	5.245	5.245	5.245	600,000.00
T	B	230	000 01	042501			600,000.00		AAA	07/25/02	OPTIONAL		2.80	AT 100.000	603,375.00
AFS															3,375.00
32	B	3133MNB2	455122	051502			500,000.00	FEDERAL HOME LOAN BANK	AAA	11/15/07	5.250	5.250	5.250	5.250	500,000.00
T	B	230	000 01	051502			500,000.00		AAA	11/15/02	RECURRING		AT 100.000	AT 100.000	501,250.00
AFS															1,250.00
32	B	3133MNB99	455764	052902			1,000,000.00	FHLB 4.25 STEP UP 7.0 11/04	AAA	05/29/09	4.250V	4.250	4.250	4.250	1,000,000.00
T	B	230SN	000 01	052902			1,000,000.00	ONE TIME CALL	AAA	11/29/04	OPTIONAL		AT 100.000	AT 100.000	1,000,000.00
AFS															
32	B	3133M3UL7	373817	031398			500,000.00	FEDERAL HOME LOAN BANK	AAA	03/13/03	6.025	6.025	6.025	6.025	500,000.00
T	B	230	000 01	031398			500,000.00		AAA				.86		514,531.25
AFS															14,531.25
32	B	31331LU00	452441	030502			200,000.00	FEDERAL FARM CREDIT BANK	AAA	09/03/02	1.880	1.880	1.880	1.880	200,000.00
T	B	225	000 01	030102			200,000.00		AAA				.33		199,937.50
AFS															-62.50
32	B	31331LUV8	453898	040102			900,000.00	FEDERAL FARM CREDIT BANK	AAA	07/01/02	1.900	1.900	1.900	1.900	900,000.00
T	B	225	000 01	040102			900,000.00		AAA				.16		900,000.00
AFS															
32	B	31331LUV8	454188	040502			200,000.00	FEDERAL FARM CREDIT BANK	AAA	07/01/02	1.900	1.900	1.900	1.900	200,000.00
T	B	225	000 01	040102			200,000.00		AAA				.16		200,000.00
AFS															
32	B	3134A1Z45	370437	011298			2,165,000.00	FEDERAL HOME LOAN MTG CORP	AAA	01/12/18	7.466	7.466	7.466	7.466	688,816.40
T	B	201	000 01	011298			499,400.55	ZERO COUPON	AAA	07/12/02	OPTIONAL		15.69	AT 32.086	674,280.59
AFS															-14,535.81

IV-144-302-070-00002 CUSTOMER 300121 KMORCC TOPEKA, KS INVESTMENT PORTFOLIO SECURITY INVENTORY DATE 5/31/02 PAGE 9.606
 IA005505/29/02 MONTH-END LAST 04/30/02 TYPE 1

GP SECURITY SEQUENCE PURCH CURR PAR/SHARES DESCRIPTION 1
 TAX REG CLASS PL SK ISSUE PRINCIPAL COST DESCRIPTION 2
 INT ABS TY/CAT P/Y LCK TID ORIGINAL FACE MISC/INS INFO

32 3136FYW4 455123 050802 500,000.00 FMMA ONE TIME CALL AAA 05/08/06 4.950 4.950 4.950 500,000.00
 T B 240 000 01 050802 500,000.00 AAA 05/08/03 OPTIONAL AT 100.000 504,375.00
 AFS 4.375.00

U S GOVT AGENCIES AFS 8,165,000.00 GROUP 32 TOTAL 5.143 5.141 5.141 6,689,095.87
 13 SECURITIES 6,499,739.55 STATED MAT 6 YRS 7.9 MOS 7.02 6,691,615.94
 2,520.07

13 SECURITIES 8,165,000.00 BANK TOTAL 6 YRS 7.9 MOS 5.143 5.141 5.141 6,689,095.87
 6,499,739.55 STATED MAT 6 YRS 7.9 MOS 7.02 6,691,615.94
 INCL MAL DT 2,520.07



Country Club Financial Services, Inc.
 Post Office Box 410889 - Kansas City, MO 64141-0889
 816-931-4060

YOUR BROKERAGE ACCOUNT STATEMENT
 YTD COMM: \$.00

Statement Period: January 01, 2002 through: March 28, 2002
 Account Number: 33N-109104
 Tax ID Number: 48-1148078
 Phone Number: (785) 357-1069

Statement for the account of:
 KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES (KWORCC)
 700 SW JACKSON STREET SUITE 200
 TOPEKA KS 66603-3757

Your Portfolio Manager:
 Brian C Thompson
 ID : BCT

ASSET VALUATION

	Value	This Period % of Assets	Value	Last Period % of Assets
Mutual Funds	617,960.19	100.00	590,254.07	100.00
Total Brokerage Account Assets	\$617,960.19	100.00	\$590,254.07	100.00
Total Assets	\$617,960.19	100.00	\$590,254.07	100.00

ACTIVITY SUMMARY

	Debits	Credits
Opening Balance		\$.00
Closing Balance		\$.00

PORTFOLIO HOLDINGS

Quantity	Description	Price	Market Value	Div/Cap Gain Option	Estimated Yield	Annual Income	Security ID	Account Type	Location
15,047.36400	SECURITY GLOBAL FUND CLASS A	12.9300	194,562.42	REINVEST			SEQAX	CASH	
9,320.02100	SECURITY MID CAP VALUE FUND CLASS A FORMERLY VALUE	23.6900	220,791.30	REINVEST			SEVAX	CASH	
18,368.67400	SECURITY ULTRA FUND CLASS A	11.0300	202,606.47	REINVEST			SECUX	CASH	
Total Mutual Funds			\$617,960.19						

	Market Value	Annual Income
Total -- All Securities	\$617,960.19	\$.00





**Country Club Financial
Services, Inc.**
816-931-4060
Post Office Box 410889 - Kansas City, MO 64141-0889

**YOUR BROKERAGE
ACCOUNT STATEMENT**
YTD COMM: \$.00

PORTFOLIO HOLDINGS (continued)

Disclosures and Other Information

Pricing - Securities prices may vary from actual liquidation value. Prices shown should only be used as a general guide to portfolio value. Prices are received from various pricing services. However, pricing services are sometimes unable to provide timely information. Where pricing sources are not readily available, particularly on certain debt securities, estimated prices may be generated by a matrix system taking various factors into consideration. The pricing of listed options takes into account the last closing price, as well as the current bid and offer prices. Where securities have not been priced, such securities have not been included in the Asset Valuation information at the beginning of this statement.

Reinvestment - The dollar amount of Mutual Fund distributions, Money Market Fund income, or dividends on other securities shown on your statement may have been reinvested into additional shares. You will not receive confirmations for these reinvestment transactions. However, information pertaining to these transactions which would otherwise appear on confirmations, including the time of execution and the name of the person from whom your security was purchased, will be furnished to you upon written request to your introducing firm. In dividend reinvestment transactions, Pershing acts as your agent and receives payment for order flow, the source and nature of which payment will be furnished to you upon written request to your introducing firm.

MESSAGES

PERSHING AND ITS AFFILIATE, PERSHING TRADING COMPANY, L.P. (COLLECTIVELY "PERSHING"), RECEIVE COMPENSATION FOR DIRECTING OVER THE COUNTER (OTC) EQUITY AND LISTED OPTIONS ORDER FLOW TO SELECTED MARKET MAKERS AND OPTION SPECIALISTS. PERSHING ALSO DIRECTS A PERCENTAGE OF LISTED EQUITY FLOW TO CERTAIN EXCHANGES OR SPECIALISTS, AND RECEIVES COMPENSATION IN CONNECTION WITH THE ROUTING OF SUCH ORDERS.

WITH RESPECT TO OTC AND LISTED OPTIONS TRANSACTIONS, COMPENSATION MAY BE IN THE FORM OF A PER SHARE OR PER CONTRACT CASH PAYMENT OR NONCASH COMPENSATION IN THE FORM OF RECIPROCAL ARRANGEMENTS WHEREBY, IN EXCHANGE FOR HAVING ORDERS DIRECTED TO THEM, OTHER BROKER-DEALERS WILL DIRECT CERTAIN ORDERS TO PERSHING. SIMILAR RECIPROCAL ARRANGEMENTS EXIST WITH RESPECT TO LISTED EQUITIES, WHEREBY OTHER BROKER-DEALERS WILL DIRECT ORDERS TO PERSHING SPECIALISTS ON THE FLOOR OF VARIOUS EXCHANGES IN RETURN FOR RECEIVING ORDERS FROM PERSHING. ADDITIONALLY, CERTAIN EXCHANGES REDUCE OR ELIMINATE EXECUTION FEES ON ORDERS DIRECTED TO THEM IN DUALY LISTED SECURITIES.

PERSHING HAS SELECTED CERTAIN MARKET MAKERS TO PROVIDE EXECUTION OF OTC SECURITIES TRANSACTIONS WHO HAVE AGREED TO ACCEPT ORDERS, TRANSMITTED



Country Club Financial
Services, Inc.
 816-931-4060
 Post Office Box 410889 - Kansas City, MO 64141-0889

YOUR BROKERAGE
ACCOUNT STATEMENT
 YTD COMM: \$.00

MESSAGES (continued)

ELECTRONICALLY UP TO A SPECIFIED SIZE, AND TO EXECUTE THEM AT OR BETTER THAN THE NATIONAL BEST BID OR OFFER (NBBO). ON LARGER ORDERS, OR IF THE DESIGNATED MARKET MAKERS DO NOT MAKE A MARKET IN THE SUBJECT SECURITY, PERSHING DIRECTLY CONTACTS MARKET MAKERS TO OBTAIN AN EXECUTION. THE DESIGNATED MARKET MAKERS TO WHOM ORDERS ARE AUTOMATICALLY ROUTED ARE SELECTED BASED ON THE CONSISTENTLY HIGH QUALITY OF THEIR OTC EXECUTIONS IN ONE OR MORE MARKET SEGMENTS AND THEIR ABILITY TO PROVIDE OPPORTUNITIES FOR EXECUTIONS AT PRICES SUPERIOR TO THE NBBO.

IF AN ORDER FOR AN EXCHANGE-LISTED SECURITY IS NOT IMMEDIATELY EXECUTABLE ON THE EXCHANGE TO WHICH IT IS ROUTED, SUCH ORDER MAY BE REPRESENTED IN THE NATIONAL MARKETPLACE USING THE VARIOUS MEANS AVAILABLE FOR PRICE DISCOVERY.

PERSHING ALSO REGULARLY REVIEWS REPORTS FOR QUALITY OF EXECUTION PURPOSES.

SEE THE TERMS AND CONDITIONS SECTION OF YOUR STATEMENT FOR A DESCRIPTION OF PERSHING'S PAYMENT FOR ORDER FLOW PRACTICES. PERSHING HAS BEEN ADVISED BY YOUR INTRODUCING FINANCIAL ORGANIZATION THAT IT DOES NOT RECEIVE COMPENSATION FOR DIRECTING ORDER FLOW.

FOR ADDITIONAL INFORMATION REGARDING ORDER ROUTING PRACTICES AND THE VENUES TO WHICH YOUR INTRODUCING FINANCIAL ORGANIZATION'S ORDERS ARE ROUTED, YOU MAY VISIT WWW.ORDERROUTINGDISCLOSURE.COM

UPON WRITTEN REQUEST TO YOUR INTRODUCING FINANCIAL ORGANIZATION, YOU MAY OBTAIN THE IDENTITY OF THE VENUE TO WHICH YOUR ORDERS WERE ROUTED FOR THE SIX MONTHS PRIOR TO YOUR REQUEST AND THE TIME OF TRANSACTIONS THAT MAY HAVE RESULTED FROM SUCH ORDERS.

PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934, THE PERSHING DIVISION OF DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION (DLJSC), A CREDIT SUISSE FIRST BOSTON COMPANY, MUST PROVIDE CLIENTS WITH CERTAIN FINANCIAL INFORMATION.

ON DECEMBER 31, 2001, DLJSC'S NET CAPITAL OF \$1.2 BILLION WAS 19.7% OF AGGREGATE DEBIT BALANCES AND EXCEEDED THE MINIMUM REQUIREMENT BY APPROXIMATELY \$1.1 BILLION.





Country Club Financial Services, Inc.
 816-931-4060
 Post Office Box 410889 - Kansas City, MO 64141-0889

**YOUR BROKERAGE
 ACCOUNT STATEMENT**
 YTD COMM: \$.00

MESSAGES (continued)

DLISC'S U.S. BROKER-DEALER SUBSIDIARIES ARE SUBJECT TO THE NET CAPITAL REQUIREMENTS OF THEIR RESPECTIVE REGULATORY AGENCIES. ON DECEMBER 31, 2001, DLISC AND ITS BROKER-DEALER SUBSIDIARIES COMPLIED WITH ALL APPLICABLE REGULATORY CAPITAL ADEQUACY REQUIREMENTS.

DLISC HAS FILED A CONSOLIDATED STATEMENT OF FINANCIAL CONDITION PURSUANT TO RULE 17A-5 OF THE SECURITIES EXCHANGE ACT OF 1934. THE STATEMENT IS AVAILABLE FOR INSPECTION AT THE PRINCIPAL OFFICE OF DLISC AND AT THE NEW YORK REGIONAL OFFICE OF THE SECURITIES AND EXCHANGE COMMISSION.

A COMPLETE COPY OF THE STATEMENT IS AVAILABLE ON PERSHING'S WEB SITE AT WWW.PERSHING.COM/FINANCIALSTATEMENT.HTM. YOU MAY ALSO REQUEST A FREE PRINTED COPY BY CALLING (800) 443-4342 (EXTENSION 3333) OR (201) 413-3333.

NOT FDIC INSURED; NO BANK GUARANTEE; MAY LOSE VALUE

6/1/202

From: Chris Thompson / Carola Fuller @ Country Club Bank 800-288-6489
 To: KWORCC Investment Comm. Distribution List

Ralph Unger (620) 694-2928 fx
 F.E. "Shep" Schoepf (620) 429-1042 fx
 Sam Weaver

KWORCC offices (c/o Dortha Bird)
 Re: Weekly Portfolio Update. All values are as of June 11, 2002 unless otherwise noted.

Ticker	Fund Name	Fund Objective	Fund Style	Morningstar Rating	11-Jun-02 NAV	52 Week High	52 Week Low	Percent Change 1 month	YTD	Cost Basis	Market Value	Gain / (Loss)	Number of Shares	Avg. Share Price	
SEQAX	Security Global Fund	Capital Appreciation	Large Cap Growth	5 star (of 5 possible)	\$12.05	\$13.75	\$10.42	-3.52%	-5.41%	\$ 190,000	\$ 181,471	(\$ 8,529)	15,047	\$12.69	
SECUX	Security Ultra Fund	Capital Appreciation	Mid Cap Growth	3 star (of 5 possible)	\$9.25	\$12.08	\$8.13	-8.05%	-14.03%	\$ 190,000	\$ 169,910	(\$ 20,090)	18,369	\$10.34	
SEVAX	Security Mid Cap Fund	Capital Appreciation	Mid Cap Blend	5 star (of 5 possible)	\$21.72	\$24.21	\$17.48	-7.10%	0.84%	\$ 190,000	\$ 202,431	\$ 12,431	9,320	\$20.39	
											\$ 570,000	\$ 553,812	(\$ 16,188)		
													-2.84%	as % of cost basis	

Most Recently Published Top 15 Holdings:

As of 3-31-02

Global Fund (SEQAX)	Ultra Fund (SECUX)	Mid Cap Fund (SEVAX)
1 Cadence Design Systems	Market Inc	Shares SAP MidCap 400
2 Rectic Benchmark PLC	Ocean Energy Inc	Computer Sciences Corp
3 Electronic Arts Inc	Shaw Group Inc	Shaw Group Inc.
4 Senofi-Synthelabo SA	Acclom Corp	Pride International Inc
5 Fannie Mae	Scripta Co (EWJ)	WR Berkley Corp
6 Raytheon Co.	Hypeton Solutions Corp.	Tidewater Corp
7 Porsche AG	Apache Corp	Ocean Energy Inc.
8 Cadbury Schweppes	FHLB DN 4-22-02	Kinder Morgan Inc
9 Johnson and Johnson	FHLB DN 5-01-02	SGR 0 5-1-21
10 Bank One	ENSCO International Inc.	Acclom Corp
11 National Semiconductor	Keano Inc	Canadian Natural Resource
12 Fresenius AG	Aflac Inc	Adaptac Inc
13 Australia & New Zealand	Symantec Corp	Archer-Daniels-Midland
14 Allergan Inc	Ligand Pharmaceuticals	Evergreen Resources Inc.
15 Nintendo Co	Lands End Inc.	Ishares S&P MidCap 400

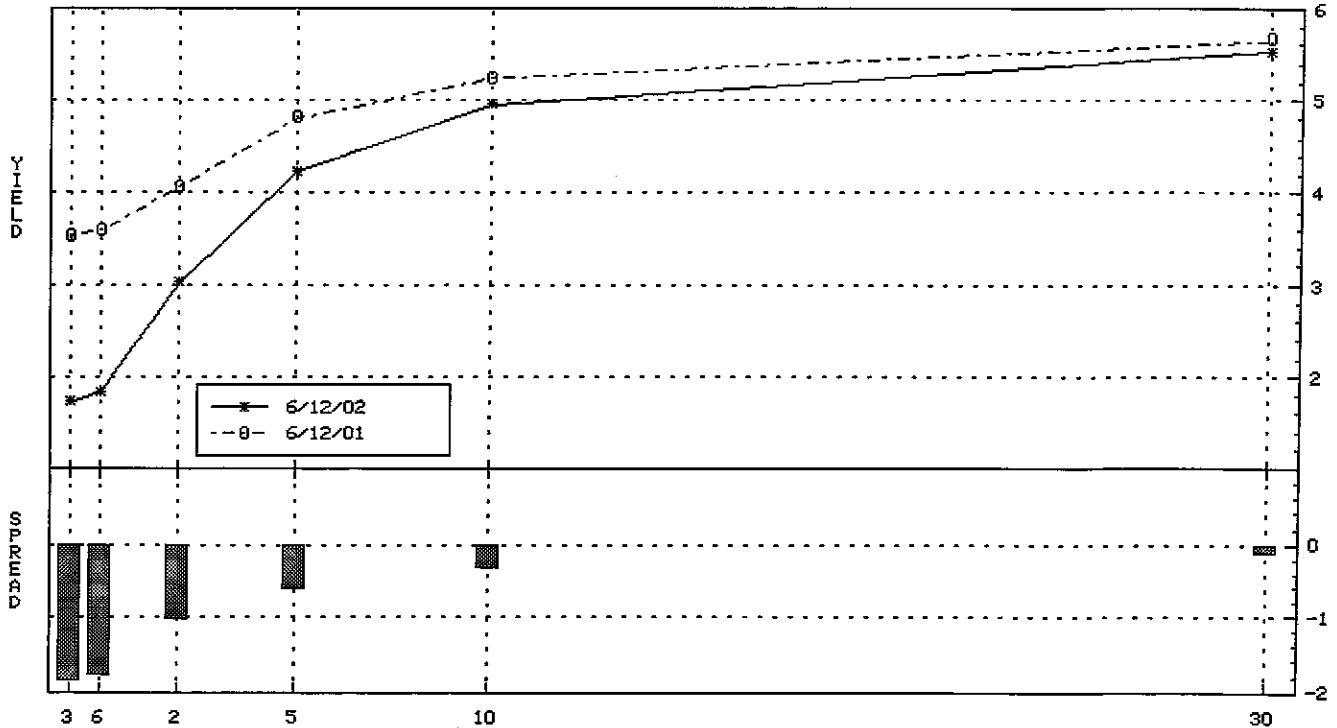
* - Bond portfolio market value is as of most recent month end report

Reasons for purchase of equity funds	Is Goal Still Relevant?
1) A long term belief that equities will outperform bonds	Yes.
2) A hedge against inflation which can be achieved without impacting near term liquidity	Yes.
3) Diversification from bonds and cash equivalents	Yes.

HISTORICAL YIELD CURVE

DATE RANGE **6/12/01** **6/12/02**

MTY RANGE **3M** **30Y**



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 920410
Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 212 1000 U.S. 1 212 318 2000 Copyright 2002 Bloomberg L.P.
6691-395-0 12-Jun-02 15:16:44

HISTORICAL YIELD CURVE

DATE RANGE **6/12/01** **6/12/02**

MTY RANGE **3M** **30Y**

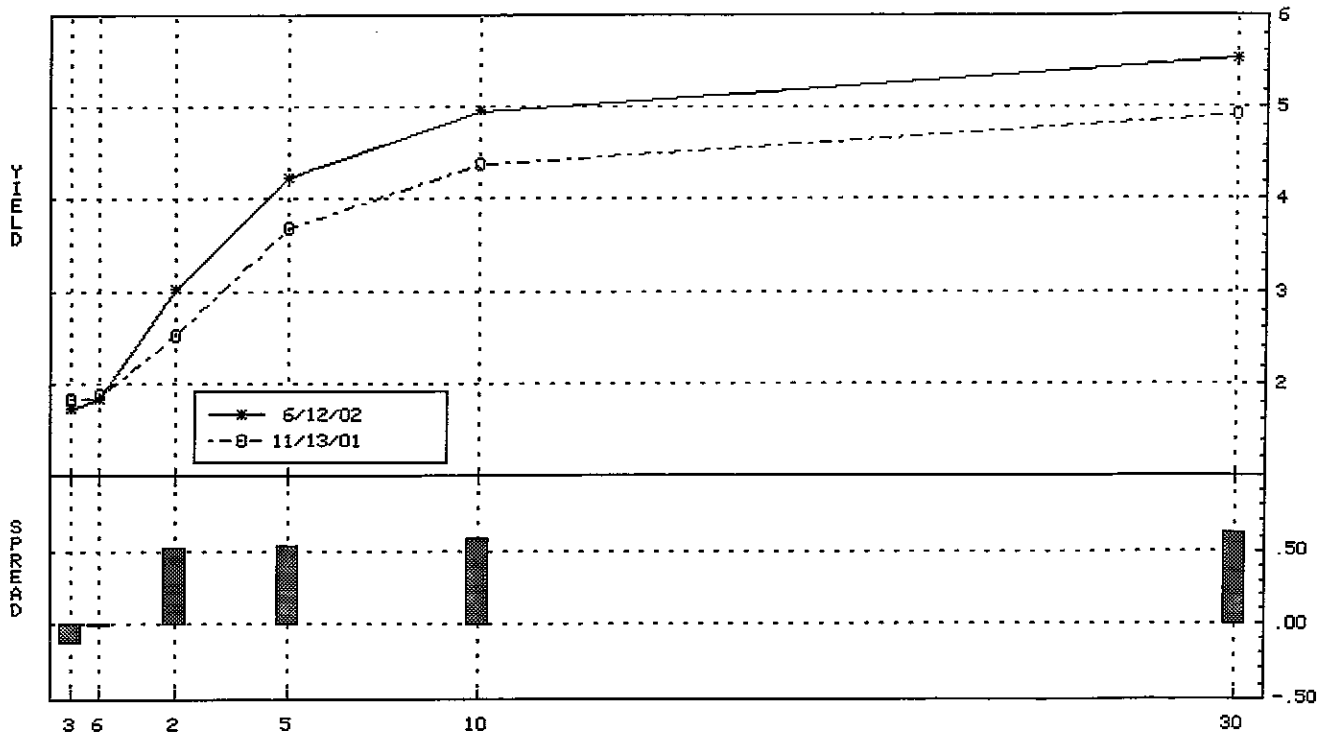
	<u>6/12/01</u>	<u>6/12/02</u>	<u>CHANGE</u>
3 MONTH	3.539	1.721	-1.8185
6 MONTH	3.581	1.831	-1.7496
2 YEAR	4.057	3.027	-1.0303
5 YEAR	4.797	4.222	-0.5754
10 YEAR	5.251	4.950	-0.3007
30 YEAR	5.651	5.526	-0.1244

<HELP> for explanation.
 NEXT HISTORY DATE USED AS START DATE

HISTORICAL YIELD CURVE

DATE RANGE **11/13/01** **6/12/02**

MTY RANGE **3M** **30Y**



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 920410
 Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 212 1000 U.S. 1 212 318 2000 Copyright 2002 Bloomberg L.P.
 6691-395-0 12-Jun-02 15:17:06

<HELP> for explanation.

