

**Minutes**  
**Meeting, Board of Trustees**  
**Kansas Worker Risk Cooperative for Counties**  
**Clubhouse Inn**  
**924 SW Henderson Road**  
**Topeka, Kansas 66615**  
**December 16, 2005**

The December 2005 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Bonnie Swartz on Friday, December 16, 2005 at the Clubhouse Inn in Topeka. Trustees participating: Bonnie Swartz, Gray County Clerk, President; Linda Buttron, Jefferson County Clerk, Vice President; Ralph D. Unger, Decatur County Commissioner, Secretary; Michelle Garrett, Morris County Clerk, Controller; Doyle "Hooley" Alcorn, Jewell County Commissioner; F.E. "Shep" Schoepf, Reno County Commissioner and Jim Wise, Miami 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 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).

President Swartz called the meeting to order at 12:20 p.m. and addressed Agenda Item No. 2, "Trustee Training: KWORCC Investments Status." President Swartz welcomed Chris Thompson with Country Club Bank in Prairie Village, Kansas. Mr. Thompson explained KWORCC's current investments in government bonds. He reviewed the performance of the market in the past and various strategies used by others and himself to navigate those markets and make investments. He explained how he has tailored his strategy for KWORCC funds to ensure liquidity for payment of claims while effectuating a reasonable return. Then he projected how he expects the market to perform over the next several months and his methods for investing KWORCC funds. After questions, President Swartz thanked Mr. Thompson for his presentation.

President Swartz addressed Agenda Item No. 3, "Approval of the Agenda." Mr. Parrish requested that under Agenda Item No.5 "Administrator's Report," Item 5(e)iii, "IMA Contract" be added. Mr. Schoepf moved to approve the agenda with the one addition. Ms. Garrett seconded the motion which CARRIED unanimously.

President Swartz addressed Agenda Item No. 4, "Consideration of the Minutes of the Meeting of October 20, 2005." Mr. Unger noted a grammatical error and moved to approve the minutes with one correction. Mr. Alcorn seconded the motion which CARRIED unanimously.

President Swartz then addressed Agenda Item No.5, "Administrator's Report." Mr. Parrish presented Check No. 10823 in the amount of \$10,000.00 written to PriceWaterhouseCoopers as payment for actuarial services for 2005 for Board approval.

Mr. Parrish stated there had been six wire transfers of funds since the October Board meeting, all of which were approved by Ms. Garrett and Mr. Parrish. The first was completed on October 31, 2005 in the amount of \$71,402.27 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 for settlements and medical bills. The second transfer was completed on November 7, 2005 in the amount of \$177,076.93 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley Bank in Topeka for October claims payments. The third transfer was also completed November 7, 2005 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 for administrative expenses. The fourth transfer was completed on November 18, 2005 in the amount of \$37,934.54 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley Bank in Topeka for special billing for settlements and medical bills. The fifth transfer was completed on December 6, 2005 in the amount of \$131,351.52 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley Bank in Topeka for November claims payments. The final transfer was also completed on December 6, 2005 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 for administrative expenses. Mr. Alcorn moved to approve Check No. 10823 and these six wire transfers. Ms. Buttron seconded the motion which CARRIED unanimously.

Mr. Davis described his activities to place reinsurance for KWORCC. Because Employers Reinsurance Corporation exited the market, he solicited bids from several other carriers. Of those bids received he presented information from Safety National, Midwest Employers and Midlands/Clarendon. After deliberation and discussion, Mr. Schoepf moved to give KWORCC staff authority to bind coverage for specific and excess reinsurance for KWORCC, upon the following conditions: The premium cannot exceed \$500,000 and the specific attachment point cannot be greater than \$750,000. Ms. Buttron seconded the motion which CARRIED unanimously. Whereupon Mr. Unger moved to add a contingency that the aggregate excess insurance attachment point must be \$6.5 million or less. Mr. Schoepf seconded the motion which CARRIED unanimously.

Mr. Parrish presented a final, revised 2006 KWORCC budget. He explained that staff had determined the membership, advanced discounts, payroll data and experience modification factors which changed the budget figures for income and ultimate loss amounts compared to the preliminary budget. The final budget reflected those changes and the expenses that are calculated as a percent of those numbers (e.g. premium taxes). Mr. Unger moved to approve the modified KWORCC budget for 2006. Ms. Garrett seconded the motion which CARRIED unanimously.

Mr. Parrish referenced an updated handout concerning the premium rates for KWORCC members. Mr. Parrish then presented Resolution No. 2005-71 adopting premium rates for KWORCC

members for the 2006 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. Mr. Schoepf moved to approve Resolution No. 2005-71. Mr. Unger seconded the motion which CARRIED unanimously.

Ms. Bird reviewed contract renewals for 2006. The first renewal discussed was for office space and support services. The rates and costs are consistent with the budget discussed by the Board at its October 2005 meeting. All other terms remained the same. Mr. Wise moved to approve the renewal contracts with Parrish Management Corporation for office space and support services. Mr. Alcorn seconded the motion which CARRIED unanimously.

Ms. Bird stated that the renewal lease for storage and supply space was the same as the previous year. Mr. Wise moved to approve the lease for storage and supply space with Jayhawk Tower Partners, LLC. Mr. Alcorn seconded the motion which CARRIED unanimously.

Ms. Bird reviewed changes to the IMA contract for 2006 and concluded that, over all, the modifications made the contract more favorable for KWORCC. Ms. Bird then answered questions regarding the revisions of the contract. After further discussion, Mr. Wise moved to approve the IMA Contract for Service for 2006. Mr. Alcorn seconded the motion which CARRIED unanimously.

Ms. Bird reviewed dates that had been tentatively set for 2006 Board meetings. After some discussion the following meeting dates were selected, subject to change by the Board with timely notification: January 19; February 16; March 16; April 20; May 18; June 22; July 13; August 17; September 14; October 19 and December 21. The annual meeting is tentatively scheduled to coincide with the Kansas Association of Counties annual conference in November.

Mr. Parrish presented Resolution No. 2005-77 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, 2005. Mr. Unger moved to adopt Resolution No. 2005-77. Ms. Garrett seconded the motion which CARRIED unanimously.

President Swartz called upon Mr. Eyman and Mr. Rippee to address Agenda Item No.6, "Loss Prevention and Marketing Report." Mr. Eyman and Mr. Rippee reported on county visits and answered questions. Mr. Eyman also stated that he had attended the Health Fair recently conducted in Jefferson County.

Mr. Eyman reported that KWORCC would be presenting a renewal bid in Jewell County. He stated that Coffey County had elected not to receive bids for this year. Mr. Eyman also mentioned that Seward County would possibly be considering bids for the next year. Ms. Bird stated that she had been in Greenwood County doing a rebid and that Greenwood had chosen to remain with KWORCC. Mr. Eyman concluded with a discussion on the deductible clauses required of some KWORCC member accounts for the new policy year.

President Swartz called for a 15 minute recess.

When the meeting reconvened, President Swartz called upon Ms. Duncan to address Agenda Item No.7, "Claims Report." Ms. Duncan reported on various claims in detail and answered questions. Ms. Duncan then presented Claim No. 04-1059 for settlement approval. After much discussion, Mr. Unger moved to approve the settlement as discussed. Ms. Garrett seconded the motion which CARRIED unanimously.

President Swartz addressed Agenda Item No. 8, "Financial Report." Mr. Parrish requested that because Mr. Richard "Alex" Alexander was not present due to a personal matter that the October 2005 and November 2005 financial statements be deferred until the January 2006 meeting, Mr. Unger moved to table the October 2005 and November 2005 financial reports until the January board meeting. Mr. Schoepf seconded the motion which CARRIED unanimously.

Mr. Parrish presented the check register for review and approval. Mr. Wise moved to approve check Nos. 10693 through 10822. Mr. Alcorn seconded the motion which CARRIED unanimously.

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

President Swartz addressed Agenda Item No.10, "Committee Reports." Mr. Schoepf reported that the Investment Committee had met prior to the board meeting and recommended the adoption of Resolution No. 2005-80 approving the investment of pool funds. Mr. Schoepf moved to adopt Resolution No. 2005-80 as recommended by the Investment Committee. Mr. Unger seconded the motion which CARRIED unanimously.

President Swartz addressed Agenda Item No. 11, "Other Items." Mr. Eyman distributed Christmas gifts to the Board Members.

Mr. Unger called for an executive session to discuss non-elected personnel to start at 3:20 p.m. and to last 5 minutes. Ms. Garrett seconded the motion which CARRIED unanimously.

The meeting reconvened at 3:25 p.m. There being no further business, Mr. Unger moved to adjourn the meeting at 3:26 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 19<sup>th</sup> day of January 2006.



Ralph D. Unger, Secretary  
KWORCC Board of Trustees

**Minutes**  
**Meeting, Investment Committee**  
**Kansas Worker Risk Cooperative For Counties**  
**Clubhouse Inn, Topeka, Kansas**  
**December 16, 2005**

On Thursday, December 16, 2005 at 11:20 AM the Investment Committee of the Kansas Workers Risk Cooperative for Counties ("KWORCC") met at the Clubhouse Inn, Topeka, Kansas. Committee Members participating included: Francis E. "Shep" Schoepf, Reno County Commissioner; Ralph D. Unger, Decatur County Commissioner and Jim Wise, Miami County Commissioner.


Chairman Schoepf, called the meeting to order.

Mr. Parrish introduced Chris Thompson with Country Club Bank in Prarie Village, Kansas. Mr. Thompson explained KWORCC's current investments in government bonds. He projected how he anticipated the market to perform over the next several months and his methods for investing KWORCC funds.

Next, Mr. Parrish presented the list of purchases and sales of government securities for the period of July 29, 2005 through November 25, 2005. Mr. Wise moved to recommend approval of the purchases and sales to the Board of Trustees. Mr. Unger seconded the motion which CARRIED unanimously.

There being no further business, the meeting adjourned by consensus.

THE FOREGOING MINUTES of the Investment Committee of Kansas Workers Risk Cooperative for Counties were executed by the Chair of that Committee on January 19, 2006.

