

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn
924 SW Henderson Road
Topeka, Kansas 66615
December 16, 2004

The December 2004 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Doyle "Hooley" Alcorn on Thursday, December 16, 2004 at the Clubhouse Inn in Topeka. Trustees participating: Doyle "Hooley" Alcorn, Jewell County Commissioner, President; Bonnie Swartz, Gray County Clerk, Vice President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; F.E. "Shep" Schoepf, Reno County Commissioner; Ralph D. Unger, Decatur County Commissioner and Sam Weaver, Cherokee County Commissioner.

Staff participating: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Mr. Carl D. Eyman, ARM-P, Deputy Administrator/Loss Prevention Specialist; Mr. Phil Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Christie Carney, Administrative Assistant/Media Developer.

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

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

President Alcorn addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of October 21, 2004." Mr. Schoepf moved to approve the minutes as written. Ms. Buttron seconded the motion which CARRIED unanimously.

President Alcorn then addressed Agenda Item No.4, "Administrator's Report." Mr. Parrish presented Check No. 9868 in the amount of \$9,000.00 written to PriceWaterhouseCoopers as payment for actuarial services in 2004 for Board approval.

Mr. Parrish stated there had been six wire transfers of funds since the Board meeting in October, all six of which were approved by Ms. Garrett and Mr. Parrish. The first was completed on November 1, 2004 in the amount of \$155,243.38 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley Bank in Topeka for October Claim Payments. The second transfer was also completed on November 1, 2004 in the amount of \$50,000.00 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC administrative account at Kaw Valley Bank in Topeka. The third transfer was completed November

11, 2004 in the amount of \$53,457.18 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley Bank in Topeka for Special Billing Claim and Medical Bills Payment. The fourth transfer was completed on December 1, 2004 in the amount of \$198,737.46 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley Bank in Topeka for November Claim Payments. The fifth transfer was also completed on December 1, 2004 in the amount of \$50,000.00 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 15, 2004 in the amount of \$60,000.00 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC claim account at Kaw Valley Bank in Topeka for Special Billing Claims Settlement. Mr. Weaver moved to approve Check No. 9868 and the six wire transfers as presented. Ms. Swartz seconded the motion which CARRIED unanimously.

Mr. Parrish presented Resolution No. 2004-89 adopting premium rates for KWORCC members for the 2005 policy year as provided by law using current published workers compensation premium rates, NCCI experience modification factors, advanced discounts and other factors that determine premiums. Ms. Swartz moved to approve Resolution No. 2004-89. Mr. Unger seconded the motion which CARRIED unanimously.

Next, Ms. Bird explained that because of the increase in reinsurance costs, it would be necessary to revise the 2005 Budget that was initially passed by the Board in October 2004. Also, because most payroll data has now been received from Member Counties, the revised budget should reflect more closely the total payroll expected for 2005. Further, this change in payroll resulted in a decrease in the ultimate loss estimate from \$3,885,000 to \$3,829,700. This modification also changed the premium tax that would be due for policy year 2005 because the tax is based upon paid losses. Ms. Swartz moved to modify the 2005 KWORCC budget to reflect the reinsurance, ultimate loss and premium tax adjustments. Ms. Buttron seconded the motion which CARRIED unanimously.

Ms. Bird reviewed contract renewals for 2005. The first contract renewal discussed was with Insurance Management Associates (IMA) Agreement for Services. Ms. Bird reviewed all the changes to the contract, including the remuneration approved by the Trustees at the October 2004 Board meeting. The only other changes of substance concerned privacy of information exchanged between KWORCC and IMA and disclosures pursuant to federal legislation and industry standards. Ms. Bird recommended that the Board approve the renewal contract with IMA. Ms. Swartz moved to approve the 2005 IMA Agreement for Services as presented. Mr. Schoepf seconded the motion which CARRIED unanimously.

Ms. Bird then presented the renewal contract for office space and support services. The rates and costs are consistent with the budget passed by the Board at its October 2004 meeting. All other terms remained the same. Ms. Swartz moved to approve the renewal contract with Parrish Management Corporation for office space and support services. Mr. Weaver seconded the motion which CARRIED unanimously.

Ms. Bird stated that the renewal lease with Jayhawk Tower Partners, LLC was on the same basis as the previous year, including the month-to-month term and rental rate. Mr. Schoepf moved to approve the lease for storage and supply space with Jayhawk Tower Partners, LLC. Ms. Swartz seconded the motion which CARRIED unanimously.

Ms. Bird reviewed the dates that had been tentatively set for the 2005 Board meetings. After some discussion the following meeting dates were selected, subject to change by the Board with timely notification: January 20; February 17; March 17; April 21; May 19; June 16; July 21; August 18; September 16; October 20 and December 16. The annual meeting was tentatively scheduled to coincide with the Kansas Association of Counties annual conference in November.

Because Christmas and New Years both fall on Saturdays this year, Mr. Parrish proposed to approve December 23 as a half-day holiday, December 24 as a full-day holiday, December 30 as a half-day holiday and December 31 as a full-day holiday. The Board agreed by consensus to allow KWORCC staff the aforementioned days as observed holidays for 2004.

Mr. Parrish presented Resolution No. 2004-95 requesting the Kansas Department of Administration to waive the requirements of K.S.A. 75-1120a(a) as they apply to KWORCC for the year ending December 31, 2004. Mr. Unger moved to adopt Resolution No. 2004-95. Ms. Swartz seconded the motion which CARRIED unanimously.

President Alcorn presented Mr. Weaver with a plaque in recognition and appreciation of his services as a KWORCC Board member and his dedication to the pool.

Mr. Parrish suggested to the Board that they consider Mr. Jim Wise, Miami County Commissioner to fill the position of Trustee being vacated by Mr. Weaver. He stated that Mr. Wise had been nominated to be a KWORCC Trustee at last November's Annual Meeting and had expressed an interest in serving as a Trustee. He also stated that Miami County falls in the southeast region of the state which would help maintain the current geographic balance among KWORCC Trustees. President Alcorn requested that Mr. Parrish invite Mr. Wise to attend the January 2005 board meeting.

Mr. Unger then suggested that a change in the bylaws be written stating that Trustees serving on the Board would be representative of every highway district. This change would go before the membership at the 2005 annual meeting in November. Ms. Buttron pointed out that such a bylaw change would simply codify KWORCC's current practice. It was approved by consensus to have KWORCC staff draft a proposed amendment to the bylaws reflecting this change.

President Alcorn called upon Mr. Eyman and Mr. Rippee to address Agenda Item No.5, "Loss Prevention and Marketing Report." Mr. Eyman and Mr. Rippee reported on county visits. Mr. Eyman stated that the four LTAP meetings which were held throughout the state had also been completed.

Mr. Eyman informed the Board that KWORCC's renewal bid with Doniphan County was successful. Mr. Eyman also mentioned that the renewal bid for Graham County was supposed to have submitted by December 15, yet the local agent had not submitted his bid on time. Therefore, the deadline was extended to late December.

Mr. Eyman next stated that the North Central Juvenile Detention Center in Junction City had recently contacted KWORCC about becoming a member. Ms. Bird stated that this entity should be eligible for membership as a county instrumentality.

Mr. Eyman and Mr. Rippee informed the Board that they would be going out to the counties that had received awards at the annual meeting and making personal presentations of the plaques to the county commissioners.

President Alcorn called upon Ms. Duncan to address Agenda Item No.6, "Claims Report." Ms. Duncan reported on various claims in detail and answered questions. Four of the claims presented were for settlement approval. The first was Claim No. 02-6337. Mr. Unger called for a division of the house on this claim. President Alcorn polled each of the Trustees, each of whom voted, "yes" with the exception of Mr. Schoepf who abstained. The second was Claim No.03-3222; Mr. Schoepf moved to have the settlement approved as discussed. Ms. Swartz seconded the motion which CARRIED unanimously. The third was Claim No.03-4179; Ms. Swartz moved to have the settlement approved as discussed. Mr. Schoepf seconded the motion which CARRIED unanimously. The final was Claim No.0-1144; Ms. Swartz moved to have the settlement approved as discussed. Ms. Garrett seconded the motion which CARRIED unanimously.

President Alcorn called for a 15 minute recess starting at 2:50 p.m..

When the meeting reconvened, President Alcorn called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander discussed in detail the November 2004 financial condition and responded to questions. He also asked for any questions or comments concerning the October 2004 financial condition. After some discussion, Ms. Swartz moved to receive and file both the October 2004 and November 2004 financial reports as presented. Ms. Garrett seconded the motion which CARRIED unanimously.

Mr. Alexander presented the check register from October and November for review and approval. Mr. Unger moved to approve check Nos. 9795 through 9926. Mr. Schoepf seconded the motion which CARRIED unanimously.

President Alcorn addressed Agenda Item No. 8, "Legal Report." There were no legal issues to report.

President Alcorn addressed Agenda Item No. 9, "Committee Reports." Mr. Schoepf reported that the Investment Committee had met prior to the board meeting and was recommending the approval of Resolution No. 2004-98 pertaining to government investment of pool funds. Mr. Unger moved to adopt Resolution No. 2004-98 as recommended by the Investment Committee. Mr.


Schoepf seconded the motion which CARRIED unanimously.

President Alcorn addressed Agenda Item No. 10, "Other Items." There were no other items to discuss.

President Alcorn addressed Agenda Item No. 11, "Trustee Training: IMA—Preview of Training for Membership." Mr. Campuzano explained that the materials contained in the Board Packet were used to train and coach the claims adjusters at IMA as well as help county staff members in charge of claims with the Kansas Workers Compensation system and the claims procedures. Moreover, these materials, in addition to forms and other information, could be utilized during seminars put on jointly by IMA and KWORCC for the Membership. These regional training sessions are planned to begin in late winter or early spring of 2005, and every member will be contacted and invited to attend one or more regional presentations. Mr. Campuzano said he would work with KWORCC staff to secure appropriate location and provide notification to KWORCC members for these training sessions. President Alcorn thanked Mr Campuzano for his presentation.

There being no further business, President Alcorn adjourned the meeting at 3:40 p.m.

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties were approved by the Board of Trustees the 20th day of January 2005.


Ralph D. Unger, Secretary
KWORCC Board of Trustees

I, Linda Buttron, 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 16th day of December, 2004, at which a quorum was present and that said resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2004-95

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, 2004, 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, 2004,

NOW, THEREFORE BE IT RESOLVED, by the Board of Trustees of Kansas Workers Risk Cooperative for Counties, in regular meeting duly assembled this 16th day of December, 2004, 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, 2004.

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 16th day of December, 2004.


Linda Buttron, Secretary

KWORCC

KANSAS
WORKERS RISK COOPERATIVE
for COUNTIES

December 16, 2004

Trustees

Doyle "Hooley" Alcorn
Jewell County Commissioner
President

Bonnie Swartz
Gray County Clerk
Vice President

Linda M. Buttron
Jefferson County Clerk
Secretary

Michelle Garrett
Morris County Clerk
Controller

Francis "Shep" Schoepf
Reno County Commissioner

Ralph D. Unger
Decatur County Commissioner

Sam Weaver
Topeka County Commissioner

Staff

James W. Parrish
Administrator

Dortha O. Bird
Deputy Administrator
& Staff Counsel

Carl Eymann, ARM-P
Deputy Administrator &
Loss Prevention Specialist

Philip J. Rippec
Loss Prevention Specialist

Richard "Alex" Alexander
Accountant

Christie Carney
Administrative Assistant
& Media Developer

Office Address

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

Internet

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

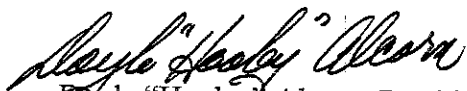
Mr. Dale Brunton, Director
Division of Accounts and Reports
900 SW Jackson - Room 351S
Landon State Office Building
Topeka, Kansas 66612-1248

Dear Director:

Pursuant to KWORCC Resolution #2004-95, passed at its meeting on December 16, 2004 (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, 2004. 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,



Doyle "Hooley" Alcorn, President
Board of Trustees

DHA:db

pc:File

KWORCC Board of Trustees

Enclosure

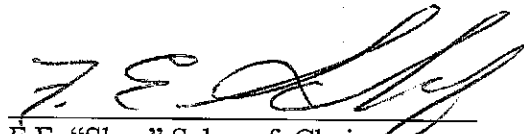
Minutes
Meeting, Investment Committee
Kansas Worker Risk Cooperative For Counties
Clubhouse Inn, Topeka, Kansas
December 16, 2004

On Thursday, December 16, 2004, 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, F.E. "Shep" Schoepf at 12:50 p.m. Committee Members participating included: Francis "Shep" Schoepf, Reno County Commissioner, Chair; Sam Weaver, Cherokee County Commissioner and Ralph D. Unger, Decatur County Commissioner. Also present was James W. Parrish, Administrator.

Mr. Parrish went over the list of government investments made by Chris Thompson at Country Club Bank during the period beginning July 29, 2004 and ending November 30, 2004, which were mailed with notice of the meeting to the Committee. Mr. Unger moved to recommend to the KWORCC Board of Trustees the adoption of KWORCC Resolution No. 2004-98, approving KWORCC's government investments and sales for the period stated. Mr. Weaver seconded the motion which CARRIED unanimously.

There being no further business, Mr. Schoepf 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 20, 2005.


F.E. "Shep" Schoepf, Chair
KWORCC Investment Committee

I, Linda Buttron, 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 August, 2004, at which a quorum was present and that said resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2004-98

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 July 29, 2004 through November 30, 2004, which were reviewed by the Investment Committee at a meeting held at 12:50 p.m. on December 16, 2004. 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 July 29, 2004 through November 30, 2004, 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 16th day of December, 2004.


Linda Buttron, 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 07/29/04 to 11/30/04

-----PURCHASED-----

<u>Transaction Date</u>	<u>Description</u>	<u>Coupon Rate/Maturity Date</u>	<u>Par/Shares</u>	<u>Principal RCVD/Cost</u>
07/29/04	FEDERAL HOME LOAN BANK DN	1.391-08/27/04	1,000,000	998,896.39
08/18/04	FNMA ONE TIME CALL	2.770-08/25/06	500,000	500,000.00
08/23/04	FEDERAL HOME LOAN BANK DN	1.462-10/04/04	500,000	499,022.92

I, Linda Buttron, 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 16th day of December, 2004, at which a quorum was present and that said resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2004-89

WHEREAS, the KWORCC Board of Trustees has directed staff to calculate the premiums for workers compensation coverage for Member Counties for policy year 2005, 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 amounts for KWORCC Members have been calculated;

WHEREAS, the attached itemization for estimated premium for the year 2005 reflects premium calculations by staff;

WHEREAS the insurance renewal date for the Membership is January 1, 2004;

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

FURTHER RESOLVED by the Board that KWORCC staff prepare the worksheets, premium invoices, and certificates of coverage in accordance with the foregoing and forward the same to the Membership for payment and processing;

IN WITNESS WHEREOF, the undersigned has caused this Resolution to be executed this 16th day of December, 2004.