HISTORICAL YIELD CURVE

DATE RANGE **11/13/01** **6/12/02**

MTY RANGE **3M** **30Y**

	<u>11/13/01</u>	<u>6/12/02</u>	<u>CHANGE</u>
3 MONTH	1.833	1.721	-0.1119
6 MONTH	1.841	1.831	-0.0097
2 YEAR	2.511	3.027	0.5156
5 YEAR	3.690	4.222	0.5319
10 YEAR	4.376	4.950	0.5745
30 YEAR	4.921	5.526	0.6057

2

New York, June 10 (Bloomberg) – Wall Street's biggest bond dealers are paring forecasts for Federal Reserve interest-rate increases as evidence mounts an economic recovery is slowing. Economists at 18 of the 22 banks that trade with the Fed expect the central bank to wait until at least September before raising the target for overnight loans between banks. A month ago, only five primary dealers expected policy makers to wait so long. The federal funds rate is at a 40-year low of 1.75 percent. The decision by economists reflects the weight many put on a government report Friday that showed the economy added fewer jobs than expected in May. The change in forecasts may also persuade some investors to buy U.S. bonds, extending a rally that has caused yields on benchmark 10-year government debt to fall to 5.03 percent from 5.43 percent on April 1.

“We had been hanging on, thinking that any month now we'd have a strong employment pickup, but the numbers suggest a lack of momentum in the job market,” said Jim Glassman, senior U.S. economist at J.P. Morgan Chase.

Glassman expects the Fed will wait until its Sept. 24 meeting to raise its fed funds target to 2 percent; last month he forecast an August increase. He also lowered his year-end target forecast to 2.25 percent from 2.75 percent a month ago.

Fed policy makers next meet June 26. All surveyed expect them to leave rates unchanged at that meeting. Four economists forecast the Fed in August will begin reversing last year's 11 rate cuts, which totaled 4.75 percentage points. A month ago, 16 forecast a rate increase at the Aug. 13 meeting.

The survey also showed the economists now predict the Fed will raise rates by a smaller amount this year. None of the economists expect year-end rates to top 2.75 percent. Last month, three said rates would be 3 percent or higher by yearend.

Four of those surveyed, including economists at Goldman, Sachs & Co. and UBS Warburg LLC, said the Fed will wait until its Nov. 6 meeting to boost rates because inflation remains tame. The central bank's policy-making arm, the Federal Open Market Committee, doesn't meet in October.

Weaker-than-expected spending on capital goods by U.S. companies and a slumping stock market will prevent Fed policy makers from raising interest rates until January, said Avery Shenfeld, an economist at CIBC World Markets. Last month, economists at CIBC had predicted a rate increase would come as soon as August.

Fed Chairman Alan “Greenspan can't ignore what's happening in the equity market, which is telling you there are concerns about corporate earnings and, in turn, the level of business investment going forward,” said Shenfeld, a senior economist at the firm.

New Issue Monitor

6/12/02

<u>Item #</u>	<u>Issuer</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Call</u>		<u>Structure</u>
1	MC	2.450	06/17/2003	3M	1X	1Y 3M 1X
2	CB	2.450	06/18/2003	3M		1Y 3M
3	HL	2.600	07/10/2003	3M		1Y 3M
4	HL	2.660	08/08/2003	1M	1X	13M 1M 1X
5	HL	2.700	08/08/2003	1M	1X	13M 1M 1X
6	HL	2.660	08/12/2003	1M	1X	13M 1M 1X
7	HL	2.700	09/30/2003	3M	1X	1.25Y 3M 1X
8	CB	3.000	12/18/2003	3M		1.5Y 3M
9	HL	3.060	01/09/2004	3M		1.5Y 3M
10	HL	3.025	01/09/2004	3M	1X	1.5Y 6M 1X
11	HL	3.275	04/09/2004	3M	1X	1.75Y 3M 1X
12	HL	3.275	04/09/2004	3M	1X	1.75Y 3M 1X
13	CB	3.500	06/18/2004	3M		2Y 3M
14	CB	3.400	06/24/2004	1Y		2Y 1Y
15	FN	3.500	06/24/2004	1Y	1X	2Y 1Y 1X
16	HL	3.420	07/02/2004	6M	1X	2Y 6M 1X
17	HL	3.525	07/02/2004	6M	1X	2Y 6M 1X
18	HL	3.555	07/08/2004	3M		2Y 3M
19	HL	3.750	01/03/2005	1Y	1X	2.5Y 1Y 1X
20	MC	3.875	01/03/2005	1Y	1X	2.5Y 1Y 1X
21	HL	4.050	01/07/2005	3M		2.5Y 3M
22	HL	4.020	04/01/2005	3M		2.75Y 3M
23	HL	4.000	04/08/2005	1Y	1X	2.75Y 1Y 1X
24	CB	4.250	06/20/2005	3M		3Y 3M
25	FN	4.080	06/27/2005	1Y		3Y 1Y
26	HL	4.285	07/03/2005	3M	1X	3Y 3M 1X
27	HL	4.150	07/05/2005	1M	1X	3Y 1M 1X
28	HL	4.050	07/08/2005	9M	1X	3Y 9M 1X
29	HL	4.250	10/03/2005	3M	1X	3.25Y 1M 1X
30	HL	4.225	10/11/2005	3M	1X	3.25Y 3M 1X
31	HL	3.500	12/27/2005	3M		3.5Y 3M
32	FN	4.375	12/27/2005	1Y	1X	3.5Y 1Y 1X
33	MC	4.400	01/03/2006	1Y	1X	3.5Y 1Y 1X
34	HL	4.000	01/09/2006	6M		3.5Y 6M
35	HL	4.320	01/09/2006	6M	1X	3.5Y 6M 1X
36	HL	4.500	04/10/2006	6M	1X	3.75Y 6M 1X
37	CB	4.700	06/20/2006	3M		4Y 3M
38	MC	4.500	06/26/2006	1Y	1X	4Y 1Y 1X
39	HL	4.600	06/26/2006	1Y		4Y 1Y
40	FN	4.625	06/27/2006	6M		4Y 6M
41	HL	4.800	01/08/2007	3M		4.5Y 3M
42	CB	5.125	06/18/2007	6M		5Y 6M
43	CB	5.120	06/20/2007	3M		5Y 3M
44	HL	5.000	06/21/2007	2Y		5Y 2Y
45	HL	5.125	06/26/2007	6M		5Y 6M
46	HL	0.000	07/02/2007	3M		5Y 3M
47	FN	5.100	12/26/2007	1Y		5.5Y 1Y
48	CB	5.740	06/18/2009	3M		7Y 3M
49	HL	5.500	06/24/2009	2Y		7Y 2Y
50	HL	5.700	06/24/2009	1Y		7Y 1Y
51	FN	5.750	06/30/2010	1Y		8Y 1Y
52	HL	6.200	06/26/2012	1Y		10Y 1Y
53	HL	6.100	06/27/2012	1Y		10Y 1Y
54	FN	6.000	06/27/2012	1Y		10Y 1Y
55	MC	6.000	07/03/2014	1Y		12Y 1Y
56	HL	6.625	06/19/2017	1Y		15Y 1Y
57	MC	6.500	06/28/2017	2Y		15Y 2Y



THE PARIS NATIONAL BANK
PARIS, MISSOURI

Chris Thompson

*Full
Send to President
Committee
TFI*

March 11, 2002

Mr. Max Cook
President
Missouri Bankers Association
207 E. Capitol Avenue, P.O. Box 57
Jefferson City, Missouri 65102

Dear Max:

Enclosed please find copy of a letter from Pat Conway, Federal Home Loan Bank of Des Moines, regarding the Indexed Powered CD (IPCD). As noted, the Bank reconsidered its position and decided not to offer this product at this time.

As discussed with you earlier, Mr. Conway has expressed to me personally and to the Federal Home Loan Bank board some apprehension about the IPCD and how it is being marketed to other Home Loan Bank members. He wants to be supportive of members' requests, but believes strongly that this is not the right time to be involved with this product.

Request that you share this information with the other members of the Funding/Liquidity Task Force. If questions, please contact me.

My warmest regards.

Sincerely,

Charles R. Brazeale
President/CEO

Enclosure

cc: Craig Curry, TF Chair

Missouri Bankers Association
www.mobankers.com



207 E. Capitol Ave.
P.O. Box 57
Jefferson City, MO 65102
(573) 636-8151
FAX (573) 634-8451
mcook@mobankers.com

Max Cook
President

A SUBSIDIARY OF PARIS BANCSHARES, INC.

118 NORTH MAIN ■ P.O. Box 228 ■ PARIS, MISSOURI 65275
TELEPHONE (660) 327-4181 ■ FAX (660) 327-5909 ■ TELEPHONE BANKING (660) 327-4187



HOME LOAN BANK

March 7, 2002

Mr. Charles R. Brazeale
Chairman and CEO
The Paris National Bank
118 North Main Street
Paris, MO 65275

Dear Chuck,

As you know, the Home Loan Bank of Des Moines has reconsidered the possibility of offering the Indexed Powered CD to our customers at the request of the Missouri Bankers Liquidity Task Force. Currently, three Home Loan Banks (Topeka, Chicago, Pittsburgh) are offering the product. The Atlanta and New York Banks are considering the product in 2002. Banks that have declined to participate include Des Moines, Boston, Dallas, Indianapolis, Seattle, Cincinnati and San Francisco.

As we did last year, we have again recommended that the Bank not offer this product for a variety of reasons that we have summarized as follows:

- There are structural issues with the Indexed Powered CD including regulatory, accounting and operational issues for the Bank.
- There are potential tax implications for the consumer.
- Results from the Home Loan Banks that are offering the product have not reached expectations.
- Sales have not been successful by FHLBank standards, with only \$60 million of deposits generated to date. In contrast, advances total \$470 billion and acquired member assets total more than \$27 billion.
- Risk Analytics, the company offering the product has become a separate company and has failed to provide the New York Bank appropriate financial statements.
- Risk Analytics product support has been disappointing including not meeting expectations in training branch personnel.



The Home Loan Bank of Des Moines has a responsibility to offer sound products to its customers. Efforts by other Banks to be viewed as a facilitator of the product instead of the product sponsor have not been successful. We feel this presents too great a potential risk to the Bank's reputation to be acceptable.

We are always researching potential products that can serve our customers well and are profitable. Unfortunately, we do not feel that would be the case with the Indexed Powered CD at this time. You may want to explore having an affiliate of a trade organization offer this product on behalf of Missouri bankers. We understand similar efforts are under exploration in Iowa. If you have any questions, please give me a call at 800-544-3452 ext. 1021.

Sincerely,

Patrick J. Conway
President and CEO

Community Banking



The Toaster Report:
Funding Solutions

Market-linked CDs: Hope—or hype—for deposit-starved?

James Stanosheck had some money in mutual funds for his granddaughter's education, but he recently decided to shift part of that nest egg to a bank CD. Mutual funds seemed awfully attractive when the stock market was healthy, he explains, but in early April his investment in her future was nearly down to the principal he had originally put aside.

While Stanosheck picked a bank product as a more-attractive harbor in the market's current storm, his story differs in two key details from the typical middle-aged saver's flight for cover.

First, Stanosheck didn't choose an ordinary CD. Instead, he selected a CD that carries what some might consider to be a compelling one-two combination of features: a return based on the Standard & Poor's 500 stock index, and the guarantee that the account, thanks in part to federal deposit insurance, would positively never, ever dip below his original investment.

Second, Stanosheck is not only putting part of his granddaughter's future into this relatively new product, but part of his bank's. Stanosheck is president and CEO of State Bank of Odell, Neb. The \$19 million-assets community bank has, like many, found it increasingly difficult to raise lendable funds locally.

The indexed CD that State Bank is offering isn't a home-grown product. The bank began offering it in April after the Topeka Federal Home Loan Bank began offering the service. This program, which debuted late last year in the district served by the Federal Home Loan Bank of Pittsburgh, is being gradually introduced, for members only, by other home loan banks. Risk Analytics, the Denver consulting firm that put the program together, expects six of the 12 Federal Home Loan Banks to be participating in the program by mid-year, and the rest by yearend.

Market-indexed CDs are not a new invention. Large banks have offered them to large and institutional depositors for years.

By Steve Cocheo, executive editor

What's new about the type of CD that State Bank of Odell is selling is that it is available in denominations appealing to small savers, and holds out the promise of a market-driven upside with no risk to principal—in exchange for the willingness to tie up money for more years than is typically popular today.

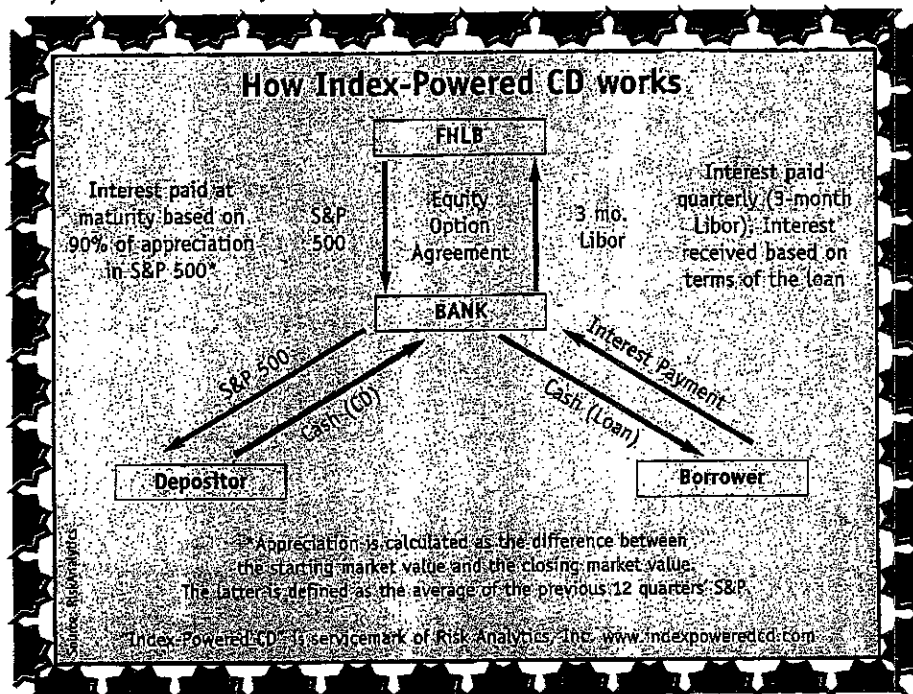
The most enthusiastic backers of this approach to CDs say the concept has all the attraction of an indexed mutual fund without the downside risk—while also not representing an uncapped, floating risk to the bank.

At first glance, this idea would seem to violate the laws of financial physics. Not so, say proponents. While the Risk Analytics/FHLB program, called "Index-Powered CD," is the best-known way to offer this, there are other paths as well.

But two questions remain:

- Is this the right time for any new product that has even a whiff of stock market risk? and
- Can this concept reverse banks' funding difficulties, or even redefine "core deposits"?

To find out, we talked to a dozen banks and savings institu-



Community Banking



tions with experience with indexed CDs; seasoned market observers with a variety of perspectives; consultants and investment bankers who have set up programs; and regulators.

Creating "win-win"

To find a backer of the market-indexed CD concept, one need look no further than one of the keynote speakers at ABA's recent National Conference for Community Bankers.

Dr. Edmond J. Seifried, professor at Lafayette College, Easton, Pa., interrupted his own economic outlook speech to make a pitch to bankers for market-indexed CDs. Many former CD customers could be persuaded to return to banks, he said, if they had a means of obtaining the kinds of returns that have been drawing people to the stock market until relatively recently.

The trick, said Seifried, is how to provide customers with a return based on a recognized stock index without subjecting the bank to the risk of potentially having to pay an exorbitant return. Banks need funding, but at rates that lending returns can support.

Seifried said the secret is to find a way to use financial options to permit the market-pegged return—that is, paying the counterparty a rate that the bank can handle with income from lending and other activities. "Bankers love the concept," he says, "but when they hear they must use options to do it, interest fades."

But Seifried believes the advent of the Risk Analytics/FHLB program solves much of the "How to?" question.

"What we are doing is creating a whole new class of deposit instruments for community depository institutions," says Robert Colvin, Risk Analytics' president.

The market mechanism

Risk Analytics' Index-Powered CD is a five-year instrument. *The schematic diagram on page 16 illustrates in simplified terms how it works.*

Briefly, the participating home loan bank arranges for an option, which pays a rate tied to the S&P 500; the home loan bank stands behind the option, in the

unlikely event that the intended counterparty not honor it. The advantageous rate is passed through to participating banks, which in turn pay CD customers from that stream. Using interest from loans and other sources, the bank pays upstream a fixed rate of interest locked in when the option is written.

To facilitate the process, participating banks take "reservations" from customers interested in the product. The actual purchase goes up through the bank on a given issue date, the 15th of each month.

The CD customer receives interest at a rate based on 90% of the increase in the S&P 500 over the five-year term. The actual rate is determined and paid at maturity and is based on the difference between the starting market value and the closing market value; the closing market value is defined as the average of the previous 12 quarters' S&P Index.

Colvin sees the instrument as a superior gambit for banks to simply playing the rate-bidding game in the CD market. (Risk Analytics, for its part, takes a fee based on deposits raised.)

There are other players out there. For instance, a number of banks and savings institutions have used a similar concept offered by Sterne, Agee & Leach, Inc., an investment bank in Birmingham, Ala., which features a three-year CD. Another program has been offered to banks and thrifts by Mesirow Financial, Chicago. Rather than using options to create the cash flow, the Mesirow approach used a bond from a large German bank to provide a NASDAQ 100 return. (Unlike the Risk Analytics/FHLB effort, the investment banks' arrangements have been of limited availability. However, representatives of both firms say they will continue to do deals along the same lines.)

At the end of the day these programs hold out the promise, under current conditions, of bringing banks money at roughly 5% cost of funds, depending on when they hit the options market.

Why a market-linked product now?

A natural question to ask about market-indexed CDs is, "Who wants to hitch

CDs continued on p.22



"PASS THE ASPIRIN"

If you have a management conundrum you'd like input on, send it to Steve Cocheo, executive editor; e-mail: scocheo@sbbpub.com; fax to 212-633-1165; or mail to ABA Banking Journal, 345 Hudson St., New York, N.Y. 10014.

THE HEADACHE



Keith Lazar, president and CEO, Washington State Bank, \$136 million, Washington, Iowa: "Should a bank offer incentives for staff to take

continuing education courses in banking?"

REMEDY 1

Edwin Clift, president and CEO, Merrill Merchants Bank, \$240.6 million-assets, Bangor, Maine:

I am not in favor of offering incentives to employees to take courses in banking. Actually, I haven't seen this done in my career. The bank makes an investment by paying for the course and employees who put in the extra time to take courses demonstrate to management a genuine interest in their job, which generally doesn't go unnoticed. This continuing educational experience provides an opportunity to become a more-valued employee, which, in turn, in time will be rewarded with additional compensation and advancement.

REMEDY 2



Bart Hill, president and CEO, San Joaquin Bank, \$250 million-assets, Bakersfield, Calif.:

Staff training in any size bank is an ongoing challenge more influenced by changing regulations than employee turnover. My bank uses the traditional training methods of videos, with in-bank instruction and classes provided by others. We are currently evaluating possibility of on-line education.

Community Banking

CDs continued from p.18
their wagon to a falling star?"

Last November, Central National Bank, a \$950 million-assets bank based in Canajoharie, N.Y., offered a five-year CD with a return tied to the NASDAQ 100.

This was a one-time offer produced with Mesirow's assistance. The program ran about eight weeks and garnered a "fair" amount of deposits, according to Michael Hewitt, senior vice-president.

"Those people have those CDs for five years," says Hewitt with a nervous chuckle. "We'll see how they do." Long-term, he's convinced, these customers should do well, even though the recent performance of the NASDAQ 100 is best described as an "anti-marketing" tool.

"Right now, it would be a very tough sell," admits Robert Matthews, senior vice-president—institutional sales, at Mesirow. He thinks there might still be appeal for more sophisticated investors.

Indeed, in early April, one of the other Mesirow participants sold a piece of its portion of the deal to a customer who thinks the NASDAQ is going to improve.

"The people we sold to liked the fact that there was no downside because they are getting an FDIC-insured deposit," says Martin Moran, executive vice-president at Crown Bank, a \$605.7 million-assets federal savings bank in Casselberry, Fla. "That's still a big drawing card."

Many of the banks involved in the Risk Analytics program are quite upbeat about their product's link to the market.

"We thought this was the *perfect* time," says Greg Massey, president and COO of \$830 million-assets First United Bank & Trust, Durant, Okla. "At some near point, the market will hit bottom."

Risk Analytic's Colvin insists that anyone with faith in the U.S. economy has to take the long view of the market. "What's happening right now, nobody likes," he says. "But these things happen, over time." Going back over the last century, he points out, the stock markets have outperformed fixed-rate markets.

Should customers want this choice?

Timing is everything. Prof. Ed Seifried

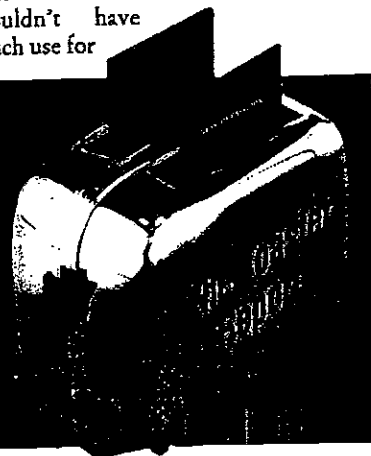
notes that NationsBank (now Bank of America) offered "The Stock Market CD" in the early 1990s. He says as far as he's been able to determine, the product, quite similar to Risk Analytics' (from the consumer perspective) didn't do well. Seifried says people at the bank told him the product was considered too complex.