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

I, Ralph D. Unger, 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 16<sup>th</sup> day of December, 2005, at which a quorum was present and that said resolution has not been rescinded and is still in full force and effect:

**RESOLUTION # 2005-77**

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, 2005, 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, 2005,

NOW, THEREFORE BE IT RESOLVED, by the Board of Trustees of Kansas Workers Risk Cooperative for Counties, in regular meeting duly assembled this 16<sup>th</sup> day of December, 2005, 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, 2005.

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 16<sup>th</sup> day of December, 2005.

  
\_\_\_\_\_  
Ralph D. Unger, Secretary

I, Ralph D. Unger, 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 16<sup>th</sup> day of December, 2005, at which a quorum was present and that said resolution has not been rescinded and is still in full force and effect:

**RESOLUTION # 2005-80**

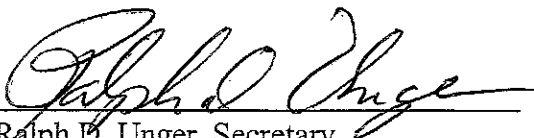
WHEREAS, KWORCC has elected to place investments pursuant to Chapter 40 of Kansas Statutes Annotated, and thus is to comply with the provisions thereof;

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, 2005 through November 25, 2005, which were reviewed by the Investment Committee at a meeting held at 11:00 a.m. on December 16, 2005. 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, 2005 through November 25, 2005, 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 16<sup>th</sup> day of December, 2005.

  
Ralph D. Unger, 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 07/29/05 to 11/25/05

-----PURCHASED-----

<u>Transaction Date</u>	<u>Description</u>	<u>Coupon Rate/Maturity Date</u>	<u>Par/Shares</u>	<u>Principal RCVD/Cost</u>
07/29/05	FEDERAL HOME LOAN BANK DN	3.299-08/11/05	1,800,000	1,797,877.50
08/11/05	FEDERAL HOME LOAN BANK DN	3.433-08/31/05	1,000,000	998,122.22
09/02/05	FEDERAL HOME LOAN MTG CORP DN	3.592-10/11/05	1,000,000	996,175.83
10/11/05	FFCB ONE TIME CALL	4.510-09/28/09	250,000	250,000.00
10/14/05	FEDERAL HOME LOAN BANK DN	3.817-11/23/05	300,000	298,750.00

-----SOLD-----

08/08/05	FEDERAL HOME LOAN BANK DN	3.299-08/11/05	300,000	299,915.00
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I, Ralph D. Unger, 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 16<sup>th</sup> day of December, 2005, at which a quorum was present and that said resolution has not been rescinded and is still in full force and effect:

### **RESOLUTION # 2005-71**

WHEREAS, the KWORCC Board of Trustees has directed staff to calculate the premiums for workers compensation coverage for Member Counties for policy year 2006, 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 2006 reflects premium calculations by staff;

WHEREAS the insurance renewal date for the Membership is January 1, 2006;

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, subject to such minor adjustments as are deemed necessary by the KWORCC Administrator.

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 16<sup>th</sup> day of December, 2005.

  
\_\_\_\_\_  
Ralph D. Unger, Secretary

**2006  
KWORCC Premium**

Anderson County	\$64,027
Barber County	\$59,201
Bourbon County	\$ 63,158
Brown County	\$ 36,257
Chautauqua Coun	\$ 39,036
Cherokee County	\$102,390
Clay County	\$108,608
Cloud County	\$97,298
Comanche County	\$30,970
Comanche Hospit	\$14,784
Decatur County	\$38,867
Decatur Health Sy	\$ 36,601
Dickinson County	\$106,458
Doniphan County	\$42,425
Edwards County	\$35,307
Elk County	\$43,718
Elliis County	\$225,627
Ellsworth County	\$54,576
Ford County	\$234,728
Franklin County	\$180,109
Geary County	\$157,749
Gove County	\$38,708
Graham County	\$64,321
Grant County	\$75,347
Gray County	\$79,837
Greenwood Count	\$ 68,770
Hamilton County	\$ 50,288
Hamilton Hosp.	\$37,279
Harper County	\$69,284
Harvey County	\$87,073
Haskell County	\$40,572
Jackson County	\$125,742
Jefferson County	\$182,299
Jewell County	\$53,463
Lane County	\$ 46,432
Lincoln County	\$71,933
Linn County	\$ 86,168
Lyon County	\$ 223,640
Marion County	\$ 110,937
Marshall County	\$61,429
Meade County	\$56,113
Miami County	\$261,447
Morris County	\$42,710
Morton County	\$44,237
Morton Health Car	\$67,734
MTAA	\$57,161
Neosho County	\$123,341
Norton County	\$51,852
Osage County	\$80,941
Osborne County	\$40,768
Ottawa County	\$53,214
Pawnee County	\$36,897
Phillips County	\$ 78,503
Pottawatomie Cou	\$ 101,946
Rawlins County	\$35,798
Reno County	\$614,310
Republic County	\$ 69,722
Rush County	\$29,462
Russell County	\$65,485
Saline County	\$161,621
Sheridan County	\$39,182
Sherman County	\$48,224
Smith County	\$ 55,701
Stanton County	\$ 50,131
Stevens County	\$140,273
Sumner County	\$330,804
Thomas County	\$37,139
Trego County	\$ 63,107
Wallace County	\$25,440

*Minutes of the KWORCC  
Annual Meeting*

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**Capitol Plaza Hotel  
1717 SW Topeka Blvd.  
Topeka, Kansas  
November 21, 2005**

The Annual Meeting of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Bonnie Swartz on Monday, November 21, 2005 at the Capitol Plaza Hotel, Topeka, Kansas. Trustees present: Bonnie Swartz, Gray County Clerk, President; Linda Buttron, Jefferson County Clerk, Vice President; Ralph D. Unger, Decatur County Commissioner, Secretary; Michelle Garrett, Morris County Clerk, Controller, Doyle "Hooley" Alcorn, Jewell County Commissioner; Francis "Shep" Schoepf, Reno County Commissioner and Jim Wise, Miami County Commissioner.

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

Others present for KWORCC: Mr. Gus Campuzano and Mr. Paul Davis of Insurance Management Associates, Inc.

President Swartz called the meeting to order at 5:45 p.m. and verified that a quorum was present. She announced that a total of 39 Member County representatives were present and the quorum requirements were met.

Member County representatives were present as follows: Dudley Feuerborn, Anderson County Commissioner, Delegate; Terry Graham, Bourbon County Commissioner, Delegate; Charles Napier, Cherokee County Commissioner, Delegate; Henry Mayo, Clay County Commissioner, Delegate; Richard Chartier, Cloud County Commissioner, Delegate; Ralph D. Unger, Decatur County Commissioner, Delegate; Lavel Heitschmidt, Ellsworth County Commissioner, Delegate; John Swayze, Ford County Commissioner, Delegate; Donald Stottlemire, Franklin County Commissioner, Delegate; William Deppish, Geary County Commissioner, Delegate; Mahlon Tuttle, Gove County Commissioner, Delegate; Mary Long, Grant County Commissioner, Alternate; Mark Busch, Gray County Commissioner, Delegate; Edward Buckle, Greenwood County Commissioner, Delegate; Keith Puckett, Hamilton County Commissioner, Delegate; Cheryl Adelhardt, Harper County Clerk, Delegate; Marge Roberson, Harvey County Commissioner, Delegate; Gene Ochs, Haskell County Commissioner, Delegate; Brad Hamilton, Jackson County Commissioner, Delegate; Linda Buttron, Jefferson County Clerk, Delegate; Doyle "Hooley" Alcorn, Jewell County Commissioner, Delegate; Kathleen Delaney, Lane County Commissioner, Delegate; Al Joe Wallace, Lincoln County Commissioner, Delegate; Clair Bender, Meade County Commissioner, Delegate; Jim Wise, Miami County Commissioner, Delegate; Darrell Miller, Morris County Commissioner, Delegate; Royce Edwards, Neosho County Commissioner, Delegate; John Miller, Norton County

Commissioner, Delegate; Carl F. Meyer, Osage County Commissioner, Delegate; Betty J. Pruter, Osborne County Commissioner, Delegate; Kathy M. Luthi, Ottawa County Commissioner, Delegate; F.E. "Shep" Schoepf, Reno County Commissioner, Delegate; Rodney Taylor, Rush County Commissioner, Delegate; Steve Boxberger, Russell County Commissioner, Delegate; Craig Stephenson, Saline County Commissioner, Alternate; Ron Schamberger, Sheridan County Commissioner, Delegate; Dave Bozone, Stevens County Commissioner, Delegate; Ronald G. Evans, Thomas County Commissioner, Delegate and R. John Miller, Wallace County Commissioner, Delegate.

President Swartz then addressed Agenda Item No. 2, "Approval of the Agenda. Jefferson County Clerk Linda Buttron moved to approve the agenda as presented. Jackson County Commissioner Brad Hamilton seconded the motion which CARRIED unanimously.

President Swartz addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of November 22, 2004." Morris County Commissioner Darrell Miller moved to approve the minutes as written. Anderson County Commissioner Dudley Feuerborn seconded the motion which CARRIED unanimously.

President Swartz next addressed Agenda Items No. 4, "Election of KWORCC Trustees." President Swartz announced that there were four (4) positions open, with nominations received for the following: Doyle "Hooley" Alcorn, Jewell County Commissioner, incumbent; F. E. "Shep" Schoepf, Reno County Commissioner, incumbent; Ralph D. Unger, Decatur County Commissioner, incumbent; Jim Wise, Miami County Commissioner, incumbent; Eldon Gracy, Summer County Commissioner and Charles Napier, Cherokee County Commissioner. President Swartz then asked for nominations from the floor. There were no further nominations.

President Swartz asked for volunteers to serve as a panel to tally the votes. The volunteers were Harper County Clerk Cheryl Adelhardt, Jackson County Commissioner Brad Hamilton and Saline County Commissioner Craig Stephenson.

Upon the return of the ballot-counting panel, President Swartz announced that Mr. Alcorn, Mr. Schoepf, Mr. Unger and Mr. Wise were re-elected to the KWORCC Board of Trustees for 2-year terms beginning January 1, 2006.