Linda Buttron, Secretary

KWORCC
January 1, 2005 to January 1, 2006
Premium Analysis Worksheet

Named Insured	Adva nce Disco unt	Total Premium	Total Payroll
Anderson County	0.950	\$74,183	\$ 1,885,357
Barber County	0.975	\$44,190	\$ 1,657,012
Bourbon County	0.925	\$ 80,203	\$ 1,855,589
Brown County	0.900	\$ 38,993	\$ 1,700,711
Chautauqua County	0.900	\$ 40,446	\$ 1,050,631
Cherokee County	0.925	\$104,787	\$ 3,007,846
Clay County	0.900	\$65,589	\$ 1,904,030
Cloud County	0.875	\$81,907	\$ 2,584,702
Comanche County	0.875	\$26,281	\$ 922,933
Comanche Hospital	0.875	\$14,160	\$ 1,228,800
Decatur County	0.875	\$27,504	\$ 927,300
Decatur Health Systems	1.000	\$ 25,751	\$ 1,571,073
Dickinson County	1.000	\$88,047	\$ 2,817,956
Doniphan County	0.842	\$49,960	\$ 1,569,148
Edwards County	0.925	\$28,045	\$ 1,050,939
Elk County	0.975	\$36,995	\$ 889,658
Ellis County	0.850	\$174,831	\$ 5,359,398
Ellsworth County	0.925	\$40,526	\$ 1,328,916
Ford County	0.875	\$159,982	\$ 6,261,901
Franklin County	0.950	\$158,089	\$ 5,612,675
Geary County	1.000	\$266,430	\$ 6,664,011
Gove County	0.875	\$28,199	\$ 867,210
Graham County	0.900	\$57,479	\$ 1,102,453
Grant County	0.875	\$69,287	\$ 2,393,161
Gray County	0.875	\$75,439	\$ 2,035,376
Greenwood County	0.975	\$ 85,167	\$ 1,658,720
Hamilton County	0.950	\$ 38,856	\$ 1,365,175
Hamilton Hosp.	0.900	\$32,980	\$ 1,807,982
Harper County	0.950	\$84,404	\$ 1,838,402
Harvey County	0.950	\$79,124	\$ 4,475,978
Haskell County	0.950	\$36,603	\$ 1,019,724
Jackson County	1.000	\$104,624	\$ 3,065,271
Jefferson County	0.950	\$148,571	\$ 4,740,858
Jewell County	0.875	\$47,461	\$ 1,523,120
Lane County	1.000	\$ 24,049	\$ 935,928
Lincoln County	1.000	\$57,813	\$ 1,268,961
Linn County	0.900	\$ 87,151	\$ 2,866,517
Lyon County	0.95	\$ 264,186	\$ 7,120,527
Marion County	1.000	\$ 87,866	\$ 2,476,623
Marshall County	0.875	\$56,156	\$ 1,990,321
Meade County	0.950	\$39,719	\$ 1,524,284
Miami County	0.875	\$237,622	\$ 7,292,420
Mitchell County	0.975	\$86,740	\$ 1,906,932
Morris County	0.875	\$45,739	\$ 1,272,760
Morton County	0.875	\$38,636	\$ 1,713,268
Morton Health Care	1.000	\$104,492	\$ 5,451,000
MTAA	0.850	\$62,572	\$ 1,615,545
Neosho County	1.000	\$84,176	\$ 2,552,661
Norton County	0.850	\$42,637	\$ 1,968,389
Osage County	1.000	\$66,611	\$ 2,722,586
Osborne County	0.875	\$39,046	\$ 1,187,240
Ottawa County	0.900	\$48,504	\$ 1,855,975
Pawnee County	0.875	\$38,908	\$ 2,088,193
Phillips County	0.850	\$ 62,897	\$ 1,915,535
Pottawatomie County	0.900	\$ 95,400	\$ 3,752,218
Rawlins County	0.875	\$29,201	\$ 1,001,447
Reno County	1.000	\$464,140	\$ 13,679,726
Republic County	0.900	\$ 48,330	\$ 1,875,561
Rush County	0.875	\$36,800	\$ 1,096,442
Russell County	1.000	\$65,005	\$ 1,639,699
Saline County	0.875	\$157,590	\$ 8,777,549
Sheridan County	1.000	\$19,758	\$ 924,129
Sherman County	0.875	\$54,380	\$ 1,884,028
Stanton County	0.975	\$ 70,781	\$ 2,128,600
Stevens County	0.875	\$121,370	\$ 5,896,363
Sumner County	1.000	\$180,623	\$ 4,798,772
Thomas County	0.875	\$37,709	\$ 1,485,696
Trego County	0.900	\$ 54,547	\$ 1,365,106
Wallace County	0.900	\$19,773	\$ 579,568
			\$ 182,354,585

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn
924 SW Henderson Road
Topeka, Kansas 66615
October 21, 2004

The October 2004 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Doyle "Hooley" Alcorn on Thursday, October 21, 2004 at the Clubhouse Inn in Topeka. Trustees participating: Doyle "Hooley" Alcorn, Jewell County Commissioner, President; Bonnie Swartz, Gray County Clerk, Vice President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; F.E. "Shep" Schoepf, Reno County Commissioner and Sam Weaver, Cherokee County Commissioner.

Staff participating: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Mr. Carl D. Eyman, ARM-P, Deputy Administrator/Loss Prevention Specialist; Mr. Phil Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Christie Carney, Administrative Assistant/Media Developer.

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

President Alcorn called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish requested two additions to the agenda. Under the Administrators Report he requested the addition of item No. 4b "Consideration of Loss Cost Multiplier." Under the Financial Report, he requested item No. 7b, to be changed to "Group-Funded Pool - Quarterly Report" and that the "Check Register" would be relocated under item No. 7c. Ms. Swartz moved to approve the agenda with the two additional items. Ms. Buttron seconded the motion which CARRIED unanimously.

Mr. Schoepf moved to excuse Ralph Unger, Decatur County Commissioner, from the meeting. Mr. Weaver seconded the motion which CARRIED unanimously.

President Alcorn addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of September 16, 2004." Ms. Swartz stated that the minutes contained an error regarding the person who presented the check register. Ms. Swartz moved to approve the minutes as corrected. Ms. Buttron seconded the motion which CARRIED unanimously.

President Alcorn then addressed Agenda Item No.4, "Administrator's Report." Mr. Parrish presented Check No. 9809 in the amount of \$16,500.00 written to IMA as the 10th and final installments for claims adjustment fees for Board approval.

Mr. Parrish stated there had been three wire transfers of funds since the last Board meeting, all three of which were approved by Ms. Garrett and Mr. Parrish. The first was completed on September 23, 2004 in the amount of \$82,490.54 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley Bank in Topeka for Special Billings. The second transfer was completed on October 4, 2004 in the amount of \$199,722.87 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley Bank in Topeka for September claims. The final transfer was also completed on October 4, 2004 in the amount of \$50,000.00 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC administrative account at Kaw Valley Bank in Topeka. Mr. Schoepf moved to approve Check No. 9809 and the three wire transfers as presented. Ms. Swartz seconded the motion which CARRIED unanimously.

Mr. Parrish reported on contacts with and conclusions made by the actuarial firm, PriceWaterhouseCoopers (PWC). He stated that based upon discussions with Steve Skov, PWC was concerned with the amount of losses for the first eight months of 2004 and how the losses were developing for 2003. However, after discussions with IMA concerning reserving practices for the larger loss claims, PWC was able to more accurately develop its loss estimates. Mr. Parrish explained that the 2005 proposed budget reflects PWC's estimated loss rate of \$2.10 per \$100 payroll and that in order to adequately reserve for that rate, KWORCC's Loss Cost Multiplier (LCM) needs to be increased. He requested that staff be granted the discretion to set the LCM at a level necessary to fund the 2005 budget including the ultimate loss as projected by PWC. He stated that any change in the LCM would need to be approved by the Kansas Insurance Department (KID). After a lengthy discussion, Mr. Schoepf moved to approve an increase in the LCM as determined by staff and approved by KID. Ms. Swartz seconded the motion which CARRIED unanimously.

Mr. Parrish further reported that PWC revised KWORCC's ultimate loss for policy year 2004 to \$3,600,000 and for policy year 2003 to \$3,350,000. Mr. Parrish stated that the financial statements to be reported at KWORCC's annual membership meeting reflected these changes.

Mr. Parrish reviewed the proposed 2005 budget, which provided for a slight increases in rent and support services, payroll audits, KAC Annual Meeting costs and salaries. He explained that the amount of premium contributions were estimated based upon projected payroll data and PWC's loss rates. He noted that the premium cost for excess insurance coverage was expected to be less than was budgeted for last year, but a firm quote for excess insurance coverage had not yet been obtained. He noted that the budget may require further review by the Board when more information is available. Ms. Swartz moved to adopt the budget, subject to further review before the end of the year. Ms. Garrett seconded the motion which CARRIED unanimously.

Ms. Bird requested that Trustee's complete the scheduling form to assist in staffing the KWORCC booth at the 2004 Kansas Association of Counties annual conference.

Ms. Bird informed the Board that she had received 33 voting delegate forms for the KWORCC Annual Meeting to date. She also reported the nominations for the three KWORCC Board of Trustee positions: Linda Buttron, Jefferson County Clerk, incumbent; Michelle Garrett, Morris County Clerk, incumbent; Bonnie Swartz, Gray County Clerk, incumbent; Raymond Brown, Haskell County Commissioner; Melvin Webb, Stevens County Commissioner and Jim Wise, Miami County Commissioner.

Ms. Bird then addressed 2005 KWORCC Board dates. After discussion, the following dates were tentatively scheduled: January 20, February 17, March 17, April 21, May 19, June 16, July 21, August 18, September 22, October 20 and December 22. Ms. Bird suggested the meeting dates be discussed and finalized at the December meeting.

President Alcorn called upon Mr. Eyman and Mr. Rippee to address Agenda Item No.5, "Loss Prevention and Marketing Report." Mr. Eyman and Mr. Rippee reported on county visits. Mr. Eyman also reported on "Road Scholar Program for Supervisors," a Kansas Association of Counties seminar which he and KCAMP's Brandon Mann would present. Dates and locations are: November 30, Manhattan; December 7, Paola and December 14, Hutchinson.

For his marketing report, Mr. Eyman stated that Smith County's current policy does not expire until January 2005, so KWORCC would present its bid in late December. Mr. Eyman also indicated that Doniphan County requested KWORCC to submit a renewal bid this year, and Mr. Eyman planned to do so in November.

President Alcorn called upon Ms. Duncan to address Agenda Item No.6, "Claims Report." Ms. Duncan reported on various claims in detail and answered questions. Ms. Duncan also presented Claim No. 02-3262 for settlement approval. Ms. Swartz moved to approve the settlement as discussed. Ms. Garrett seconded the motion which CARRIED unanimously.

President Alcorn called for a 15 minute recess starting at 2:30 p.m..

When the meeting reconvened, President Alcorn called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Due to adjustments to the ultimate losses by the actuarial firm, Mr. Alexander distributed revised financial report. Mr. Alexander then reviewed the September 2004 Financial Report in detail and answered questions. Ms. Swartz moved to approve the September 2004 Financial Report as presented. Ms. Buttron seconded the motion which CARRIED unanimously.

Mr. Alexander then distributed the Group-Funded Pool - Quarterly Report dated September 30, 2004, noting that it had not been completed at the time the Board packets were mailed. He stated that staff would refrain from filing the report until November 15, 2004 to give the Board Members

the opportunity to review and ask questions or request revisions. He then asked for questions. Ms. Swartz moved to approve the report as presented , subject to modification, if any, after Trustee review. Ms. Garrett seconded the motion which CARRIED unanimously.

Mr. Alexander presented the check register for review and approval. Mr. Schoepf moved to approve check Nos. 9629 through 9794. Ms. Buttron seconded the motion which CARRIED unanimously.

President Alcorn addressed Agenda Item No. 8, "Legal Report." Ms. Bird reminded the Board that she earlier requested that the United States Department of Treasury explain whether KWORCC is a covered entity under the Terrorism Risk Insurance Act (TRIA). She reported that the Treasury Department responded and concluded that KWORCC is a pooling arrangement and is a state licensed or admitted insurer under TRIA. Ms. Bird stated her belief that because KWORCC likely falls under TRIA Section 103(f), and the Treasury Department has found it difficult to apply the TRIA standards to entities who fall under that Section, she does not believe there would be reinsurance coverage under TRIA if a foreign terrorist attack caused a loss to a KWORCC Member. Ms. Bird then responded to questions from the Board, during which she explained that KWORCC does have terrorism coverage (both foreign and domestic) under KWORCC's reinsurance policy.

President Alcorn addressed Agenda Item No. 9, "Committee Reports." There were no reports.

President Alcorn addressed Agenda Item No. 10, "Other Items." There were no other items to discuss.

President Alcorn addressed Agenda Item No. 11, "Trustee Training: The County Safety Coordinator." Mr. Rippee presented information detailing the importance of a safety coordinator. He explained the many responsibilities of a safety coordinator, how to appoint a safety coordinator and an explanation of the training and the skills needed to fill this role. He also talked about what a safety coordinator can do to be a successful. President Alcorn thanked Mr. Rippee for providing such useful information on this topic.

There being no further business, Ms. Swartz moved to adjourn the meeting at 3:30 p.m. Ms. Garrett 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 16th day of December, 2004.



Linda Buttron, Secretary
KWORCC Board of Trustees

Minutes
Meeting, Personnel Committee
Kansas Worker Risk Cooperative For Counties
Clubhouse Inn, Topeka, Kansas
September 16, 2004

On Thursday, September 16, 2004, 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, Ralph D. Unger at 10:30 a.m. Committee Members participating included: Doyle "Hooley" Alcorn, Jewell County Commissioner; Michelle Garrett, Morris County Clerk and Ralph D. Unger, Decatur County Commissioner. Also present was James W. Parrish, Administrator and Carl Eyman, Deputy Administrator and Loss Prevention Specialist.

Chairman Unger called the meeting to order. Mr. Alcorn moved to approve the Agenda as presented, Ms. Garrett seconded the motion which CARRIED unanimously.

Chairman Unger, addressed Agenda Item No. 3 and called upon Mr. Eyman to provide a Field Report. Mr. Eyman thanked the Committee for granting his request to attend the meeting. Mr. Eyman then provided details of "Road Scholar Program for Supervisors" handled by Kansas Association of Counties in which KWORCC and KCAMP will participate in December. Mr. Eyman also explained his involvement in the LTAP program and provided the "Workplace, Job Site and Equipment Safety" schedule for Fall, 2004, showing four day-long programs: October 26, 2004 in Great Bend; October 27, 2004 in Salina; October 28, 2004 in Topeka and November 10, 2004 in El Dorado. Next Mr. Eyman explained that he is pursuing certification to provide Mine Safety and Health Administration training to save Members from the cost of procuring that training elsewhere. Mr. Eyman explained that KWORCC needs to be more aggressive in planning safety meetings, as some Members do not have regular safety meetings and need some assistance in planning and presenting them. He stated that a road supervisor in one Member County does not feel that his Commissioners are providing enough resources for a safety program and has asked KWORCC to do an analysis on how well safety issues are being addressed and then to provide that information to the Commissioners. After Mr. Eyman's presentation, Chairman Unger thanked Mr. Eyman for the update from the field and Mr. Eyman departed from the meeting.

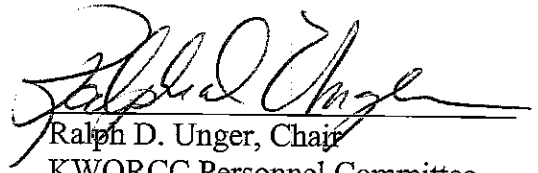
Chairman Unger then called upon Mr. Parrish to discuss the performance of KWORCC employees. Mr. Parrish complimented each member of the KWORCC staff and said that the staff members worked well together as a team. He further stated that he had no complaints with any staff member and that there had been no complaints from the Membership regarding the staff's performance of its duties. Mr. Parrish told the Committee that they could be proud of the job its staff was doing and that we were fortunate to have such high-quality people on board. He stated that there was no immediate plans to retain new staff members or to expand the work load of any of the current staff members who were currently working less than full time.