Indeed, community bankers with current experience with this product say it takes somewhat longer to sell an indexed CD product than their customer reps are

ited appeal on the whole. He doesn't see this product as having the power of creating a major shift in investor behavior.

The person who would likely be interested in such CDs would need a medium-term time horizon, plus a higher-than-average aversion to risk, in McBride's view. "You would have to be able to ride out the market's dips," says McBride, so a shorter-term consumer wouldn't have much use for

Long-term faith in the U.S. economy is critical to the market-linked CD. "What's happening right now in the markets, nobody likes. But these things happen," says Rob Colvin of Risk Analytics



used to. On the other hand, the investing and saving populations have grown more sophisticated in the intervening years.

"It's a longer sell," acknowledges John C. Soffronoff, president and CEO at \$350 million Premier Bank, Doylestown, Pa. "It takes 35 to 45 minutes on the platform to explain all the details and disclosures. The thing we try to impress on them is that this is a CD. Then, we say, let's discuss how we will set the interest rate."

In the end, Soffronoff says, "it's not for everyone." However, he says the product has generated many inquiries "and a goodly amount of deposits."

"In fact," the banker discloses, "I put my wife's IRA into this."

"I'm in my 30s and I've never owned a CD, but I would buy an equity-linked CD," says Tricia Jones, a senior vice-president at Sterne, Agee who works with banks on these programs.

Greg McBride, a financial analyst with Bankrate.com (formerly *Bank Rate Monitor*) sees indexed CDs as having appeal to some customer groups, but lim-

the product. On the other hand, a longer-term consumer would probably still want the liquidity of other investments—such as a stock-index mutual fund.

"This is game playing on the fringes," scoffs bank consultant Arnold Danielson.

Who does this work for?

Based on the experiences of bankers participating in the market-CD programs, potential market segments include:

- College savings,
- IRA and 401(k) rollovers where the saver still has five years or more before retirement, and
- Gift accounts for heirs.

Because the accounts don't pay out interest at all until the end of the term, these accounts are not considered suitable for customers who depend on interest income for their monthly support.

As they say in the consumer marketing business, do the dogs like the dog food? Bankers have seen varying degrees of interest in market-linked CDs, but the

CDs continued on p.27



CDs continued from p.22

bottom line is that no one who responded to our phone calls is bringing in buckets of money. There is a definite feeling among these bankers that the concept has not had a fair tryout yet, because of the negative performance of the market.

"It hasn't gone off with a tremendous bang," says Tom Bailey, "but we've had a lot of interest" since introducing the product in February. Bailey is president and CEO of Brentwood Bank, a \$240 million-asset thrift in Bethel Park, Pa. He says that he is confident enough in the product that he's actually moved part of his own retirement savings into the Risk Analytic's CD that the thrift offers. Besides promoting the market-linked return, he said, his institution has stressed that putting money into the CD means investing in Main St., rather than shipping the funds to Wall St.

All told, the fledgling effort had

brought in about \$2.5 million for his institution as of early April—about 1.5% of the thrift's deposits. Longer-term, Bailey thinks the key to making the most of this product is repetitive savings programs, such as payroll deduction 401(k)s.

Premier Bank's John Soffronoff believes in the product's long-term potential to help with funding. "The Index-Powered CD is a long-term proposition," the Pennsylvanian says. "It won't reverse things overnight." However, there's tremendous appeal, he adds, in five-year money at low cost with the Pittsburgh Home Loan Bank standing behind things.

"We're not pulling money out of the market yet," he says, but that could change as more consumers become aware that banks can offer such opportunities.

At New South Federal Savings Bank, Birmingham, Ala., President and

CEO Robert Couch says the \$1.2 billion-assets organization has used the Sterne, Agee structure for an S&P 500 three-year product twice, once last November and once in February. Couch says he's been pleased with the response, though it hasn't met expectations. "I don't know if there's a weakness in the product or if it's a matter of the timing," he shrugs.

Abington Bank, a \$450 million-assets savings bank in Jenkintown, Pa., was one of the earliest institutions on board with the Risk Analytics CD. Steve Cardullo, vice-president, retail services, says the program's original ten-year term was too long for most people. "The five-year product has been a much more palatable product," says Cardullo. That said, however, Cardullo doesn't think the product has hit its stride yet. "Our numbers, to be honest, are fairly small," he says. *BJ*

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I, Doyle "Hooley" Alcorn, 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 13th day of June, 2002, at which a quorum was present and that said Resolution has not been rescinded and is still in full force and effect:

RESOLUTION #2002-56

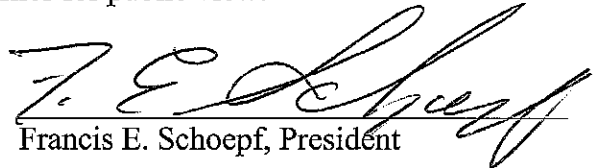
WHEREAS, the KWORCC Board of Trustees has engaged the firm of Wendling, Noe, Nelson and Johnson, LLC to undertake an independent audit of KWORCC's books and records for the year ending December 31, 2001 as required by KSA 12-2620(b);

WHEREAS, the independent audit was completed and is ready to be filed with the Kansas Insurance Department;

WHEREAS auditor Eric Otting met in Executive Session with the KWORCC Audit Committee on the 13th day of June, 2002; 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, 2001 shall be adopted and filed in its books and records of the Kansas Insurance Department, Kansas Department of Administration and the KWORCC Administrative files for public view.


Francis E. Schoepf, President

IN WITNESS WHEREOF, the undersigned has caused this Resolution to be executed this 13th day of June, 2002.


Doyle Alcorn, Secretary

I, Doyle "Hooley" Alcorn, 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 13th day of June, 2002, at which a quorum was present and that said Resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2002-55

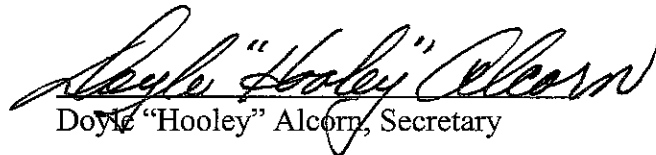
WHEREAS, KWORCC has elected to place investments pursuant to Chapter 40 of Kansas Statutes Annotated, and thus is to comply with the provisions thereof;

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 March 1, 2002 through May 31, 2002, which were reviewed by the Investment Committee at a meeting held at 11:00 a.m. on June 13, 2002 at the Clubhouse Inn, 924 SW Henderson Road, Topeka, Kansas 66615. Pursuant to that meeting, the Investment Committee determined said investments to be in accordance with K.S.A. 40-2a01 and KWORCC's investment policy and has made a recommendation to the KWORCC Board of Trustees to approve those investments;

NOW, THEREFORE, it is RESOLVED by the KWORCC Board of Trustees that investment purchases made in United States Government securities from the period March 1, 2002 through May 31, 2002, 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 13th day of June, 2002.


Doyle "Hooley" Alcorn, Secretary

Pursuant to KSA 40-2a01. "United States government obligations: [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."

Government Investments made by KWORCC from 3/01/02 to 5/31/02

-----PURCHASED-----

<u>Transaction Date</u>	<u>Description</u>	<u>Coupon Rate/Maturity Date</u>	<u>Par/Shares</u>	<u>Principal RCVD/Cost</u>
03/04/02	Federal Nat'l Mtg. Assn. DN	1.766-03/28/02	400,000	399,536.00
03/04/02	Federal Nat'l Mtg. Assn DN	1.766-03/28/02	500,000	499,420.00
03/05/02	Federal Farm Credit Bank	1.880-09/03/02	200,000	200,000.00
03/28/02	Federal Home Loan Bank DN	1.663-04/01/02	900,000	899,836.00
04/01/02	Federal Farm Credit Bank	1.900-07/01/02	900,000	900,000.00
04/05/02	Federal Farm Credit Bank	1.900-07/01/02	200,000	200,000.00
05/01/02	Federal Home Loan Bank DN	1.734-05/08/02	3,000,000	2,999,002.50
05/08/02	Federal Home Loan Bank DN	1.693-05/15/02	2,500,000	2,499,188.20
05/08/02	FNMA One Time Call	4.950-05/08/06	500,000	500,000.00
05/15/02	Federal Home Loan Bank	5.250-11/15/07	500,000	500,000.00
05/16/02	Federal Home Loan Bank DN	1.694-05/29/02	1,500,000	1,499,095.42
05/16/02	FHLMC One Time Call	5.100-11/16/06	500,000	500,000.00
5/29/02	FHLB 4.25 Step Up 7.0 11/04	4.250-05/29/09	1,000,000	1,000,000.00

-----SOLD-----

05/03/02	Federal Home Loan Bank	6.225-05/08/02	250,000	250,000.00
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Minutes
Meeting, Audit Committee
Kansas Worker Risk Cooperative For Counties
Jayhawk Tower Senate Room
700 SW Jackson Street, Topeka, Kansas
June 13, 2002

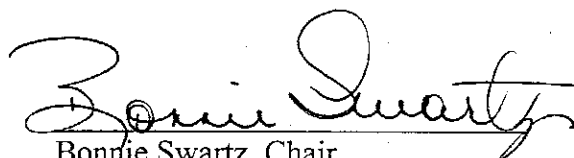
On Thursday, June 13, 2002, the Audit Committee of the Kansas Workers Risk Cooperative for Counties ("KWORCC") met in the Senate Room at the Jayhawk Tower, 700 SW Jackson Street, Topeka, Kansas, and was called to order by Committee Chair, Bonnie Swartz at 10:00 AM. Committee Members participating included: Linda Buttron, Jefferson County Clerk, Gayle Landoll, Marshall County Clerk and Bonnie Swartz, Gray County Clerk. Also participating were Glenn Wilson, Auditor and 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 Messrs. Wilson and Otting. Mr. Parrish left the meeting at 10:10 AM so that the Auditor could review the audit report and consult with the Audit Committee independently.

Whereupon, Ms. Landoll made a motion that the Audit Committee recommend that the full Board of Trustees approve the December 31, 2001 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 11:05 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 25th day of July, 2002.


Bonnie Swartz, Chair
KWORCC Audit Committee

Minutes
Meeting, Audit Committee
Kansas Worker Risk Cooperative For Counties
Jayhawk Tower Senate Room
700 SW Jackson Street, Topeka, Kansas
June 13, 2002

On Thursday, June 13, 2002, 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 Glenn Wilson, Auditor and Eric Otting, Accountant and Audit Supervisor with Wendling, Noe, Nelson and Johnson of Topeka, and James W. Parrish, Administrator.

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Whereupon, Ms. Landoll made a motion that the Audit Committee recommend that the full Board of Trustees approve the December 31, 2001 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 11:05 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 25th day of July, 2002.


Bonnie Swartz, Chair
KWORCC Audit Committee

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn
924 SW Henderson Road, Topeka, Kansas
May 23, 2002

The May 2002 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Francis "Shep" Schoepf on Thursday, May 23, 2002 at the Clubhouse Inn in Topeka, Kansas. Trustees present: Francis "Shep" Schoepf, Reno County Commissioner, President; Doyle "Hooley" Alcorn, Jewell County Commissioner, Secretary; Linda Buttron, Jefferson County Clerk, Controller; Gayle Landoll, Marshall County Clerk; Bonnie Swartz, Gray County Clerk and Ralph D. Unger, Decatur County Commissioner.

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 Alexander, Accountant and Ms. Christie Carney, Administrative Assistant/Media Developer.

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

President Schoepf called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish requested that two additional items be added: 9(a) Scheduling of Meeting for the Audit Committee and 9(b) Scheduling of Meeting for the Investment Committee. Mr. Parrish also requested that the Agenda Item No. 8, "Legal Report" be moved to the end of the agenda to accommodate the participation of Bruce Woner, KWORCC Attorney, who would be arriving late. Ms. Swartz moved to accept the agenda with the two additions and the request to move Agenda Item No. 8 to the end. Ms. Landoll seconded the motion which CARRIED unanimously.

President Schoepf then addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of March 14, 2002." Ms. Landoll noted one grammatical error. Mr. Unger moved to correct the error and approve the minutes as corrected. Ms. Swartz seconded the motion which CARRIED unanimously.

President Schoepf called upon Mr. Parrish to address Agenda Item No. 4, "Administrator's Report." Mr. Parrish presented three checks for Board approval: Check No. 7678 in the amount of \$13,500 written to IMA as the fifth of 10 installments for claims adjustment fees; Check No. 7679 in the amount of \$17,974.42 written to IMA to renew the E&O/D&O policy for the period from 05/01/02 through 05/01/03 and Check No. 7680 in the amount of \$36,667.06 written to Workers Compensation Division for the FY2003 assessment. Mr. Parrish then stated there had been only one wire transfer of funds since the last Board meeting. This wire transfer was completed on May 3, 2002 in the amount of \$151,997.03 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC account at Intrust Bank in Wichita for April claim payments and was authorized by Ms. Buttron and Mr. Parrish. Ms. Swartz moved to approve Check Nos. 7678, 7679 and 7680 and the wire transfer as presented. Mr. Alcorn seconded the motion which CARRIED unanimously.

Mr. Parrish discussed scheduling for the annual meeting and KCAMP's suggestion for a new format. He said KCAMP expressed an interest in holding the pool meetings back-to-back instead of holding them jointly. The KWORCC Board was receptive to the new format and instructed Mr. Parrish to notify KCAMP and work out the details.

Mr. Parrish and Ms. Bird then discussed KWORCC/KCAMP annual summer social event. After some consideration the Board Members agreed that they preferred the traditional "steak fry" to include staff and family members.

The Board reviewed a proposal from Kaw Valley State Bank & Trust Company for a checking account. Mr. Unger moved to open the account, provided the terms comply with the requirements of the Kansas Insurance Department and KWORCC's staff. Ms. Landoll seconded the motion which CARRIED unanimously.

President Schoepf called on Mr. Eyman to address Agenda Item No. 5, "Marketing & Loss Prevention Report." Mr. Eyman discussed research concerning a training course for volunteer firefighters. He then reported on various county contacts and answered questions.

President Schoepf then called upon Ms. Duncan to address Agenda Item No. 6, "Claims Reports." Ms. Duncan reported on various open claims and answered questions.

President Schoepf called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander first presented to the Board the March 2002 and April 2002 financial reports. He then answered questions concerning the financial reports. Ms. Landoll moved to accept both the March 2002 and the April 2002 financial reports. Mr. Unger seconded the motion which CARRIED unanimously.

Mr. Alexander then reviewed the Kansas Insurance Department's first quarter report with the Board. After some discussion Ms. Swartz moved to accept the report as presented for filing with the Kansas Department of Insurance. Ms. Landoll seconded the motion which CARRIED unanimously.

The check register was then presented. After a brief review Ms. Swartz moved to approve check Nos. 7593 through 7659. Ms. Buttron seconded the motion which CARRIED unanimously.

Thereupon, Mr. Unger moved to excuse Mr. Sam Weaver, Cherokee County Commissioner and KWORCC Vice President, from the meeting due to county business. Ms. Landoll seconded the motion which CARRIED unanimously.

Mr. Unger also moved to excuse Mr. Eyman from the June KWORCC Board meeting due to a training session he would be conducting for a member county on that day. Ms. Swartz seconded the motion which CARRIED unanimously.

President Schoepf addressed Agenda Item No. 9, "Committee Reports" and asked if any committees had reports to offer. There were no reports but meetings for both the Audit Committee and the Investment Committee were scheduled to be held in the morning on Thursday, June 13, prior to the Board Meeting.

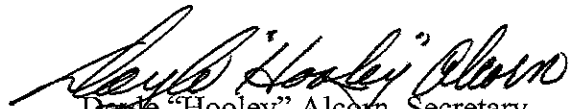
President Schoepf addressed Agenda Item No. 10(a) "Report and Discussion of the 23rd Annual PRIMA Convention in San Antonio, Texas." KWORCC Board Members and staff who attended the convention discussed various workshops and events in which they participated.

Mr. Bruce Woner, KWORCC Attorney, joined the meeting at 3:20 p.m.

President Schoepf then called upon Mr. Parrish and Mr. Woner to address Agenda Item No. 8, "Legal Report." Mr. Woner offered information on trends in litigation and exposures of county government to new types of "stress" and similar claims. Mr. Woner was presented with questions by the Board and staff concerning the conduct of sheriff deputies while on duty.

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

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties were approved by the Board of Trustees the 13th day of June 2002.


Doyle "Hooley" Alcorn, Secretary
KWORCC Board of Trustees

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Woner, Glenn, Reeder, Girard & Riordan Law Offices
5611 SW Barrington Court South, Topeka, Kansas
April 11, 2002

The April 2002 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Francis "Shep" Schoepf on Thursday, April 11, 2002 at the new law offices of Woner, Glenn, Reeder, Girard & Riordan in Topeka, Kansas. Trustees present: Francis "Shep" Schoepf, Reno County Commissioner, President; Sam Weaver, Cherokee County Commissioner, Vice President; Doyle "Hooley" Alcorn, Jewell County Commissioner, Secretary; Gayle Landoll, Marshall County Clerk; Bonnie Swartz, Gray County Clerk and Ralph D. Unger, Decatur County Commissioner.

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/Media Developer.

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

Before the meeting was called to order, Mr. Bruce Woner, KWORCC Attorney, welcomed the Board and staff and thanked them for holding their meeting at the new Woner, Glenn, Reeder, Girard & Riordan law offices.

President Schoepf called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish requested that the approval of membership for Stanton County be added under Item 4(b). Mr. Unger moved to adopt the agenda with the one change. Ms. Swartz seconded the motion which CARRIED unanimously.

President Schoepf then addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of March 14, 2002." Mr. Unger moved to approve the minutes as written. Ms. Landoll seconded the motion which CARRIED unanimously.

President Schoepf called upon Mr. Parrish to address Agenda Item No. 4, "Administrator's Report." Mr. Parrish presented 10 checks for Board approval: Nine of these checks were written to Member Counties for premium returns pursuant to the 2001 payroll audit. Check No. 7599 in the amount of \$13,500 was written to IMA as the fourth of 10 installments for claims adjustment fees. Mr. Parrish then stated there had been only one wire transfer of funds since the last Board meeting. This wire transfer was completed on April 2, 2002 in the amount of \$117,281.53 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC account at Intrust Bank in Wichita for March claim payments and was authorized by Ms. Buttron and Mr. Parrish. Ms. Landoll moved to approve the nine premium return checks, Check No. 7599 and the wire transfer as presented. Mr. Alcorn seconded the motion which CARRIED unanimously.

Mr. Parrish presented Resolution No. 2002-42 for Board approval to admit Decatur Health Systems and Stanton County as members of the KWORCC pool. Ms. Swartz moved to approve Resolution No. 2002-42. Ms. Landoll seconded the motion which CARRIED unanimously.

Ms. Bird then provided a 2001 Premium Audit update. She reminded the Trustees that all payroll audits for 2001 were completed as of March 21, 2002. The audits resulted in a total of \$129,409 being refunded to the Member Counties and a total of \$66,641 to be collected. As of the meeting date a total of \$61,749 in additional 2001 premiums resulting from the audits had been received and \$4,892 in such 2001 premiums remain outstanding.

Mr. Parrish discussed the options for reallocating balances of various fund years as a follow-up to the discussion at the last meeting. He explained that Mr. Alexander had devised a formula for reallocating fund-year balances. The formula involves taking a percentage of the deficit for years with negative balances and adding a lump sum. After some discussion, Board Members reached a consensus to transfer an average of 62.3% of the excess premiums in surplus years to cover negative balances in the deficit years. This would provide a positive balance for each of the pool's previous fund years. Ms. Swartz moved to proceed with transferring 62.3% of the surplus fund-year balances to the deficit fund-year balances provided that the Trustees review this process each year in order to make further adjustments. Mr. Weaver seconded the motion which CARRIED unanimously.

Mr. Parrish next reviewed the revised bylaw amendments received from KCAMP. After some discussion, the Trustees offered additional suggestions for modifications and instructed staff to discuss these suggestions with the KCAMP staff.

President Schoepf called on Mr. Parrish to address Agenda Item No. 5, "Marketing & Loss Prevention Report." Mr. Parrish pointed out that Mr. Carl Eyman, KWORCC Deputy Administrator and Loss Prevention Specialist, was unable to attend the meeting because of a previously-scheduled training course in Edwards County.

Because Ms. Duncan had earlier requested to be excused in order to deal with an accident which had just occurred in Russell County, President Schoepf postponed discussion of claims and called upon Mr. Alexander to address Agenda Item No. 7, "Financial Reports." Mr. Alexander reviewed the financial reports for February 2002 in detail and answered questions. Mr. Alcorn moved to approve the financial report. Ms. Landoll seconded the motion which CARRIED unanimously.

Mr. Alexander then asked for questions regarding the check register. Mr. Unger moved to approve check Nos. 7498 through 7592. Ms. Swartz seconded the motion which CARRIED unanimously.

Thereupon, Ms. Duncan returned to the meeting and, upon request of President Schoepf, briefed the Board and staff on an accident that had happened earlier in the day in Russell County. She said she would keep trustees informed as she gained additional information.

President Schoepf then called upon Ms. Duncan to address Agenda Item No. 6, "Claims Reporting." Ms. Duncan reported on various open claims and answered questions. Ms. Duncan also reviewed the details of Claim No. 00-3591 and presented a proposed settlement offer for this claim. Ms. Swartz moved to authorize the proposed settlement and make the offer to the claimant with consultation with the administrator. Mr. Alcorn seconded the motion which CARRIED unanimously.

President Schoepf called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report." Mr. Parrish discussed a letter that KWORCC received from the office of the Kansas Attorney General questioning whether Decatur Health Systems qualifies for admission to KWORCC as a county entity. Mr. Unger gave some insight into the structuring of Decatur Health Systems. Mr. Woner informed the Board that he did not believe that Decatur Health Systems would be disqualified and promised to examine the

matter more thoroughly and report back to the Administrator. Mr. Parrish indicated there were no more legal issues to discuss.

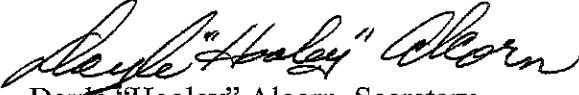
President Schoepf addressed Agenda Item No. 9, "Committee Reports" and asked if any committees had reports to offer. There were no reports.

Ms. Landoll moved to excuse Ms. Linda Buttron, Jefferson County Clerk and KWORCC Controller, from the meeting for personal reasons. Ms. Swartz seconded the motion which CARRIED unanimously.