President Swartz then addressed the membership, pursuant to Agenda Item No. 5, "President's Opening Remarks". President Swartz introduced the KWORCC Board of Trustees and the KWORCC staff. She also introduced Mr. Gus Campuzano and Mr. Paul Davis from IMA of Kansas. She discussed the current status of KWORCC membership, noting that the pool now has 70 Members including 65 County Members, four county hospitals and one airport authority.

President Swartz explained that the KWORCC Board meets once every month, except in November when the annual meeting is scheduled. She stated that the pool has three committees that meet periodically and make recommendations to the full Board. They include: Personnel Committee, Investment Committee and Audit Committee.

President Swartz then summarized the health of the pool. She explained that although the pool had experienced a high loss development on 2004 claims and has high losses in 2005 due to four death claims, KWORCC remains sound and in a competitive position with other insurance carriers.

President Swartz called upon Mr. Parrish to address Agenda Item No. 6, "Proposed Bylaw Amendments." Mr. Parrish explained the first amendment would change Section 6.1, to elect one KWORCC Trustee from each regional district of the state, as well as a Trustee at large. This would put in the bylaws the practice KWORCC has followed since its inception, which ensures the Board fairly representing the Membership throughout the state. Jewell County Commissioner Doyle "Hooley" Alcorn moved to adopt the proposed amendment to section 6.1 of KWORCC's bylaws. Reno County Commissioner Francis "Shep" Schoepf seconded the motion which CARRIED unanimously.

The next proposed amendment to Section 11.1 is made at the request of the Kansas Insurance Department. Specifically, the last sentence is technically not correct in accordance with statutory accounting requirements, so should be stricken. Thomas County Commissioner Ron Evans moved to adopt the proposed amendment striking the last sentence of Section 11.1 of the KWORCC bylaws. Decatur County Commissioner Ralph D. Unger seconded the motion which CARRIED unanimously.

President Swartz called upon Mr. Richard Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander presented the statement of financial condition and statement of operations as of September 30, 2005. Mr. Alexander asked for and responded to questions concerning the financial information.

President Swartz called upon Mr. Eyman and Mr. Rippee to address Agenda Item No. 8, "Safety Services Report." Mr. Eyman and Mr. Rippee reviewed their schedules for the 2005 year to-date. They also encouraged Members to contact them to schedule safety training.

President Swartz then called upon Mr. Eyman to make a presentation pursuant to Agenda Item No. 8, "Exceptional Loss Ratio Awards." Mr. Eyman explained that the awards are divided into three categories, according to the Member County's premium. The awards announced by Mr. Eyman were as follows:

<u>Premium</u>	<u>Winners</u>	<u>Loss Ratio</u>
0-\$45,000	1 <sup>st</sup> - Wallace County	.002%
	2 <sup>nd</sup> - Sheridan County	.005%
	3 <sup>rd</sup> - Elk County	.007%
\$45,000-\$75,000	1 <sup>st</sup> - Haskell County	.005%
	2 <sup>nd</sup> - Anderson County	.014%
	3 <sup>rd</sup> - Sherman County	.023%

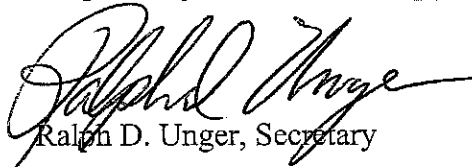
Greater than \$75,000	1 <sup>st</sup> - Mitchell County	.022%
	2 <sup>nd</sup> - Miami County	.024%

President Swartz called upon Mr. Parrish to address Agenda Item No. 9, "Presentation of 2006 Budget." Mr. Parrish explained that this budget was the one approved by the Board of Trustees at their October board meeting. After reviewing the budget, Mr. Parrish asked for and responded to questions.

President Swartz then addressed Agenda Item No. 10, "Other Business." There were no further items to be discussed.

There being no further business, Jackson County Commissioner Brad Hamilton moved to adjourned the 2005 KWORCC Annual Meeting at 6:15 p.m. Thomas County Commissioner Ron Evans seconded the motion which CARRIED unanimously.

Respectfully Submitted for Approval:



Ralph D. Unger, Secretary

**Minutes**  
**Meeting, Board of Trustees**  
**Kansas Worker Risk Cooperative for Counties**  
**Clubhouse Inn**  
**924 SW Henderson Rd., Topeka, Kansas**  
**October 20, 2005**

The October 2005 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Bonnie Swartz on Thursday, October 20, 2005 at the Clubhouse Inn. Trustees participating: Bonnie Swartz, President, Gray County Clerk; Linda Buttron, Vice President, Jefferson County Clerk; Ralph D. Unger, Secretary, Decatur County Commissioner; Michelle Garrett, Controller, Morris County Clerk; Francis "Shep" Schoepf, Reno County Commissioner and Jim Wise, Miami 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).

President Swartz called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish noted that under Agenda Item No. 4c "Administrator's Report" the date should be changed to 2006. Mr. Parrish also requested that "Member Evaluations" be added as Item No. 4c and the remaining items be renumbered accordingly. Mr. Schoepf moved to approve the agenda with the one correction and the addition. Ms. Buttron seconded the motion which CARRIED unanimously.

President Swartz addressed Agenda Item No. 3, "Consideration of Minutes of Meeting of August 18, 2005." Mr. Unger noted that there was one grammatical error. Mr. Unger moved to approve the minutes with the one correction. Mr. Wise seconded the motion which CARRIED unanimously.

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

Mr. Parrish presented Check No. 10700 in the amount of \$16,500 written to IMA as the final installment of 10 for 2005 claims adjustment fees.

Mr. Parrish then presented for Board ratification four wire transfers of funds completed since the last Board meeting, all of which were authorized by Ms. Garrett and Mr. Parrish. The first was completed on October 7, 2005 in the amount of \$164,705.55 from the KWORCC account at Country Club Bank in Prairie Village to the claims account at Kaw Valley Bank in Topeka for September claims. The second was also completed on October 7, 2005 in the amount of \$60,000.00 from the KWORCC account at Country Club Bank in Prairie Village to the administrative account at Kaw Valley Bank in Topeka for administrative expenses. The third was completed on October 10, 2005 in the amount of \$590.86 from the KWORCC claims account at Kaw Valley Bank in Topeka to the administrative account at Kaw Valley Bank in Topeka for adjustments from various items. The final transfer was completed on October 18, 2005 in the amount of \$16,464.00 from the KWORCC account at Country Club Bank in Prairie Village to the claims account at Kaw Valley Bank in Topeka for special billing for claim settlement. Mr. Unger moved to approve Check No. 10700 and ratify the four wire transfers as presented. Mr. Schoepf seconded the motion which CARRIED unanimously.

Ms. Bird reviewed the findings of the actuarial firm PriceWaterhouseCoopers (PWC). She described the information provided to PWC for its analysis and the methods used to estimate ultimate losses for the pending fund years and for FY2006. Due to the high number of death claims within the last two years, KWORCC staff agreed with PWC to include a large loss contingency in the FY2006 projections. After discussion and questions from the Board, Ms. Bird stated that the full report would be available for Trustee review prior to the Annual Membership meeting on November 21, 2005.

With the arrival of Mr. Richard Thomas, President Swartz next addressed Agenda Item No. 9, "Trustee Training: Workers Compensation Law Changes and Division Updates." President Swartz welcomed Mr. Thomas, attorney with the Kansas Workers Compensation Division of the Kansas Department of Labor (KDOL). Mr. Thomas reviewed the legislation presented during the last session and explained in detail the changes that were made in the workers compensation statutes that went into effect July 1, 2005. These included changes in the laws pertaining to probable cause for impairment testing, the date of accident for repetitive use and cumulative traumas or micro traumas and the advisory panel on the medical fee schedule. In addition, he reviewed pertinent parts of the Kansas Fairness in Private Construction Contract Act. Mr. Thomas also advised of changes to the KDOL website. After discussion and questions from the Board and staff, President Swartz thanked Mr. Thomas for his informative and helpful presentation.

Because IMA personnel asked to be excused from the meeting early, President Swartz called upon Ms. Duncan to address Agenda Item No.6, "Claims Reports." Ms. Duncan reported on various claims and answered questions. Ms. Duncan then presented Claim No. 04-1354 for settlement approval. Ms. Buttron moved to approve the settlement as discussed. Ms. Garrett seconded the motion which CARRIED unanimously.

President Swartz called for a recess of the meeting.



When the meeting reconvened Mr. Unger moved to excuse Mr. Doyle "Hooley" Alcorn, Jewell County Commissioner, from the meeting due to health reasons. Mr. Schoepf seconded the motion which CARRIED unanimously.

President Swartz then called on Mr. Parrish to resume with Agenda Item No. 4c, "Members Evaluations." Mr. Parrish presented rankings of the membership and requested authority to make certain members' continued participation in the pool subject to the inclusion of deductible clauses in their policies. After further discussion, Mr. Schoepf moved that KWORCC staff have the authority to contact the county commissioners of the identified members prior to November 1, 2005 and provide notification as required by law to make continued membership conditioned upon the inclusion of a deductible clause in their policies. Mr. Wise seconded the motion which CARRIED unanimously.

Mr. Parrish reviewed the proposed 2006 budget which included the increased ultimate loss estimates provided in the PWC actuarial findings. The budget also indicated slight increases in educational seminars, rent, support services, county-visit expenses and salaries with other line items remaining constant. Mr. Parrish stated that the budget was subject to final approval by the Board after rating and experience data is received. Mr. Unger moved to adopt the preliminary budget, subject to finalization in December. Ms. Buttron seconded the motion which CARRIED unanimously.

Ms. Bird presented trustees and staff with a handout of the scheduling for the KWORCC booth at the 2005 Kansas Association of Counties annual conference.

Ms. Bird informed the Board that she had received 48 voting delegate forms for the KWORCC Annual Meeting to date. She also reported the nominations for the four KWORCC Board of Trustee positions: Doyle "Hooley" Alcorn, Jewell County Commissioner, incumbent; F.E. "Shep" Schoepf, Reno County Commissioner, incumbent; Ralph D. Unger, Decatur County Commissioner, incumbent; Jim Wise, Miami County Commissioner, incumbent; Eldon Gracy, Sumner County Commissioner and Charles Napier, Cherokee County Commissioner.