Next, Chairman Unger addressed Agenda Item No. 4: "Consideration of Cost of Living and Other Factors for KWORCC Staff for FY2005." The Committee reviewed United States Department of Labor Consumer Price Index Summary published for July 2004 showing an increase of 3.0 percent in the index for "All Urban Consumers" and an increase of 2.8 percent for consumers in Midwest Urban cities between 50,000 and 1,500,000 in population.

Next, Mr. Parrish provided an update from the American Institute for Economic Research (AIER) Cost-of-Living Calculator showing the percent change of cost of living from 2003 to 2004, as of September 15, 2004 to be an increase of 2.12%. Mr. Parrish noted that this was higher than that published by AIER for the end of August, which had been mailed to the Personnel Committee earlier, indicating a trend upward in the cost-of-living toward the end of the year. It was noted that a performance enhancement would be considered after the first of the year as a means for rewarding KWORCC employees for meritorious service. After considerable discussion regarding the average of the various percentages presented, Mr. Alcorn moved to recommend to the full Board of Trustees that a 2.6% cost-of-living increase be given to KWORCC employees beginning January 1, 2005. Ms. Garrett seconded the motion which CARRIED unanimously.

Whereupon, there being no further business to come before the Committee, Chairman Unger called the meeting adjourned.

THE FOREGOING MINUTES of the Personnel Committee of Kansas Workers Risk Cooperative for Counties were executed by the Chair of that Committee on the 21st day of October, 2004.


Ralph D. Unger, Chair
KWORCC Personnel Committee

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn
924 SW Henderson Road
Topeka, Kansas 66615
September 16, 2004

The September 2004 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Doyle "Hooley" Alcorn on Thursday, September 16, 2004 at the Clubhouse Inn in Topeka. Trustees participating: Doyle "Hooley" Alcorn, Jewell County Commissioner, President; Bonnie Swartz, Gray County Clerk, Vice President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; F.E. "Shep" Schoepf, Reno County Commissioner; Ralph Unger, Decatur County Commissioner and Sam Weaver, Cherokee County Commissioner.

Staff participating: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Mr. Carl D. Eyman, ARM-P, Deputy Administrator/Loss Prevention Specialist; Mr. Phil Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Christie Carney, Administrative Assistant/Media Developer. Also present was KWORCC's General Counsel, Bruce Woner.

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

President Alcorn called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish stated that there were no additions or corrections to be made to the agenda. Mr. Unger moved to approve the agenda as written. Mr. Schoepf seconded the motion which CARRIED unanimously.

President Alcorn addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of August 19, 2004." Ms. Swartz moved to approve the minutes as written. Mr. Unger seconded the motion which CARRIED unanimously.

President Alcorn then addressed Agenda Item No.4, "Administrator's Report."

Mr. Parrish presented Check No. 9731 in the amount of \$16,500.00 written to IMA for the ninth of 10 installments for claims adjustment fees for Board approval.

Mr. Parrish stated there had been two wire transfers of funds since the last Board meeting, both of which were completed on September 1, 2004 and were approved by Ms. Garrett and Mr.

Parrish. The first in the amount of \$214,183.88 was from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley State Bank in Topeka. The second was in the amount of \$50,000.00 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC administrative account at Kaw Valley Bank in Topeka. Mr. Weaver moved to approve Check No. 9731 and the two wire transfers as presented. Ms. Garrett seconded the motion which CARRIED unanimously.

Next, Mr. Parrish provided a preliminary presentation and review of the draft 2005 KWORCC budget. He explained that based upon review to date, there was an anticipated overall 3.67% increase in the 2005 estimated administrative expenses. He also stated that although KWORCC does not yet have the actuarial report, staff estimates that the ultimate loss can be based upon a rate of \$1.85 per \$100 of payroll. Mr. Parrish stated that the budget would be revisited later in the meeting after receiving the information from the Personnel Committee and from Mr. Davis during Trustee Training.

President Alcorn called upon Mr. Eyman and Mr. Rippee to address Agenda Item No.5, "Loss Prevention and Marketing Report." Mr. Eyman and Mr. Rippee reported on their various county visits. Mr. Eyman then provided details of "Road Scholar Program for Supervisors" handled by Kansas Association of Counties in which KWORCC and KCAMP will participate in December. Mr. Eyman also explained his involvement in the LTAP program and provided the "Workplace, Job Site and Equipment Safety" schedule for Fall, 2004, showing four day-long programs: October 26, 2004 in Great Bend; October 27, 2004 in Salina; October 28, 2004 in Topeka and November 10, 2004 in El Dorado. Next Mr. Eyman explained that he is pursuing certification to provide Mine Safety and Health Administration training to save Members from the cost of procuring that training elsewhere. Mr. Eyman explained that KWORCC needs to be more aggressive in planning safety meetings, as some Members do not have regular safety meetings and need some assistance in planning and presenting them. He stated that a road supervisor in one Member County does not feel that his Commissioners are providing enough resources for a safety program and has asked KWORCC to do an analysis on how well safety issues are being addressed and then to provide that information to the Commissioners.

For his marketing report, Mr. Eyman stated that based upon information provided by Smith County, KWORCC could have saved them approximately \$7,500, or 15% on their premium for policy year 2004. This information will be included in a meeting Mr. Eyman plans to have with Smith County Commissioners. Mr. Eyman also indicated that Doniphan County would be bidding their workers compensation coverage this year.

President Alcorn called upon Ms. Duncan to address Agenda Item No.6, "Claims Report." Ms. Duncan reported on various claims in detail and answered questions.

President Alcorn then called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander reviewed the August 2004 Financial Report in detail and answered questions. Mr. Schoepf moved to approve the August 2004 Financial Report as presented. Ms. Buttron seconded the motion which CARRIED unanimously.

Mr. Alexander presented the check register for review and approval. Mr. Unger moved to approve check Nos. 9672 through 9729. Ms. Garrett seconded the motion which CARRIED unanimously.

President Alcorn called for a 15 minute recess.

President Alcorn called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report." Mr. Parrish stated that there were no legal issues to report, but yielded the floor to Mr. Woner for comments. Mr. Woner stated that there were no legal issues to report and commended the Trustees for the smooth operation of KWORCC.

President Alcorn addressed Agenda Item No. 9, "Committee Reports." Speaking as the Chair of the Personnel Committee, Mr. Unger stated that the committee had met earlier in the day and received a report from Mr. Eyman concerning safety activities and a report from Mr. Parrish concerning personnel performance. Mr. Unger said the Committee was pleased to hear that KWORCC Staff is working well as a team. The Committee also reviewed materials from the United States Department of Labor Consumer Price Index Summary published for July 2004 showing an increase of 3.0 percent in the index for "All Urban Consumers" and an increase of 2.8 percent for consumers in Midwest Urban cities between 50,000 and 1,500,000 in population. Moreover, the American Institute for Economic Research (AIER) Cost-of-Living Calculator showed the percent change of cost of living from 2003 to 2004 year to date as of September 15th to be an increase of 2.12%. Mr. Alcorn indicated that the information provided to the Committee was very helpful and requested that those materials be mailed to the rest of the Board of Trustees.

Mr. Unger stated that the Personnel Committee took these indicators and others, such as rates for social security increases and that for federal employees as well as the fact that performance enhancement would be reviewed in February to determine the cost of living increase they would recommend to the full Board. He stated that the Committee decided to recommend to the KWORCC Board of Trustees that the KWORCC staff received a 2.6% cost of living increase beginning January 1, 2005, and Mr. Unger moved that this recommendation be adopted. Ms. Swartz seconded the motion which CARRIED unanimously.

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


President Alcorn addressed Agenda Item No. 11, "Trustee Training: Excess Coverage, Loss Cost Multiplier, Ultimate Loss and the Market." Mr. Davis presented information concerning excess insurance coverage, including a detailed aggregate and loss forecaster analysis for the life of the KWORCC pool and provided specific and aggregate examples based upon that data. Next, he presented a financial ratio analysis and reviewed the history of loss cost multipliers for KWORCC. This illustrated the impact on reserves and pool stability of raising the loss cost multiplier and decreasing advanced discounts. The analysis, using estimated payroll and budget, demonstrated a

needed loss cost multiplier of between 1.394 to 1.501. Mr. Davis then asked for and responded to questions. President Alcorn expressed that Mr. Davis' report was informative and enlightening and thanked Mr. Davis for his presentation.

Next, President Alcorn addressed Agenda Item No. 12, "Revisit 2005 Budget Draft." Mr. Parrish stated his belief that the amounts presented in the draft budget are reasonable after taking into consideration the Board's approval of the Personnel Committee's recommendations and the conclusions reached by Mr. Davis regarding the estimated ultimate loss. Mr. Parrish pointed out that the actuarial report will be completed prior to the next meeting, and the precise estimated ultimate loss as determined by the actuaries would be included in the final budget. He encouraged the Trustees to review and provide input or questions concerning the draft budget prior to the next meeting, at which time the Board would be called upon to pass the final budget for FY2005. That budget would then be presented to the full Membership at the annual meeting in accordance with the bylaws.

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

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties were approved by the Board of Trustees the 21st day of October, 2004.



Linda Buttron, Secretary
KWORCC Board of Trustees

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn
924 SW Henderson Road
Topeka, Kansas 66615
August 19, 2004

The August 2004 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Doyle "Hooley" Alcorn on Thursday, August 19, 2004 at the Clubhouse Inn in Topeka. Trustees participating: Doyle "Hooley" Alcorn, Jewell County Commissioner, President; Bonnie Swartz, Gray County Clerk, Vice President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; Ralph Unger, Decatur County Commissioner and Sam Weaver, Cherokee County Commissioner.

Staff participating: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Mr. Carl D. Eyman, ARM-P, Deputy Administrator/Loss Prevention Specialist; Mr. Phil Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Christie Carney, Administrative Assistant/Media Developer.

Others participating: Mr. Gus Campuzano, Ms. Annette Duncan and Mr. Paul Davis of Insurance Management Associates, Inc. (IMA) and Ms. Carolyn Kennedy, Nurse Case Manager, CorVel.

President Alcorn called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish stated that there were no additions or corrections to be made to the agenda. Ms. Swartz moved to approve the agenda as written. Mr. Unger seconded the motion which CARRIED unanimously.

President Alcorn addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of July 22, 2004." Mr. Unger moved to approve the minutes as written. Ms. Swartz seconded the motion which CARRIED unanimously.

President Alcorn then addressed Agenda Item No.4, "Administrator's Report."

Mr. Parrish presented Check No. 9697 in the amount of \$16,500.00 written to IMA for the eighth of 10 installments for claims adjustment fees for Board approval.

Mr. Parrish stated there had been six wire transfers of funds since the last Board meeting, all of which were approved by Ms. Garrett and Mr. Parrish. The first transfer was completed on July

30, 2004 in the amount of \$8,804.51 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC account at Intrust Bank in Wichita to cover outstanding checks and close out of the claims account. The second was also completed on July 30, 2004 in the amount of \$150,000.00 from the KWORCC account at Country Club Bank in Prairie Village to the new KWORCC claims account at Kaw Valley Bank in Topeka. The third transfer, also completed on July 30, 2004, was in the amount of \$50,000.00 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC administrative account at Kaw Valley Bank in Topeka. The fourth transfer was completed on August 13, 2004 in the amount of \$63,675.73 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley Bank in Topeka for special billings for medical bills and claim settlement. The fifth transfer was completed on August 18, 2004 in the amount of \$50,000.00 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 also completed on August 18, 2004 in the amount of \$42,702.41 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley Bank in Topeka for special billings to settle claims. Ms. Swartz moved to approve Check No. 9676 and the six wire transfers as presented. Mr. Unger seconded the motion which CARRIED unanimously.

Ms. Kennedy of CorVel was then introduced. Ms. Kennedy discussed CorVel's role in assisting KWORCC. She explained that CorVel makes recommendations and works with counties to develop modified jobs that allow employees to return to work in a light-duty capacity when possible. CorVel also develops goals for medical treatment and case closures. She stated that CorVel works closely with the adjusters and that nurses are not dispatched unless directed by the adjuster. After answering questions, President Alcorn extended his appreciation to her for her presentation.

Next, Mr. Parrish discussed the vendor booth contract and other issues that were pending for resolution by the Joint Committee on Cooperation concerning the KWORCC and KCAMP annual meetings. He also presented staff's idea for door prizes at the annual meeting. Mr. Unger moved to authorize staff to proceed with the recommended door prizes, if they are approved by KCAMP. Ms. Swartz seconded the motion which CARRIED unanimously.

He then asked Ms. Bird to present ideas for give-away items to be handed out at the KWORCC vendor booth. After some discussion and input from the Trustees, Mr. Unger moved to authorize KWORCC staff to spend up to \$3,000 on give-away items to be used to promote KWORCC at the vendor booth during the Kansas Association of Counties Annual Conference. Ms. Swartz seconded the motion which CARRIED unanimously.

President Alcorn called upon Mr. Eyman and Mr. Rippee to address Agenda Item No.5, "Loss Prevention and Marketing Report." Mr. Eyman and Mr. Rippee reported on their various county visits. Mr. Rippee pointed out that he had been in Reno County conducting a new workshop on substance abuse. Mr. Rippee stated that he had presented four such classes, each being one hour long, including a 20-minute video. The Board Members expressed support for the addition of this class to the KWORCC training program.

For his marketing report, Mr. Eyman stated that Smith County and Pratt County are possibilities for joining KWORCC this year and that he would be staying in contact with both of them. He stated that Kiowa County had renewed with their local agent for this year and that Kingman County would not be taking bids until next year.

President Alcorn called upon Ms. Duncan to address Agenda Item No.6, "Claims Report." Ms. Duncan reported on various claims in detail and answered questions.

President Alcorn called for a 15 minute recess

Before the meeting reconvened, President Alcorn asked for a motion to excuse Mr. Francis "Shep" Schoepf, Reno County Commissioner, from the meeting due to a dental emergency. Mr. Unger moved to excuse Mr. Schoepf from the meeting. Mr. Weaver seconded the motion which CARRIED unanimously.

President Alcorn then called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander reviewed the July 2004 Financial Report in detail and answered questions. Ms. Swartz moved to approve the July 2004 Financial Report as presented. Ms. Buttron seconded the motion which CARRIED unanimously.

Mr. Alexander presented the check register for review and approval. Mr. Unger moved to approve check Nos. 9603 through 9671. Ms. Swartz seconded the motion which CARRIED unanimously.

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

President Alcorn addressed Agenda Item No. 9, "Committee Reports." Speaking as a member of the Investment Committee, Mr. Unger stated that the committee had met immediately prior to this Board meeting and recommended adoption of Resolution No. 2004-71 to approve the pool's investments in various government securities and the purchase and sale of such government securities during the period beginning April 1, 2004 and ending July 31, 2004. Ms. Swartz moved to accept the Investment Committee's recommendation and approve Resolution No. 2004-71. Ms. Garrett seconded the motion which CARRIED unanimously.

The Personnel Committee scheduled a meeting for September 16, 2004 at 10:30 a.m. There were no further committee actions to discuss.

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

President Alcorn addressed Agenda Item No. 11, "Trustee Training: Why Are Work Disability Claims So Expensive?" Ms. Bird explained that because a general body disability (work disability) claim involves whole body injury, as opposed to a scheduled injury, eight years of

compensation is incurred. Moreover, these claims may involve an employee who is not able to return to his or her former job or to a position with a comparable wage (wage loss). These claims also may involve a reduction in the ability of the injured worker to perform the same tasks they had been performing (task loss). The task loss is determined based on work history extending back 15 years prior to the work injury.