The Trustees thanked Mr. Woner for allowing KWORCC the use of his office facilities.

There being no further business Mr. Unger moved to adjourn the meeting at 3:10 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 23rd day of May 2002.


Doyie "Hooley" Alcorn, Secretary
KWORCC Board of Trustees

I, Doyle "Hooley" Alcorn, Secretary of Kansas Workers Risk Cooperative for Counties ("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 11th day of April, 2002, at which a quorum was present and that said resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2002-42


WHEREAS, KWORCC presented a competitive bid to write workers compensation coverage to Decatur Health Systems for policy period of April 1, 2002 to January 1, 2003 and to Stanton County for policy period of April 21, 2002 to January 1, 2002.

WHEREAS, the Governing Board of Decatur Health Systems and the Board of County Commission of Stanton County 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 Decatur Health Systems and Stanton County into the KWORCC self-insurance pool as Members;

NOW, THEREFORE, it is RESOLVED by the KWORCC Board of Trustees to accept Decatur Health Systems and Stanton County for membership in KWORCC. Accordingly, KWORCC staff shall do all things necessary to provide full workers compensation coverage to same.

IN WITNESS WHEREOF, the undersigned has caused this resolution to be executed this 11th day of April, 2002.


Doyle "Hooley" Alcorn, Secretary

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn, Topeka, Kansas
March 14, 2002

The March 2002 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Francis "Shep" Schoepf on Thursday, March 14, 2002 at the Clubhouse Inn in Topeka. Trustees present: Francis "Shep" Schoepf, Reno County Commissioner, President; Sam Weaver, Cherokee County Commissioner, Vice President; Secretary; Linda M. Buttron, Jefferson County Clerk, Controller; Gayle Landoll, Marshall County Clerk; Bonnie Swartz, Gray County Clerk and Ralph D. Unger, Decatur County Commissioner.

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 and Ms. Christie Carney, Administrative Assistant/Media Developer.

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

President Schoepf called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish requested that two additional items be added: 4(d) Invitation to meet at the Woner, Glenn law office and 7(c) Actuarial Updates. Ms. Landoll moved to adopt the agenda with the two additions. Ms. Swartz seconded the motion which CARRIED unanimously.

President Schoepf then addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of February 14, 2002." Ms. Swartz moved to approve the minutes as written. Ms. Landoll seconded the motion which CARRIED unanimously.

President Schoepf called upon Mr. Parrish to address Agenda Item No. 4, "Administrator's Report." Mr. Parrish presented three checks for Board approval: Check No. 7478 in the amount of \$50,000 written to IMA-KWORCC for additional claims payments for February; Check No. 7508 in the amount of \$13,500 written to IMA as the third of 10 installments for claims adjustment fees and Check No. 7509 in the amount of \$30,675.04 written to IMA-KWORCC for a claim settlement. Mr. Parrish then stated there had been two wire transfers of funds since the last Board meeting. The first wire transfer was completed on March 4, 2002 in the amount of \$147,078.21 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC account at Intrust Bank in Wichita for February claim payments and was authorized by Ms. Buttron and Mr. Parrish. The second wire transfer was completed on March 5, 2002 in the amount of \$200,000 from the KWORCC account at Community National Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village for investment of premiums received and was authorized by Ms. Buttron and Mr. Parrish. Ms. Swartz moved to approve Check Nos. 7478, 7508 and 7509 and the wire transfers as presented. Mr. Weaver seconded the motion which CARRIED unanimously.

Ms. Bird informed the Board that KWORCC had received an additional \$253,659 in annual premiums since the last report. The total amount received so far was \$3,264,709 or 95 percent of all

premiums owed. One county had not yet paid, yet was expected to do so in the near future. Ms. Bird also reported that all but one of the premium audits for FY 2001 were completed; the final premium audit was to be finished within a week. She stated that billings for additional premiums or premium refunds were being processed.

Mr. Parrish informed the Board that Bruce Woner, KWORCC General Counsel, extended an invitation to the Board to hold one of its upcoming board meetings at the new Woner, Glenn, Reeder & Girard law offices. Mr. Unger moved to accept the invitation for the April meeting and to direct staff to work together with Mr. Woner on the details. Ms. Swartz seconded the motion which CARRIED unanimously.

President Schoepf called on Mr. Eyman to address Agenda Item No. 5, "Marketing & Loss Prevention Report." Mr. Eyman reported on various county contacts and answered questions.

Discussion was then held concerning event sponsorship by KWORCC at the Kansas County Clerks Association annual meeting. Mr. Parrish stated that he believed KCAMP would be interested in co-sponsoring one of the events with KWORCC. Mr. Unger moved to authorize KWORCC staff to work with KCAMP on a joint sponsorship of the Kansas County Clerks Association meeting. Ms. Landoll seconded the motion which CARRIED unanimously.

President Schoepf called next upon Ms. Duncan to address Agenda Item No. 6, "Claims Reporting." Ms. Duncan reported on various open claims and answered questions. Ms. Landoll requested that IMA provide a detailed printout for paid claims over \$20,000 that had been approved by the Board.

President Schoepf called upon Mr. Alexander to address Agenda Item No. 7, "Financial Reports." Mr. Alexander reviewed the financial report and answered questions. President Schoepf requested that KWORCC staff provide the Board with alternatives for fund-year allocations so that all fund years are in a positive cash position. Mr. Schoepf stated that once the Board knows that KWORCC is secure throughout all fund years, the issue of return of premiums and/or investment income to Member Counties can be addressed. It was moved by Ms. Swartz that both the financial and actuarial reports be approved. Ms. Buttron seconded the motion which CARRIED unanimously.

The check register was then presented. After a brief discussion Ms. Swartz moved to approve check Nos. 7427 through 7497. Mr. Unger seconded the motion which CARRIED unanimously.

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

President Schoepf addressed Agenda Item No. 9, "Committee Reports." Mr. Weaver, Chair of the Investment Committee, discussed in general the Investment Committee's meeting that was held earlier in the day at 11:00 am at the Clubhouse Inn conference room. He indicated that the purpose of the meeting was to review investments with Mr. Christopher Thompson of Country Club Bank, to approve investments as required by the KWORCC Investment Policy and KSA 40-40-2a01 and to look at other investment options. Messrs. Weaver, Unger and Parrish then briefly reviewed the contents of materials presented by Mr. Thompson during that Committee meeting. Whereupon, Mr. Weaver moved to adopt KWORCC Resolution No. 2002-36, which provides that purchases of United States government securities during the period beginning December 1, 2001 through February 28, 2002, having been reviewed by KWORCC's Investment Committee and made in accordance with state law

and KWORCC's investment policy, be approved. Mr. Unger seconded the motion which CARRIED unanimously.

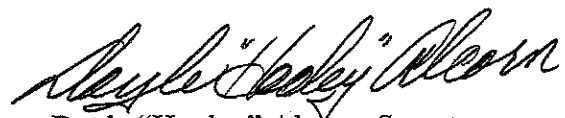
Mr. Unger, a member of the Investment Committee, stated that the Security Benefit Group equity investments could be increased to the maximum of 10% of the year-end admitted assets of the pool. Mr. Unger moved to direct KWORCC Staff to make additional investments to meet the 10 percent requirement with SBG after the December 31, 2001 financial statements have been verified by the independent auditor. Ms. Swartz seconded the motion which CARRIED unanimously.

Mr. Parrish then called upon Mr. Unger to discuss an item that Mr. Unger had researched concerning investments. Mr. Unger presented information on a bank investment known as the Index-Powered CD. He pointed out that these certificates of deposit carry the FDIC insurance up to \$100,000. The investment is for a term of five years with an absolute guarantee of 100% return of principal. However, the yield on these CDS is determined at maturity and is based upon 90% of the increase in the Standard and Poor Index over the five-year term. There is no guaranteed rate of return. Mr. Unger pointed out that this type of CD allows for yields to be tied to the equity market without jeopardizing principal. He further pointed out that this type of investment could be made in local banks throughout Kansas that offer this type of investment, giving KWORCC the opportunity to invest in local banks.

Ms. Landoll moved to excuse Mr. Doyle "Hooley" Alcorn, Jewell County Commissioner and KWORCC Secretary, from the meeting due to health reasons. Ms. Swartz seconded the motion which CARRIED unanimously.

There being no further business Ms. Swartz moved to adjourn the meeting at 3:00 p.m. Ms. Landoll 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 April 2002.


Doyle "Hooley" Alcorn, Secretary
KWORCC Board of Trustees

I, Doyle "Hooley" Alcorn, 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 14th day of March, 2002, at which a quorum was present and that said Resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2002-36

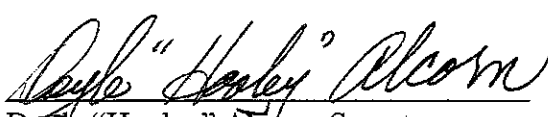
WHEREAS, KWORCC has elected to place investments pursuant to Chapter 40 of Kansas Statutes Annotated, and thus is to comply with the provisions thereof;

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 December 1, 2001 through February 28, 2002, which were reviewed by the Investment Committee at a meeting held at 11:00 a.m. on March 14, 2002 at the Clubhouse Inn, 924 SW Henderson Road, Topeka, Kansas 66615. Pursuant to that meeting, the Investment Committee determined said investments to be in accordance with K.S.A. 40-2a01 and KWORCC's investment policy and has made a recommendation to the KWORCC Board of Trustees to approve those investments;

NOW, THEREFORE, it is RESOLVED by the KWORCC Board of Trustees that investment purchases made in United States Government securities from the period December 1, 2001 through February 28, 2002, 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 14th day of March, 2002.


Doyle "Hooley" Alcorn, Secretary

Pursuant to KSA 40-2a01. "United States government obligations: [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."

Government Investments made by KWORCC from 12/1/01 to 02/28/02

-----PURCHASED-----

<u>Transaction Date</u>	<u>Description</u>	<u>Coupon Rate/Maturity Date</u>	<u>Par/Shares</u>	<u>Principal RCVD/Cost</u>
12/13/01	FHLMC MTN One Time Call	6.080-08/10/11	100,000	100,339.00
01/16/02	Federal Home Loan Bank DN	1.643-01/28/02	700,000	699,622.00
01/17/02	Federal Home Loan Bank DN	1.653-01/28/02	450,000	449,775.87
01/22/02	Federal Farm Credit Bank DN	1.664-02/20/02	500,000	499,339.44
01/28/02	Federal Farm Credit Bank DN	1.723-02/01/02	1,150,000	1,149,782.78
02/01/02	Federal Farm Credit Bank	1.720-05/01/02	2,500,000	2,500,000.00
02/05/02	Federal Home Loan Mtg. Corp.	1.724-02/19/02	450,000	499,702.50
02/13/02	Federal Home Loan Mtg. Corp	1.673-02/19/02	250,000	249,931.25
02/15/02	Federal Farm Credit Bank	1.720-05/01/02	500,000	500,000.00
02/19/02	Federal Home Loan Bank DN	1.744-03/01/02	450,000	499,785.00
02/20/02	Federal Home Loan Bank DN	1.744-03/01/02	450,000	499,806.50

-----SOLD-----

None.

Minutes
Meeting, Investment Committee
Kansas Worker Risk Cooperative For Counties
Clubhouse Inn, Topeka, Kansas
March 14, 2002

On Thursday, March 14, 2002, the Investment Committee of the Kansas Workers Risk Cooperative for Counties ("KWORCC") met at the Clubhouse Inn, Topeka, Kansas. The meeting was called to order by Committee Chair, Sam Weaver at 11:15 a.m. Committee Members participating included: Sam Weaver, Cherokee County Commissioner; Francis "Shep" Schoepf, Reno County Commissioner and Ralph D. Unger, Decatur County Commissioner. Also present were Chris Thompson, Country Club Bank Investment Advisor and James W. Parrish, Administrator.

Mr. Weaver stated the purpose of the meeting and thanked all in attendance for their participation.

Mr. Parrish stated that KSA 40-2a01 provides that KWORCC's investments in government instruments must be approved to comply with the statute and the Investment Policy by the Board of Directors, or any committee thereof. Mr. Parrish recommended that the Investment Committee review the investments and, if approved, submit to the full Board to pass a resolution ratifying that approval. Mr. Parrish then introduced Mr. Chris Thompson who explained the nature of the investments that are currently in place. Mr. Thompson distributed information, a copy of which is attached to these minutes and are made a part hereof.

On the first page of Mr. Thompson's hand-out, there are listed thirteen specific investments that have been made on behalf of KWORCC. Mr. Thompson explained that these investments are known as Government Sponsored Enterprises (GSE). Mr. Thompson further explained that approximately 63% of the portfolio would mature and be reinvested during 2002. He described each of the investments and the call dates. He pointed out that many of the investments have no call date and some provide for a one-time call.

Pages two and three of Mr. Thompson's hand-out show the investments depicted in a bit more detail, and on page three the portfolio yield, as of the date of this report shows 4.282%, rendering an estimated annual income of \$308,587.21.

Mr. Thompson continued to describe various pages of the hand-out and concluded that the fact that these securities mature during this calendar year demonstrated good timing because the opportunity to invest in higher-yield securities should be available during this year.

In further explanation of the nature of the GSE, there is an 'implied' full faith and credit of the federal government supporting these investments. He noted that two types of government securities provide the absolute full faith and credit of the federal government. These include US Treasury Notes (Treasuries) a Government National Mortgage Association bonds (Ginnie Maes). However, Treasuries currently offer relatively low yields and Ginnie Maes, though higher yielding, are more complex securities than the pool typically buys (yet they may be considered for future purchases).

Then Mr. Thompson reviewed the list of purchases attached to the proposed resolution (KWORCC Resolution No. 2002-36) to be considered by the full Board at its regular monthly meeting later today. He confirmed that these purchases involve the purchase of government securities that fall within the statutory guidelines and the guidelines of KWORCC's Investment Policy. (Get additional commentary from Thompson here??)

Thereupon, Mr. Thompson reviewed the equity investments made by KWORCC. He pointed out that the securities that KWORCC committed to purchase in January of 2001 were purchased from Security Benefit Group (SBG) under a letter of intent committing KWORCC to purchase \$1 million worth of these securities over a 36-month period. This letter of intent was given in consideration for SBG waiving commissions. In the event KWORCC does not invest the entire \$1 million in this family of funds, it is possible that SBG will retroactively charge a commission on what has been purchased. He noted that the commission rate of 1% was posted on the upper left-hand corner of the brokerage account statements contained on pages four through seven of his hand-out. He indicated that Investment Committee's recommendation and the full Board's decision last fall to continue its investment strategy (in the wake of the September 11, 2001 terrorist attack) has turned out to be a good decision, that the market has recovered and the investments have been profitable.

In reviewing the March 12, 2002 report of SBG equity investments, Mr. Thompson noted that there had been an over-all gain of \$36,434, representing an appreciation of 6.39% in the value of KWORCC's investments as of that date. Mr. Parrish discussed the limitations imposed by statute and pointed out the KWORCC staff during the triennial audit by the Kansas Insurance Department. The statutory restrictions limit KWORCC to investing no more than 10% of the year-end admitted assets. Because of this, KWORCC terminated investments at \$570,000 in order not to violate this investment restriction. The Committee agreed by consensus that it would continue to invest in the SBG family of funds as authority to do so increased. It is anticipated that the statement of admitted assets for the year end will be higher than \$5,700,000 and, therefore, allow for an additional investment of approximately \$25,000.

The Committee also requested that Mr. Thompson advise the Committee of other equity families, including the Van Kampton and AIM funds that were discussed last year.

Next, Mr. Unger presented information on a bank investment known as the Index-Powered CD. He pointed out that these certificates of deposit carry the FDIC insurance up to \$100,000. The investment is for a term of 5 years with an absolute guarantee of 100% return of principal. However, the yield on these CDs is determined at maturity and is based upon 90% of the increase in the Standard and Poor Index over the five-year term. There is no guaranteed rate of return. Mr. Unger pointed out that this type of CD allows for yields to be tied to the equity market without jeopardizing principal. He further pointed out that this type of investment could be made in local banks throughout Kansas that offer this type of investment, giving KWORCC the opportunity to invest in local banks.

Mr. Thompson explained how the Index-Powered CDS were developed and how the transactions take place so that these CDS are made available to local banks. The Committee asked Mr. Thompson to provide additional information on this type of investment at its next meeting. A copy of the description of the Index-Powered CD, as provided by Mr. Unger, is attached to these minutes and made a part hereof by this reference.

Whereupon, the Committee addressed the recommendation to the full Board of KWORCC Trustees regarding the government investments made by KWORCC from December 1, 2001 through February 28, 2002. Mr. Unger moved to recommend that KWORCC Resolution No. 2002-36 for approval by the full

Board at the regular meeting, Mr. Schoepf seconded the motion, which passed unanimously. A copy of the resolution and the list of purchased securities is attached to these minutes and made a part hereof by this reference.

Mr. Weaver then asked if there were any further questions or comments. Upon hearing none, he stated that the Investment Committee meeting was adjourned by consensus at 12:52 p.m.

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 April, 2002.



Sam Weaver, Chair
KWORCC Investment Committee

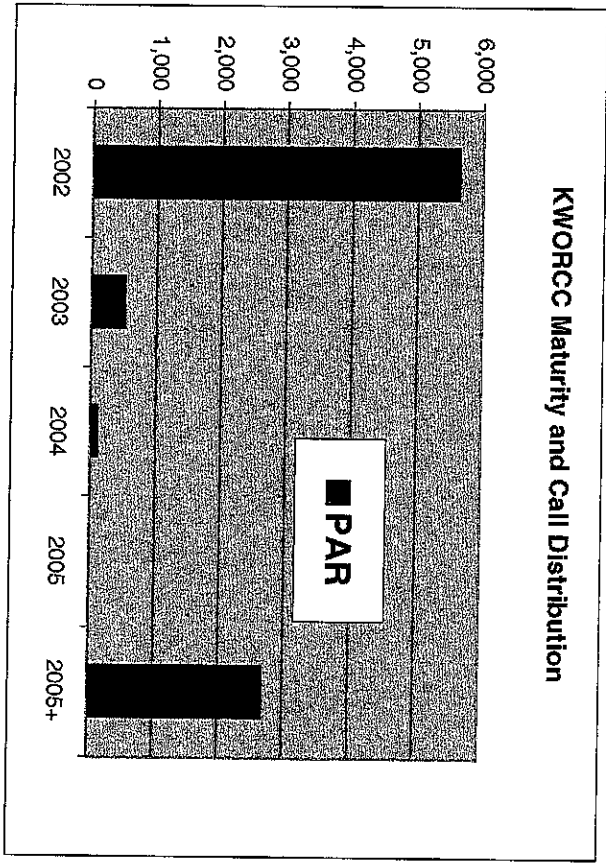
KWORCC Topeka, KS

If rates look as they do today, by the first call date is there an

ITEM #	ISSUER	PAR VALUE	COUPON	YIELD	CALL DATE	MATURITY	BOOK PRICE	MARKET PRICE	EXPECTED CALL?
1	FNMA	400,000	NA	1.740%	N/C	28-Mar-02	100,000	100,000	
2	FNMA	500,000	NA	1.740%	N/C	28-Mar-02	100,000	100,000	
3	FFCB	2,500,000	1.720%	1.720%	N/C	01-May-02	100,000	100,004	
4	FFCB	500,000	1.720%	1.720%	N/C	01-May-02	100,000	100,004	
5	FHILB	250,000	6.225%	6.225%	N/C	08-May-02	100,000	100,883	
6	FHILB	200,000	1.880%	1.880%	N/C	03-Sep-02	100,000	100,000	
7	FHILB	500,000	6.025%	6.025%	N/C	13-Mar-03	100,000	103,140	
8	FFCB	500,000	5.150%	5.150%	N/C	07-Dec-04	100,000	100,847	yes
9	FHILB	180,000	7.410%	7.410%	05-Apr-02	05-Apr-05	100,000	100,650	yes
10	FHILB	600,000	5.245%	5.245%	25-Jul-02	25-Apr-05	100,000	101,230	yes
11	FHILMC	500,000	4.250%	4.250%	15-Oct-02	15-Oct-06	100,000	97,792	no
12	FHILMC	100,000	6.080%	5.936%	10-Aug-04	10-Aug-11	100,000	100,290	yes
13	FHILMC	2,165,000	0.000%	7.466%	12-Jul-02	12-Jan-18	31,238	31,241	no
		<u>8,895,000</u>				<u>10-Mar-03</u>			

PAR	% of Portfolio	Cumulative
2002	5,630	63.294%
2003	500	5.621%
2004	100	1.124%
2005	0	0.000%
2005+	2,665	29.961%
TOTAL	8,895	100.000%

ISSUER	PAR	Percent
FFCB = Federal Farm Credit Bank	3,500	39.35%
FHILB = Federal Home Loan Bank	1,730	19.45%
FHILMC = Federal Home Loan Mortgage Corp.	2,765	31.08%
FNMA = Fannie Mae	900	10.12%
TOTAL	8,895	100.00%



IV-144-302-070-00001 CUSTOMER 300121 KWORCC TOPEKA, KS INVESTMENT PORTFOLIO DATE 2/28/02 PAGE 1.892
 IA005502/26/02 SPECIAL TYPE J SECURITY INVENTORY LAST 01/31/02 TYPE 1

GP SECURITY SEQUENCE PURCH CURR PAR/SHARES DESCRIPTION 1 MOODY MAT DATE RATE HLDNG TE/BE BOOK VALUE
 TAX REG CLASS PL SK ISSUE PRINCIPAL COST DESCRIPTION 2 S & P MAL DT MAL YLD YLD CONV MARKET VALUE
 INT ABS TY/CAT P/Y LCK TID ORIGINAL FACE DESCRIPTION 3 ESCRM DURA CONV MARKET GAIN/LOSS
 MISC/INS INFO

32 312923L78 437046 061101 500,000.00 FHLMC MTN ONE TIME CALL AAA 12/07/04 5.150 5.150 5.150 500,000.00
 T B 235 000 01 060701 500,000.00 AAA 06/07/02 OPTIONAL 2.66 2.66 AT 100.000 504,235.79
 AFS 4.235.79

32 312924A05 447530 121301 100,000.00 FHLMC MTN ONE TIME CALL AAA 08/10/11 6.080 5.936 5.936 100,311.36
 T B 235 000 01 081001 100,339.00 AAA 08/10/04 OPTIONAL 2.31 2.31 AT 100.000 100,290.32
 AFS -21.04

32 3133F0606 444228 102501 500,000.00 FEDERAL HOME LOAN MTG CORP AAA 10/15/06 4.250 4.250 4.250 500,000.00
 T B 235 000 01 102501 500,000.00 AAA 10/15/02 CONTIN 4.26 4.26 AT 100.000 488,961.73
 AFS -11,038.27