President Swartz called upon Mr. Eyman and Mr. Rippee to address Agenda Item No. 5, "Marketing and Loss Prevention Reports." Mr. Eyman and Mr. Rippee reported on various county visits.

Mr. Eyman reported that KWORCC and KCAMP planned to make a joint bid presentation to Coffey County. Mr. Eyman also stated that KWORCC was preparing bids for three member counties including Mitchell, Greenwood and Jewell.

President Swartz called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander reviewed the September 2005 Financial Report in detail and answered questions. Ms. Buttron moved to receive and file the September 2005 Financial Report as presented. Mr. Wise seconded the motion which CARRIED unanimously.

Mr. Alexander next reviewed the Kansas Insurance Departments Quarterly Report as of September 30, 2005 and answered questions. Mr. Schoepf moved to file the quarterly report with the Kansas Insurance Department. Ms. Garrett seconded the motion which CARRIED unanimously.

The check register was also presented by Mr. Alexander. Mr. Unger moved to approve Check Nos. 10626 through 10692. Ms. Buttron seconded the motion which CARRIED unanimously.

President Swartz called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report." Mr. Parrish stated there was no legal report.

President Swartz addressed Agenda Item No. 10, "Committee Reports." The Investment Committee scheduled its next meeting for Friday, December 16, 2005 at 11:00 a.m. at the Clubhouse Inn in Topeka. Mr. Chris Thompson of Country Club Bank would also be invited to participate.

President Swartz addressed Agenda Item No. 11, "Other Items." There were no items to discuss.

There being no further business Mr. Unger moved to adjourn the meeting at 4:00 p.m. Mr. Wise 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 16<sup>th</sup> day of December 2005.



Ralph D. Unger, Secretary  
KWORCC Board of Trustees

**Minutes**  
**Meeting, Board of Trustees**  
**Kansas Worker Risk Cooperative for Counties**  
**Clubhouse Inn**  
**924 SW Henderson Rd., Topeka, Kansas**  
**September 16, 2005**

The September 2005 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Bonnie Swartz on Friday, September 16, 2005 at the Clubhouse Inn. Trustees participating: Bonnie Swartz, President, Gray County Clerk; Linda Buttron, Vice President, Jefferson County Clerk; Michelle Garrett, Controller, Morris County Clerk and Doyle "Hooley" Alcorn, Jewell 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: Ms. Annette Duncan of Insurance Management Associates, Inc. (IMA).

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

President Swartz addressed Agenda Item No.3, "Consideration of Minutes of Meeting of August 18, 2005." Ms. Buttron moved to approve the minutes as written. Mr. Alcorn seconded the motion which CARRIED unanimously.

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

Mr. Parrish presented Check No. 10630 in the amount of \$16,500 written to IMA as the ninth installment of 10 for 2005 claims adjustment fees.

Mr. Parrish then presented for Board ratification two wire transfers of funds completed since the last Board meeting, both of which were authorized by Ms. Garrett and Mr. Parrish. The first was completed on September 12, 2005 in the amount of \$202,066.62 from the KWORCC account at Country Club Bank in Prairie Village to the claims account at Kaw Valley Bank in Topeka for August claims. The second was completed on September 12, 2005 in the amount of \$50,000.00 from the KWORCC account at Country Club Bank in Prairie Village to the administrative account at Kaw

Valley Bank in Topeka for administrative expenses. Mr. Alcorn moved to approve Check No. 10630 and ratify the two wire transfers as presented. Ms. Buttron seconded the motion which CARRIED unanimously.

Mr. Parrish next reviewed a proposed loss prevention program. The program would reward the members who participate with credits on their advanced discount if they meet specific criteria. The credits would range from 1% to 2% of the premiums. In addition, Mr. Parrish stated that the program could include reimbursement of one half of the tuition costs for courses taken by the Safety Coordinator in order to obtain the training and certificate to qualify as an Associate in Risk Management for Public Entities (ARM-P). In reviewing the proposed program, Ms. Buttron pointed out that the list of department heads in the provision concerning participation in quarterly meetings was not comprehensive. Ms. Bird stated that the language, "including but not limited to," could be added to include any other county departments not specifically listed. Whereupon, Ms. Buttron moved to approve the proposed loss-prevention program and to provide provision for reimbursement of half the cost of tuition for Safety Coordinators pursuing the ARM-P certification. Mr. Alcorn seconded the motion which CARRIED unanimously.

Mr. Parrish reviewed and discussed the vendor registration contract for the annual KAC Conference in November. Mr. Parrish pointed out that although the KWORCC and KCAMP annual meetings are not listed in the vendor registration packet, they are listed in the conference program distributed to county officials.

Mr. Parrish also discussed the Kansas County Officials Association's meeting scheduled November 11<sup>th</sup> of this year. He stated that KWORCC would be a sponsor and have a vendor booth at the conference.

President Swartz called upon Mr. Eyman and Mr. Rippee to address Agenda Item No. 5, "Marketing and Loss Prevention Reports." Mr. Eyman and Mr. Rippee reported on various county visits.

Mr. Eyman reported that he had received requests from Greenwood County and Mitchell County for renewal bids. Mr. Alcorn state that Jewell County would also be considering taking bids for the 2006 policy year.

Mr. Rippee discussed concerns he had with Morris County regarding the adherence to its seatbelt policy. He would be visiting with Morris County officials to address this issue.

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

In order to accommodate Rob MaHoney of Haake Benefits Consulting Group (Haake) and Tom Job of KCAMP who were present, President Swartz next addressed Agenda Item No. 9, "Trustee Training: Survey for County Health Plan." Mr. Parrish stated that Mr. Job and Mr.

Mahoney would be discussing the plans and strategies of Haake to conduct a feasibility study to determine if Kansas counties would be able to form a health insurance association. He pointed out that the Kansas Association of Counties (KAC) had agreed to participate as had KCAMP in helping underwrite the costs of the feasibility study. He stated that KWORCC was being asked to participate and that Mr. Job and Mr. MaHoney would explain the reasoning behind this request. Mr. Job explained that many inquiries had been made into the feasibility of creating an alternative for counties for health insurance coverage for county employees. He stated KCAMP was willing to contribute to underwriting the feasibility study. He then introduced Mr. MaHoney. Mr. MaHoney said that the feasibility study was necessary to know whether a county health plan was feasible, and the study would cost approximately \$10,000. If it were determined after the study that such an association health plan would be feasible for counties and that Haake is in a position to place this insurance, all monies contributed by KAC, KCAMP and KWORCC would be refunded. Mr. Mahoney reviewed progress by Haake to date, the proposed questionnaire for the counties and a time-line for completing the study. After discussion and questions from the Board, President Swartz stated that the matter would be taken under advisement. She then thanked Mr. Job and Mr. Mahoney for the information and presentation.

President Swartz called for a recess of the meeting.

When the meeting reconvened, President Swartz asked the Board for discussion of the request made by Mr. MaHoney. The Board, by consensus, agreed that the study would be a service to the membership of KWORCC as well as other Kansas counties and would provide benchmark information concerning employee benefits and insurance programs which may result in an additional health insurance option for Kansas counties. Mr. Alcorn moved that KWORCC contribute \$2,500 toward the feasibility study under the terms and conditions agreed to by the Administrator provided the Administrator contacts Messrs. Unger, Schoepf and Wise to ensure they are in agreement with going forward. If any one of them is not in agreement, the Administrator would set up a conference call so the entire KWORCC Board could discuss the matter further. If the three individuals are in agreement, the Administrator would proceed to make the contribution for the feasibility study. Ms. Buttron seconded the motion which CARRIED unanimously.

President Swartz called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander reviewed the August 2005 Financial Report in detail and answered questions. Mr. Alcorn moved to receive and file the August 2005 Financial Report as presented. Ms. Buttron seconded the motion which CARRIED unanimously.

The check register was also presented by Mr. Alexander. Ms. Buttron moved to approve Check Nos. 10561 through 10625. Ms. Garrett seconded the motion which CARRIED unanimously.

President Swartz called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report." Mr. Parrish stated there was no legal report.

President Swartz addressed Agenda Item No. 10, "Committee Reports." Mr. Alcorn, Personnel Committee chair, reported that the committee had met immediately prior to the Board meeting to review employee wages and cost of living adjustments and requested that Mr. Parrish review the committee's recommendations for the full board. Mr. Parrish said that KWORCC decided a few years ago to have this review in September rather than December in order to give staff the salary information needed to prepare a budget for the upcoming fiscal year. One disadvantage of making an earlier decision is that the Board and staff only have the consumer price information (CPI) through July of the current year. Mr. Parrish also pointed out that home heating and electrical costs are expected to increase significantly this winter. Further the large increase in gasoline prices has occurred within the last few weeks and these impending increases are not reflected in the CPI information under consideration. Mr. Parrish explained that the Personnel Committee had considered the CPI information and other comments of Committee Members and recommended to the full Board that a lump sum amount of \$10,000 be set aside for cost of living increases for KWORCC employees to be applied proportionally to their current salaries. Mr. Alcorn moved to approve the recommendation by the Personnel Committee. Ms. Garrett seconded the motion which CARRIED unanimously.

The Investment Committee then scheduled its next meeting for Friday, December 16, 2005 at 11:00 a.m. at the Clubhouse Inn in Topeka.

President Swartz addressed Agenda Item No. 11, "Other Items." Ms. Buttron moved to excuse Mr. Ralph D. Unger, Secretary and Decatur County Commissioner due to a family emergency and Mr. Francis "Shep" Schoepf, Reno County Commissioner and Mr. Jim Wise, Miami County Commissioner due to scheduling conflicts. Ms. Garrett seconded the motion which CARRIED unanimously.

There being no further business Ms. Garrett moved to adjourn the meeting at 3:30 p.m. Mr. Alcorn seconded the motion which CARRIED unanimously.

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties were approved by the Board of Trustees the 20<sup>th</sup> day of October 2005.