She stated that work disability claims involved a higher disability rating than the rating attributed to the loss of a biological function (functional disability) resulting from the work injury. Also, Ms. Bird stated that there is no off-set for prior disability for work disability claims as there would be for a claim based on functional disability. To illustrate these points, Ms. Bird provided a hypothetical comparing the amounts due and injured worker who suffered only a functional disability to the amount due for a general body or work disability. After Ms. Bird answered questions, President Alcorn thanked her for the presentation

There being no further business, Ms. Swartz moved to adjourn the meeting at 3:30 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 16th day of September 2004.



Linda Buttron, Secretary
KWORCC Board of Trustees

Minutes
Meeting, Investment Committee
Kansas Worker Risk Cooperative For Counties
Clubhouse Inn, Topeka, Kansas
August 19, 2004

On Thursday, August 19, 2004, the Investment Committee of the Kansas Workers Risk Cooperative for Counties ("KWORCC") met at the Clubhouse Inn in Topeka, Kansas. The meeting was called to order by Ralph Unger and Mr. Weaver at 11:30 a.m. Committee Members participating included: Sam Weaver, Cherokee County Commissioner; and Ralph D. Unger, Decatur County Commissioner. Also present was James W. Parrish, Administrator.

Mr. Unger moved to excuse the Committee Chair, Francis "Shep" Schoepf, Reno County Commissioner, from the meeting due to illness. Mr. Weaver seconded the motion which CARRIED unanimously.

Mr. Parrish reviewed the notice of meeting memorandum with the list of securities bought and sold from April 1, 2004 through July 31, 2004. Mr. Unger moved to recommend that KWORCC Resolution No. 2004-71 be adopted by the full Board of Trustees regular monthly meeting scheduled later in the day. Mr. Weaver seconded the motion which CARRIED unanimously.

Mr. Parrish then presented a print-out of equities invested by KWORCC. Mr. Unger stated that because KWORCC's investment policy provides that up to 10% of the admitted assets may be invested in equities, he recommends that KWORCC look at increasing its equity investments on a monthly basis. Mr. Weaver suggested that the Committee bring this before the full Board and inquire as to whether the Board would like to look at further equity investments.

There being no further business, Mr. Unger 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 September 16, 2004.


F.E. "Shep" Schoepf, Chair
KWORCC Investment Committee

I, Linda Buttron, 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 22nd day of April, 2004, at which a quorum was present and that said resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2004-71

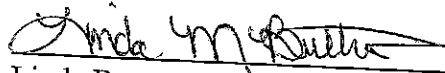
WHEREAS, KWORCC has elected to place investments pursuant to Chapter 40 of Kansas Statutes Annotated, and thus is to comply with the provisions thereof;

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 April 1, 2004 through July 31, 2004, which were reviewed by the Investment Committee at a meeting held at 11:30 a.m. on August 19, 2004. 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 April 1, 2004 through July 31, 2004, 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 August, 2004.


Linda Buttron, 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 04/01/04 to 07/31/04

-----*PURCHASED*-----

<u>Transaction Date</u>	<u>Description</u>	<u>Coupon Rate/Maturity Date</u>	<u>Par/Shares</u>	<u>Principal RCVD/Cost</u>
04/23/04	FEDERAL HOME LOAN BANK DN	0.914-07/23/04	1,500,000	1,496,587.50
04/23/04	FNMA ONE TIME CALL	4.125-04/29/09	500,000	1,499,651.25

-----*SOLD*-----

05/17/04	FEDERAL HOME LOAN BANK	0.914-07/23/04	500,000	499,022.92
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Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn
924 SW Henderson Road
Topeka, Kansas 66615
July 22, 2004

The July 2004 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Doyle "Hooley" Alcorn on Thursday, July 22, 2004 at the Clubhouse Inn in Topeka. Trustees participating: Doyle "Hooley" Alcorn, Jewell County Commissioner, President; Bonnie Swartz, Gray County Clerk, Vice President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; Francis "Shep" Schoepf, Reno County Commissioner, Ralph Unger, Decatur County Commissioner and Sam Weaver, Cherokee County Commissioner.

Staff participating: Mr. James W. Parrish, Administrator; Dortha O. Bird, Deputy Administrator/Staff Counsel; Carl D. Eyman, ARM-P, Deputy Administrator/Loss Prevention Specialist; Phil Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Christie Carney, Administrative Assistant/Media Developer.

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

President Alcorn 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 Item No. 4, "Administrator's Report" a new 4c be listed as "Request to Sponsor KAC Annual Meeting" and that the remainder of this agenda item be re-lettered accordingly. Mr. Parrish requested that the language "Resolution No. 2004-62" be added to the agenda item entitled "New Claims Account at Kaw Valley State Bank." Mr. Weaver moved to approve the agenda with these changes. Mr. Schoepf seconded the motion which CARRIED unanimously.

President Alcorn addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of June 10, 2004." Ms. Swartz moved to approve the minutes as written. Ms. Buttron seconded the motion which CARRIED unanimously.

Ms. Swartz moved to excuse Mr. Unger from the teleconference meeting held on June 10, 2004 because he experienced a transportation break-down and was unable to get to a telephone. Ms. Garrett seconded the motion which CARRIED unanimously.

President Alcorn then addressed Agenda Item No.4, "Administrator's Report."

Mr. Parrish presented three checks for Board approval. The first was Check No. 9572 in the amount of \$16,350.83 written to IMA for special billing for claim settlement. The second was Check No. 9607 in the amount of \$16,500.00 written to IMA as the seven of 10 installments for claims adjustment fees. The final was Check No. 9610 in the amount of \$16,138.00 written to IMA for the 2003 reinsurance audit.

Mr. Parrish stated there had been two wire transfers of funds since the last Board meeting, both of which were approved by Ms. Garrett and Mr. Parrish. The first transfer was completed on July 1, 2004 in the amount of \$208,690.86 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC account at Intrust Bank in Wichita for June claims. The second was also completed on July 1, 2004 in the amount of \$50,000.00 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC administrative account at Kaw Valley Bank in Topeka. Mr. Unger moved to approve Check Nos. 9572, 9607 and 9610 and the two wire transfers as presented. Ms. Swartz seconded the motion which CARRIED unanimously.

Mr. Parrish discussed the progress made by KWORCC and KCAMP in scheduling the Annual Meeting during the Kansas Association of Counties (KAC) annual conference. He stated that subsequent to Mr. Rippee's discussion with KAC Executive Director, Randy Allen, he and Mr. Job visited with Mr. Allen concerning having the pools' annual meetings during the conference rather than after the conference. Mr. Allen was very cooperative in working with the pools and recommended a time slot on Monday of the KAC Annual Conference from 5:30 p.m. until 7:00 p.m. Thereafter, the Joint Committee on Cooperation (JCC) met by telephone to discuss details of the annual meeting. Based on the decision by the JCC, Mr. Parrish recommended that the KWORCC annual meeting be scheduled in conjunction with the KCAMP annual meeting on Monday, November 22, 2004 at 5:30 p.m. Mr. Parrish said that the JCC recommended that the decision to serve alcoholic beverages, either by sponsor, cash bar or otherwise, needed to be determined by each pools' full Board. After discussion of this issue, it was agreed by consensus that alcoholic beverages would not be offered at KWORCC's annual meeting.

Mr. Parrish stated that the KAC has requested that KWORCC consider sponsoring the KAC annual conference. He stated that KCAMP provided sponsorship of \$2,500 to KAC for the past two years and has committed to do so again this year. He recommended that KWORCC sponsor the KAC annual conference with a grant of \$2,500. After discussion Mr. Unger moved to have KWORCC sponsor the KAC annual conference in the amount of \$2,500. Mr. Schoepf seconded the motion which CARRIED unanimously.

Mr. Parrish next discussed moving the claims account from Intrust Bank in Wichita to Kaw Valley State Bank & Trust in Topeka. The primary reason for moving the account is cost savings. The new account at Kaw Valley State Bank would work similarly to the administrative account, in that amounts exceeding the required minimum balance would be swept into an investment account secured by a federal security. After discussion, Mr. Schoepf moved to adopt KWORCC Resolution No. 2004-62 to open the new claims account at Kaw Valley State Bank in Topeka, Kansas. Ms. Swartz seconded the motion which CARRIED unanimously.

Mr. Parrish requested that staff explain the payroll audit adjustment. Ms. Bird, Mr. Eyman and Mr. Rippee explained what was happening with some of the payroll audits in the counties. There were problems with payroll clerks not understanding that one-third of overtime, vacation pay and sick leave need to be deducted from the payroll figures. They discussed strategies for helping to educate the membership and how having on-site payroll audits instead of telephone audits might help to ensure that county officials understand the audit process.

President Alcorn called upon Mr. Eyman and Mr. Rippee to address Agenda Item No.5, "Loss Prevention and Marketing Report." Mr. Eyman and Mr. Rippee reported on their various county visits. Mr. Rippee pointed out that he had visited several counties in the western part of the state and that his workplace violence seminars were quite popular. Mr. Eyman reviewed the counties he had been visiting, including a recent defensive driving course he had conducted for Reno County. Mr. Eyman then asked for suggestions from Board members to him and Mr. Rippee regarding new training opportunities.

Mr. Eyman next reported that Cowley County would not be taking bids this year because a new administrator was appointed who did not feel comfortable tackling workers compensation bids at this time. He reported that Smith County was still a possibility for this year and that he was continuing to market KWORCC to Butler County.

President Alcorn called upon Ms. Duncan and Ms. Dipman to address Agenda Item No.6, "Claims Report." Ms. Duncan and Ms. Dipman reported on various claims in detail and answered questions. Ms. Duncan presented Claim No. 03-6909 for settlement approval. Ms. Swartz moved to approve the settlement as discussed. Ms. Buttron seconded the motion which CARRIED unanimously.

President Alcorn called for a 15 minute recess.

When the meeting reconvened, President Alcorn called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander reviewed the June 2004 Financial Report in detail and answered questions. Ms. Swartz moved to approve the June 2004 Financial Report as presented. Ms. Buttron seconded the motion which CARRIED unanimously.

Mr. Alexander next reviewed the Kansas Insurance Department Quarterly Report as of June 30, 2004 and answered questions. Ms. Swartz moved to approve the second quarterly filing report. Ms. Buttron seconded the motion which CARRIED unanimously.

Mr. Alexander presented the check register for review and approval. Mr. Schoepf moved to approve check Nos. 9522 through 9602. Mr. Unger seconded the motion which CARRIED unanimously.

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


President Alcorn addressed Agenda Item No. 9, "Committee Reports." The Investment Committee scheduled a meeting for August 19, 2004 at 11:30 a.m. There were no further committee actions to discuss.

President Alcorn addressed Agenda Item No. 10, "Other Items." President Alcorn requested that staff contact a representative of CorVel about conducting a "Trustee Training" presentation on the role CorVel has with KWORCC and details of their operations.

President Alcorn addressed Agenda Item No. 11, "Trustee Training." Board members and staff who attended the National PRIMA Conference in Fort Lauderdale, Florida, June 14-16, 2004 gave overviews of the sessions, speakers and the overall impression of the conference. President Alcorn summed it up by saying that it was a very well organized event with many informative and well rounded sessions.

There being no further business, Ms. Swartz moved to adjourn the meeting at 3:40 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 August 2004.


Linda Buttron, Secretary
KWORCC Board of Trustees

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Via Teleconference
KWORCC Office
700 SW Jackson, Ste 200, Topeka, Kansas
June 10, 2004

The June 2004 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Doyle "Hooley" Alcorn on Thursday, June 10, 2004 via teleconference. Trustees participating: Doyle "Hooley" Alcorn, Jewell County Commissioner, President; Bonnie Swartz, Gray County Clerk, Vice President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; Francis "Shep" Schoepf, Reno County Commissioner and Sam Weaver, Cherokee County Commissioner.

Staff participating: Mr. James W. Parrish, Administrator; Dortha O. Bird, Deputy Administrator/Staff Counsel; Carl D. Eyman, ARM-P, Deputy Administrator/Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Christie Carney, Administrative Assistant/Media Developer.

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

President Alcorn called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish noted that due to an oversight, the agenda did not specify the location of the meeting which was being held by conference call. He said that whenever a meeting is conducted by conference call, the location of the meeting should be the place the conference call originates. In this case, it would be the KWORCC office in Topeka. Mr. Parrish also noted that under Item 7a, the word "Memorandum" was spelled incorrectly. Mr. Schoepf moved to approve the agenda with the spelling correction and the listing of the KWORCC office as the site of origin for the meeting by teleconference. Ms. Swartz seconded the motion which CARRIED unanimously.

President Alcorn addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of May 20, 2004." Ms. Swartz moved to approve the minutes as written. Mr. Weaver seconded the motion which CARRIED unanimously.

President Alcorn then addressed Agenda Item No.4, "Administrator's Report."

Mr. Parrish presented Check No. 9533 in the amount of \$16,500.00 written to IMA for the sixth of 10 installments for claims adjustment fees.

Mr. Parrish stated there had been two wire transfers of funds since the last Board meeting, both of which were approved by Ms. Garrett and Mr. Parrish. The first transfer was completed on June 2, 2004 in the amount of \$134,320.34 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC account at Intrust Bank in Wichita for May claims. The second was completed on June 3, 2004 in the amount of \$75,000.00 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC administrative account at Kaw Valley Bank in Topeka. Ms. Swartz moved to approve Check No. 9533 and the two wire transfers as presented. Ms. Buttron seconded the motion which CARRIED unanimously.

Ms. Bird updated the Trustees on the upcoming National PRIMA conference and verified that those scheduled to attend had received all their information concerning transportation, lodging, etc. Ms. Bird also stated that those wishing to attend any of the educational site visits would need to sign up in the registration area of the conference.

President Alcorn called upon Mr. Eyman to address Agenda Item No.5, "Loss Prevention and Marketing Report." Mr. Eyman reviewed his county visits, stating that several of his visits had to be reshuffled due to family emergency and provided details of his Member visits.

Mr. Eyman next reported on the Butler County bid. He noted that KWORCC had presented its bid on May 24, 2004 and the existing carrier was to appear on June 7, 2004 to discuss its bid. Mr. Eyman stated that he attended this second meeting to hear information on the current carrier's bid, but the local agent did not have the pricing completed. Mr. Eyman noted that Butler County had inadvertently provided KWORCC inaccurate payroll data for its original bid calculation. Once the accurate payroll data was used to calculate KWORCC's bid and the current carrier's bid was determined, KWORCC's price was \$6,000 lower than the current carrier's bid. Because of the confusion in getting accurate payroll data together and the fact that the current carrier did not have a bid prepared in a timely manner, Butler County elected to remain with its current carrier this year and seek a competitive bid for workers compensation insurance next year.

Mr. Eyman informed the Board that he was marketing in Cowley County and Smith County and provided details.

President Alcorn called upon Ms. Duncan to address Agenda Item No.6, "Claims Report." Ms. Duncan reported on various claims in detail and answered questions.

President Alcorn called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander reviewed his memorandum and the May 2004 Financial Report in detail and answered questions. Mr. Schoepf moved to approve the May 2004 Financial Report as presented. Ms. Buttron seconded the motion which CARRIED unanimously.

Mr. Alexander presented the check register for review and approval. Ms. Buttron moved to approve check Nos. 9277 through 9305 and 9429 through 9521. Ms. Swartz seconded the motion which CARRIED unanimously.

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

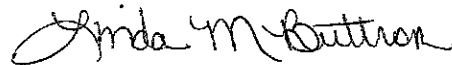
President Alcorn addressed Agenda Item No. 9, "Committee Reports." There were no reports. Committees would be scheduled to meet in August and September.

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

President Alcorn addressed Agenda Item No. 11, "Trustee Training." Mr. Parrish stated that due to the meeting being held via teleconference that the further training was being postponed until the July meeting.