32 3133MABB4 406980 110899 250,000.00 FEDERAL HOME LOAN BANK AAA 05/08/02 6.225 6.225 6.225 250,000.00
 T B 230 000 01 110899 250,000.00 AAA .26 252,207.95
 AFS 2,207.95

32 3133MB6P7 414516 040500 180,000.00 FHLB ONE TIME CALL AAA 04/05/05 7.410 7.410 7.410 180,000.00
 T B 230 000 01 040500 180,000.00 AAA 04/05/02 OPTIONAL 2.82 2.82 AT 100.000 181,169.81
 AFS 1,169.81

32 3133MEG62 434231 042501 600,000.00 FHLB ONE TIME CALL AAA 04/25/05 5.245 5.245 5.245 600,000.00
 T B 230 000 01 042501 600,000.00 AAA 07/25/02 OPTIONAL 2.97 2.97 AT 100.000 607,378.07
 AFS 7,378.07

32 3133M3UL7 373817 031398 500,000.00 FEDERAL HOME LOAN BANK AAA 03/13/03 6.025 6.025 6.025 500,000.00
 T B 230 000 01 031398 500,000.00 AAA 1.07 515,700.89
 AFS 15,700.89

32 31331LUR7 449797 020102 2,500,000.00 FEDERAL FARM CREDIT BANK AAA 05/01/02 1.720 1.720 1.720 2,500,000.00
 T B 225 000 01 020102 2,500,000.00 AAA 105.70 2,500,105.70
 AFS 105.70

32 31331LUR7 449798 021502 500,000.00 FEDERAL FARM CREDIT BANK AAA 05/01/02 1.720 1.719 1.719 500,000.00
 T B 225 000 01 020102 500,000.00 AAA 21.14 500,021.14
 AFS 21.14

32 313385TS5 451167 021902 450,000.00 FEDERAL HOME LOAN BANK DN AAA 03/01/02 1.744 1.720 1.745 450,000.00
 T B 232 000 01 030601 449,785.00 FHDN 03/01/02 AAA 1.720 449,792.50
 AFS -207.50

32 313386TS5 451168 022002 450,000.00 FEDERAL HOME LOAN BANK DN AAA 03/01/02 1.744 1.720 1.745 450,000.00
 T B 232 000 01 030601 449,806.50 FHDN 03/01/02 AAA 1.720 449,792.50
 AFS -207.50

32 3134A1Z45 370437 011298 2,165,000.00 FEDERAL HOME LOAN MTG CORP AAA 01/12/18 7.466 7.466 7.466 676,302.70
 T B 201 000 01 011298 499,400.55 ZERO COUPON AAA 07/12/02 OPTIONAL 15.94 15.94 AT 32.086 676,373.21
 AFS 01/12/03 OPTIONAL 33.284 33.284 AT 70.51

IV-144-302-070-00002 CUSTOMER 300121 KMOORC
 IA005502/26/02 SPECIAL TYPE J TOPEKA, KS
 INVESTMENT PORTFOLIO
 SECURITY INVENTORY
 DATE 2/28/02 PAGE 1.893
 LAST 01/31/02 TYPE 1

GP SECURITY CLASS	SEQUENCE PL	PURCH SK	ISSUE	CURR PAR/SHARES	PRINCIPAL COST	FACE	DESCRIPTION 1	DESCRIPTION 2	DESCRIPTION 3	MOODY S & P	MAT DATE	RATE	HLDNG YLD	TE/BE YLD	BOOK MARKET VALUE
INT ABS TV/CAT P/Y	LCK	TID					MISC/INS INFO			ESCRW					MARKET GAIN/LOSS
U S GOVT AGENCIES	AFS			8,695,000.00	7,029,331.05		GROUP 32	STATED MAT				4.284	4.279	4.282	7,206,614.06
12	SECURITIES												8.57		7,226,029.61
															19,415.55
12	SECURITIES			8,695,000.00	7,029,331.05		BANK TOTAL	STATED MAT				4.284	4.279	4.282	7,206,614.06
							INCL MAL DT								7,226,029.61
															19,415.55

Portfolio Yield = \$308,587.21
 estimated annual income



Country Club Financial
 Services, Inc.
 Post Office Box 410889 - Kansas City, MO 64141-0889
 816-931-4060

YOUR BROKERAGE
 ACCOUNT STATEMENT
 YTD COMM: \$5,700.00

Statement Period: December 01, 2001
 through: December 31, 2001
 Account Number: 33N-109104
 Tax ID Number: 48-1148078
 Phone Number: (785) 357-1069

Statement for the account of:
 KANSAS WORKERS RISK COOPERATIVE
 FOR COUNTIES (KWORCC)
 700 SW JACKSON STREET SUITE 200
 TOPEKA KS 66603-3757

Your Portfolio Manager:
 Brian C Thompson
 ID : BCT

ASSET VALUATION

	Value	This Period % of Assets	Value	Last Period % of Assets
Mutual Funds	590,254.07	100.00	537,758.71	100.00
Total Brokerage Account Assets	\$590,254.07	100.00	\$537,758.71	100.00
Total Assets	\$590,254.07	100.00	\$537,758.71	100.00

ACTIVITY SUMMARY

	Debits	Credits
Opening Balance		\$.00
Securities Bought and Sold	30,000.00-	.00
Cash Withdrawals/Deposits	.00	30,000.00
Sec. Withdrawals/Deposits	3,744.50-	.00
Distributions	.00	3,744.50
Closing Balance		\$.00

PORTFOLIO HOLDINGS

Mutual Funds	Quantity	Description	Price	Market Value	Div/Cap Gain Option	Estimated Yield	Annual Income	Security ID	Account Type	Location
	15,047.36400	SECURITY GLOBAL FUND CLASS A	12.7500	191,853.89	REINVEST			SEQAX	CASH	
	9,320.02100	SECURITY MID CAP VALUE FUND CLASS A FORMERLY VALUE	21.5400	200,753.25	REINVEST			SEVAX	CASH	
	18,368.67400	SECURITY ULTRA FUND CLASS A	10.7600	197,646.93	REINVEST			SEUCX	CASH	
Total Mutual Funds										\$590,254.07
										\$.00

RR=BCT 0000021 of 0000027



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 816-931-4060
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**YOUR BROKERAGE
 ACCOUNT STATEMENT**
 YTD COMM: \$5,700.00

PORTFOLIO HOLDINGS (continued)

	Market Value	Annual Income
Total -- All Securities	\$590,254.07	\$.00

Disclosures and Other Information

Pricing - Securities prices may vary from actual liquidation value. Prices shown should only be used as a general guide to portfolio value. Prices are received from various pricing services. However, pricing services are sometimes unable to provide timely information. Where pricing sources are not readily available, particularly on certain debt securities, estimated prices may be generated by a matrix system taking various factors into consideration. The pricing of listed options takes into account the last closing price, as well as the current bid and offer prices. Where securities have not been priced, such securities have not been included in the Asset Valuation information at the beginning of this statement.

Reinvestment - The dollar amount of Mutual Fund distributions, Money Market Fund income, or dividends on other securities shown on your statement may have been reinvested into additional shares. You will not receive confirmations for these reinvestment transactions. However, information pertaining to these transactions which would otherwise appear on confirmations, including the time of execution and the name of the person from whom your security was purchased, will be furnished to you upon written request to your introducing firm. In dividend reinvestment transactions, Persisting acts as your agent and receives payment for order flow, the source and nature of which payment will be furnished to you upon written request to your introducing firm.

TRANSACTIONS IN DATE SEQUENCE

Process/ Settlement Date	Trade/ Transaction Date	Activity Type	Description	Quantity	Price	Accrued Interest	Debit Amount	Credit Amount
12/06/01		LONG TERM CAPITAL GAIN DISTRIBUTION	SECURITY MID CAP VALUE FUND CLASS A FORMERLY VALUE 8721.8880 SHRS RD 12/03 PD 12/04/01					2,756.12
12/06/01		REINVEST CASH INCOME	SECURITY MID CAP VALUE FUND CLASS A FORMERLY VALUE 8721.8880 SHRS SHRS PURCH. AT \$20.72000 RD 12/03 PD 12/04/01	133.01700			2,756.12-	
12/06/01		LONG TERM CAPITAL GAIN DISTRIBUTION	SECURITY ULTRA FUND CLASS A					988.38
12/06/01		REINVEST CASH INCOME	SECURITY ULTRA FUND CLASS A					988.38-

For the Period: 12/01/01 Through 12/31/01

Account Number: 33N-109104

KANSAS WORKERS RISK COOPERATIVE

RR=BCT 0000022 of 0000027

TRANSACTIONS IN DATE SEQUENCE (continued)

Process/ Settlement Date	Trade/ Transaction Date	Activity Type	Description	Quantity	Price	Accrued Interest	Debit Amount	Credit Amount	
12/31/01	12/26/01	PURCHASED	SECURITY GLOBAL FUND CLASS A 005106628 *33N109104 PROS UNDER SEP COVER HOLD DLJ REV \$	793.02100	12.61000		10,000.00-		
12/31/01	12/26/01	PURCHASED	SECURITY MID CAP VALUE FUND CLASS A FORMERLY VALUE 005246641 *33N109104 PROS UNDER SEP COVER HOLD DLJ REV \$	465.11600	21.50000		10,000.00-		
12/31/01	12/26/01	PURCHASED	SECURITY ULTRA FUND CLASS A 005056729 *33N109104 PROS UNDER SEP COVER HOLD DLJ REV \$	933.70700	10.71000		10,000.00-		
12/31/01		CHECK RECEIVED	CHECK RECEIVED CCB					30,000.00	
Total Transactions In Date Sequence							33,744.50-	33,744.50	



DIVIDEND, INTEREST AND DISTRIBUTION SUMMARY

	This Period		This Year	
	Taxable	Non Taxable	Taxable	Non Taxable
Long Term Capital Gain Distributions - Current Year	3,744.50	.00	3,744.50	.00
Total Distributions	3,744.50	.00	3,744.50	.00

MESSAGES

ANNUAL MARGIN DISCLOSURE STATEMENT



**Country Club Financial
Services, Inc.**

816-931-4060
Post Office Box 410889 - Kansas City, MO 64141-0889

**YOUR BROKERAGE
ACCOUNT STATEMENT**
YTD COMM: \$5,700.00

MESSAGES (continued)

SECURITIES PURCHASED ON MARGIN ARE YOUR FINANCIAL ORGANIZATION'S AND PERSHING'S COLLATERAL FOR THE LOAN TO YOU. IF THE SECURITIES IN YOUR ACCOUNT DECLINE IN VALUE, SO DOES THE VALUE OF THE COLLATERAL SUPPORTING YOUR LOAN, AND, AS A RESULT, YOUR FINANCIAL ORGANIZATION OR PERSHING CAN TAKE ACTION, SUCH AS ISSUE A MARGIN CALL AND/OR SELL SECURITIES OR OTHER ASSETS IN ANY OF YOUR ACCOUNTS HELD WITH PERSHING IN ORDER TO MAINTAIN THE REQUIRED EQUITY IN THE ACCOUNT. IT IS IMPORTANT THAT YOU FULLY UNDERSTAND THE RISKS INVOLVED IN TRADING SECURITIES ON MARGIN. THESE RISKS INCLUDE THE FOLLOWING:

- * YOU CAN LOSE MORE FUNDS THAN YOU DEPOSIT IN THE MARGIN ACCOUNT.
 - * YOUR FINANCIAL ORGANIZATION OR PERSHING CAN FORCE THE SALE OF SECURITIES OR OTHER ASSETS IN YOUR ACCOUNT(S).
 - * YOUR FINANCIAL ORGANIZATION OR PERSHING CAN SELL YOUR SECURITIES OR OTHER ASSETS WITHOUT CONTACTING YOU.
 - * YOU ARE NOT ENTITLED TO CHOOSE WHICH SECURITIES OR OTHER ASSETS IN YOUR ACCOUNT(S) ARE LIQUIDATED OR SOLD TO MEET A MARGIN CALL.
 - * YOUR FINANCIAL ORGANIZATION OR PERSHING CAN INCREASE ITS "HOUSE" MAINTENANCE MARGIN REQUIREMENTS AT ANY TIME AND IS NOT REQUIRED TO PROVIDE YOU ADVANCE WRITTEN NOTICE.
 - * YOU ARE NOT ENTITLED TO AN EXTENSION OF TIME ON A MARGIN CALL.
- NOT FDIC INSURED; NO BANK GUARANTEE; MAY LOSE VALUE

For the Period: 12/01/01 Through 12/31/01

Account Number: 33N-109104

KANSAS WORKERS RISK COOPERATIVE

Page 4 of 4

RR=BCT 0000024 of 0000027

From: Chris Thompson / Carola Fuller @ Country Club Bank 800-288-5489
 To: KWORCC Investment Comm. Distribution List

Ralph Unger
 F.E. "Shap" Schoepf (620) 694-2928 fx
 Sam Weaver (620) 429-1042 fx
 KWORCC offices (c/o Dortha Birk)
 Re: Weekly Portfolio Update. All values are as of March 12, 2002 unless otherwise noted.

Ticker	Fund Name	Fund Objective	Fund Style	Morningstar Rating	12-Mar-02 NAV	52 Week High	52 Week Low	1 month	YTD	Cost Basis	Market Value	Gain / (Loss)	Number of Shares	Avg. Share Price	
SECQXX	Security Global Fund	Capital Appreciation	Large Cap Growth	5 star (of 5 possible)	\$12.89	\$14.25	\$10.42	4.80%	1.10%	\$ 190,000	\$ 193,961	\$ 3,961	15,047	\$12.63	
SECUX	Security Ultra Fund	Capital Appreciation	Mid Cap Growth	3 star (of 5 possible)	\$10.76	\$12.67	\$8.13	7.39%	0.00%	\$ 190,000	\$ 197,647	\$ 7,647	18,369	\$10.34	
SEVAX	Security Mid Cap Fund	Capital Appreciation	Mid Cap Blend	5 star (of 5 possible)	\$23.05	\$23.14	\$17.48	8.47%	7.01%	\$ 190,000	\$ 214,826	\$ 24,826	9,320	\$20.39	
											<u>\$ 570,000</u>	<u>\$ 606,434</u>	<u>\$ 36,434</u>		
											<u>6.39% as % of cost basis</u>				

	Dollar Value	Percent of Total
FDIC Insured Account @ CCB:	\$ 52,368	0.05%
REPO Sweep Account:	\$ 140,000	1.74%
Market Value of Equity Funds:	\$ 606,434	7.56%
* Market Value of Bond Portfolio:	\$ 7,226,030	90.05%
TOTAL Portfolio Market Value	\$ 8,024,831	100.00%

Most Recently Published Top 15 Holdings:

Global Fund (SECQXX)	Ultra Fund (SECUX)	Mid Cap Fund (SEVAX)
1 Cadence Design Systems	Mattel Inc	WRB Berkley Corp
2 Reckitt Benckiser PLC	Ocean Energy Inc	Computer Sciences Corp
3 Sanofi-Synthelabo SA	Mylan Laboratories	Tidewater Corp
4 Farnie Mae	Scriptis Co (E.W.)	Ocean Energy Inc.
5 Borealis AG	Alliac Inc	Aockom Corp
6 Fresenius AG	Aockom Corp	Coldwater Creek Inc
7 Cadbury Schweppes	DeVry Inc	Pride International Inc
8 Electronic Arts Inc	Jack Henry Associates	Mylan Laboratories
9 Johnson and Johnson	EPIC Systems	Adaptic Inc
10 Six Continents	Apache Corp	Kinder Morgan Inc
11 Amgen Inc	Symantec Corp	Commerce Bancshares
12 National Semiconductor	Closure Medical Corp	Unitrin Inc
13 Niltendo Co	Alexion Pharmaceutical	Hooper Holmes
14 Bank One	Kearne Inc	Profit Recovery Group
15 American Home Products	Enzon Inc	GlobalSanitaFe Group

Reasons for purchase of equity funds

Reasons for purchase of equity funds	Is Goal Still Relevant?
1) A long term belief that equities will outperform bonds	Yes.
2) A hedge against inflation which can be achieved without impairing near term liquidity	Yes.
3) Diversification from bonds and cash equivalents	Yes.

* Bond portfolio market value is as of most recent month end report

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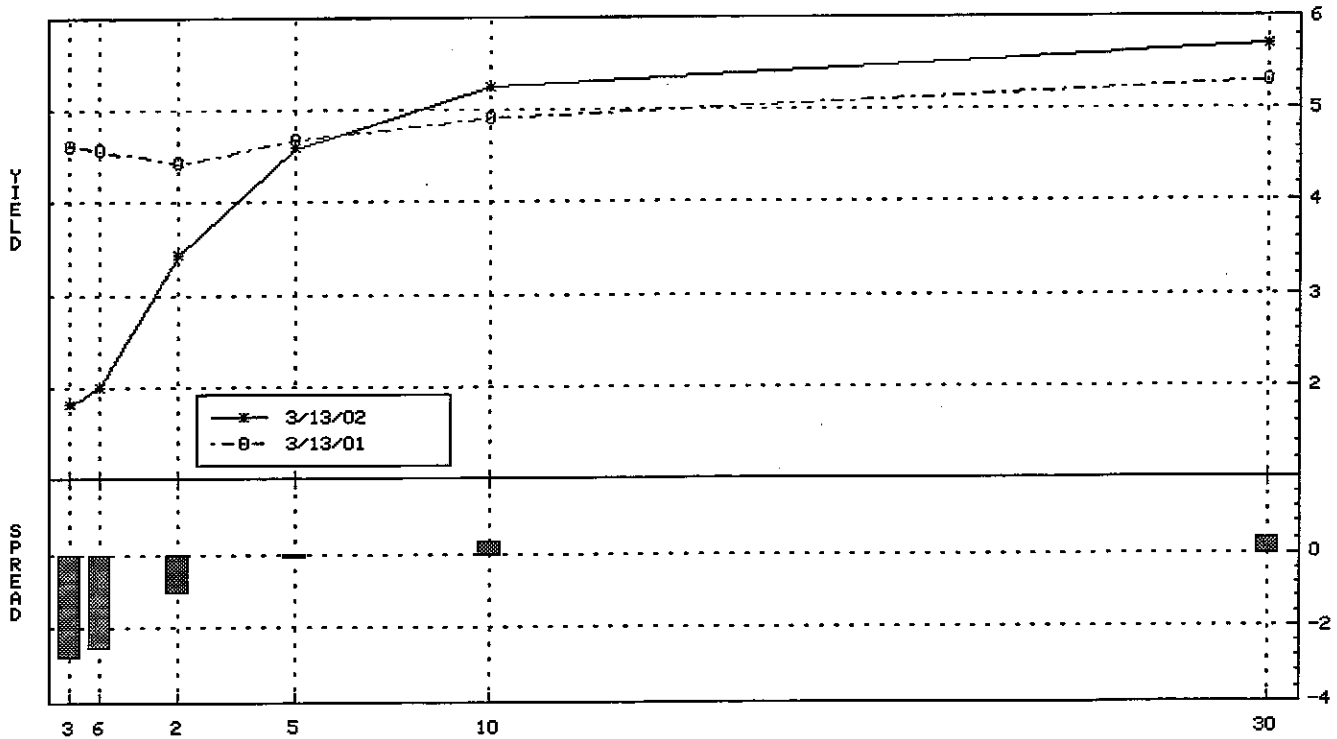
DG15 Govt C15

HISTORICAL YIELD CURVE

PAGE 1 OF 2

DATE RANGE **3/13/01** **3/13/02**

MTY RANGE **3M** **30Y**



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 920410
 Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 212 1000 U.S. 1 212 318 2000 Copyright 2002 Bloomberg L.P.
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<HELP> for explanation.

DG15 Govt C15

HISTORICAL YIELD CURVE

PAGE 2 OF 2

DATE RANGE **3/13/01** **3/13/02**

MTY RANGE **3M** **30Y**

	<u>3/13/01</u>	<u>3/13/02</u>	<u>CHANGE</u>
3 MONTH	4.626	1.813	-2.8131
6 MONTH	4.552	2.007	-2.5449
2 YEAR	4.431	3.431	-0.9995
5 YEAR	4.683	4.580	-0.1033
10 YEAR	4.927	5.248	0.3206
30 YEAR	5.321	5.704	0.3829

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 920410
 Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 212 1000 U.S. 1 212 318 2000 Copyright 2002 Bloomberg L.P.
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<HELP> for explanation.