  
Ralph D. Unger, Secretary  
KWORCC Board of Trustees

**Minutes**  
**Meeting, Personnel Committee**  
**Kansas Worker Risk Cooperative For Counties**  
**Clubhouse Inn, Topeka, Kansas**  
**September 16, 2005**

On Thursday, September 16, 2005, the Personnel Committee of the Kansas Workers Risk Cooperative for Counties ("KWORCC") met at the Clubhouse Inn, Topeka, Kansas. The meeting was called to order by Committee Chair, Doyle "Hooley" Alcorn, at 11:00 a.m. Committee Members participating included: Doyle "Hooley" Alcorn, Jewell County Commissioner and Michelle Garrett, Morris County Clerk. Also present was James W. Parrish, Administrator.

Chairman Alcorn called the meeting to order. Mr. Parrish presented an Agenda for the meeting, which was accepted by the Committee without formal action. Thereupon, Mr. Alcorn moved to approve the Minutes of the February 17, 2005 Personnel Committee Meeting. Ms. Garrett seconded the motion which CARRIED unanimously.

Chairman Alcorn, addressed Agenda Item No. 4, discussion of personnel performance. Mr. Parrish stated that KWORCC staff members continue to perform in an exemplary manner. Mr. Alcorn pointed out that the pool had grown from 35 insured county entities in 1998 to 70 current members, with only a slight increase in staff time and the addition of one part-time person. He commended KWORCC staff for its success in administering the pool and keeping the personnel costs in check. Mr. Parrish stated that there were no immediate plans to increase the number of staff persons on board.

Next, Mr. Parrish reviewed the United States Department of Labor Bureau of Labor Statistics Consumer Price Index (CPI) materials that had been mailed to committee members earlier. He noted that in Table Three, CPI for All Urban Consumer, that the Midwest Urban Area in Cities from 50,000 to 150,000 showed a 3.4% change from July of 2004 to July of 2005. He then pointed out that in Table Six, CPI for Urban Wage Earners and Clerical Workers, the same geographic area showed a 3.7% increase. Mr. Parrish indicated that it would be more appropriate to use the CPI for all consumers because KWORCC staff members would generally be considered executive employees.

Mr. Parrish pointed out that KWORCC decided a few years ago to review employee wages and cost of living adjustments in September rather than waiting until December. This was done in order to give staff the salary information needed to prepare a budget for the upcoming fiscal year. Another reason to make wage adjustment decisions earlier is that the months of October, November and December are particularly busy with marketing, renewals and the annual meeting. One disadvantage of making an earlier decision is that the Board and staff would only have the benefit of consumer price information through July of the current year. Mr. Parrish pointed out that home heating and electrical costs are expected to increase significantly this winter. Further the large increase in gasoline prices has occurred within the last few weeks, and these impending increases are not reflected in the CPI information under consideration.

After some considerable discussion, Mr. Alcorn asked how much additional cash would be required if salaries were all increased by 3.4%. Mr. Parrish indicated that the total base salaries of all KWORCC employees equals \$275,950 and 3.4% of that is \$9,382.30. Mr. Parrish pointed out that the cost would be slightly more than this because there would be additional payroll taxes involved as the wages were increased.

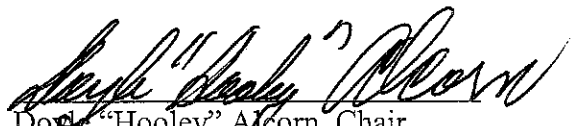
The Committee then determined that a lump sum amount should be allocated by KWORCC to be distributed as cost of living increases for the upcoming fiscal year. Thereupon, Ms. Garrett moved that the Personnel Committee recommend to the Board of Trustees that an amount of \$10,000 be set aside for cost of living increases for KWORCC employees to be applied proportionally to the current salaries of KWORCC employees. Mr. Alcorn seconded the motion which CARRIED by unanimous vote.

Regarding merit increases in salaries, it was noted that merit increases are generally handled after the first of the year when the Board has the opportunity to review the year-end financial statements to determine KWORCC's success during the preceding year. In the past several years, compensation for meritorious service has been handled by the granting performance enhancements paid as lump-sum payments and not added to the base salaries.

Whereupon, there being no further business to come before the Committee, Chairman Alcorn called the meeting adjourned at 11:58AM.

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THE FOREGOING MINUTES of the Personnel Committee of Kansas Workers Risk Cooperative for Counties were executed by the Chair of that Committee on the 20<sup>th</sup> day of October, 2005.

  
Doyle "Hooley" Alcorn, Chair  
KWORCC Personnel Committee



**Minutes**  
**Meeting, Board of Trustees**  
**Kansas Worker Risk Cooperative for Counties**  
**Clubhouse Inn**  
**924 SW Henderson Rd., Topeka, Kansas**  
**August 18, 2005**

The August 2005 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Bonnie Swartz on Thursday, August 18, 2005 at the Clubhouse Inn. Trustees participating: Bonnie Swartz, President, Gray County Clerk; Linda Buttron, Vice President, Jefferson County Clerk; Ralph D. Unger, Secretary, Decatur County Commissioner; Michelle Garrett, Controller, Morris County Clerk; Doyle "Hooley" Alcorn, Jewell County Commissioner; Francis "Shep" Schoepf, Reno County Commissioner and Jim Wise, Miami 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).

President Swartz 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. Wise seconded the motion which CARRIED unanimously.

President Swartz addressed Agenda Item No.3, "Consideration of Minutes of Meeting of June 16, 2005." Mr. Unger noted that there was one grammatical error. Mr. Unger moved to approve the minutes with the one correction. Mr. Schoepf seconded the motion which CARRIED unanimously.

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

Mr. Parrish presented Check No. 10561 in the amount of \$16,500 written to IMA as the eighth installment of 10 for 2005 claims adjustment fees.

Mr. Parrish then presented for Board ratification four wire transfers of funds completed since the last Board meeting, all of which were authorized by Ms. Garrett and Mr. Parrish. The first was

completed on July 29, 2005 in the amount of \$40,000.00 from the KWORCC account at Country Club Bank in Prairie Village to the claims account at Kaw Valley Bank in Topeka for a death-benefit payment. The second was completed on August 8, 2005 in the amount of \$267,663.55 from the KWORCC account at Country Club Bank in Prairie Village to the claims account at Kaw Valley Bank in Topeka for July claims. The third transfer was also completed on August 8, 2005 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 for administrative expenses. The final transfer was completed on August 12, 2005 in the amount of \$53,841.83 from the KWORCC account at Country Club Bank in Prairie Village to the claims account at Kaw Valley Bank in Topeka for medical bills and a claim settlement. Mr. Alcorn moved to approve Check No. 10561 and ratify the four wire transfers as presented. Ms. Buttron seconded the motion which CARRIED unanimously.

Mr. Parrish reported on staff's progress in creating an evaluation system for a more comprehensive loss prevention and underwriting strategy. He said that all counties and other entities had been tested under the preliminary draft of the evaluation guidelines, but the results did not place proper emphasis on troubled counties. Mr. Parrish requested more time for IMA and KWORCC staff to refine the evaluation guidelines.

Mr. Parrish next reviewed the renewal of KWORCC's contract with the auditing firm of Wendling, Noe, Nelson & Johnson, LLC. Mr. Schoepf moved to approve the renewal of the contract for auditing services with Wendling, Noe, Nelson & Johnson. Mr. Wise seconded the motion which CARRIED unanimously.

President Swartz called upon Mr. Eyman and Mr. Rippee to address Agenda Item No. 5, "Marketing and Loss Prevention Reports." Mr. Eyman and Mr. Rippee reported on various county visits.

Mr. Rippee reported that he had visited with Pratt County officials and was impressed with their operation. He stated that the courthouse and the public works department were very well kept and had no obvious safety hazards. He pointed out that Pratt County did not have a safety training program in place, and there was no safety coordinator. However, County officials seemed to have a good attitude about safety. He suggested that KWORCC encourage Pratt to consider taking competitive bids next year.

Mr. Eyman reported that Cowley County had declined the bids submitted by KWORCC and KCAMP and chose to stay with its current carrier. Although initially Mr. Eyman was advised that the bids submitted by the pools were very close to those of the private carrier, he discovered later that KWORCC's bid was \$11,000 lower. Likewise, KCAMP's bid was \$1,000 lower and provided much superior and broader coverage than Cowley County's current provider. Board members directed staff to send a letter to each commissioner outlining concerns with the process and the result.

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

President Swartz then called for a brief recess in the meeting.

When the meeting reconvened, President Swartz called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander reviewed the July 2005 Financial Report in detail and answered questions. Ms. Buttron moved to receive and file the July 2005 Financial Report as presented. Ms. Garrett seconded the motion which CARRIED unanimously.

The check register was also presented by Mr. Alexander. Mr. Schoepf moved to approve Check Nos. 10502 through 10560. Mr. Unger seconded the motion which CARRIED unanimously.

President Swartz called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report." Mr. Parrish stated there was no legal report.

President Swartz then addressed Item No. 9, "Trustee Training: SBG Standing in the Marketplace." Mr. Parrish introduced Marc D'Andrea with Security Benefit Group (SBG). Mr. D'Andrea discussed the three SBG funds in which KWORCC currently owns investments. He pointed out that these funds have performed very well, compared to the market. He then presented a risk-return table showing the return and relative risk of KWORCC's equity investments projected over a period of 94 months. Ms. Swartz thanked Mr. D'Andrea for his informative presentation.

President Swartz addressed Agenda Item No. 10, "Committee Reports." Mr. Schoepf, Investment Committee chair, reported that the committee had met immediately prior to the Board meeting and adopted a recommendation that KWORCC invest up to \$30,000 per month in equities not to exceed \$300,000. This action would be taken only to the extent cash is available without loss or penalty from the cancellation of other investments. Mr. Schoepf moved that KWORCC invest an additional \$300,000 in equities consistent with the recommendation of the Investment Committee. Mr. Unger seconded the motion which CARRIED unanimously.

Next, Mr. Schoepf reported that the Investment Committee recommended the adoption of Resolution No. 2005-49 to approve the pool's purchase and sale of government securities during the period of March 1, 2005 and ending July 31, 2005. Mr. Unger moved to approve Resolution No. 2005-49. Mr. Wise seconded the motion which CARRIED unanimously.