There being no further business, Ms. Swartz moved to adjourn the meeting at 1:30 p.m. Ms. Garrett 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 22nd day of July 2004.



Linda Buttron, Secretary
KWORCC Board of Trustees

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn
924 SW Henderson Rd, Topeka, Kansas
May 20, 2004

The May 2004 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Doyle "Hooley" Alcorn on Thursday, May 20, 2004 at the Clubhouse Inn in Topeka. Trustees participating: Doyle "Hooley" Alcorn, Jewell County Commissioner, President; Bonnie Swartz, Gray County Clerk, Vice President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; Francis "Shep" Schoepf, Reno County Commissioner; Ralph D. Unger, Decatur County Commissioner and Sam Weaver, Cherokee County Commissioner.

Staff participating: Mr. James W. Parrish, Administrator; Dortha O. Bird, Deputy Administrator/Staff Counsel; Carl D. Eyman, ARM-P, Deputy Administrator/Loss Prevention Specialist; Mr. Philip Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Christie Carney, Administrative Assistant/Media Developer.

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

President Alcorn called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish requested that Agenda Item No. 4b, "Trustee Training" be moved to Agenda Item No. 11 and that the "Trustee Training" portion of the agenda be the last item for future meetings. Mr. Parrish also requested that the following item be added as Agenda Item No. 5c: "Lyon County Loss Prevention Visit." Mr. Schoepf moved to approve the agenda with the recommended changes. Mr. Weaver seconded the motion which CARRIED unanimously.

President Alcorn addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of April 22, 2004." Ms. Swartz moved to approve the minutes as written. Ms. Garrett seconded the motion which CARRIED unanimously.

President Alcorn then addressed Agenda Item No.4, "Administrator's Report."

Mr. Parrish presented four checks for Board approval. The first was Check No. 9462 in the amount of \$16,500.00 written to IMA for the fifth of 10 installments for claims adjustment fees. The second was Check No. 9486 in the amount of \$23,916.78 written to IMA for the E&O/D&O Policy for the period May 1, 2004 through May 1, 2005. The third was check No. 6484 in the amount of \$61,041.65 written to the Division of Workers Compensation for assessment fees for FY2005 for

operation of the Division of Workers Compensation and to administer the Workers Compensation Act. The final was Check No. 9485 in the amount of \$24,514.72 written to the Kansas Insurance Department for assessment fees for FY2005 for the Workers Compensation Fund.

Mr Parrish next presented 22 checks written to Member Counties for 2003 Payroll Audit Refunds.

Mr. Parrish stated there had been two wire transfers of funds since the last Board meeting, both of which were approved by Ms. Garrett and Mr. Parrish. The first transfer was completed on May 4, 2004 in the amount of \$205,869.40 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC account at Intrust Bank in Wichita for April claims. The second was completed on May 18, 2004 in the amount of \$160,000.00 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC administrative account at Kaw Valley Bank in Topeka. Mr. Unger moved to approve Check Nos. 9462, 9486, 9484, 9485, the 2003 Payroll Audit Refund checks and the two wire transfers as presented. Ms. Swartz seconded the motion which CARRIED unanimously.

Next, President Alcorn asked Ms. Duncan to address the disposition of claims files closed for five years. Ms. Duncan indicated that IMA's policy was to destroy closed claims after five years. She explained these files involved cases that were settled with full and final disposition of the claim involved, with full payment of any amounts due under the law and no possibility of review and modification. Mr. Parrish stated that Staff would like the files to remain open at least seven years and recommended that IMA deliver the closed claims files to the KWORCC Administrative office. After discussion by Board members, Mr. Unger moved that the KWORCC staff take possession of claims described by Ms. Duncan which had been closed for five years, review old claims files currently stored by the staff, evaluate KWORCC's capacity to store additional files and make a thorough recommendation to the Board at the July, 2004 meeting. Mr. Schoepf seconded the motion which CARRIED unanimously.

Whereupon Mr. Alexander requested that the Board also consider KWORCC's accounting records. He stated that, in light of the independent audit and the examination by the Kansas Insurance Department, he could see no reason to retain these records beyond five years. Ms. Swartz made a motion to destroy all accounting records more than five years old and continue to do so hereafter. Mr. Weaver seconded the motion which CARRIED unanimously.

Next, Ms. Duncan reported that IMA concluded the requirements of the Kansas Department of Human Resources for a closed-claims study. She stated that there were a total of 91 closed claims during the 2003 policy year, and the required details of those claims were sent to KDHR in electronic format earlier in the week. She noted that KDHR's deadline was May 28 of this year, so the requested information was furnished ahead of schedule.

President Alcorn called upon Mr. Eyman to address Agenda Item No.5, "Marketing and Loss Prevention Reports."

Mr. Eyman informed the Board that KWORCC had presented a bid to Butler County. Mr. Schoepf had also been present to speak with the Butler County Commissioners and stated that they seemed to be well informed. Mr. Eyman said he believed that the bid KWORCC had given Butler County was a much better bid than what they would receive from their local agent.

Next, Mr. Parrish described his meetings with Lyon County Commissioners and officials. He stated that several issues were addressed during these meetings, including premium calculations, personnel benefits, modified duty, the safety coordinator and regular meetings of the safety committee. Mr. Parrish indicated that he believes there is a stronger rapport and understanding between KWORCC staff and Lyon County officials and that Lyon County is taking measures to improve its losses and safety program. Mr. Parrish reminded the Board that Lyon County had received no advanced discount in the premium calculations for 2004. He recommended that KWORCC recalculate Lyon County's 2004 premium to include a five percent advanced discount if Lyon County continues its progress toward complying KWORCC's underwriting standards including the adoption of a policy for modified duty. President Alcorn commended Lyon County and KWORCC staff for their efforts and encouraged staff to continue to monitor and assist Lyon County to improve safety and reduce the number and severity of injuries to its employees. After further discussion, the Board, by consensus, granted the Administrator authority to modify the advanced discount for policy year 2004 on the condition that Lyon County continue to improve its safety and loss prevention efforts. Further, the Board directed the staff to continue to take steps to assist Lyon County.

President Alcorn called upon Ms. Duncan to address Agenda Item No.6, "Claims Report." Ms. Duncan reported on various claims in detail and answered questions.

President Alcorn called for a 15 minute recess in the meeting.

When the meeting reconvened, President Alcorn called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander reviewed the April 2004 Financial Report in detail and answered questions. Ms. Swartz moved to approve the April 2004 Financial Report as presented. Ms. Buttron seconded the motion which CARRIED unanimously.

Mr. Alexander presented the check register for review and approval. Mr. Schoepf moved to approve check Nos. 9368 through 9428. Mr. Unger seconded the motion which CARRIED unanimously.

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

President Alcorn addressed Agenda Item No. 9, "Committee Reports." There were no reports.


President Alcorn addressed Agenda Item No. 10, "Other Items." Ms. Bird reminded all of those present to complete the forms handed out earlier indicating how they could be reached for the June 10, 2004 Board meeting to be conducted by teleconference.

Ms. Bird also stated that the annual joint KWORCC/KCAMP "Steak Fry" was scheduled for September 16, 2004.

President Alcorn called upon Mr. Rippee to address Agenda Item No. 11, "Trustee Training: Workplace Violence." Mr. Rippee gave a presentation on workplace violence using video tapes describing two actual case histories where workplace violence resulted in injury and death. While these were extreme cases, they demonstrate how small mistakes can result in serious consequences. These mistakes could be avoided by use of common courtesy and professional techniques in dealing with co-workers, subordinates and supervisors. Mr. Rippee distributed materials which he uses in workplace violence classes conducted for the KWORCC Membership which typically involve a presentation of more than two hours. This abbreviated presentation gave Trustees many examples of the kinds of issues that arise and showed the Trustees how this training is helpful to county officials. Mr. Rippee pointed out that he has 13 years of loss prevention and personnel management and he draws from his own experience and training when giving such presentations to the Membership. After questions and discussion, Mr. Alcorn thanked Mr. Rippee for the informative presentation.

There being no further business, Mr. Unger made a motion to adjourn the meeting at 3:35 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 10th day of June 2004.



Linda Buttron, Secretary
KWORCC Board of Trustees

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn
924 SW Henderson Rd, Topeka, Kansas
April 22, 2004

The April 2004 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Doyle "Hooley" Alcorn on Thursday, April 22, 2004 at the Clubhouse Inn in Topeka. Trustees participating: Doyle "Hooley" Alcorn, Jewell County Commissioner, President; Bonnie Swartz, Gray County Clerk, Vice President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; Francis "Shep" Schoepf, Reno County Commissioner; Ralph D. Unger, Decatur County Commissioner and Sam Weaver, Cherokee County Commissioner.

Staff participating: Mr. James W. Parrish, Administrator; Carl D. Eyman, ARM-P, Deputy Administrator/Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Christie Carney, Administrative Assistant/Media Developer.

Others participating: Ms. Annette Duncan and Mr. Paul Davis of Insurance Management Associates, Inc. (IMA); Mr. Eric Otting, CPA, Wendling, Noe, Nelson & Johnson; Mr. Chris Thompson, Senior Vice President, Country Club Bank and Mr. Greg Garvin, President of Security Distributors, Inc., Security Benefit Group of Companies (SBG).

President Alcorn 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. Mr. Schoepf seconded the motion which CARRIED unanimously.

President Alcorn addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of March 18, 2004." Mr. Unger moved to approve the minutes as written. Ms. Swartz seconded the motion which CARRIED unanimously.

President Alcorn then addressed Agenda Item No.4, "Administrator's Report."

Mr. Parrish presented three checks for Board approval. The first was Check No. 9325 in the amount of \$27,264.92 written to IMA for special claims billings. The second was Check No. 9356 in the amount of \$68,118.87 written to IMA for special claims billings. The final was Check No. 9384 in the amount of \$16,500 written to IMA as the fourth installment of 10 for 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 April 4, 2004 in the amount of \$267,705.12 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC account at Intrust

Bank in Wichita for March claims. Ms. ~~Buttton~~^{Garrett} and Mr. Parrish approved the transaction. Ms. Swartz moved to approve Check Nos. 9325, 9356 and 9384 and the wire transfer as presented. Ms. Buttton seconded the motion which CARRIED unanimously.

Mr. Parrish introduced Mr. Otting, CPA from the accounting firm of Wendling, Noe, Nelson & Johnson. Mr. Otting reviewed and discussed with the Board various aspects of the 2003 year-end audit report. He then answered questions. President Alcorn thanked Mr. Otting for his presentation and the work that Wendling, Noe, Nelson & Johnson has provided for KWORCC.

Mr. Eyman discussed the status of the KWORCC staff's payroll audit review for policy year 2003. This review resulted in adjustments to 17 of the audits. He said there are two more county audits still under review. Mr. Unger moved to authorize staff to complete their review and issue the refund checks. Ms. Swartz seconded the motion which CARRIED unanimously.

President Alcorn addressed Agenda Item No.4d, "Trustee Training—Review of Investments and State of the Market." Mr. Thompson, Senior Vice President of Country Club Bank, stated that KWORCC's investment portfolio is a plain, vanilla government bonds, all are AAA rated with the implied backing of the federal government. He explained that over the past year KWORCC has moved to a more defensive portfolio while simultaneously earning returns well in excess of cash yields. Given the threat of rising interest rates, Mr. Thompson stated that KWORCC was doing well with a laddered and defensive portfolio. Mr. Thompson then answered questions from the Board and introduced Mr. Garvin, President of Securities Distributors, Inc.. Mr. Garvin discussed KWORCC's equity investments and answered questions. President Alcorn thanked both Mr. Thompson and Mr. Garvin for taking the time to attend the meeting and provide the Board with their knowledge on investments.

President Alcorn called upon Mr. Eyman to address Agenda Item No.5, "Marketing and Loss Prevention Reports." Mr. Eyman handed out a report that was a follow-up to the presentation he made at the March meeting on how to determine experience modification factors. Mr. Eyman then stated he had been conducting numerous training sessions to member counties over the past month on defensive driving, ambulance training and truck driver safety.

Mr. Eyman discussed his schedule for the upcoming weeks, which includes a visit to Butler County to discuss presenting a bid. He also plans visits and training and safety sessions throughout the western part of the state.

President Alcorn called for a 15 minute recess in the meeting.

When the meeting reconvened, President Alcorn called upon Ms. Duncan to address Agenda Item No.6, "Claims Report." Ms. Duncan reported on various claims and answered questions. Ms. Duncan presented claim No. 02-6601 for settlement approval. Ms. Swartz moved to approve the settlement for Claim No. 02-6601 as discussed. Mr. Schoepf seconded the motion which CARRIED unanimously.

President Alcorn called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander reviewed the December 2003 Financial Report in detail and answered questions. Ms. Swartz moved to approve the December 2003 Financial Report as presented. Ms. Garrett seconded the motion which CARRIED unanimously.

Mr. Alexander discussed in detail the Kansas Insurance Department's amended quarterly report for December 2003 and answered questions. Mr. Unger moved to approve the amended quarterly report for December 2003. Mr. Schoepf seconded the motion which CARRIED unanimously.

Mr. Alexander discussed in detail the March 2004 financial report and responded to questions. Ms. Swartz moved to approve the March 2004 financial report as presented. Mr. Weaver seconded the motion which CARRIED unanimously.

Mr. Alexander presented the Kansas Insurance Department's quarterly report for March 2004. After some discussion, Ms. Swartz moved to approve the quarterly report for March 2004 for filing with the Kansas Insurance Department. Mr. Unger seconded the motion which CARRIED unanimously.

Mr. Alexander presented the check register and brought to the attention of the Board check Nos. 9277 through 9305. These checks had been drafted for payment of audit refunds but were held pending staff's review of the payroll audits. After further discussion, Mr. Unger moved to approve check Nos. 9256 through 9276 and Nos. 9306 through 9367. Check Nos. 9277 through 9305 would be offered for approval at the next meeting upon completion of the payroll audit reviews. Mr. Weaver seconded the motion which CARRIED unanimously.

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

President Alcorn addressed Agenda Item No. 9, "Committee Reports." Mr. Schoepf, Chair of the Investment Committee, stated that the Committee had met at length earlier in the day and recommended adoption of Resolution No. 2004-42 which provides that the Board approve the pool's investments and the purchase and sale of various government securities during the period beginning December 1, 2003 through March 31, 2004. Mr. Schoepf moved to accept the Investment Committee's recommendation and adopt Resolution No. 2004-42. Mr. Unger seconded the motion which CARRIED unanimously.

Mr. Weaver, Chair of the Audit Committee, stated that the Committee had met earlier in the day with Mr. Otting and recommended the adoption of Resolution No. 2004-43 accepting the independent audit firm's report for the fiscal year ending December 31, 2003 and the filing of that report with the Kansas Insurance Department. Mr. Schoepf moved to accept the Audit Committee's

recommendation and adopt Resolution No. 2004-43. Ms. Buttron seconded the motion which CARRIED unanimously.

President Alcorn addressed Agenda Item No. 10, "Other Items." The Board discussed the need to replace the KWORCC truck to preserve the trade-in value before the odometer reading gets to 100,000 miles. After discussion, Mr. Unger moved that staff be given the authority to trade in KWORCC's truck, provided three competitive bids are solicited from car dealerships in Member Counties and that the trade difference not exceed \$13,500, subject to final approval by the Administrator. Mr. Weaver seconded the motion which CARRIED unanimously.

There being no further business, Ms. Swartz moved to adjourn the meeting at 4:20 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 20th day of May 2004.