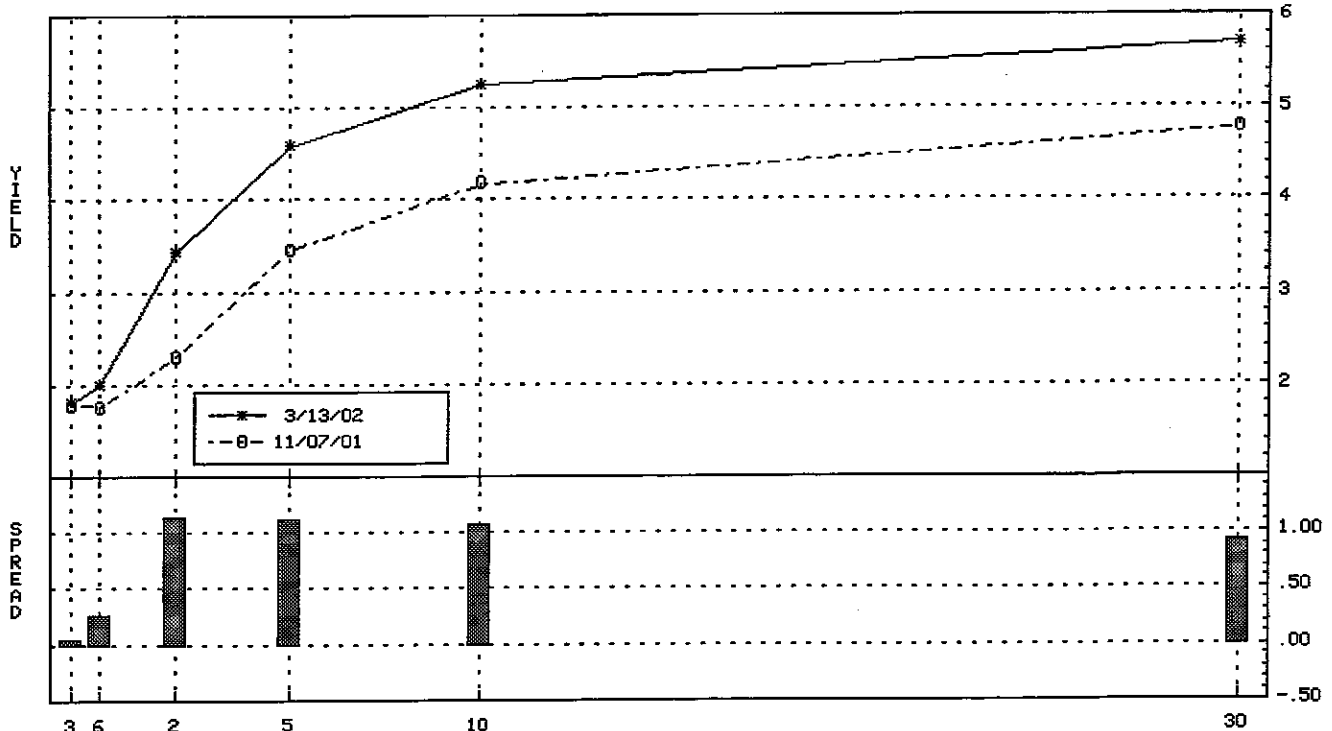
DG15 Govt C15

HISTORICAL YIELD CURVE

PAGE 1 OF 2

DATE RANGE 11/7/01 3/13/02

MTY RANGE 3M 30Y



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 920410
 Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 212 1000 U.S. 1 212 318 2000 Copyright 2002 Bloomberg L.P.
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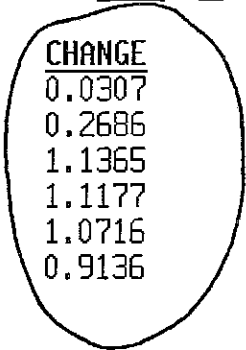
HISTORICAL YIELD CURVE

PAGE 2 OF 2

DATE RANGE 11/7/01 3/13/02

MTY RANGE 3M 30Y

	11/07/01	3/13/02	CHANGE
3 MONTH	1.782	1.813	0.0307
6 MONTH	1.739	2.007	0.2686
2 YEAR	2.295	3.431	1.1365
5 YEAR	3.462	4.580	1.1177
10 YEAR	4.176	5.248	1.0716
30 YEAR	4.791	5.704	0.9136



Rates are higher recently

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 920410
 Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 212 1000 U.S. 1 212 318 2000 Copyright 2002 Bloomberg L.P.
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<u>Coupon</u>	<u>Issuer</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Call</u>		<u>Structure</u>
1	CB	2.810	04/04/2003	6M	1X	1Y 6M 1X
2	HL	2.780	04/04/2003	6M	1X	1Y 6M 1X
3	HL	2.930	05/02/2003	1M		13M 1M
4	HL	2.930	05/02/2003	1M		13M 1M
5	HL	3.010	06/05/2003	2M	1X	1.25Y 2M 1X
6	HL	3.125	07/03/2003	3M		1.25Y 3M
7	HL	3.125	07/03/2003	3M		1.25Y 3M
8	HL	3.375	09/26/2003	3M		1.5Y 3M
9	HL	3.375	09/26/2003	3M		1.5Y 3M
10	HL	3.375	09/26/2003	3M		1.5Y 3M
11	HL	3.385	10/03/2003	3M		1.5Y 3M
12	HL	3.375	10/08/2003	6M		1.5Y 6M
13	MC	3.800	03/26/2004	1Y	1X	2Y 1Y 1X
14	HL	4.000	04/12/2004	3M		2Y 3M
15	MC	4.000	04/12/2004	3M		2Y 3M
16	HL	4.000	04/12/2004	3M		2Y 3M
17	HL	4.000	04/12/2004	3M		2Y 3M
18	HL	4.050	07/02/2004	9M	1X	2.25Y 9M 1X
19	HL	4.170	07/08/2004	3M	1X	2.25Y 3M 1X
20	HL	4.170	07/08/2004	3M	1X	2.25Y 3M 1X
21	HL	4.160	07/08/2004	3M	1X	2.25Y 3M 1X
22	HL	4.160	07/08/2004	3M		2.25Y 3M 1X
23	HL	4.130	07/08/2004	3M	1X	2.25Y 3M 1X
24	MC	4.300	10/01/2004	6M	1X	2.5Y 6M 1X
25	FN	4.200	10/01/2004	1.5Y		2.5Y 1.5Y
26	HL	4.250	10/04/2004	1Y		2.5Y 1Y
27	HL	4.400	10/08/2004	3M		2.5Y 3M
28	HL	4.400	10/08/2004	3M		2.5Y 3M
29	HL	4.400	10/08/2004	3M		2.5Y 3M
30	HL	4.400	10/08/2004	3M		2.5Y 3M
31	HL	4.380	01/04/2005	1Y	1X	2.75Y 1Y 1X
32	HL	4.375	01/04/2005	1Y	1X	2.75Y 1Y 1X
33	HL	4.375	01/04/2005	1Y	1X	2.75Y 1Y 1X
34	HL	4.360	01/04/2005	1Y	1X	2.75Y 1Y 1X
35	MC	4.500	03/28/2005	1Y	1X	3Y 1Y 1 X
36	HL	4.550	04/04/2005	1Y	1X	3Y 1Y 1X
37	MC	4.720	04/11/2005	3M		2Y 3M
38	MC	4.720	04/11/2005	3M		3Y 3M
39	HL	4.850	10/04/2005	6M	1X	3.5Y 6M 1X
40	HL	5.030	10/11/2005	3M		3.5Y 3M
41	HL	5.000	10/11/2005	3M		3.5Y 3M
42	HL	5.000	10/11/2005	3M		3.5Y 3M
43	HL	5.100	01/09/2006	3M		3.75Y 3M
44	HL	5.080	01/12/2006	3M		3.75Y 3M
45	HL	5.020	07/05/2006	2Y	1X	4.25 2Y 1X
46	HL	5.000	07/12/2006	2Y	1X	4.25Y 2Y 1X
47	HL	5.400	03/26/2007	2Y		5Y 2Y
48	HL	5.550	04/05/2007	3M		5Y 3M
49	HL	5.520	04/05/2007	3M		5Y 3M
50	HL	5.400	04/10/2007	1M	1X	5Y 1M 1X
51	FN	5.470	10/04/2007	1Y	1X	5.5Y 1Y 1X
52	HL	5.750	10/05/2007	3M		5.5Y 3M
53	FN	5.750	04/04/2008	6M		6Y 6M
54	HL	6.010	10/08/2008	3M		6.5Y 3M 1X
55	HL	6.000	03/27/2009	1Y		7Y 1Y
56	MC	6.000	04/03/2009	1Y		7Y 1Y
57	HL	6.500	03/26/2012	1Y		10Y 1Y
58	HL	6.375	03/26/2012	2Y		10Y 2Y
59	HL	6.750	04/04/2017	3Y		15Y 3Y
60	HL	7.000	04/11/2017	3M		15Y 3M

Chris Thompson

From: "CHUCK RAPLINGER, COUNTRY CLUB BANK"
Sent: Wednesday, March 13, 2002 1:24 PM
Subject: Fwd: Mr. Greenspan sounds cautious on the outlook
--- Original Msg from: JOSEPH LAVORGNA, DEUTSCHE BANK AG At: 3/13 13:14

--- Original Msg from: Joseph Lavorgna <joseph.lavorgna@db.com> At: 3/13 14:1

Mr. Greenspan told us this afternoon that "in the past several months, we have seen increasing signs that some of the forces restraining the economy over the past year are starting to diminish and that activity is beginning to firm." And he added that, "In recent days, encouraging signs of strengthening underlying trends in final demand have emerged, although the dimensions of the pickup remain uncertain."

But Mr. Greenspan seems to believe that the pickup in demand will be modest because consumer spending was so strong last year. Put another way, the level of consumption activity is already at a high level so there is less scope for a sharp acceleration. "Although household spending should continue to trend up,

the potential for significant acceleration in activity in this sector is likely to be more limited than in past cycles." He basically said the same thing last

week.

Mr. Greenspan also repeated the fact that he thinks hi-tech spending would grow only modestly this year. "The recovery in spending on business fixed investment is likely to be only gradual." Again, this is what he told us before.

Yet, we did find something interesting in his speech. Mr. Greenspan said was the following: "If the tentative indications that the contraction phase of this business cycle has drawn to a close are ultimately confirmed, we will have experienced a significantly milder downturn than the long history of business cycles would have led us to expect." The first part of the last sentence, the

words "the tentative indications that the contraction phase of this business cycle", seems curious to us. Maybe we're dissecting the speech too closely, but last week Mr. Greenspan told us that "economic expansion is already well under

way." If that's the case, doesn't it seem odd that he would use the words: "tentative indications" and "contraction phase" in the same sentence?

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- FDIC Insurance - Up to \$100,000
- Return of Principal - 100% at maturity
- Fees - None
- Annual Pre-pay Option/Immediate Death Option
- Term - 5 years
- Rate of Interest - determined and paid at maturity based on 90% of the increase in the S&P Index over the 5-year term. (Average of the last 12 quarters)
- Guaranteed Rate of Interest - None

With all of these benefits, how is a rate of return determined? This is done by using the Standard & Poor's Index average. The Standard & Poor's Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through change in the aggregate market value of 500 stocks representing all major industries. The ten year average from December 1990 to December 2000 was 8.64%, a very respectable return considering the guaranteed return of principal at maturity.

Most of us are not that well educated in investing. We really don't know when to buy, when to sell, what to buy or what to sell. The Index Powered CD offered by THE BANK handles all of these questions, and you have the guarantee of never losing any of your principal, but the possibility of equity returns.

This investment certificate is perfect for Individual Retirement Accounts, including rollover, 401K, SEP, educational savers, and gifts to heirs. Now is the time.

We are very excited about being able to provide you with an investment that provides all of the positive things you want as an investor. Call or e-mail us today for more information on how we can make this great investment vehicle work for you.

Disclaimer: Loans will be considered to all persons and entities in the trade area on the basis of credit worthiness without regard to race, color, religion, national origin, sex age (provided the applicant has the capacity to enter into a binding contract), receipt of income from public assistance without programs, or the good faith exercise of any right provided by the Consumer Credit Protection Act.



Minutes
Meeting, Personnel Committee
Kansas Worker Risk Cooperative For Counties
Clubhouse Inn, Topeka, Kansas
February 14, 2002

On Thursday, February 14, 2002, the Personnel Committee of the Kansas Workers Risk Cooperative for Counties ("KWORCC") met at the Clubhouse Inn, Topeka, Kansas. The meeting was called to order by Committee Chair, Doyle "Hooley" Alcorn at 10:00 a.m. Committee Members participating included: Doyle "Hooley" Alcorn, Jewell County Commissioner; Gayle Landoll, Marshall County Clerk and Ralph D. Unger, Decatur County Commissioner. Also present were Frances E. "Shep" Schoepf, Reno County Commissioner and James W. Parrish, Administrator.

Mr. Alcorn stated the purpose of the meeting and thanked all in attendance for their participation.

Whereupon, the Committee discussed the possibility of a performance enhancement for KWORCC employees, similar to what was provided last year.

Mr. Alcorn requested comments from Mr. Parrish, who reminded the Committee that \$10,000 was allocated last year and divided at the discretion of the Administrator among the four employees on board at the time. Mr. Parrish pointed out that at the beginning of the year there were only four employees, and Christie Carney was hired later on a part-time basis. He also noted that Ms. Bird's time contribution for 2001 was moved from 90% to 100%.

Mr. Parrish explained that in allocating last year's performance enhancement, he initially divided the amount according to the percentage each employee's salary compared to the total payroll. Then Mr. Parrish reallocated the amount by rounding the numbers down slightly for Mr. Parrish and Ms. Bird and up slightly for Mr. Eyman and Mr. Alexander.

Mr. Parrish then noted that this year KWORCC has one additional employee. He stated that all of these employees have performed exemplary work during the last year and that another performance enhancement was well deserved. He suggested that the amount might be increased slightly to recognize the superior performance and the addition of one new employee.

Mr. Alcorn requested comments from other Committee members. Ms. Landoll suggested that, in light of the performance of staff and growth in KWORCC Membership, \$12,000 be established this year for performance enhancement. Mr. Unger expressed his agreement with the allocation and, after some discussion, suggested that the amount allocated be distributed to the employees similar to last year by the Administrator.

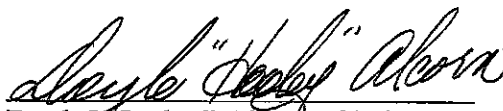
The Committee agreed by consensus to authorize \$12,000 as a one-time performance enhancement pool for KWORCC employees and to give the KWORCC Administrator the authority to designate how the funds should be allocated to each employee.

Mr. Alcorn requested discussion of other issues. Whereupon, the Committee discussed the office facilities and equipment currently used by KWORCC and asked Mr. Parrish for a summary of the office

equipment owned by KWORCC and a general review of the services being provided by Parrish Management Corporation including such things as rent, personnel services, use of office furniture and fixtures, use of equipment, security systems, janitorial and maintenance, supplies, et cetera. Mr. Parrish stated that staff would compile that information and provide it to the Committee as soon as possible.

Mr. Alcorn then asked if there were any further questions or comments. Upon hearing none, he stated that the Personnel Committee meeting was adjourned by consensus at 11:35 a.m.

THE FOREGOING MINUTES of the Personnel Committee of Kansas Workers Risk Cooperative for Counties were executed by the Chair of that Committee on the 14th day of March, 2002.



Doyle "Hooley" Alcorn, Chair
KWORCC Personnel Committee

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn, Topeka, Kansas
February 14, 2002

The February 2002 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Francis "Shep" Schoepf on Thursday, February 14, 2002 at the Clubhouse Inn in Topeka. Trustees present: Francis "Shep" Schoepf, Reno County Commissioner, President; Sam Weaver, Cherokee County Commissioner, Vice President; Doyle "Hooley" Alcorn, Jewell County Commissioner, Secretary; Linda M. Buttron, Jefferson County Clerk, Controller; Gayle Landoll, Marshall County Clerk; Bonnie Swartz, Gray County Clerk and Ralph D. Unger, Decatur County Commissioner.

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 and Ms. Christie Carney, Administrative Assistant/Media Developer.

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

President Schoepf called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish requested that three additional items be added: 4(f) Resolutions 2002-17, 2002-18 and 2002-19 concerning financial institution documents; 4(h) Amendments to Nationwide Deferred Compensation, Resolution No. 2002-20 and 4(i) Joint Social Function with KCAMP. The agenda was approved by consensus with the additions.

President Schoepf then addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of January 17, 2002." Mr. Unger noted that there was one grammatical error. Mr. Unger then moved to approve the minutes with the correction. Mr. Alcorn seconded the motion which CARRIED unanimously.

President Schoepf called upon Mr. Parrish to address Agenda Item No. 5, "Administrator's Report." Mr. Parrish presented five checks for Board approval: Check No. 7403 in the amount of \$70,000 written to KWORCC Claims Account at Intrust Bank in Wichita for settlement on claims; Check No. 7404 in the amount of \$21,044.93 written to Commissioner of Insurance, State of Kansas for premium tax 2001; Check No. 7423 in the amount of \$60,072.34 written to IMA Medical Account for January claims payments; Check No. 7425 in the amount of \$25,000 written to IMA Medical Account for the settlement on claims and Check No. 7439 in the amount of \$13,500 written to IMA as the second of 10 installments for claims adjustment fees. Mr. Parrish then stated there had been three wire transfers of funds since the last Board meeting. The first wire transfer was completed on January 22, 2002 in the amount of \$500,000 from the KWORCC account at 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 5, 2002 in the amount

of \$450,000 from the KWORCC account at Community National Bank to the KWORCC account at Country Club Bank in Prairie Village and was authorized by Ms. Buttron and Mr. Parrish; the third wire transfer was completed on February 13, 2002 in the amount of \$250,000 from the KWORCC account at Community National Bank to the KWORCC account at Country Club Bank in Prairie Village and was authorized by Ms. Buttron and Mr. Parrish. Mr. Weaver moved to approve Check Nos. 7403, 7404, 7423, 7425 and 7439 and the wire transfers as presented. Ms. Swartz seconded the motion which CARRIED unanimously.

Mr. Parrish then presented Resolution No. 2002-14 to accept Hamilton County and Linn County as members into the KWORCC pool. Mr. Unger moved to adopt Resolution No. 2002-14. Ms. Landoll seconded the motion which CARRIED unanimously.

Mr. Parrish next reviewed with the Board the tracks and session topics to be presented at the 23rd Annual Prima Conference being held May 14-17, 2002 in San Antonio, Texas.

Ms. Bird then informed the Board that KWORCC had received an additional \$1,233,367 in annual premiums since the last report. The total amount received so far was \$3,011,050 or 88 percent of all premiums owed. There remained an amount of \$412,560 outstanding.

As requested by the Board at the last meeting, Mr. Parrish presented a revised draft of proposed amendments to the KWORCC bylaws. Ms. Bird explained the new changes to the Board. After a brief discussion the Board instructed staff to submit the current proposed bylaw amendments to KCAMP for consideration in order to start the process of paralleling bylaw amendments for the two pools.

Mr. Parrish presented Resolution Nos. 2002-17, 2002-18 and 2002-19 requiring signatures from the newly elected KWORCC Officers to carry out financial matters for KWORCC. Mr. Unger moved to adopt Resolution Nos. 2002-17, 2002-18 and 2002-19. Ms. Landoll seconded the motion which CARRIED unanimously.

Mr. Parrish next discussed with the Board the progress of KWORCC staff's investigation into a more convenient banking relationship. KWORCC staff was instructed to continue to gather information and research this issue.

Mr. Parrish then presented Resolution No. 2002-20. Ms. Bird explained that this resolution addresses changes to KWORCC's 401(k) plan at Nationwide and is required by federal legislation and must be adopted by February 28, 2002 in order not to jeopardize the status of the plan as a tax deferred trust for KWORCC employees. Ms. Landoll moved to adopt Resolution No. 2002-20. Mr. Unger seconded the motion which CARRIED unanimously.

Staff informed the Board that KCAMP had extended an invitation for the evening of August 22, 2002 to participate in a joint KWORCC/KCAMP social event. Trustees directed staff to accept the invitation and work with KCAMP to organize the gathering on that date.

President Schoepf called on Mr. Eyman to address Agenda Item No. 6, "Marketing & Loss Prevention Report." Mr. Eyman reported on various county contacts and answered questions.

President Schoepf called upon Ms. Duncan to address Agenda Item No. 7, "Claims Reporting." Ms. Duncan reported on various open claims and answered questions.

Ms. Duncan also reviewed the details of Claim No. 00-1837 and presented a proposed settlement offer. Ms. Swartz moved to authorize the proposed settlement and make the offer to the claimant. Mr. Alcorn seconded the motion which CARRIED unanimously.

Ms. Duncan also reviewed the details of Claim No. 00-7456 and presented a proposed settlement offer for this claim. Mr. Unger moved to authorize the proposed settlement and make the offer to the claimant with consultation with the administrator. Ms. Swartz seconded the motion which CARRIED unanimously.

President Schoepf called upon Mr. Alexander to address Agenda Item No. 8, "Financial Reports." Mr. Alexander reviewed the financial reports and answered questions. Ms. Swartz lead a discussion with regard to increasing the excess reserve fund. Mr. Unger moved to increase the excess reserve fund from \$500,000 to \$1,000,000. Ms. Swartz seconded the motion which CARRIED unanimously.

Mr. Alexander then presented the year-end report for the fourth quarter of 2001 for approval. Ms. Swartz moved to approve the year-end report and distribute it to the membership. Ms. Landoll seconded the motion which CARRIED unanimously.

Mr. Alexander also requested that the Board approve the filing of the Kansas Insurance Department's quarterly report for the fourth quarter of 2001 with the indication that the report contains pre-audit balances. Ms. Swartz moved to file the Kansas Insurance Department's quarterly report as mentioned. Mr. Unger seconded the motion which CARRIED unanimously.

The check register was then presented. After a brief discussion Ms. Swartz moved to approve check Nos. 7343 through 7426. Ms. Buttron seconded the motion which CARRIED unanimously.

President Schoepf called upon Mr. Parrish to address Agenda Item No. 9, "Legal Report." Mr. Parrish stated that there were no legal issues to report.

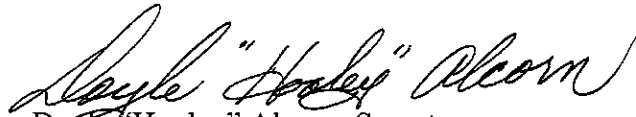
President Schoepf addressed Agenda Item No. 10, "Committee Reports." Mr. Weaver, chair of the Financial Committee, stated that the committee would meet in March. Mr. Alcorn, chair of the Personnel Committee reported that the committee had a meeting at 10:00 a.m. on February 14, 2002 and considered a performance enhancement and discussed other personnel matters with Mr. Parrish. Whereupon, Mr. Alcorn made a motion to go into executive session to discuss non-elected personnel for 30 minutes beginning at 3:00 p.m. Ms. Landoll seconded the motion which CARRIED unanimously. Mr. Parrish was requested to remain and be a part of the executive session.

Mr. Unger moved to extend the executive session from 3:30 p.m. to 3:45 p.m. Ms. Landoll seconded the motion which CARRIED unanimously.

At the conclusion of the executive session, Mr. Unger stated that due to operating expenses being below budget, the excellent overall performance of KWORCC staff and a significant increase in pool membership, a performance enhancement of \$12,000 should be allocated to KWORCC staff. Mr. Alcorn moved to make the \$12,000 allocation of a one time performance enhancement for KWORCC staff to be distributed at the discretion of the administrator. Ms. Swartz seconded the motion which CARRIED unanimously.

There being no further business Ms. Swartz moved to adjourn the meeting at 3:50 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 14th day of March 2002.

A handwritten signature in cursive script that reads "Doyle 'Hooley' Alcorn".

Doyle "Hooley" Alcorn, Secretary
KWORCC Board of Trustees

2002-17 -- KWORCC
CORPORATE AUTHORIZATION RESOLUTION

DDA0300128

COMMUNITY NATIONAL BANK
 5431 SW 29TH
 TOPEKA, KS 66614



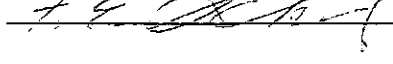
By: KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES
 700 SW JACKSON ST STE 200
 TOPEKA, KS 66603-3757

Referred to in this document as "Financial Institution"

Referred to in this document as "Corporation"

I, JAMES W. PARRISH, certify that I am Secretary (clerk) of the above named corporation organized under the laws of KANSAS, Federal Employer I.D. Number 48-1148078, engaged in business under the trade name of KWORCC, and that the resolutions on this document are a correct copy of the resolutions adopted at a meeting of the Board of Directors of the Corporation duly and properly called and held on 05 FEB 2002 (date). These resolutions appear in the minutes of this meeting and have not been rescinded or modified.

AGENTS Any agent listed below, subject to any written limitations, is authorized to exercise the powers granted as indicated below:

Name and Title or Position	Signature	Facsimile Signature (if used)
A. <u>JAMES W. PARRISH</u> <u>ADMINSTR</u>	X 	X _____
B. <u>LINDA M. BUTTRON</u> <u>CONTROLLER</u>	X 	X _____
C. <u>FRANCIS E. SCHOEPF</u> <u>PRESIDENT</u>	X 	X _____
D. _____	X _____	X _____
E. _____	X _____	X _____
F. _____	X _____	X _____

POWERS GRANTED (Attach one or more Agents to each power by placing the letter corresponding to their name in the area before each power. Following each power indicate the number of Agent signatures required to exercise the power.)