The Personnel Committee then scheduled its next meeting for September 16, 2005 at 11:00 a.m. at the Clubhouse Inn in Topeka.

President Swartz addressed Agenda Item No. 11, "Other Items." Mr. Parrish and Ms. Bird then handed around several items to be considered for give-aways at the KWORCC booth.

There being no further business, Mr. Unger moved to adjourn the meeting at 3:15 p.m. Mr. Wise 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 16<sup>th</sup> day of September 2005.

A handwritten signature in black ink, appearing to read "Ralph D. Unger". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Ralph D. Unger, Secretary  
KWORCC Board of Trustees

**Minutes**  
**Meeting, Investment Committee**  
**Kansas Worker Risk Cooperative For Counties**  
**Clubhouse Inn, Topeka, Kansas**  
**August 18, 2005**

On Thursday, August 18, 2005 at 11:04 AM the Investment Committee of the Kansas Workers Risk Cooperative for Counties ("KWORCC") met at the Clubhouse Inn, Topeka, Kansas. Committee Members participating included: Francis E. "Shep" Schoepf, Reno County Commissioner; Ralph D. Unger, Decatur County Commissioner and Jim Wise, Miami County Commissioner.

Chairman Schoepf, called the meeting to order and motion was made by Jim Wise to approve the Agenda and the minutes of May 19, 2005. Mr. Schoepf seconded the motion which CARRIED unanimously.

Mr. Parrish presented the list of purchases and sales of government securities for the period of March 1, 2005 through July 31, 2005. Mr. Unger moved to recommend approval of the purchases and sales to the Board of Trustees. Mr. Wise seconded the motion which CARRIED unanimously.

Next, Mr. Parrish introduced Marc D'Andrea with Security Benefit Group (SBG). Mr. D'Andrea discussed the three SBG funds currently invested in by KWORCC in 2001. He pointed out that these funds have performed very well, compared to the market. He then presented a risk-return table showing the return and relative risk of KWORCC's equity investments projected over a period of 94 months. Even though KWORCC did not invest in equities until 2001, by extending the hypothetical investment period over a greater time frame, the 94-month period provides a more conservative view of the return on KWORCC's investments and the risk, because the longer time frame includes a period that was very strong in equities followed by a period during which equities were not so strong. Even with this conservative view, KWORCC's hypothetical return over this period equated to 7.3% on equities versus a blend of investments in bonds, equities and cash, which produced a hypothetical return of 6.47%.

Mr. D'Andrea pointed out that KWORCC's return were actually much better than these hypothetical returns, but the hypothetical example gives strong proof that KWORCC's equity investments have exceeded KWORCC's expectations for risk and return.

Next, Mr. D'Andrea distributed the Callahan Periodic Table of Investment Returns from 1985 to 2004 to show the experience of various types of investments in various funds over this 19-year period. The table makes a strong case for diversification by showing how various types of investments can fluctuate over the long term.

After considerable discussion, Mr. D'Andrea described some of the funds he previously recommended to the Investment Committee for additional equity investments. He discussed three possible funds that KWORCC may consider including the Securities Small Cap Growth Fund, the Security Enhanced Index Fund and the Security Alpha Opportunity Fund.

Trustees then discussed the desire to retain the three funds in which KWORCC currently has investments, but to stop any further investment in the Security Mid Cap Growth Fund (formerly referred to as the Security Ultra Fund) because of its weak performance compared to the other two funds.

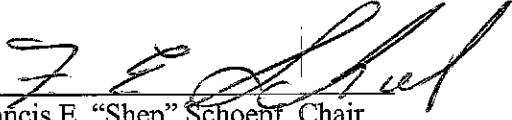
After discussion and by consensus, the Investment Committee decided to recommend further investments in the Security Alpha Opportunity Fund being offered by SBG. Mr. Parrish reviewed KWORCC's limitations for equity investments. He pointed out that the statute allows KWORCC to invest up to 10 percent of its year-end admitted assets in a single family of funds. Because the funds managed by SBG are considered to be part of a single family of funds, KWORCC could only invest an additional \$300,000 at this time.

On motion by Mr. Unger and second by Mr. Wise, the Committee decided to recommend to the full Board of Trustees that KWORCC invest up to \$30,000 per month in equities up to a limit of \$300,000 in total. Of the \$30,000, \$20,000 would be invested in SBG's Security Alpha Opportunity Fund and \$5,000 each would be invested in the Security Global Fund and the Security Mid Cap Value Fund. This action would be taken only to the extent cash is available without loss or penalty from the cancellation of other investments; in the event there is inadequate cash available in any given month, the first investment up to \$20,000 would be made in the Security Alpha Opportunity Fund. This motion CARRIED unanimously.

The Investment Committee agreed by consensus to continue meeting at least on a quarterly basis, but also agreed to be available more frequently if needed. Mr. D'Andrea confirmed that he would be available to meet with the Committee but might need a few days advanced notice because of his travel schedule. The Committee asked Mr. D'Andrea to monitor the success of all four SBG funds in which KWORCC is investing and to notify KWORCC if any "red flags" are raised with respect to the success of these investments.

There being no further business, by consensus the meeting 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, 2005.

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

I, Ralph D. Unger, 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 18<sup>th</sup> day of August, 2005, at which a quorum was present and that said resolution has not been rescinded and is still in full force and effect:

**RESOLUTION # 2005- 49**

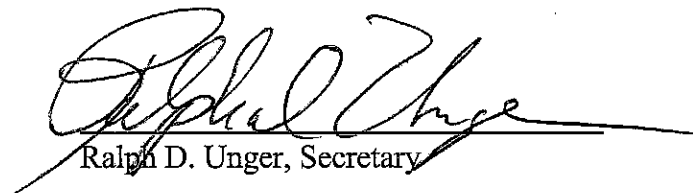
WHEREAS, KWORCC has elected to place investments pursuant to Chapter 40 of Kansas Statutes Annotated, and thus is to comply with the provisions thereof;

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

WHEREAS, KWORCC has invested in certain United States instruments during the period March 1, 2005 through July 31, 2005, which were reviewed by the Investment Committee at a meeting held at 11:00 a.m. on August 18, 2005. 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 and sales made in United States Government securities from the period March 1, 2005 through July 31, 2005, 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 18<sup>th</sup> day of August, 2005.

  
Ralph D. Unger, 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 03/01/05 to 07/31/05

-----PURCHASED-----

<u>Transaction Date</u>	<u>Description</u>	<u>Coupon Rate/Maturity Date</u>	<u>Par/Shares</u>	<u>Principal RCVD/Cost</u>
03/28/05	FHLB ONE TIME CALL	5.000-03/28/08	500,000	506,690.00
03/31/05	FEDERAL HOME LOAN BANK DN	2.738-04/29/05	3,000,000	2,993,487.08
05/02/05	FEDERAL HOME LOAN MTG CORP DN	2.960-06/15/05	3,000,000	2,989,330.00
06/15/05	FEDERAL HOME LOAN BANK DN	2.984-06/29/05	2,000,000	1,997,713.33
06/30/05	FEDERAL HOME LOAN BANK DN	3.252-07/29/05	2,000,000	1,994,844.44

-----SOLD-----

05/04/05	FEDERAL HOME LOAN MTG CORP DN	2.960-06/15/05	400,000	398,623.33
06/02/05	FEDERAL HOME LOAN MTG CORP DN	2.960-06/15/05	400,000	399,572.44
07/06/05	FEDERAL HOME LOAN BANK DN	3.252-07/29/05	100,000	99,792.36



**Minutes**  
**Meeting, Board of Trustees**  
**Kansas Worker Risk Cooperative for Counties**  
**Clubhouse Inn**  
**924 SW Henderson Rd., Topeka, Kansas**  
**July 21, 2005**

The July 2005 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Bonnie Swartz on Thursday, July 21, 2005 at the Clubhouse Inn. Trustees participating: Bonnie Swartz, Gray County Clerk, President; Linda Buttron, Vice President, Jefferson County Clerk; Michelle Garrett, Morris County Clerk, Controller; and Doyle "Hooley" Alcorn, Jewell 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; 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).

President Swartz called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish requested that, "Excuse Trustees" be added under Agenda Item No.2; "Shorman and Associates Medical Review" be added under Agenda Item No. 6 and "Steak Fry Notification" be added under Agenda Item No. 10. Ms. Buttron moved to approve the agenda with the three additions. Ms. Garrett seconded the motion which CARRIED unanimously.

Ms. Garrett moved to excuse from the meeting Mr. Ralph Unger, Decatur County Commissioner for family reasons, Mr. Jim Wise, Cherokee County Commissioner for surgery and Mr. Francis "Shep" Schoepf for vacation. Ms. Buttron seconded the motion which CARRIED unanimously.

President Swartz addressed Agenda Item No.3, "Consideration of Minutes of Meeting of June 16, 2005." Mr. Parrish reported that Mr. Unger had examined the minutes and found no corrections. Ms. Buttron moved to approve the minutes as written. Mr. Alcorn seconded the motion which CARRIED unanimously.

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

Mr. Parrish presented Check No. 10509 in the amount of \$16,500 written to IMA as the seventh installment of 10 for 2005 claims adjustment fees.