Linda Buttron, Secretary
KWORCC Board of Trustees

Minutes
Meeting, Investment Committee
Kansas Worker Risk Cooperative For Counties
Clubhouse Inn, Topeka, Kansas
April 22, 2004

On Thursday, April 22, 2004, 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, F.E. "Shep" Schoepf at 10:45 a.m. Committee Members participating included: Francis "Shep" Schoepf, Reno County Commissioner; Sam Weaver, Cherokee County Commissioner; and Ralph D. Unger, Decatur County Commissioner. Also present was James W. Parrish, Administrator and B. Christopher Thompson, Investment Advisor of Country Club Bank.

Mr. Thompson explained that KWORCC's investment portfolio was a plain, vanilla government bonds, all AAA-rated with the implied backing of the federal government. What's changed in the past year is that we have moved to a more "defensive portfolio" (defined as a portfolio that is expected to experience less price decline in a rising rate environment than an equivalent maturity current coupon portfolio. Simultaneously, the portfolio earns a return well in excess of cash yields). The portfolio average yield is approximately 3%. The "base case average maturity" (ie - average maturity given the current interest rate structure) is a little over three years. A year ago, KWORCC had fewer callable securities, step-up bonds and no "canary call" securities (canary calls are bonds that are callable for a limited time, then at a certain date, either the coupon steps up and all calls expire or the bond is called at that time). Given the threat of rising interest rates, we prefer now to have a laddered portfolio and a defensive portfolio. We know interest rates will, eventually, rise and that rising rates will send bond prices lower. However, our chief concern is how quickly rates rise. A swift rise in interest rates will produce unrealized losses, which will turn into realized losses only if liquidity needs demand it.

Someone may ask: "why not sale the bonds now and take the money and place it in overnight funds?" The problem is that overnight funds draw 1% and now we have 3%, so we don't want to move too quickly.

Mr. Gregory J. Garvin who is President of the Securty Distributors, Inc., one of the Security Benefit Group of Companies will discuss equity investments at the regular meeting.

After questions and discussion with Mr. Thompson, the Committee reviewed securities bought and sold from December 1, 2003 through March 31, 2004. Mr. Weaver made a motion to recommend that KWORCC Resolution No. 2004-32 be adopted by the full Board. Mr. Unger seconded the motion which CARRIED unanimously.

There being no further business, Mr. Schoepf 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 May 20, 2004.


F.E. "Shep" Schoepf, Chair
KWORCC Investment Committee

Dortha Bird

From: "Jim Parrish" <jim@jwparrish.com>
To: "Chris Thompson" <cthompson@countryclubbank.com>
Cc: "Dortha O Bird" <dorthabird@kworcc.com>; "Carl Eyman" <carleyman@kworcc.com>
Sent: Friday, April 23, 2004 9:56 AM
Subject: Re: Fed Probably Won't Raise Rates at a Rapid Pace: John

Chris,
 Thanks for this clarification and thanks for the good information you provided during both meetings Thursday.

--Jim Parrish--

----- Original Message -----

From: Chris Thompson
To: Jim Parrish
Sent: Friday, April 23, 2004 9:01 AM
Subject: Fed Probably Won't Raise Rates at a Rapid Pace: John

Jim,

I said yesterday that our chief risk in the bond portfolio is the risk of RAPIDLY rising rates. John Berry (a well known "Fed Watcher") suggests that rates won't be rising rapidly and that 2004 will not be a 1994 (I referred to the 1994 experience often yesterday).

Chris Thompson

 > Fed Probably Won't Raise Rates at a Rapid Pace: John M. Berry
 > 2004-04-23 00:07 (New York)
 >
 >
 > (Commentary. John M. Berry is a Bloomberg News columnist. The
 > opinions expressed are his own.)
 >
 > By John M. Berry
 > April 23 (Bloomberg) -- Federal Reserve Chairman Alan
 > Greenspan provided a strong hint in his congressional testimony
 > Wednesday that whenever the Fed makes its first move to raise
 > interest rates, it likely won't be the beginning of a rapid run-
 > up in rates.
 > Greenspan explained that the central bank has kept its 1
 > percent target for overnight lending rates in place for so long,
 > not because nothing has been happening, but because Fed officials
 > are thinking ``in terms of strategies."
 > While Greenspan didn't spell it all out, the Fed's strategy

4/26/2004

- > has been to keep rates extraordinarily low to keep inflation from
- > turning into deflation and at the same time to spur lagging
- > economic growth.
- > ``The crucial difference between now and in the past is an
- > extraordinary productivity acceleration," the Fed chairman told
- > one questioner who, like some economists, appeared puzzled as to
- > why the Fed wasn't already busy raising rates.
- > ``Price pressures are not anywhere near what they would be
- > under normal circumstances," Greenspan said -- normal being the
- > recoveries of the past in which labor costs were rising, not
- > falling, and doing so when inflation was already higher than the
- > Fed wished it to be.
- > And price pressures are not going to return to ``normal"
- > until productivity growth slows substantially and the pace of
- > wage increases accelerates noticeably. Greenspan predicted that
- > process will begin before long, and that some of the surge in
- > profits as a share of national income will begin to be
- > transferred to workers in the form of higher pay.

>

Labor Costs

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- > How fast the Fed eventually chooses to raise rates and how
- > far will depend importantly on whether and to what degree there
- > is a turnaround in the trend in labor costs.
- > At some points in his testimony, it wasn't entirely clear
- > whether the chairman was describing what had happened in the past
- > or what might happen in the future. Nevertheless, there isn't any
- > reason to think the Fed will change its policymaking approach,
- > including the careful balancing of the benefits and costs
- > associated with a series of rate increases.
- > As Greenspan put it, ``the issue of addressing a particular
- > potential inflationary problem has got to take into consideration
- > all of the various elements involved in that current situation.
- > And remember that any particular monetary policy that you embark
- > on has risks. And you have to balance the risks against the
- > benefits.
- > ``When you have the benefit of a very significant increase
- > in output per hour, it means that you can go in a much more
- > measured pace than you would (have been) required to go in the
- > past."

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The Record

>

- > At another point, Greenspan was asked how long the Fed
- > typically continued to raise rates once it had begun to do so.
- > In the historical record ``there's an implication in that
- > once we start we continue for a protracted period," he replied.
- > Even though such periods have usually lasted ``a year or so," no
- > one should assume that necessarily would be the case in the
- > future. ``There is no time frame associated" with the ``program
- > analysis" that is now the center of the policy process, he said.

- > In other words, people placing bets in the market on future
- > Fed policy moves should be wary. Remember the standard caution
- > for investors: Past performance is not a guide to future
- > performance.
- > What we do know from what Greenspan and his colleagues have
- > said is this: If the economy continues to perform as expected,
- > the Fed at some point will raise its 1 percent target. No one on
- > the Federal Open Market committee believes the current target
- > will be appropriate once it becomes completely clear that the
- > economy is growing solidly enough to generate the jobs needed to
- > bring down U.S. unemployment.

>

>

1994

>

- > Beginning in early 1994, after the last extended period of
- > stable overnight rates, the Fed raised rates almost continuously
- > over the following 12 months, lifting the target by 300 basis
- > points, to 6 percent, in seven steps.

- > Whatever the time frame, the end result of a 300 basis-point
- > increase this time would be a 4 percent overnight rate. With an
- > inflation rate of around 1.5 percent, that would mean a real
- > overnight rate of about 2.5 percent, not all that different from
- > the average level of this rate over the past four decades.

- > In 1994, the Fed was trying to rein in a galloping economy
- > that appeared to be generating a surge in inflation. As Greenspan
- > stressed this week, times have changed. Such an aggressive
- > tightening appears an unlikely course for policy next year.

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>

Neutral Real Funds Rate

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- > Some economists and Fed officials discuss this issue in
- > terms of a concept known as an equilibrium real federal funds
- > rate, or, alternatively, a neutral real funds rate. This rate is
- > the overnight rate consistent with an economy growing in line
- > with its potential with an unchanging inflation rate.

- > So a central bank happy with a current inflation rate and
- > economic growth rate might choose to aim for this neutral real
- > funds rate, or so the theory goes. There are several problems
- > with this approach, including the fact that this theoretical rate
- > changes over time, making it a poor guide for policy makers.

- > In theory, faster productivity growth causes the neutral
- > real funds to rise. On the other hand, recent fast productivity
- > growth in the United States appears not to have caused the level
- > of real rates observed in capital markets to increase, something
- > that has left some Fed officials scratching their heads.

- > Again, the good news for Greenspan and the FOMC is that with
- > inflation so low, they will be able to remain patient even after
- > they decide to raise rates. The committee is not likely to try to
- > agree on a particular path for rates when they decide on the
- > first increase.

- > "We will pick a starting point, not a resting spot," said

> one of the policy makers.
>
> --Editors: Ahearn, Wolfson
>
> Story illustration: To compare the Fed's target rate with the
> monthly unemployment rate:
> {FDTR <Index> USURTOT <Index> HS 2 <GO>}. FFA <Cmdty> CT <GO>}
> For today's business and financial stories: {TOP <GO>}.
> For today's top economy stories: {TOP ECO {<GO>}.
> For stories about Federal Reserve actions: {FEDU <GO>}.
> For multimedia recordings of Fed officials' speeches:
> {NCMT 93 FED <GO>}.
>
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> NI TOP
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> NI DC
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**MEETING, AUDIT COMMITTEE
KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES
CLUBHOUSE INN, TOPEKA, KANSAS
APRIL 22, 2004**

A meeting of the Audit Committee of the Kansas Workers Risk Cooperative for Counties was called to order by the Committee Chairperson, Sam Weaver, Cherokee County Commissioner at 10:00 a.m. on Thursday, April 22, 2004. Members present and participating in person included: Sam Weaver, Cherokee County Commissioner; Bonnie Swartz, Gray County Clerk; Linda Buttron, Jefferson County Clerk. Also attending the meeting was Mr. Eric Otting, CPA, of the accounting firm, Wendling, Noe, Nelson and Johnson of Topeka, Kansas.

Mr. Otting reviewed and discussed with the Committee various aspects of the 2003 year-end audit report and the duties and obligations of the Audit Committee. The Committee unanimously determined to recommend to the full Board to adopt KWORCC Resolution No. 2004-43. This resolution provides for adoption of the independent audit report prepared by Wendling, Noe, Nelson and Johnson for the fiscal year ending December 31, 2003 and provides that said report be filed in the books and records of the Kansas Insurance Department, Kansas Department of Administration and the KWORCC Administrative files for public view.

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

The foregoing minutes of the Audit Committee of Kansas Workers' Risk Cooperative for counties approved by the Audit Committee on May 20, 2004.



Sam Weaver, Chair
KWORCC Audit Committee

I, Linda Buttron, 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 22nd day of April, 2004, at which a quorum was present and that said resolution has not been rescinded and is still in full force and effect:

RESOLUTION # 2004-42

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, 2003 through March 31, 2004, which were reviewed by the Investment Committee at a meeting held at 10:00 a.m. on April 22, 2004. 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, 2003 through March 31, 2004, 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 22nd day of April, 2004.


Linda Buttron, 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 12/01/03 to 03/31/04

-----PURCHASED-----

<u>Transaction Date</u>	<u>Description</u>	<u>Coupon Rate/Maturity Date</u>	<u>Par/Shares</u>	<u>Principal RCVD/Cost</u>
12/19/03	FHLMC - 1 TIME CALL 4% ST UP	4.000-02/20/07	100,000	100,419.00
01/20/04	FEDERAL HOME LOAN BANK DN	0.943-01/29/04	1,500,000	1,499,651.25
01/29/04	FEDERAL HOME LOAN BANK DN	0.913-02/27/04	1,800,000	1,798,695.00
02/04/04	FEDERAL HOME LOAN BANK DN	0.964-02/25/04	1,000,000	999,445.83
02/10/04	FHLMC ONE TIME CALL	4.000-08/10/09	100,000	100,000.00
02/12/04	FEDERAL HOME LOAN BANK FLTR	1.560-02/12/07	500,000	500,000.00
02/26/04	FEDERAL HOME LOAN BANK DN	0.964-03/10/04	1,000,000	999,656.94
02/27/04	FEDERAL HOME LOAN MTG CORP DN	0.913-03/03/04	2,000,000	1,999,750.00
03/03/04	FFCB ONE TIME CALL (C-05)	3.050-03/03/08	1,000,000	1,000,000.00
03/03/04	FEDERAL HOME LOAN BANK DN	0.974-03/29/04	1,500,000	1,498,960.00
03/29/04	FEDERAL HOME LOAN BANK DN	0.964-04/23/04	1,500,000	1,499,010.42
03/29/04	FHLB ONE TIME CALL (C-05)	3.000-09/28/07	1,000,000	1,000,000.00

-----SOLD-----

12/02/03	FEDERAL HOME LOAN BANK	3.375-11/15/04	150,000	152,619.00
01/05/04	FHLMC ONE TIME CALL	3.050-02/14/07	250,000	249,062.50

I, Linda Buttron, 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 22nd day of April, 2004, at which a quorum was present and that said resolution has not been rescinded and is still in full force and effect:

RESOLUTION #2004-43

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, 2003 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 22nd day of April, 2004; 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, 2003 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.

IN WITNESS WHEREOF, the undersigned has caused this Resolution to be executed this 22nd day of April, 2004.


Linda Buttron, Secretary

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn
924 SW Henderson Rd, Topeka, Kansas
March 18, 2004

The March 2004 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Doyle "Hooley" Alcorn on Thursday, March 18, 2004 at the Clubhouse Inn in Topeka. Trustees participating: Doyle "Hooley" Alcorn, Jewell County Commissioner, President; Bonnie Swartz, Gray County Clerk, Vice President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; Francis "Shep" Schoepf, Reno County Commissioner; Ralph D. Unger, Decatur County Commissioner and Sam Weaver, Cherokee County Commissioner.

Staff participating: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Carl D. Eyman, ARM-P, Deputy Administrator/Loss Prevention Specialist; Philip J. Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Christie Carney, Administrative Assistant/Media Developer.

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

President Alcorn called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish requested that one additional item be added under Agenda Item No. 4, "Administrator's Report" as follows: "4e KCAMP's Suggestions on Annual Meeting." Ms. Swartz moved to approve the agenda with the addition. Ms. Garrett seconded the motion which CARRIED unanimously.

President Alcorn addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of February 19, 2004." Mr. Schoepf moved to approve the minutes as written. Mr. Unger seconded the motion which CARRIED unanimously.

President Alcorn then addressed Agenda Item No.4, Administrator's Report."

Mr. Parrish presented Check No. 9276 in the amount of \$16,500 written to IMA as the third installment of 10 for claims adjustment fees for Board approval.

Mr. Parrish stated there had been five wire transfers of funds since the last Board meeting, all of which were authorized by Ms. Buttron and Mr. Parrish. The first was completed February 5, 2004 in the amount of \$250,000.00 from the KWORCC administrative account at Kaw Valley Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village for investment of premiums. The second was completed on February 23, 2004 in the amount of \$250,000.00 from the KWORCC administrative account at Kaw Valley Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village for investment of premiums. The third was completed on March 2, 2004 in the amount of \$130,582.72 from the KWORCC administrative account at Kaw Valley Bank in Topeka to the KWORCC account at Intrust Bank in Wichita for February claims settlements. The fourth was completed

on March 16, 2004 in the amount of \$49,643.00 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC account at Intrust Bank in Wichita for claims settlement. The final wire transfer was completed on March 16, 2004 in the amount of \$300,000.00 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC administrative account at Kaw Valley Bank in Topeka for premium audit refunds.

Mr. Parrish then presented to the Board a list of checks itemizing proposed payroll audit refunds. Mr. Parrish indicated that KWORCC staff undertook an independent review of the payroll auditors' recommendations and recommended that the staff's review be completed before any further payroll audit refund checks are issued. After some discussion by the Board, it was the Board's consensus to allow more time for staff to conduct a payroll audit review before all payroll audit checks are issued.