Indicate A, B, C, D, E, and/or F	Description of Power	Indicate number of signatures required
_____	(1) Exercise all of the powers listed in this resolution.	_____
_____	(2) Open any deposit or share account(s) in the name of the Corporation.	_____
<u>A, B, C</u>	(3) Endorse checks and orders for the payment of money or otherwise withdraw or transfer funds on deposit with this Financial Institution. If for more than \$5,000, requires two(2) signatures	<u>1</u>
_____	(4) Borrow money on behalf and in the name of the Corporation, sign, execute and deliver promissory notes or other evidences of indebtedness.	_____
_____	(5) Endorse, assign, transfer, mortgage or pledge bills receivable, warehouse receipts, bills of lading, stocks, bonds, real estate or other property now owned or hereafter owned or acquired by the Corporation as security for sums borrowed, and to discount the same, unconditionally guarantee payment of all bills received, negotiated or discounted and to waive demand, presentment, protest, notice of protest and notice of non-payment.	_____
_____	(6) Enter into a written lease for the purpose of renting, maintaining, accessing and terminating a Safe Deposit Box in this Financial Institution.	_____
_____	(7) Other _____	_____

LIMITATIONS ON POWERS The following are the Corporation's express limitations on the powers granted under this resolution.

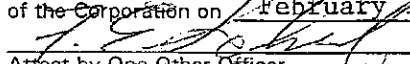
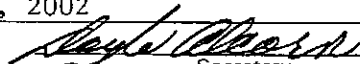
EFFECT ON PREVIOUS RESOLUTIONS This resolution supersedes resolution dated 2/01. If not completed, all resolutions remain in effect.

CERTIFICATION OF AUTHORITY

I further certify that the Board of Directors of the Corporation has, and at the time of adoption of this resolution had, full power and lawful authority to adopt the foregoing resolutions and to confer the powers granted to the persons named who have full power and lawful authority to exercise the same. (Apply seal below where appropriate.)

If checked, the Corporation is a non-profit corporation.

In Witness Whereof, I have subscribed my name to this document and affixed the seal of the Corporation on February 14, 2002 (date).

 Frances E. Schoepf, President Doyle Alcorn, Secretary

Printed on : 02/05/02

RESOLUTIONS

The Corporation named on this resolution resolves that,

- (1) The Financial Institution is designated as a depository for the funds of the Corporation and to provide other financial accommodations indicated in this resolution.
his resolution shall continue to have effect until express written notice of its rescission or modification has been received and recorded by the Financial Institution. Any and all prior resolutions adopted by the Board of Directors of the Corporation and certified to the Financial Institution as governing the operation of this corporation's account(s), are in full force and effect, until the Financial Institution receives and acknowledges an express written notice of its revocation, modification or replacement. Any revocation, modification or replacement of a resolution must be accompanied by documentation, satisfactory to the Financial Institution, establishing the authority for the changes.
- (2) The signature of an Agent on this resolution is conclusive evidence of their authority to act on behalf of the Corporation. Any Agent, so long as they act in a representative capacity as agents of the Corporation, is authorized to make any and all other contracts, agreements, stipulations and orders which they may deem advisable for the effective exercise of the powers indicated on page one, from time to time with the Financial Institution, subject to any restrictions on this resolution or otherwise agreed to in writing.
- (3) All transactions, if any, with respect to any deposits, withdrawals, rediscounts and borrowings by or on behalf of the Corporation with the Financial Institution prior to the adoption of this resolution are hereby ratified, approved and confirmed.
- (4) The Corporation agrees to the terms and conditions of any account agreement, properly opened by any Agent of the Corporation. The Corporation authorizes the Financial Institution, at any time, to charge the Corporation for all checks, drafts, or other orders, for the payment of money, that are drawn on the Financial Institution, so long as they contain the required number of signatures for this purpose.
- (5) The Corporation acknowledges and agrees that the Financial Institution may furnish at its discretion automated access devices to Agents of the Corporation to facilitate those powers authorized by this resolution or other resolutions in effect at the time of issuance. The term "automated access device" includes, but is not limited to, credit cards, automated teller machines (ATM), and debit cards.
- (6) The Corporation acknowledges and agrees that the Financial Institution may rely on alternative signature and verification codes issued to or obtained from the Agent named on this resolution. The term "alternative signature and verification codes" includes, but is not limited to, facsimile signatures on file with the Financial Institution, personal identification numbers (PIN), and digital signatures. If a facsimile signature specimen has been provided on this resolution, (or that are filed separately by the Corporation with the Financial Institution from time to time) the Financial Institution is authorized to treat the facsimile signature as the signature of the Agent(s) regardless of by whom or by what means the facsimile signature may have been affixed so long as it resembles the facsimile signature specimen on file. The Corporation authorizes each Agent to have custody of the Corporation's private key used to create a digital signature and to request issuance of a certificate listing the corresponding public key. The Financial Institution shall have no responsibility or liability for unauthorized use of alternative signature and verification codes unless otherwise agreed in writing.

FOR FINANCIAL INSTITUTION USE ONLY

Acknowledged and received on _____ (date) by _____ (initials) This resolution is superseded by resolution dated _____

Comments:

COMMUNITY NATIONAL BANK
5431 SW 29TH
TOPEKA, KS 66614

ACCOUNT NUMBER 0101923
COMMERCIAL CHECKING

Cycle : NI2 Branch : 001

ACCOUNT OWNER(S) NAME & ADDRESS
KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES
700 SW JACKSON ST
STE 200
TOPEKA, KS 66603-3757

OWNERSHIP OF ACCOUNT - PERSONAL PURPOSE
 INDIVIDUAL
 JOINT - WITH SURVIVORSHIP (and not as tenants in common)
 JOINT - NO SURVIVORSHIP (as tenants in common)
 TRUST - SEPARATE AGREEMENT:

 REVOCABLE TRUST OR PAY-ON-DEATH
DESIGNATION AS DEFINED IN THIS AGREEMENT
Name and Address of Beneficiaries:

TYPE OF ACCOUNT
 NEW EXISTING
 CHECKING SAVINGS
 MONEY MARKET CERTIFICATE OF DEPOSIT
 NOW
This is your (check one):
 Permanent Temporary account agreement.

OWNERSHIP OF ACCOUNT - BUSINESS PURPOSE
 SOLE PROPRIETORSHIP
 CORPORATION: FOR PROFIT NOT FOR PROFIT
 PARTNERSHIP
 KWORCC
BUSINESS: KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES
COUNTY & STATE: SHAWNEE CO KANSAS
OF ORGANIZATION:
AUTHORIZATION DATED: 02/05/02

Number of signatures required for withdrawal 1
FACSIMILE SIGNATURE(S) ALLOWED? YES NO

[X]

SIGNATURE(S) - The undersigned agree to the terms stated on every page of this form and acknowledge receipt of a completed copy. The undersigned further authorize the financial institution to verify credit and employment history and/or have a credit reporting agency prepare a credit report on the undersigned, as individuals. The undersigned also acknowledge the receipt of a copy and agree to the terms of the following disclosure(s):

Deposit Account Funds Availability Privacy
 Electronic Funds Transfer Truth in Savings
 Acct : 0101923

DATE OPENED 05/26/98 BY CANDACE L MARR
INITIAL DEPOSIT \$ 1.00
 CASH CHECK LOCAL BANK
HOME TELEPHONE # _____
BUSINESS PHONE # 785-357-1069
DRIVER'S LICENSE # _____
E-MAIL _____
EMPLOYER _____
MOTHER'S MAIDEN NAME _____
Name and address of someone who will always know your location: _____

(1): [X]
JAMES W PARRISH
I.D. # 514-48-8101 D.O.B. _____ AS

(2): [X]
LINDA M BUTTRON
I.D. # 512-70-6175 D.O.B. _____ AS

(3): [X]
FRANCIS E SCHOEPF
I.D. # 514-26-1713 D.O.B. _____ AS

(4): [X]
I.D. # _____ D.O.B. _____

BACKUP WITHHOLDING CERTIFICATIONS
TIN: 48-1148078
 TAXPAYER I.D. NUMBER - The Taxpayer Identification Number shown above (TIN) is my correct taxpayer identification number.
 BACKUP WITHHOLDING - I am not subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding.
 EXEMPT RECIPIENTS - I am an exempt recipient under the Internal Revenue Service Regulations.
SIGNATURE: I certify under penalties of perjury the statements checked in this section and that I am a U.S. person (including a U.S. resident alien).
Linda M Buttron
(Date)

Authorized Signer (Individual Accounts Only)
[X]
I.D.# _____ D.O.B. _____

YOUR DEPOSIT ACCOUNT TERMS AND CONDITIONS

AGREEMENT - These terms govern the operation of this account unless varied or supplemented in writing. Unless it would be inconsistent to do so, words and phrases used in this document should be construed so that the singular includes the plural and the plural includes the singular. As used in this form, the words "we," "our," or "us" mean the financial institution and the words "you" or "your" mean the account holder(s). This account may not be transferred or assigned without our written consent.

Much of our relationship with our deposit customers is regulated by state and federal law, especially the law relating to negotiable instruments, the law regulating the methods of transferring property upon death and the rights of surviving spouses and dependents, the law pertaining to estate and other succession taxes, the law regarding electronic funds transfer, and the law regarding the availability of deposited funds. This body of law is too large and complex to be reproduced here.

The purpose of this form is to:

- (1) summarize the rules applicable to the more common transactions;
- (2) establish rules to govern transactions or circumstances which the law does not regulate; and
- (3) establish rules for certain events or transactions which the law already regulates but permits variation by agreement.

We may permit some variations from this standard agreement, but any such variations must be agreed to in writing either on our signature card for the account or in some other written form.

LIABILITY - Each of you agrees, for yourself (and the person or entity you represent if you sign as a representative of another) to the terms of this account and the schedule of charges that may be imposed. You authorize us to deduct these charges as accrued directly from the account balance. You also agree to pay additional reasonable charges we may impose for services you request which are not contemplated by this agreement. Each of you also agrees to be jointly and severally liable for any account deficit resulting from charges or overdrafts, whether caused by you or another authorized to withdraw from this account, and the costs we incur to collect the deficit including, to the extent permitted by law, our reasonable attorneys' fees.

DEPOSITS - Any items, other than cash, accepted for deposit (including items drawn "on us") will be given provisional credit only until collection is final (and actual credit for deposits of, or payable in, foreign currency will be at the exchange rate in effect on final collection in U.S. dollars). Subject to any other limitations, interest will be paid only on collected funds, unless otherwise provided by law. We are not responsible for transactions initiated by mail or outside depository until we actually record them. All transactions received after our "daily cut-off time" on a business day we are open, or received on a day in which we are not open for business, will be treated and recorded as if initiated on the next following business day that we are open.

WITHDRAWALS - Unless otherwise clearly indicated on the account records, any one of you who signs this form including authorized signers, may withdraw or transfer all or any part of the account balance at any time on terms approved by us. Each of you (until we receive written notice to the contrary) authorizes each other person signing this form to endorse any item payable to you or your order for deposit to this account or any other transaction with us. We may charge against your account a check, even though payment was made before the date of the check, unless you have given us written notice of the postdating. The fact that we may honor withdrawal requests which overdraw the finally collected account balance does not obligate us to do so, unless required by law. Withdrawals will first be made from collected funds, and we may, unless prohibited by law or our written policy, refuse any withdrawal request against uncollected funds, even if our general practice is to the contrary. We reserve the right to refuse any withdrawal or transfer request which is attempted by any method not specifically permitted, which is for an amount less than any minimum withdrawal requirement, or which exceeds any frequency limitation. Even if we honor a nonconforming request, repeated abuse of the stated limitations (if any) may eventually force us to close this account. We will use the date a transaction is completed by us (as opposed to the day you initiate it) to apply the frequency limitations. On interest-bearing accounts other than time deposits, we reserve the right to require at least seven days' written notice before any withdrawal or transfer. Withdrawals from a time deposit prior to maturity or prior to the expiration of any notice period may be restricted and may be subject to penalty. See your notice of penalties for early withdrawal.

ACH AND WIRE TRANSFERS - This agreement is subject to Article 4A of the Uniform Commercial Code in the state in which you have your account with us. If you originate a fund transfer for which Fedwire is used, and you identify by name and number a beneficiary financial institution, an intermediary financial institution or a beneficiary, we and every receiving or beneficiary financial institution may rely on the identifying number to make payment. We may rely on the number even if it identifies a financial institution, person or account other than the one named. You agree to be bound by automated clearing house association rules. These rules provide, among other things, that payments made to you, or originated by you, are provisional until final settlement is made through a Federal Reserve Bank or payment is otherwise made as provided in Article 4A-403(a) of the Uniform Commercial Code. If we do not receive such payment, we are entitled to a refund from you in the amount credited to your account and the party originating such payment will not be considered to have paid the amount so credited. If we receive a credit to an account you have with us by wire or ACH, we are not required to give you any notice of the payment order or credit.

OWNERSHIP OF ACCOUNT AND BENEFICIARY DESIGNATION - You intend these rules to apply to this account depending on the form of ownership and beneficiary designation, if any, specified on page 1. We make no representations as to the appropriateness or effect of the ownership and beneficiary designations, except as they determine to whom we pay the account funds. **Individual Account** - is owned by one person. **Joint Account - With Survivorship (And Not As Tenants In Common)** - is owned by two or more persons. Each of you intend that upon your death the balance in the account (subject to any previous pledge to which we have consented) will belong to the survivor(s). If two or more of you survive, you will own the balance in the account as joint tenants with survivorship and not as tenants

in common. **Joint Account - No Survivorship (As Tenants In Common)** - is owned by two or more persons, but none of you intend (merely by opening this account) to create any right of survivorship in any other person. We encourage you to agree and tell us in writing of the percentage of the deposit contributed by each of you. This information will not, however, affect the "number of signatures" necessary for withdrawal. **Revocable Trust or Pay-On-Death Account** - If two or more of you create such an account, you own the account jointly with survivorship. Beneficiaries acquire the right to withdraw only if: (1) all persons creating the account die, and (2) the beneficiary is then living. If two or more beneficiaries are named and survive the death of all persons creating the account, such beneficiaries will own this account in equal shares, without right of survivorship. Any such beneficiary may withdraw all or any part of the account balance. The person(s) creating either of these account types reserves the right to: (1) change beneficiaries, (2) change account types, and (3) withdraw all or part of the deposit at any time. **Corporate, Partnership, and other Organizational Accounts** - We will usually require a separate authorization form designating the person permitted and conditions required for withdrawal from any account in the name of a legal entity such as a partnership, corporation, or other organization. We will honor such authorization according to its terms until it is amended or terminated in writing by the governing body of such organization.

STOP-PAYMENTS - A stop-payment order must be given in the manner required by law and must be received in time to give us a reasonable opportunity to act on it before our stop-payment cut-off time. Our stop-payment cut-off time is one hour after the opening of the next banking day after the banking day on which we receive the item. Additional limitations on our obligation to stop-payment are provided by law. A stop-payment order must precisely identify the number, date and amount of the item, and the payee. We will honor a stop-payment request by the person who signed the particular item, and, by any other person, even though such other person did not sign the item, if such other person has an equal or greater right to withdraw from this account than the person who signed the item in question. A release of the stop-payment request may be made only by the person who initiated the stop-payment.

AMENDMENTS AND TERMINATION - From time to time we may amend any term of this agreement upon giving you reasonable notice in writing or by any other method permitted by law, including, in appropriate circumstances, posting notice in our building. We may also close this account at any time upon reasonable notice to you and tender of the account balance personally or by mail. Notice from us to any one of you is notice to all of you.

STATEMENTS - You must examine your statement of account with "reasonable promptness." If you discover (or reasonably should have discovered) any unauthorized payments or alterations, you must promptly notify us of the relevant facts. If you fail to do either of these duties, you will have to either share the loss with us, or bear the loss entirely yourself (depending on whether we exercised ordinary care and, if not, whether we substantially contributed to the loss). The loss could be not only with respect to items on the statement but other items forged or altered by the same wrongdoer. You agree that the time you have to examine your statement and report to us will depend on the circumstances, but that such time will not, in any circumstance, exceed a total of 30 days from when the statement is first made available to you.

You further agree that if you fail to report any unauthorized signatures, alterations, forgeries or any other errors in your account within 60 days of when we make the statement available, you cannot assert a claim against us on any items in that statement, and the loss will be entirely yours. This 60 day limitation is without regard to whether we exercised ordinary care. The limitation in this paragraph is in addition to that contained in the first paragraph of this section.

DIRECT DEPOSITS - If, in connection with a direct deposit plan, we deposit any amount in this account which should have been returned to the Federal Government for any reason, you authorize us to deduct the amount of our liability to the Federal Government from this account or from any other account you have with us, without prior notice and at any time, except as prohibited by law. We may also use any other legal remedy to recover the amount of our liability.

TEMPORARY ACCOUNT AGREEMENT - If this option is selected, we may restrict or prohibit further use of this account if you fail to comply with the requirements we have imposed within a reasonable time.

SET-OFF - You each agree that we may (without prior notice and when permitted by law) set off the funds in this account against any due and payable debt owed to us now or in the future, by any of you having the right of withdrawal, to the extent of such persons' or legal entity's right to withdraw. If the debt arises from a note, "any due and payable debt" includes the total amount of which we are entitled to demand payment under the terms of the note at the time we set off, including any balance the due date for which we properly accelerate under the note. This right of set-off does not apply to this account if: (a) it is an Individual Retirement Account or other tax-deferred retirement account, or (b) the debt is created by a consumer credit transaction under a credit card plan, or (c) the debtor's right of withdrawal arises only in a representative capacity. We will not be liable for the dishonor of any check when the dishonor occurs because we set off a debt against this account. You agree to hold us harmless from any claim arising as a result of our exercise of our right of set-off.

FACSIMILE SIGNATURES - You authorize us, at any time, to charge you for all checks, drafts, or other orders, for the payment of money, that are drawn on us regardless of by whom or by what means the facsimile signature(s) may have been affixed so long as they resemble the facsimile signature specimen on page 1 of this agreement, or that are filed separately with us, and contain the required number of signatures for this purpose.

AUTHORIZED SIGNER (Individual Accounts only) - An authorized signer is someone you designate to conduct transactions on your behalf, but does not have any ownership or rights at death unless named as a Pay-on-Death or Revocable Trust beneficiary.

RESTRICTIVE LEGENDS - We are not required to honor any restrictive legend on checks you write unless we have agreed to the restriction in a writing signed by one of our officers. Examples of restrictive legends are "must be presented within 90 days" or "not valid for more than \$1,000."

I, Doyle "Hooley" Alcorn, 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 17th day of January, 2002, at which a quorum was present and that said Resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2002-14

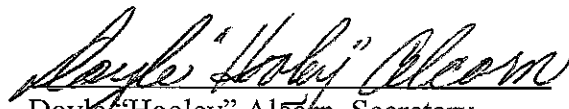
WHEREAS, KWORCC presented a competitive bid to write workers compensation coverage to Linn and Hamilton Counties for policy year 2002.

WHEREAS, the Commissioners of the Counties of Linn and Hamilton 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 Linn and Hamilton Counties into the pool as Member Counties;

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

IN WITNESS WHEREOF, the undersigned has caused this Resolution to be executed this 14th day of February, 2002.


Doyle "Hooley" Alcorn, Secretary

I, Doyle "Hooley" Alcorn, Secretary of Kansas Workers Risk Cooperative for Counties, hereby certify that the following is a true and correct copy of a Resolution duly adopted by unanimous vote of the Board of Trustees of KWORCC at a meeting duly called and held on the 14th day of February, 2002 at which a quorum was present:

RESOLUTION #2002-20

IN THE MATTER OF AMENDING DEFERRED COMPENSATION MATCHING PLAN FOR KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES (KWORCC), FOR COMPLIANCE WITH FEDERAL REGULATIONS.

WHEREAS, KWORCC adopted a Deferred Compensation Plan at Nationwide Retirement Solutions, effective January 1, 1999, which was available to all eligible employees, pursuant to Section 401(a) of the Internal Revenue Code of 1986, as amended; and

WHEREAS, since that time KWORCC qualified for KPERs Retirement and funds contributed to said Match Plan were kept in place for the benefit of KWORCC employees; and

WHEREAS, Federal Regulations have created a necessity to amend said KWORCC Match Plan in order to still qualify under 401(a) of the Internal Revenue Code of 1986, as amended;

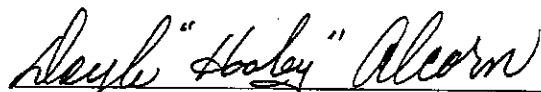
NOW, THEREFORE KWORCC BOARD OF TRUSTEES DOES HEREBY RESOLVE AS FOLLOWS:

RESOLVED, that KWORCC hereby amends and restates the KWORCC Deferred Compensation Matching Plan set forth in the Nationwide Retirement Solutions, Inc. Governmental Deferred Compensation Matching Plan And Trust, effective as of January 1, 2001, the plan originally effective January 1, 1999.

FURTHER RESOLVED, that the Trustees shall be: KWORCC Administrator, President of KWORCC Board of Trustees and/or Secretary of KWORCC Board of Trustees. The Plan Administrator shall be: KWORCC Administrator. Upon acceptance by executing the Adoption Agreement of said plan, the Trustees are directed to assume ownership of all trust assets

FURTHER RESOLVED, that James W. Parrish, Administrator of KWORCC, Frances E. Schoepf, President of KWORCC and Doyle Alcorn, Secretary of KWORCC, are hereby authorized and directed to perform all acts, sign all documents necessary to put said plan amendments into operation, and to secure the approval of said plan by the Internal Revenue Service so that said plan may qualify under Section 401(a) of the Internal Revenue Code of 1986, as amended;

IN WITNESS WHEREOF, the undersigned has caused this Resolution to be executed this 14th day of February, 2002.


Doyle "Hooley" Alcorn, Secretary

ADOPTION AGREEMENT FOR NATIONWIDE RETIREMENT SOLUTIONS, INC.
GOVERNMENTAL DEFERRED COMPENSATION MATCHING
PLAN AND TRUST

The undersigned Employer adopts the Nationwide Retirement Solutions, Inc. Governmental Deferred Compensation Matching Plan and Trust (Plan) for those Employees who shall qualify as Participants hereunder, to be known as the

A 1: KWORCC Deferred Compensation Matching Plan.

It shall be effective as of the date specified below. The Employer hereby selects the following Plan specifications:

CAUTION: Failure to properly fill out this Adoption Agreement may result in disqualification of the Plan.