Mr. Parrish then presented for Board ratification seven wire transfers of funds completed since the last Board meeting, all of which were authorized by Ms. Garrett and Mr. Parrish. The first was completed on June 17, 2005 in the amount of \$57,166.13 from the KWORCC account at Country Club Bank in Prairie Village to the claims account at Kaw Valley Bank in Topeka for special billing medical and claim settlement. The second was completed on June 17, 2005 in the amount of \$50,000.00 from the KWORCC account at Country Club Bank in Prairie Village to the administrative account at Kaw Valley Bank in Topeka for administrative expenses. The third transfer was completed on June 23, 2005 in the amount of \$2,940.70 from the KWORCC claims account at Kaw Valley Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village for premium deposit to comply with the 70 percent allocation recommendation made by the Kansas Insurance Department examiner. The fourth transfer was completed on July 8, 2005 in the amount of \$311,988.63 from the KWORCC account at Country Club Bank in Prairie Village to the claims account at Kaw Valley Bank in Topeka for June claim payments. The fifth transfer was completed on July 8, 2005 in the amount of \$30,000.00 from the KWORCC account at Country Club Bank in Prairie Village to the administrative account at Kaw Valley Bank in Topeka for administrative expenses. The six transfer was completed on July 20, 2005 in the amount of \$20,000.00 from the KWORCC account at Country Club Bank in Prairie Village to the claims account at Kaw Valley Bank in Topeka for special billing claim settlement. The final transfer was completed on July 20, 2005 in the amount of \$20,000.00 from the KWORCC account at Country Club Bank in Prairie Village to the administrative account at Kaw Valley Bank in Topeka for administrative expenses. Mr. Alcorn moved to approve Check No. 10599 and ratify the seven wire transfers as presented. Ms. Buttron seconded the motion which CARRIED unanimously.

Mr. Parrish stated that he had received a call from Randy Allen, Executive Director of the Kansas Association of Counties (KAC), regarding a time for KWORCC's annual meeting to be held in conjunction with KAC's fall conference. Mr. Allen offered a time of 5:30 p.m. on Monday, November 21, 2005 for consideration. Mr. Parrish reminded the Board that this was the time slot KWORCC was given last year, and it had worked very well. After a brief discussion, the Board agreed to hold this year's annual meeting on Monday, November 21 at 5:30 p.m. at the KAC annual conference.

Mr. Parrish then recommended that KWORCC again be a sponsor of the KAC conference at a cost of \$2,500. After a brief discussion, Mr. Alcorn moved to approve a \$2,500 sponsorship for the KAC annual conference. Ms. Buttron seconded the motion which CARRIED unanimously.

Mr. Parrish then described several items as possibilities for promotional "give-aways" at KWORCC's vendor booth at the KAC annual conference. Ms. Bird passed around several items for consideration and received feedback from Trustees on these items as well as suggestions for other items.

Next Mr. Parrish reported on staff progress in developing a sophisticated set of risk criteria to evaluate KWORCC's members. He described the criteria and showed examples of how this evaluation tool would work for several sample counties. He said that staff would continue to refine this criteria and evaluate each of KWORCC's members based upon data assembled using this criteria. This data will help KWORCC decide the risk level presented by each of its members. The evaluation would assist staff in targeting its efforts toward high-risk counties to help reduce future losses. This evaluation would also show strengths and successes of members and would help staff in determining the assignment of advanced discounts when premiums are calculated. The Board asked questions and generally indicated that the evaluation process should move forward. Further, Board members recommended that the criteria appear in KWORDS so all members would be advised in advance of this evaluation process.

President Swartz called upon Mr. Eyman and Mr. Rippee to address Agenda Item No. 5, "Marketing and Loss Prevention Reports." Mr. Eyman and Mr. Rippee reported on various county visits.

Mr. Eyman reported that KWORCC had received a call from Labette County which is in the process of reviewing its workers compensation insurance and may consider taking bids at the end of the year. He also reported that KCAMP had a bid ready to present to Cowley County. However, the Cowley County administrator requested that KWORCC's pricing be sent to him for review in advance of making a final decision on renewal. After this review, the administrator would then contact KWORCC to advise whether a formal presentation would be allowed. Mr. Parrish pointed out the danger of revealing bidding information outside a formal bidding process. However, because KCAMP was ready to present its bid and KWORCC had its numbers together, Mr. Parrish recommended that the numbers be submitted. The Board agreed to go forward on that recommendation.

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

Mr. Campuzano reported that Shorman & Associates, KWORCC's new medical expense review company, was showing very impressive results. Specifically, during the month of June, 2005, there was a total of \$299,202.10 in medical bills; after review, Shorman & Associates recommended payment in the amount of \$190,770.89. The charge for this service was \$4,406.95. Thus, KWORCC enjoyed a net reduction in medical bills of \$104,024.26. A summary of the bills and total savings was presented to the Board.

President Swartz called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander reviewed the June 2005 Financial Reports in detail and answered questions. Mr. Alcorn moved to receive and file the June 2005 Financial Reports as presented. Ms. Buttron seconded the motion which CARRIED unanimously.

Mr. Alexander next reviewed the Kansas Insurance Department Quarterly Report as of June 20, 2005 and answered questions. Ms. Garrett moved to file the quarterly report with the Kansas Insurance Department. Mr. Alcorn seconded the motion which CARRIED unanimously.

The check register was also presented by Mr. Alexander. Ms. Buttron moved to approve Check Nos. 10423 through 10501. Ms. Garrett seconded the motion which CARRIED unanimously.

President Swartz called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report." Mr. Parrish stated there was no legal report.

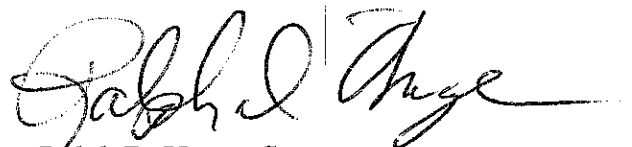
President Swartz addressed Agenda Item No. 9, "Committee Reports." The Investment Committee then scheduled its next meeting for August 18, 2005, 11:00 a.m. at the Clubhouse Inn in Topeka.

President Swartz addressed Agenda Item No. 10, "Other Items." Mr. Parrish reminded those in attendance that the KWORCC/KCAMP Annual Steak Fry was scheduled for August 18, 2005 at 6:00 p.m. He requested that the response forms sent earlier be completed and returned to Ms. Bird.

President Swartz then addressed Item No. 11, "Trustee Training: Workers Compensation Law Changes and Division Updates." Mr. Parrish stated that due to the absence of three Trustees this Trustee Training session was rescheduled for October 20, 2005.

There being no further business, Ms. Garrett moved to adjourn the meeting at 2:15 p.m. Ms. Buttron seconded the motion which CARRIED unanimously.

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties were approved by the Board of Trustees the 18<sup>th</sup> day of August 2005.



Ralph D. Unger, Secretary  
KWORCC Board of Trustees.

**Minutes**  
**Meeting, Board of Trustees**  
**Kansas Worker Risk Cooperative for Counties**  
**Via Teleconference**  
**700 SW Jackson Street, Suite 200**  
**Topeka, Kansas**  
**June 16, 2005**

The June 2005 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Bonnie Swartz on Thursday, June 16, 2005 via teleconference. Trustees participating: Bonnie Swartz, Gray County Clerk, President; Ralph D. Unger, Decatur County Commissioner, Secretary; Michelle Garrett, Morris County Clerk, Controller; Doyle "Hooley" Alcorn, Jewell County Commissioner; Francis "Shep" Schoepf, Reno County Commissioner and Jim Wise, Miami 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; Mr. Phil Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Christie Carney, Administrative Assistant/Media Developer.

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

President Swartz called the meeting to order at 1:10 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish requested that "Report on KID Examination" be added under Agenda Item No.10, "Other Business." Mr. Schoepf moved to approve the agenda with the one addition. Mr. Wise seconded the motion which CARRIED unanimously.

President Swartz addressed Agenda Item No.3, "Consideration of Minutes of Meeting of May 19, 2005." Mr. Wise moved to approve the minutes as written. Ms. Garrett seconded the motion which CARRIED unanimously.

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

Mr. Parrish presented three checks for Board approval. The first was Check No. 10431 in the amount of \$16,500 written to IMA as the sixth installment of 10 for 2005 claims adjustment fees. The second was Check No. 10432 in the amount of \$26,221.58 written to the Kansas Insurance Department for FY2006 work comp fund assessment. The final was Check No. 10433 written to Division of Workers Compensation in the amount of \$70,273.82 for FY2006 assessment.

Mr. Parrish then presented for Board ratification four wire transfers of funds completed since the last Board meeting, all of which were authorized by Ms. Garrett and Mr. Parrish. The first was completed on May 31, 2005 in the amount of \$43,473.48 from the KWORCC account at Country Club Bank in Prairie Village to the claims account at Kaw Valley Bank in Topeka for special billing claim settlement. The second was completed on May 31, 2005 in the amount of \$50,000.00 from the KWORCC account at Country Club Bank in Prairie Village to the administrative account at Kaw Valley Bank in Topeka for administrative expenses. The third transfer was completed on June 3, 2005 in the amount of \$253,223.86 from the KWORCC account at Country Club Bank in Prairie Village to the claims account at Kaw Valley Bank in Topeka for May claim payments and special billing for claim settlements. The final transfer was completed on June 3, 2005 in the amount of \$100,000.00 from the KWORCC account at Country Club Bank in Prairie Village to the administrative account at Kaw Valley Bank in Topeka for administrative expenses. Mr. Unger moved to approve Check Nos. 10431, 10432 and 10433 and ratify the four wire transfers as presented. Mr. Schoepf seconded the motion which CARRIED unanimously.

Mr. Parrish briefed the Board on progress in developing evaluation criteria for KWORCC members. He also reviewed some of the underwriting, claims and loss prevention criteria to be used for the evaluations. He explained that the objective is to identify problem areas to assist the members in loss reduction, safety and claims efficiency.

Mr. Eyman reviewed loss data for several selected counties including the number of losses for the last five years, the average cost per loss and the number of full-time employees. Mr. Eyman stated that while some of this data was useful, there were many factors not included in the analyses, making conclusions dubious. Mr. Eyman pointed out that NCCI's experience modification calculations provided a much more accurate tool for evaluating member losses.

President Swartz called upon Mr. Eyman and Mr. Rippee to address Agenda Item No. 5, "Marketing and Loss Prevention Reports." Mr. Eyman and Mr. Rippee reported on various county visits.

Mr. Eyman reported that Butler County had chosen to remain with its current carrier. He explained that although KWORCC's bid was lower the combined KWORCC and KCAMP bids were higher. Mr. Eyman stated that Cloud County would be considering bids in the near future. Mr. Eyman then reported that the third workers comp seminar held in Salina had been attended by 14 people from 10 counties. Two more seminars were being scheduled for July.

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

President Swartz called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander reviewed the May 2005 Financial Reports in detail and answered questions. Ms. Garrett moved to receive and file the May 2005 Financial Reports as presented. Mr. Schoepf seconded the motion which CARRIED unanimously.