Ms. Swartz moved to approve Check No. 9276 and the five wired transfers as presented. Ms. Buttron seconded the motion which CARRIED unanimously.

Mr. Parrish addressed Agenda Item No. 4c explaining that the 2004 Budget provided for only \$130,000 for payroll audit adjustments. He recommended that the budget be increased for this line item because the 2003 payroll audits required more net refunds than anticipated. Mr. Unger moved to increase the payroll audit adjustment by \$100,000. Mr. Schoepf seconded the motion which CARRIED unanimously.

Mr. Parrish stated the Item No. 4d had been deferred to Agenda Item No. 10 to allow Mr. Eyman to conduct his presentation at the end of the regular meeting.

Mr. Parrish next discussed a communication from KCAMP expressing concerns about the annual meeting. Mr. Parrish recommended that the Joint Committee on Cooperation address these concerns and that Mr. Rippee meet with Randy Allen, Executive Director for the Kansas Association of Counties, to explore options for participation of KWORCC and KCAMP at KAC's annual meeting.

President Alcorn called upon Mr. Eyman and Mr. Rippee to address Agenda Item No.5, "Marketing and Loss Prevention Reports." Mr. Eyman stated that he had recently visited with Smith County and received positive feedback that Smith County would be requesting a bid later in the year. He said Cowley County also expressed a desire to get information on another bid from KWORCC. Mr. Eyman reminded the Board of problems KWORCC has had in the past with bidding Cowley County and recommended KWORCC not prepare a bid unless specifically invited to do so by the county commissioners.

Mr. Rippee reported on the tremendous progress Harper County officials have put forth in implementing KWORCC's safety recommendations in and around their maintenance facilities, thus making Harper County a safer workplace. Mr. Rippee stated that he would spotlight Harper County in the KWORCC newsletter.

In response to the request by the KWORCC Board, Mr. Eyman presented charts concerning losses incurred by Lyon County. The data showed a loss ratio for the past three years is 128 percent. As discussed in previous meetings, this ratio is due largely to Lyon County's policy of not allowing injured workers to return to modified duty. Mr. Eyman noted that one of the underwriting guidelines for membership or renewal with KWORCC is whether or not the employer provides injured workers with modified duty. Losses in Lyon County illustrate the wisdom of this guideline. After some discussion, Mr.

Parrish recommended that staff write a letter to Lyon County expressing the Board's concern with its policy and requesting that Lyon County reconsider its policy. The Board approved the recommendation by consensus.

President Alcorn called upon Ms. Duncan to address Agenda Item No.6, "Claims Report." Ms. Duncan reported on various claims and answered questions.

President Alcorn then called for a 15 minute recess in the meeting.

When the meeting reconvened, President Alcorn called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander requested that Item No. 7a, "Financial Reports—Interim/Post-Payroll Audit December 31, 2003," be disregarded in light of the Board's request concerning the payroll audit review as discussed earlier under the "Administrator's Report."

Mr. Alexander discussed in detail the February 2004 financial report and responded to questions. Mr. Schoepf moved to approve the February 2004 financial report as presented. Ms. Swartz seconded the motion which CARRIED unanimously.

The check register was then presented by Mr. Alexander. Mr. Unger moved to approve check numbers 9166 through 9255. Mr. Weaver seconded the motion which CARRIED unanimously.


President Alcorn called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report." Mr. Parrish stated that to the best of his knowledge there had been no movement in the legislature on the legislation which would amend the Workers Compensation Act. There were no other legal issues.

President Alcorn addressed Agenda Item No. 9, "Committee Reports." There were no reports. Ms. Bird reminded the Audit Committee and the Investment Committee that they both had meetings scheduled for April 22, 2004, at 10:00 a.m. at the Clubhouse Inn—the Audit Committee would be meeting in the small conference room and the Investment Committee would meet in the large conference room.

President Alcorn addressed Agenda Item No. 10, "Other Items-Trustee Training." Mr. Eyman, with the aid of a PowerPoint presentation and handouts, guided the Trustees through the step-by-step process used in determining the Experience Modification Factor. He then answered questions. President Alcorn expressed his gratitude to Mr. Eyman for his informative and useful presentation.

There being no further business, Ms. Swartz moved to adjourn the meeting at 3:40 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 22nd day of April 2004.


Linda Buttron, Secretary
KWORCC Board of Trustees

Minutes
Meeting, Personnel Committee
Kansas Worker Risk Cooperative For Counties
Clubhouse Inn, Topeka, Kansas
February 19, 2004

On Thursday, February 19, 2004, 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, Ralph D. Unger at 11:00 a.m. Committee Members participating included: Doyle "Hooley" Alcorn, Jewell County Commissioner; Michelle Garrett, Morris County Clerk and Ralph D. Unger, Decatur County Commissioner. Also present was James W. Parrish, Administrator.

Chairman Unger stated the purpose of the meeting was to consider performance enhancements for KWORCC staff members. Mr. Parrish described the performance enhancements that had been granted in the previous three years and that they were distributed basically according to the percentage of the staff member's salary to the total salary.

Mr. Parrish indicated that the KWORCC staff has done an excellent job handling duties during the preceding year. While the number of additional new members has been lower than in previous years, there have been numerous additional duties for staff members accommodating all of the membership. He pointed out that the pool has grown from 61 counties and 4 instrumentalities to a total of 64 counties and 5 instrumentalities. Mr. Parrish stated that staff has remained basically the same with the exception of the addition of Mr. Phil Rippee as a 60% employee who started mid year to work in safety and loss prevention. Mr. Rippee is now primarily responsible for 22 counties and a county hospital which are in the southeastern and south central parts of the state.

After considerable discussion, Committee Members expressed their satisfaction with the work being performed by the existing KWORCC staff. It was noted that the number of staff members has not increased significantly over the period of time during which the pool has almost doubled in the number of entities it serves.

Mr. Parrish explained that the performance enhancement last year was reduced slightly in recognition of the tough financial times being faced by many of the counties and that it was planned to revisit an additional performance enhancement during the August meeting in 2003. From a practical standpoint, Mr. Parrish indicated that neither the staff nor the trustees felt inclined to address this issue in August, and that it seemed more appropriate to deal with performance enhancement exclusively during the February Personnel Committee meeting after the close of the year when performance can be assessed more clearly.

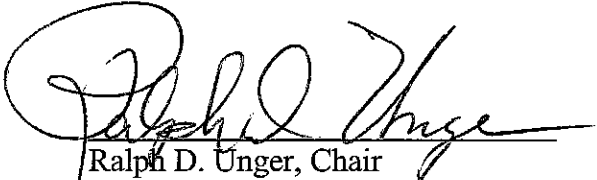
Mr. Parrish presented to the Committee preliminary financial statements including an income statement and balance sheet which showed preliminary results for the performance of the pool for the last fiscal year. Mr. Parrish pointed out that although these financial statements reflected \$161,578 in losses for 2003, that result was drastically influenced by the actuary's decision to increase the ultimate loss for 2003 from approximately \$3,100,000 to approximately \$3,500,000. Mr. Parrish pointed out that this conservative approach to estimating ultimate loss was made after the budget was prepared and does not necessarily reflect the actual performance expected by the pool when all claims are tallied.

Mr. Parrish then pointed to the balance sheet to show that there is \$272,543 in investment income to be applied to FY 2003 leaving a positive cash flow of \$110,965 (financial materials referenced are attached to these minutes). Mr. Parrish reflected on these financial results because the Trustees typically use those as one of the factors in determining whether a performance enhancement would be in order.

Mr. Parrish recommended a total performance enhancement of \$13,500. He said that whatever performance enhancement was granted, that it typically has been divided up along the ratio of each employees salary to the total salary paid all employees. However, he stated that he would prefer that the Committee approve his performance enhancement grant in a specific dollar amount that is lower than the ratio of his salary to the total salaries and recommended the amount of \$3,750. Whereupon, Mr. Alcorn, made a motion to recommend to the full Board of Trustees to allocate to KWORCC staff a \$13,500 performance enhancement to be distributed among KWORCC employees at the discretion of the Administrator with the provision that the Administrator's share would not exceed \$3,750 and that the distribution be made prior to the monthly KWORCC meeting scheduled for Thursday, March 18, 2004. Ms. Garrett seconded the motion which CARRIED unanimously.

Because of the lateness of the hour, the Committee elected to recess its meeting to the Burger King across from the Clubhouse Inn for any further discussions. Whereupon, there being no further discussions, the Committee agreed by consensus to adjourn the meeting at 12:55 PM.

THE FOREGOING MINUTES of the Personnel Committee of Kansas Workers Risk Cooperative for Counties were executed by the Chair of that Committee on the 18th day of March, 2004.


Ralph D. Unger, Chair
KWORCC Personnel Committee

KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES**INTERIM RESULTS****STATEMENT OF CONDITION**

	DEC 30, 2003	NOV 30, 2003
ASSETS		
Cash	\$ 36,776	\$ 214,654
Government Investments (Cost Basis)	6,854,016	6,909,463
Security Fund Investments (Cost Basis)	583,488	573,745
Premiums Receivable	1	0
Recoveries Receivable	45,774	45,774
Other Receivables	1,086	860
Accrued Interest on Investments	82,270	63,702
Prepaid Expenses	0	7,306
Furniture, Fixtures & Equipment	0	0

TOTAL ASSETS	\$ 7,603,411	\$ 7,815,503
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LIABILITIES AND FUND BALANCE

LIABILITIES		
Unpaid Claims	\$ 3,635,403	\$ 3,720,835
Unearned Premiums	0	367,403
Payroll Audit Premium Reserve	130,000	130,000
Accounts Payable	4,542	1,155
Returned Premiums Payable	1	0
Accrued Taxes Payable	104,010	136,121
Accrued Expenses	35,611	41,354

TOTAL LIABILITIES	\$ 3,909,566	\$ 4,396,869
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FUND BALANCE

Members Fund Balance @12/31/2002	\$ 2,400,720	\$ 2,400,720
Less Policy Years 95 & 98 Closed to MPF	(274,225)	(274,225)
Member Protection Fund (MPF)	1,274,225	1,274,225
Investment Income (YTD)	272,543	243,903
Current Operations 1992-2002 YTD	182,159	150,472
Current Operations 2003 YTD	(161,578)*	(376,460)

TOTAL FUND BALANCE	\$ 3,693,844	\$ 3,418,635
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TOTAL LIABILITIES & FUND BALANCE	\$ 7,603,411	\$ 7,815,503
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Memo Items

Unrealized Loss on Government Investments	(14,966)	(18,417)
Unrealized Gain on Government Investments	18,464	25,151
Unrealized Loss on Security Fund Investments	0	0
Unrealized Gain on Security Fund Investments	105,257	72,156
Realized Loss on Investments	0	0
Realized Gain on Investments	42,362	30,000
Premiums Returned	554,000	554,000
Investment Income Distributed	166,000	166,000

*Excludes investment income of \$272,543 and includes the actuary's conservative estimate of ultimate loss for 2003.

KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES

2003 STATEMENT OF OPERATIONS	YTD DEC 30, 2003	Budget	YTD vs Budget	Variance	Annual Budget
Operating Revenues					
Premium Contributions	4,381,403	4,500,000	97%	(118,597)	4,500,000
 Operating Expenses					
Administrative Fund					
Actuarial	8,356	10,000	84%	(1,644)	10,000
Legal	7,168	15,000	48%	(7,832)	15,000
Financial Audit & Accounting	7,500	7,500	100%	0	7,500
Educational Seminars	10,306	15,000	69%	(4,694)	15,000
Payroll & Premium Audit	6,000	6,000	100%	0	6,000
Brokerage Fee	50,000	50,000	100%	0	50,000
Administrative Expenses	449,205	476,630	94%	(27,425)	476,630
Board Related Expenses	16,565	24,500	68%	(7,935)	24,500
Advertising & Marketing Expenses	7,753	10,000	78%	(2,247)	10,000
Miscellaneous Expenses	14,136	15,000	94%	(864)	15,000
State Taxes @ 1.0%	41,890	45,000	93%	(3,110)	45,000
Total Administrative Expense	618,878	674,630	92%	(55,752)	674,630
 Claims Fund					
Incurred Losses (Net of Recovery)*	3,500,000	3,097,000	113%	403,000	3,097,000
Loss Adjustment Expense	145,000	145,000	100%	0	145,000
Excess Insurance	192,332	193,000	100%	(668)	193,000
Workers Compensation Fund	35,000	46,500	75%	(11,500)	46,500
Workers Compensation Directors Fund	51,771	52,000	100%	(229)	52,000
Total Claims Expenses	3,924,103	3,533,500	111%	390,603	3,533,500
 Total Expenses	4,542,981	4,208,130	108%	334,851	4,208,130
 Income less Expenses	(161,578)	291,870		(453,448)	

*Not inclusive of specific recovery

Investment Income YTD 272,543

110,965

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn
924 SW Henderson Rd, Topeka, Kansas
February 19, 2004

The February 2004 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Doyle "Hooley" Alcorn on Thursday, February 19, 2004 at the Clubhouse Inn in Topeka. Trustees participating: Doyle "Hooley" Alcorn, Jewell County Commissioner, President; Bonnie Swartz, Gray County Clerk, Vice President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; Francis "Shep" Schoepf, Reno County Commissioner; Ralph D. Unger, Decatur County Commissioner and Sam Weaver, Cherokee County Commissioner.

Staff participating: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Carl D. Eyman, ARM-P, Deputy Administrator/Loss Prevention Specialist, Philip J. Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Christie Carney, Administrative Assistant/Media Developer.

Others participating: Gus Campuzano, Ms. Annette Duncan and Mr. Paul Davis of Insurance Management Associates, Inc. (IMA) and Bruce Woner, Attorney, Woner, Glenn, Reeder & Girard.

President Alcorn called the meeting to order at 1:10 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish stated that there were no additions or changes to the agenda. Mr. Unger moved to approve the agenda as presented. Mr. Schoepf seconded the motion which CARRIED unanimously.

President Alcorn addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of January 22, 2004." Mr. Weaver moved to approve the minutes as written. Ms. Swartz seconded the motion which CARRIED unanimously.

President Alcorn then addressed Agenda Item No.4, Administrator's Report."

Mr. Parrish presented two checks for Board approval. The first was Check No. 9177 in the amount of \$41,642.22 written to the Commissioner of Insurance for the premium tax for municipal group-funded pools. The second was Check No.9200 in the amount of \$16,500 written to IMA as the second installment of 10 for claims adjustment fees.

Mr. Parrish stated there had been five wire transfers of funds since the last Board meeting, all of which were taken from the KWORCC administrative account at Kaw Valley Bank in Topeka and authorized by Ms. Buttron and Mr. Parrish. The first was completed on January 28, 2004 in the amount of \$226,756.00 and transferred to the IMA account at Emprise Bank in Wichita for

reinsurance premium. The second was also completed on January 28, 2004 in the amount of \$25,354.88. This amount was intended for transfer at KWORCC's account at Intrust Bank for the payment of claims settlements but was inadvertently transferred to KWORCC's account at Country Club Bank in Prairie Village. On February 5, 2004, an identical amount of \$25,354.88 was transferred to KWORCC's account at Intrust Bank for claims settlements. There also was a wire transfer completed on February 2, 2004 in the amount of \$176,650.51 to the KWORCC account at Intrust Bank in Wichita for January claims settlements. The final wire transfer was completed on February 11, 2004 in the amount of \$350,000.00 to the KWORCC account at Country Club Bank in Prairie Village for investment of premiums. Mr. Unger moved to approve Check Nos. 9177 and 9200 and the five wire transfers as presented. Ms. Swartz seconded the motion which CARRIED unanimously.