EMPLOYER INFORMATION:

B1 Name of Employer: Kansas Workers Risk Cooperative for Counties (KWORCC).

B2 Address: 700 SW Jackson - Suite 200, Topeka, Kansas 66603

Telephone: (785) 357-1069

B3 Employer Identification Number: 48-1148078.

B4 NAME(S), TITLE(S) OR POSITION(S) OF TRUSTEE(S)

- a. James W. Parrish, Administrator of KWORCC
- b. Frances E. Schoepf, President of Board of Trustees of KWORCC
- c. Doyle Alcorn, Secretary of Board of Trustees of KWORCC

B5 TRUSTEES' ADDRESS(ES)

a. X Use Employer Address

b. _____
Street
_____, _____, _____
City State Zip

B6 LOCATION OF EMPLOYER'S PRINCIPAL OFFICE:

This document shall be governed by the laws of Kansas
(Name of State or Commonwealth)

B 7 EMPLOYER'S FISCAL YEAR means the 12 consecutive month period:

Commencing on January 1st (e.g., July 1st)
Month Day

PLAN INFORMATION

C 1 EFFECTIVE DATE

This Adoption Agreement of the Nationwide Retirement Solutions, Inc. Governmental Deferred Compensation Matching Plan and Trust shall:

- a. establish a new Plan effective as of _____ (hereinafter called the "Effective Date").
- b. constitute an amendment and restatement in its entirety of a previously established qualified Plan of the Employer which was effective January 1, 1999 (hereinafter called the "Effective Date"). Except as specifically provided in the Plan, the effective date of this amendment and restatement is January 1, 2001

C 2 PLAN YEAR means the 12 consecutive month period commencing on January 1st (e.g., January 1st)

IS THERE A SHORT PLAN YEAR?

- c. No
- d. Yes, beginning on _____ and ending on _____

C 3 ANNIVERSARY DATE of the Plan

December 31st

C 4 PLAN NUMBER assigned by the Employer

- a. 001 b. 002 c. 003 d. Other _____

C 5 NAME OF PLAN ADMINISTRATOR (If no Plan Administrator is named, the Employer will be the Plan Administrator.)

A. Employer (Use Employer Address)

B. Name _____
Address Use Employer Address

City State ZIP

Telephone _____
Plan Administrator's Tax I.D. Number _____

C 6 PLAN'S AGENT FOR SERVICE OF LEGAL PROCESS

- a. Employer (Use Employer's Address)
- b. Name _____
Address _____

City State ZIP

ELIGIBILITY

D 1 ELIGIBLE EMPLOYEES shall mean:

- a. all Employees who have satisfied the eligibility requirements.
- b. all Employees who have satisfied the eligibility requirements except those checked below:
 - 1. Employees paid by commission only
 - 2. Employees paid an hourly wage
 - 3. Employees paid by salary
 - 4. Employees whose employment is governed by a collective bargaining agreement between the Employer and "employee representatives" under which retirement benefits were the subject of good faith bargaining. For this purpose, the term "employee representatives" does not include any organization more than half of whose members are employees who are officers or executives of the Employer
 - 5. Employees who are non-resident aliens who received no earned income (within the meaning of Code Section 911(d)(2)) from the Employer which constitutes income from sources within the United States (within the meaning of Code Section 861(a)(3)).
 - 6. Other _____

NOTE: For purposes of this section, the term Employee shall include all Employees of this Employer and any leased employees deemed to be Employees under Code Section 414(n) or 414(o).

D 2 457 PLAN CONTINGENCY A Participant in this Plan is required to make a contribution to the Employer's deferred compensation (457) plan of at least 4% per semi-monthly to receive an Employer Contribution to this Plan.

D 3 CONDITIONS OF ELIGIBILITY (Check either a or b and c.)

a. NO AGE OR SERVICE REQUIRED

b. SERVICE REQUIREMENT

_____ months

_____ years

NOTE: An Employee will not be required to complete any specified number of Hours of Service in a particular month to receive credit for such month.

c. AGE REQUIREMENT _____

CONTRIBUTIONS AND ALLOCATIONS

E 1 FORMULA FOR DETERMINING EMPLOYER'S CONTRIBUTION

a. An amount equal to \$ _____ per pay period for each Employee eligible to receive an Employer Contribution.

b. An amount equal to 4 % of the amount that each Employee defers under the Employer's 457 Plan

subject to a maximum of _____ per _____
(e.g. pay period)

no maximum

c. Other _____

or such other amount as the Employer shall authorize by resolution.

In order to obtain reliance with respect to plan qualification, the Employer must apply to the appropriate Key District Office for a determination letter.

This Adoption Agreement may be used only in conjunction with the Nationwide Retirement Solutions, Inc. Governmental Deferred Compensation Matching Plan and Trust document.

The adoption of this Plan, its qualification under Code Section 401(a), and the related tax consequences to the trust and Plan participants and beneficiaries are the responsibility of the Employer. It is strongly recommended that the Employer seek independent tax and legal advice before adopting this Plan.

IN WITNESS WHEREOF, the Employer and Trustee(s) hereby cause this Plan to be executed on this 14th day of February, 2002.

EMPLOYER: KWORCC

By: CSJ
James W. Parrish, Administrator of KWORCC

F. F. Schoepf
TRUSTEE Frances F. Schoepf, President of KWORCC

Doyle Alcorn
TRUSTEE Doyle Alcorn, Secretary of KWORCC

James W. Parrish
TRUSTEE James W. Parrish, Administrator of KWORCC

This Plan may not be used unless an authorized representative of Nationwide Retirement Solutions, Inc. has acknowledged the use of the Plan. Such acknowledgment is for administrative purposes only. It does not represent that this Plan, including the choices selected on the Adoption Agreement, has been reviewed by a representative of the sponsor or constitutes a qualified retirement plan, under Section 401(a) of the Internal Revenue Code of 1986, as amended.

Nationwide Retirement Solutions, Inc.
By: _____

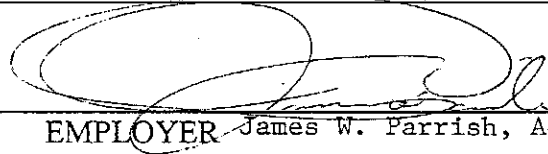
Amendment Number One

With respect to distribution under the Plan made for calendar years beginning on or after January 1, 2002, the Plan will apply the minimum distribution requirements of section 401(a)(9) of the Internal Revenue Code in accordance with the regulations under section 401(a)(9) that were proposed in January 2001, notwithstanding any provision of the Plan to the contrary. This amendment shall continue in effect until the end of the last calendar year beginning before the effective date of final regulations under section 401(a)(9) or such other date as may be specified in guidance published by the Internal Revenue Service.

This amendment has been executed this 14th day of February, 2002

Name of employer: Kansas Workers Risk Cooperative for Counties (KWORCC)

BY: _____



EMPLOYER James W. Parrish, Administrator

Name of Plan: KWORCC Deferred Compensation Matching Plan

AMENDMENT TWO

ARTICLE I
PREAMBLE

- 1.1 Adoption and effective date of amendment. This amendment of the plan is adopted to reflect certain provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"). This amendment is intended as good faith compliance with the requirements of EGTRRA and is to be construed in accordance with EGTRRA and guidance issued thereunder. Except as otherwise provided, this amendment shall be effective as of the first day of the first plan year beginning after December 31, 2001.
- 1.2 Supersession of inconsistent provisions. This amendment shall supersede the provisions of the plan to the extent those provisions are inconsistent with the provisions of this amendment.

ARTICLE II
ADOPTION AGREEMENT ELECTIONS

- 2.1 Exclusion of Rollovers in Application of Involuntary Cash-out Provisions. If the plan is not subject to the qualified joint and survivor annuity rules and includes involuntary cash-out provisions, then unless one of the options below is elected, effective for distributions made after December 31, 2001, rollover contributions will be excluded in determining the value of the participant's nonforfeitable account balance for purposes of the plan's involuntary cash-out rules. [] N.A. The Employer is located in a state that does require the use of joint and survivor annuities.

ARTICLE III
INVOLUNTARY CASH-OUTS

- 3.1 Applicability and effective date. If the plan provides for involuntary cash-outs of amounts less than \$5,000, then unless otherwise elected in Section 2.1 of this amendment, this Article shall apply for distributions made after December 31, 2001, and shall apply to all participants.
- 3.2 Rollovers disregarded in determining value of account balance for involuntary distributions. For purposes of the Sections of the plan that provide for the involuntary distribution of vested accrued benefits of \$5,000 or less, the value of a participant's nonforfeitable account balance shall be determined without regard to that portion of the account balance that is attributable to rollover contributions (and earnings allocable thereto) within the meaning of Sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16) of the Code. If the value of the participant's nonforfeitable account balance as so determined is \$5,000 or less, then the plan shall immediately distribute the participant's entire nonforfeitable account balance.

ARTICLE IV
INCREASE IN COMPENSATION LIMIT

Increase in Compensation Limit. The annual compensation of each participant taken into account in determining allocations for any plan year beginning after December 31, 2001, shall not exceed \$200,000, as adjusted for cost-of-living increases in accordance with Section 401(a)(17)(B) of the Code. Annual compensation means compensation during the plan year or such other consecutive 12-month period over which compensation is otherwise elected in Section 2.5 of this amendment, for purposes of determining benefit accruals in a plan year beginning after December 31, 2001, compensation for any prior determination period shall be limited to \$200,000. The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year.

**ARTICLE V
LIMITATIONS ON CONTRIBUTIONS (IRC SECTION 415 LIMITS)**

- 5.1 Effective date. This Section shall be effective for limitation years beginning after December 31, 2001.
- 5.2 Maximum annual addition. Except to the extent permitted under Section 414(v) of the Code, if applicable, the annual addition that may be contributed or allocated to a participant's account under the plan for any limitation year shall not exceed the lesser of:
- a. \$40,000, as adjusted for increases in the cost-of-living under Section 415(d) of the Code, or
 - b. 100 percent of the participant's compensation, within the meaning of Section 415(c)(3) of the Code, for the limitation year.

The compensation limit referred to in b, shall not apply to any contribution for medical benefits after separation from service (within the meaning of Section 401(h) or Section 419A(f)(2) of the Code) which is otherwise treated as an annual addition.

**ARTICLE VI
DIRECT ROLLOVERS**

- 6.1 Effective date. This Article shall apply to distributions made after December 31, 2001.
- 6.2 Modification of definition of eligible retirement plan. For purposes of the direct rollover provisions of the plan, an eligible retirement plan shall also mean an annuity contract described in Section 403(b) of the Code and an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this plan. The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relation order, as defined in Section 414(p) of the Code.
- 6.3 Modification of definition of eligible rollover distribution to include after-tax employee contributions. For purposes of the direct rollover provisions in the plan, a portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in Section 401(a) or 403(b) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

**ARTICLE VII
ROLLOVERS FROM OTHER PLANS**

Rollovers from other plans. The employer, operationally and on a nondiscriminatory basis, may limit the source of rollover contributions that may be accepted by this plan.

**ARTICLE VIII
DISTRIBUTION UPON SEVERANCE OF EMPLOYMENT**

- 8.1 Effective date. This article shall apply for distributions and transactions made after December 31, 2001, regardless of when the severance of employment occurred.

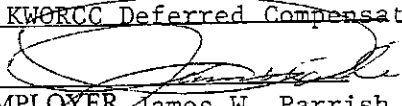
EGTRRA

8.2 New distributable event. A participant's elective deferrals, qualified nonelective contributions, qualified matching contributions, and earnings attributable to these contributions shall be distributed on account of the participant's severance from employment. However, such a distribution shall be subject to the other provisions of the plan regarding distributions, other than provisions that require a separation from service before such amounts may be distributed.

This amendment has been executed this 14th day of February, 2002.

Name of Employer: KWORCC Deferred Compensation Matching Plan

By: _____


EMPLOYER James W. Parrish, Administrator

Name of Plan: KWORCC Deferred Compensation Matching Plan

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn, Topeka, Kansas
January 17, 2002

The January 2002 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, January 17, 2002 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 M. Buttron, Jefferson County Clerk, Controller; Doyle "Hooley" Alcorn, Jewell County Commissioner; Bonnie Swartz, Gray County Clerk and Ralph D. Unger, Decatur County Commissioner.

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 and Ms. Christie Carney, Administrative Assistant/Media Developer.

Others present: Mr. Gus Campuzano and Ms. Annette Duncan 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 requested that two additional items be added: 5(g) Downtown Banking Facilities and 6(d) Strategy for Local Agents. Ms. Swartz moved that the agenda be approved with the two 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 December 12, 2001." Mr. Unger noted that there were several grammatical errors. Mr. Unger then moved to approve the minutes with corrections. Mr. Alcorn seconded the motion which CARRIED unanimously.

The floor was then opened for nominations for new officers. Mr. Unger nominated Mr. Schoepf for KWORCC President for 2002. Ms. Swartz seconded the nomination. Mr. Weaver then moved that all nominations cease and a unanimous ballot be cast for Mr. Schoepf. Ms. Buttron seconded the motion which CARRIED unanimously.

Newly elected President Schoepf presented a plaque to outgoing President Gayle Landoll thanking her for her service as President of KWORCC in 2001.

Ms. Swartz nominated Mr. Weaver for KWORCC Vice President for 2002. Ms. Landoll seconded the nomination. Mr. Unger moved that all nominations cease and a unanimous ballot be cast for Mr. Weaver. Mr. Alcorn seconded the motion which CARRIED unanimously.

Mr. Unger nominated Mr. Alcorn for KWORCC Secretary for 2002. Ms. Buttron seconded the nomination. Ms. Landoll moved that all nominations cease and a unanimous ballot be cast for Mr. Alcorn. Ms. Swartz seconded the motion which CARRIED unanimously.

Ms. Swartz nominated Ms. Buttron for KWORCC Controller for 2002. Mr. Alcorn seconded the nomination. Ms. Landoll moved that all nominations cease and a unanimous ballot be cast for Ms. Buttron. Mr. Alcorn seconded the motion which CARRIED unanimously.

President Schoepf called upon Mr. Parrish to address Agenda Item No. 5, "Administrator's Report." Mr. Parrish presented three checks for Board approval: Check No. 7362 in the amount of \$143,885 written to IMA for the specific and aggregate excess insurance policy with Employers Reinsurance Corporation; Check No. 7363 in the amount of \$13,500 written to IMA as the first of 10 installments for claims adjustment fees and Check No. 7364 in the amount of \$50,000 written to IMA for brokerage and risk management services. Mr. Parrish then stated there had been three wire transfers of funds since the last Board meeting. The first wire transfer was completed on January 7, 2002 in the amount of \$197,043.70 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 was completed on January 14, 2002 in the amount of \$700,000 from the KWORCC account at Community National Bank to the KWORCC account at Country Club Bank in Overland Park and was authorized by Ms. Buttron and Mr. Parrish; the third wire transfer was completed on January 16, 2002 in the amount of \$500,000 from the KWORCC account at Community National Bank to the KWORCC account at Country Club Bank in Overland Park and was authorized by Ms. Buttron and Mr. Parrish. Ms. Swartz moved to approve Check Nos. 7362, 7363, 7364 and the wire transfers as presented. Ms. Landoll seconded the motion which CARRIED unanimously.

Mr. Parrish then presented Resolution No. 2002-5 to accept Clay County, Dickinson County, Graham County, Harvey County, Sherman County, Marion County and the Metropolitan Topeka Airport Authority as members into the KWORCC pool. Mr. Unger moved to adopt Resolution No. 2002-5. Mr. Alcorn seconded the motion which CARRIED unanimously.

Mr. Parrish next discussed with the Board the 23rd Annual Prima Conference being held May 14-17, 2002 in San Antonio, Texas. Several board members were interested in attending. Staff was instructed to reserve rooms and assist in making travel arrangements for those who wished to attend.

Ms. Bird then informed the Board that KWORCC had received 53 percent of the 2002 premium payments from the membership so far this year.

A draft of proposed amendments to KWORCC's Bylaw was presented for consideration by the Board. Similar amendments were presented at the annual meeting by KCAMP, yet were not approved. KWORCC and KCAMP have determined to work together to provide amendments for both pools which reflect the wishes of the membership and the Trustees. In reviewing the proposed changes, Trustees offered suggestions concerning the amendments for staff to revise and have ready for the Board to review at the next meeting.

Mr. Parrish and Ms. Bird then discussed with the Board the possible need to switch from KWORCC's current bank to a bank that is more convenient for the KWORCC staff. Mr. Alexander

had provided KWORCC staff with a list of criteria to consider when choosing a new bank. The Board reviewed Mr. Alexander's criteria and requested staff to solicit proposals for presentation at the Board's next meeting.

Ms. Bird then distributed disclosure forms to be completed by Trustees and staff for filing with the Kansas Insurance Department.

President Schoepf, acknowledging IMA's need to depart the meeting early, called on Ms. Duncan to address Agenda Item No. 7, "Claims Reporting." Ms. Duncan reported on various open claims and answered questions.

Ms. Duncan then reviewed the details of Claim No. 00-09653 and presented a proposed settlement offer. After a brief discussion Mr. Unger moved to accept the proposed settlement and make the offer to the claimant. Ms. Swartz seconded the motion which CARRIED unanimously.

Ms. Duncan also reviewed the details of Claim Nos. 00-3481 and 01-1540, both of which involve the same claimant, and presented a proposed settlement offer. Ms. Landoll moved to accept the proposed settlement and present the offer to the claimant. Mr. Unger seconded the motion which CARRIED unanimously.

President Schoepf called on Mr. Eyman to address Agenda Item No. 6, "Marketing & Loss Prevention Report." Mr. Eyman first presented Resolution No. 2002-8, Disaster Recovery Plan. After some discussion Mr. Unger moved to adopt Resolution No. 2002-8. Mr. Alcorn seconded the motion which CARRIED unanimously.

Mr. Eyman then reported on various county contacts and the status of the number of new KWORCC members so far in 2002. He stated that there were now 54 members in the pool, the highest membership since the pool's inception.

Mr. Parrish then engaged the Board in a brief discussion about developing a strategy to include local insurance agents in the member counties and prospective member counties to assist in marketing and also to assist in giving county commissioners and clerks a more positive image of KWORCC. After discussion, the matter was deferred for further investigation.

President Schoepf called upon Mr. Alexander to address Agenda Item No. 8, "Financial Reports." Mr. Alexander reviewed the November and December financial reports and answered questions. Mr. Alexander stated that the December financial report was preliminary. Ms. Landoll moved to approve the financial reports subject to the finalization of the December report. Ms. Swartz seconded the motion which CARRIED unanimously.

The check register was then presented. After a brief discussion Ms. Swartz moved that check Nos. 7273 through 7342 be approved. Mr. Weaver seconded the motion, which CARRIED unanimously.

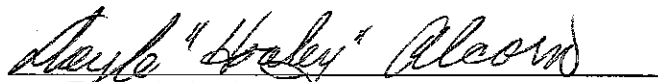
President Schoepf called upon KWORCC General Counsel, Mr. Bruce Woner, to address Agenda Item No. 9, "Legal Report." Mr. Woner had arrived at 4:00 p.m. to join the meeting. Mr. Woner discussed the letter received by KWORCC staff from the Kansas Attorney General's office approving the Metropolitan Topeka Airport Authority as a proper entity for KWORCC membership.

Mr. Woner also expressed his interest in developing a marketing strategy with local agents and finding a new bank in Topeka that would better suit KWORCC's growing needs.

President Schoepf addressed Agenda Item No. 10, "Committee Reports." After a brief discussion it was agreed by consensus that the members of the four KWORCC committees remain as follows: Audit Committee: Ms. Swartz, Ms. Landoll and Ms. Buttron; Investment Committee: Mr. Weaver, Mr. Schoepf and Mr. Unger; Personnel Committee: Mr. Alcorn, Mr. Unger and Ms. Landoll; Joint KWORCC/KCAMP Committee on Cooperation: Mr. Schoepf, Mr. Weaver and Mr. Alcorn. Meetings were then set for committees as follows: Personnel Committee was scheduled to meet at 10:00 a.m. on February 14th at the Clubhouse Inn in Topeka; the Investment Committee was scheduled to meet at 11:00 a.m. on March 14th at the Clubhouse Inn in Topeka. The Audit Committee was scheduled to meet sometime in June but no date was confirmed.

There being no further business, Mr. Unger moved to adjourn the meeting at 4:25 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 14th day of February 2002.


Doyle "Hooley" Alcorn, Secretary
KWORCC Board of Trustees

I, Doyle "Hooley" Alcorn, 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 17th day of January, 2002, at which a quorum was present and that said Resolution has not been rescinded and is still in full force and effect:

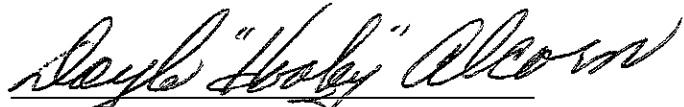
RESOLUTION # 2002-8

WHEREAS, KWORCC has developed a Disaster Recovery Plan to meet emergency situations;

WHEREAS, the Board has determined it is in the best interest of KWORCC to put said Disaster Recovery Plan in place, pending future modification, as outlined therein;

NOW, THEREFORE, it is RESOLVED by the KWORCC Board of Trustees to adopt the attached "Disaster Recovery Plan" and put it in place immediately. Accordingly, KWORCC staff shall do all other things necessary to provide full training pursuant thereto and do all things necessary to comply therewith.

IN WITNESS WHEREOF, the undersigned has caused this Resolution to be executed this 17th day of January, 2002.


Doyle "Hooley" Alcorn, Secretary

I, Doyle "Hooley" Alcorn, 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 17th day of January, 2002, at which a quorum was present and that said Resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2002-5

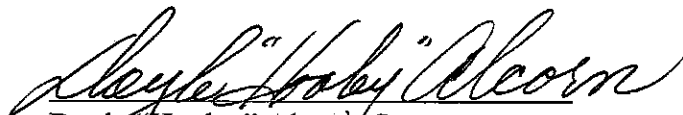
WHEREAS, KWORCC presented a competitive bid to write workers compensation coverage to Metropolitan Topeka Airport Authority (MTAA) and Clay, Dickinson, Graham, Harvey, Sherman and Marion Counties for policy year 2002.

WHEREAS, the Board of Directors of MTAA and the Commissioners at Clay, Dickinson, Graham, Harvey, Sherman and Marion 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 MTAA and Clay, Dickinson, Graham, Harvey, Sherman and Marion Counties into the pool as Member Counties;

NOW, THEREFORE, it is RESOLVED by the KWORCC Board of Trustees to accept MTAA and Clay, Dickinson, Graham, Harvey, Sherman and Marion Counties as KWORCC Member Counties. Accordingly, KWORCC staff shall do all other things necessary to provide full workers compensation coverage to same.

IN WITNESS WHEREOF, the undersigned has caused this Resolution to be executed this 17th day of January, 2002.


Doyle "Hooley" Alcorn, Secretary