Ms. Bird updated the Board on the status of the 2004 premiums received to date. Ms. Bird stated that only three accounts were unpaid. She said members were contacted, and she expected these payments soon.

Mr. Parrish then presented the bank account forms requiring signatures from the newly elected KWORCC Officers to carry out financial matters' for KWORCC.

Mr. Parrish discussed the meeting he, Ms. Bird and Mr. Eyman attended with Kansas Insurance Commissioner Sandy Praeger and other Kansas Insurance Department Officials concerning premiums for volunteer firefighters. KWORCC staff was invited for the meeting in response to Mr. Parrish's letter requesting that the Commissioner remove the \$100 per firefighter remuneration limitation and adopt the national Council of Compensation Insurer's (NCCI) standard of \$300 per firefighter remuneration. The conclusions from the meeting were that KWORCC could request that the Commissioner ask the NCCI to lift the restriction. Another alternative is that KWORCC file with the Kansas Insurance Department a proposed rate for the firefighter classification code. Mr. Parrish then requested that Mr. Davis discuss his conclusions after his discussions with with Kansas Insurance Department officials. Mr. Davis stated that the same two options were discussed and that another option would be that KWORCC and other workers compensation carriers (KMIT and EMC) make a request to NCCI to propose the \$300 per firefighter remuneration to the Kansas Insurance Department. Mr. Davis stated that he would contact the other carriers to determine their level of interest in pursuing this request to NCCI.

Mr. Eyman discussed the upcoming AGRIP Spring Conference and Membership Meeting scheduled for March 22-24, 2004. He noted that AGRIP would be including breakout sessions at this meeting. Mr. Eyman also made mention that the AGRIP Governance and Leadership Conference being held October 18-20, 2004 would be an especially good program for Trustees to consider attending.

Ms. Bird reported that she had made hotel reservations for Trustees who would be attending the National PRIMA Conference on June 13-16, 2004 in Ft. Lauderdale, Florida. She stated that she would make meeting reservations once she received the forms indicating which meetings the Trustees were interested in attending.

President Alcorn then addressed Item No. 4g. "Trustee Training: Enhanced Financial Reporting Per Trustee Request." Mr. Parrish stated that Mr. Alexander had a presentation for the Trustees. Mr. Alexander circulated financial worksheets, explaining that he received communication from Ms. Buttron and President Alcorn concerning summary information that would be helpful to the Trustees in understanding key elements of the pools financial status. He then reviewed the worksheets. The Trustees confirmed that the format was helpful and complied with the requests made. Mr. Alexander invited further input from KWORCC Board and Staff to present the financial data in the most user-friendly and understandable way possible. President Alcorn thanked Mr. Alexander for his presentation and assistance.

President Alcorn called upon Mr. Eyman and Mr. Rippee to address Agenda Item No.5, "Marketing and Loss Prevention Reports."

Mr. Eyman reported that he had to cancel several of his county visits due to inclement weather but was in the process of rescheduling and resuming his visits around the state. Mr. Rippee stated that he too had been detained from conducting his in depth inspections due to bad weather but was also in the process of resuming his normal duties. Mr. Rippee stated his concern that many counties lack a mandatory seatbelt policy. He noted that KWORCC should reemphasize to all Member Counties its underwriting policy to require mandatory seatbelt use by county employees.

Mr. Eyman then reviewed potential bidding opportunities. He stated that Smith County had been in contact with KWORCC for a bid, and McPherson County and Nemaha County would be considering bids for next year. The Board expressed interest in developing a standardized bid charge form to cover the cost of KWORCC's efforts when presenting bids to non-member counties who request bids but remain with their current insurance company, even when KWORCC has presented the low bid. Staff was instructed to develop recommendations to address this concern.

President Alcorn called upon Ms. Duncan to address Agenda Item No.6, "Claims Reports." Ms. Duncan reported on various claims and answered questions. During the claims presentation, as in the past, it was discussed that Lyon County refuses to provide modified duty for injured workers. Over the last four years, Lyon County's refusal to implement a return-to-work policy for injured workers has proven costly to the pool and to Lyon County. The claims staff, including prior KWORCC claims adjuster Marshall Matthews, has discussed with Lyon County personnel many times the importance of a return-to-work policy and how failing to have such a policy adversely impacts the injured worker and escalates the exposure on the claims. Other KWORCC staff members have had discussions with Lyon County officials concerning the adverse effects of their refusal to have a return-to-work policy. It was noted that one of the underwriting standards in considering admittance and retention into KWORCC membership is a return-to-work policy. The Trustees requested the KWORCC staff research the claims paid and claims pending for Lyon County with an analysis of the results of the policy to not provide injured workers with modified duty.

President Alcorn then called for a 15 minute recess in the meeting.

When the meeting reconvened, President Alcorn called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander discussed in detail the January 2004 financial report and responded to questions. Mr. Schoepf moved to approve the January 2004 financial report as presented. Mr. Weaver seconded the motion which CARRIED unanimously.

The check register was then presented by Mr. Alexander. Mr. Unger moved to approve check numbers 9072 through 9165. Mr. Weaver seconded the motion which CARRIED unanimously.

President Alcorn called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report." Mr. Parrish discussed three bills being considered by the State Legislature this year that relates to workers compensation. The bills are: Sub for SB-181 concerning preexisting conditions and work disability; SB-441 concerning date of accident for repetitive trauma and HB-2281 which would increase workers compensation disability benefits from two-thirds of the injured worker's average weekly wage to 100 percent of the average weekly wages. He expressed doubt that any of these bills would pass during this legislative session.

President Alcorn addressed Agenda Item No. 9, "Committee Reports." Mr. Unger, Chair of the Personnel Committee, reported that the committee had met earlier in the day and had recommended a performance enhancement of \$13,500 be allocated to KWORCC staff for their performance in 2003. Mr. Unger moved to approve the performance enhancement recommended by the Personnel Committee with a set amount allotted to the Administrator by the committee and the remaining amount being distributed among the staff at the discretion of the Administrator. Mr. Schoepf seconded the motion which CARRIED unanimously.

President Alcorn addressed Agenda Item No. 10, "Other Items." Mr. Parrish informed the Board that staff had recently discovered that effective July 1, 2003 the State raised the mileage rate from \$.33 to \$.36. Ms. Bird then distributed checks to the Trustees to cover the increase reimbursement for the months from July, 2003 through January, 2004.

There being no further business, Mr. Unger moved to adjourn the meeting at 3:35 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 18th day of March 2004.



Linda Buttron, Secretary
KWORCC Board of Trustees

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
IMA Topeka Office
1634 SW Topeka Blvd., Topeka, Kansas
January 22, 2004

The January 2004 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Sam Weaver on Thursday, January 22, 2004 at the IMA Office in Topeka. Trustees participating: Sam Weaver, Cherokee County Commissioner, President; Doyle "Hooley" Alcorn, Jewell County Commissioner, Vice President; Bonnie Swartz, Gray County Clerk, Secretary; Linda Buttron, Jefferson County Clerk, Controller; Michelle Garrett, Morris County Clerk; Francis "Shep" Schoepf, Reno County Commissioner and Ralph D. Unger, Decatur County Commissioner.

Staff participating: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Carl D. Eyman, ARM-P, Deputy Administrator/Loss Prevention Specialist, Philip J. Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Christie Carney, Administrative Assistant/Media Developer.

Others participating: Gus Campuzano, Ms. Marla Dipman and Kristine Sullivan of Insurance Management Associates, Inc. (IMA) and Marcia Payne of CorVel.

President Weaver called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish stated that under Item No.5b. that the "Report on 2003 Membership Premiums" should read "2004." He also requested that two additional items be added under Agenda Item No. 11, "Other Items" as follows: 11a. "Kansas Department of Human Resources Letter on Closed Claims Study" and 11b. "CorVel Year End Report." Mr. Schoepf moved to approve the agenda with the correction and the two additions. Ms. Swartz seconded the motion which CARRIED unanimously.

President Weaver addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of December 18, 2003." Mr. Unger noted that there were two minor errors. Mr. Unger moved to approve the minutes with the corrections. Ms. Buttron seconded the motion which CARRIED unanimously.

President Weaver then addressed Agenda Item No.4, "Election of Officers and Committee Appointments." Mr. Parrish stated that in the past, officers have been elected under a rotation system which gives each Board Member the opportunity to move sequentially through each of the officer positions. Mr. Unger moved, in keeping with that tradition, that the following individuals be nominated and that each of them be elected by a unanimous ballot: Doyle "Hooley" Alcorn, President; Bonnie Swartz, Vice President; Linda Buttron; Secretary and Michelle Garrett, Controller. Mr. Schoepf seconded the motion which CARRIED unanimously.

Mr. Alcorn commended outgoing President Sam Weaver for his dedicated service as President of KWORCC in 2003. The meeting then continued with President Alcorn presiding.

President Alcorn called upon Mr. Parrish to address Agenda Item No. 5, "Administrator's Report."

Mr. Parrish presented two checks for Board approval. The first was Check No. 9110 in the amount of \$16,500 written to IMA as the first installment of 10 for claims adjustment fees. The second was Check No. 9111 in the amount of \$50,000 written to IMA for the 2004 brokerage fee.

Mr. Parrish stated there had been eight 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 January 6, 2004 in the amount of \$184,538.77 from the Country Club Bank in Prairie Village to the KWORCC account at Intrust Bank in Wichita for December claims payments. The second was also completed on January 6, 2004 in the amount of \$50,000.00 from the Country Club Bank in Prairie Village to the KWORCC administrative account at Kaw Valley Bank in Topeka. The third transfer was completed on January 13, 2004 in the amount of \$55,000.00 from the KWORCC administrative account at Kaw Valley Bank in Topeka to the KWORCC account at Intrust Bank in Wichita for a special billing claim settlement. The next five transfers were all taken from the KWORCC administrative account at Kaw Valley Bank in Topeka and transferred to the KWORCC account at Country Club Bank in Prairie Village for investment of 2004 premiums. The first transfer was completed on January 13, 2004 in the amount of \$100,000; the second was completed on January 15, 2004 in the amount of \$400,000; the third was completed on January 16, 2004 in the amount of \$450,000; the fourth was completed on January 20, 2004 in the amount of \$325,000 and the fifth and final transfer was completed on January 21, 2004 in the amount of \$400,000. Ms. Swartz moved to approve Check Nos. 9110 and 9111 and the eight wire transfers as presented. Mr. Weaver seconded the motion which CARRIED unanimously.

Ms. Bird updated the Board on the status of the 2004 membership dues in terms of payments that had been received to date. Ms. Bird stated that KWORCC was on track with receipt of payments so far this year.

Ms. Bird then requested that Board and staff complete and return the conflict-of-interest disclosure forms handed out at the beginning of the meeting. She stated that these forms are needed for filing each year with the Kansas Insurance Department.

Ms. Bird reported that she was working with Kansas Insurance Department Examiner Tamara House for her review of KWORCC Policy Years 2001 and 2002. She reported that the examination was near completion and that everything appears to be in compliance. Ms. Bird submitted for review and approval by the Trustees a Representation Letter addressed to Ms. House. This letter details what information was made available for examination and certifies that the information is true and accurate and that KWORCC has complied with all requests of the examiner and is not withholding any information or data. Ms. Swartz moved to approve the Letter of Representation to Kansas Insurance Department Examiner Tamara House. Ms. Buttron seconded the motion which CARRIED unanimously.

President Alcorn then addressed Item No.5e. "Trustee Training: Balance Sheet 101." He noted that this training was presented by Mr. Alexander during a Trustee-only meeting earlier in the day and thanked Mr. Alexander for the informative session.

Due to a request by Mr. Campuzano, President Alcorn called upon Mr. Campuzano and Ms. Dipman to address Agenda Item No.7, "Claims Reports." Ms. Dipman and Mr. Campuzano reported on various claims and answered questions. Mr. Campuzano then presented Claim No. 02-10843 for settlement approval. Mr. Schoepf moved to approve the settlement as discussed. Mr. Weaver seconded the motion which CARRIED unanimously.

Mr. Campuzano also discussed the CorVel MedCheck Bill Review Savings Summary for the year 2003. He went over the report in detail explaining that the 2003 net savings, which resulted from adjustments to comply with the Kansas fee schedule and use of the provider network, was \$583,123.90.

President Alcorn called upon Mr. Eyman and Mr. Rippee to address Agenda Item No.6, "Marketing and Loss Prevention Reports."

Mr. Eyman explained the new calendar format being used to track the progress of the county visits. Mr. Eyman stated that he was scheduled to conduct a number of defensive driving courses over the next few weeks.

Mr. Rippee reported to the Board on his review of facilities in Sumner County and on his meeting with Sumner County officials. Sumner County recently joined KWORCC.

Mr. Eyman reviewed bidding activities stating that the newly created Flinthills Community Health Center in Lyon County declined to join KWORCC and instead purchased insurance through a local agent. Mr. Eyman stated that Allen County may be interested in receiving a bid from KWORCC this year.

President Alcorn called upon Mr. Alexander to address Agenda Item No. 8, "Financial Report." Mr. Alexander discussed in detail the interim financial statements for December 2003 and responded to questions. Ms. Swartz moved to approve the December 2003 interim financial report as presented. Ms. Garrett seconded the motion which CARRIED unanimously.

Mr. Alexander then presented the interim Kansas Insurance Department filing report for the fourth quarter of 2003. After discussion, Ms. Swartz moved to approve the interim fourth quarter filing report as presented for filing with the Kansas Insurance Department. Mr. Unger seconded the motion which CARRIED unanimously.

The check register was also presented by Mr. Alexander. Mr. Schoepf moved to approve check numbers 9015 through 9071. Mr. Weaver seconded the motion which CARRIED unanimously.

President Alcorn then called for a 15 minute recess in the meeting.

When the meeting reconvened, President Alcorn called upon Mr. Parrish to address Agenda Item No. 9, "Legal Report." Mr. Parrish indicated that SB 181 and HB 2281 were before the Kansas Legislature this session. SB 181 would impact work disability calculation and clarify the evidence needed to establish a preexisting disability of an injured worker. In addition, HB 2281 would eliminate the waiting week required before compensation is paid and would increase benefits to 100 percent of the injured worker's average weekly salary. Mr. Parrish would keep the Board advised of the progress of these two bills.

President Alcorn addressed Agenda Item No. 10, "Committee Reports." The Board Members agreed that Mr. Weaver would replace Ms. Garrett on the Audit Committee and become the committee chairman and that membership of all other committees would remain the same.

The first scheduled meetings for the Committees in 2004 were set as follows: the Personnel Committee was scheduled to meet on February 19, 2004 at 11:00 a.m. in the large conference room at the Clubhouse Inn . The Investment Committee was scheduled to meet on April 22, 2004 at 10:00 a.m. in the large conference room at the Clubhouse Inn with Mr. Chris Thompson of County Club Bank in attendance. The Audit Committee was also scheduled to meet on April 22, 2004 at 10:00 a.m. in the small conference room at the Clubhouse Inn with independent auditors Eric Otting and Glenn Wilson of Wendling, Noe, Nelson & Johnson.

President Alcorn addressed Agenda Item No. 11, "Other Items." Mr. Parrish informed the Board that the Kansas Department of Human Resources (KDHR) had selected KWORCC for its Closed Claims Study. During this study, KDHR would select 200 claims at random that were opened and closed during a specific calendar year. Mr. Campuzano stated that IMA would work with KDHR to provide all of the claims information needed. He stated that the study should be completed during the spring of 2004.

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 February 2004.



Linda Buttron, Secretary
KWORCC Board of Trustees