The check register was also presented by Mr. Alexander. Mr. Unger moved to approve Check Nos. 10352 through 104222. Mr. Wise seconded the motion which CARRIED unanimously.

President Swartz called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report." Mr. Parrish stated there was no legal report.

President Swartz addressed Agenda Item No. 9, "Committee Reports." There were no reports to be presented.

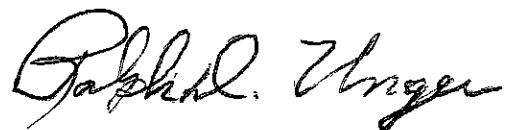
President Swartz addressed Agenda Item No. 10, "Other Items." Mr. Unger moved to excuse Ms. Linda Buttron, Jefferson County Clerk, from the meeting due to previously scheduled county business.

Mr. Parrish reported that a preliminary draft had been received from the Kansas Insurance Department for the KWORCC examination. He stated that for the most part the report was clean but that he would be drafting a response to the examiner regarding recommendations.

President Swartz then addressed Item No. 11, "Trustee Training: 2005 National PRIMA Review." Trustees and staff who had attended the National PRIMA conference gave their perspectives on the conference. The overall view was that the conference was a worthwhile experience. Some views expressed were that the topics and the information covered were timely and that the main speakers gave very good presentations. Mr. Parrish mentioned that copies of the sessions could be purchased on DVD or CD.

There being no further business, Mr. Unger moved to adjourn the meeting at 2:25 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 July 2005.



Ralph D. Unger, Secretary  
KWORCC Board of Trustees.

**Minutes**  
**Meeting, Investment Committee**  
**Kansas Worker Risk Cooperative For Counties**  
**Clubhouse Inn, Topeka, Kansas**  
**May 19, 2005**

On Thursday, May 19, 2005 at 12:00 pm, the Investment Committee of the Kansas Workers Risk Cooperative for Counties ("KWORCC") met at the Clubhouse Inn, Topeka, Kansas. Committee Members participating included: Francis E. "Shep" Schoepf, Reno County Commissioner; Ralph D. Unger, Decatur County Commissioner and Jim Wise, Miami County Commissioner. Also present was Doyle "Hooley" Alcorn, Jewell County Commissioner, James W. Parrish, Administrator and Norma Unger.

Chairman Schoepf, called the meeting to order and announced that the purpose of the meeting was to discuss the possible additional investment in equities and in the event a decision is made to do so, give staff guidance as to how the Board would like to proceed.

Mr. Parrish discussed the memo to the Investment Committee prepared by Dortha O. Bird dated April 14, 2005. That memo outlined the equity investments status, provided current information for each fund and provided materials concerning the history of the process used by KWORCC for investments in equities.

Next, Mr. Parrish stated that KWORCC's total investment in SBG equity funds is \$618,775 – the original \$570,000 plus reinvested income of \$48,775. Based upon year-end admitted assets of \$9,188,022, KWORCC could invest another \$300,027 in the SBG equity funds, pursuant to the rule that 10% of year-end admitted assets can be invested in one family of funds. Mr. Parrish pointed out that if KWORCC determined to invest in additional families of equity funds, it could invest up to 25% of year-end admitted assets, or an additional \$1,678,230.

The Committee discussed investment strategies. By concensus, the Committee decided to proceed conservatively and to continue investing in the same family of funds.

Thereupon, Mr. Unger moved that the Investment Committee recommend a strategy to the full Board which include the following elements: KWORCC would invest in the same family of funds an amount that would not exceed the limitation of 10% of admitted year-end assets; toward that total, KWORCC would make incremental monthly investments not to exceed \$30,000 per month under a plan which would allow plenty of flexibility to delay investments if market conditions indicated it wise to do so; no investment would be made unless unencumbered funds were available without the necessity of cashing in fixed income assets prematurely. Further, the strategy would involve direct input on a regular basis from Mark D'Andre or any other appropriate representative from SBG; no further amounts would be invested in the Security Ultra Fund and that staff would work with SBG to locate a fourth fund in which to invest which is predominately domestic; staff will ask SBG to advise of funds to produce income as well as growth. The motion was adopted unanimously by concensus.

There being no further business, by concensus the meeting adjourned.

THE FOREGOING MINUTES of the Investment Committee of Kansas Workers Risk Cooperative for Counties were executed by the Chair of that Committee on June 16, 2005.

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



- C. In no event shall funds be invested in equities which are reserved either for claims incurred but not reported (IBNR), unpaid claims or overhead expenses;
- D. No more than 40 percent of the total amount authorized by the Board to be invested in equities shall be invested in any one mutual fund;
- E. With regard to equity market (mutual funds), investments in the shares of any one investment company shall not exceed 10% of the admitted assets of KWORCC at last annual filing, as determined on the basis of the cost of such shares to KWORCC at time of purchase;
- F. With regard to equity market (mutual funds), KWORCC's aggregate investment shall not exceed 25% of its admitted assets as per KWORCC's last annual filing with Kansas Insurance Department;
- G. Repurchase agreement(s), between KWORCC and any financial institution, shall include the following provisions:
  - i. The collateral must have a market value of at least 102% of the purchase price paid by issuer for such securities under such agreement;
  - ii. The financial institution is not permitted to substitute other securities for those subject to such agreement and must keep KWORCC's securities segregated at all times;
  - iii. In the event of default by such financial institution to repurchase the securities at the terms contained in the repurchase agreement, title to the securities will be deemed to have passed immediately to KWORCC without recourse;
  - iv. No more than 5% of KWORCC's admitted assets per most recent quarterly KID filing shall be allowed to be invested in any such repurchase agreement with any one institution.
- H. No current investment would be liquidated at a loss in order to assemble money to be invested in equity mutual funds.

GROUP-FUNDED POOL - QUARTERLY REPORT  
K.S.A. 12-2620

AMENDED REPORT

RECEIVED

KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES

APR 22 2005

AS OF December 31, 2004

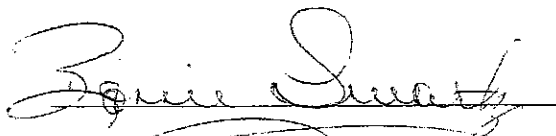
KANSAS INSURANCE DEPARTMENT

4th QUARTER

<u>ASSETS</u>	<u>CURRENT FISCAL YEAR TO DATE</u>	<u>PREVIOUS FISCAL YEAR END</u>
ADMINISTRATIVE FUND:		
CASH	17,000	17,000
INVESTMENTS		
CLAIMS FUND:		
CASH	250,106	19,776
INVESTMENTS	8,851,386	7,542,760
PREMIUM CONTRIBUTIONS RECEIVABLE (NET)	0	0
EXCESS INSURANCE RECOVERABLE		
INTEREST INCOME DUE AND ACCRUED	68,720	82,270
RECEIVABLE FROM AFFILIATES		
OTHER ASSETS:		
PREPAID ASSETS	0	0
FIXED ASSETS	0	0
OTHER RECEIVABLES	810	1,086
 TOTAL ASSETS	 9,188,022 *	 7,662,893

To the best of my knowledge, I hereby certify that the balance sheet and summary of operations contained herein represents a true and complete accounting of KANSAS WORKERS COOPERATIVE FOR COUNTIES

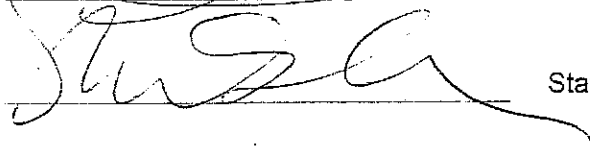
By:



Chair of Trustees



Administrator



Staff Accountant

**Minutes**  
**Meeting, Board of Trustees**  
**Kansas Worker Risk Cooperative for Counties**  
**Clubhouse Inn—Conference Room**  
**924 SW Henderson Rd., Topeka, Kansas**  
**May 19, 2005**

The May 2005 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Bonnie Swartz on Thursday, May 19, 2005 at the Clubhouse Inn in Topeka. Trustees participating: Bonnie Swartz, Gray County Clerk, President; Linda Buttron, Jefferson County Clerk, Vice President; Ralph D. Unger, Decatur County Commissioner, Secretary; Michelle Garrett, Morris County Clerk, Controller; Doyle "Hooley" Alcorn, Jewell County Commissioner; Francis "Shep" Schoepf, Reno County Commissioner and Jim Wise, Miami 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; Mr. Phil 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 Swartz called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Ms. Garrett moved to approve the agenda as presented. Mr. Schoepf seconded the motion which CARRIED unanimously.

President Swartz addressed Agenda Item No.3, "Consideration of the Minutes of the Meeting of April 21, 2005." Mr. Unger moved to approve the minutes as written. Mr. Wise seconded the motion which CARRIED unanimously.

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

Mr. Parrish presented four checks for Board approval. The first was Check No. 10357 in the amount of \$16,500 written to IMA as the fifth installment of 10 for 2005 claims adjustment fees. The second was Check No. 10358 in the amount of \$23,916.78 written to IMA for the May 2005 through May 2006 E&O/D&O Policy. The third was Check No. 10359 written to Wendling, Noe Nelson & Johnson in the amount of \$6,550.00 for the independent audit exam as of December 31, 2004. The final was Check No. 10360 written to Marion County in the amount of \$7,256.00 for the 2004 revised payroll audit.

Mr. Parrish then presented for Board ratification five wire transfers of funds completed since the last Board meeting, all of which were authorized by Ms. Garrett and Mr. Parrish. The first was completed on May 4, 2005 in the amount of \$85,000.00 from the KWORCC account at Country Club Bank in Prairie Village to the claims account at Kaw Valley Bank in Topeka for special billing claim settlement. The second was completed on May 4, 2005 in the amount of \$80,000.00 from the KWORCC account at Country Club Bank in Prairie Village to the administrative account at Kaw Valley Bank in Topeka for administrative expenses. The third transfer was completed on May 6, 2005 in the amount of \$160,306.35 from the KWORCC account at Country Club Bank in Prairie Village to the claims account at Kaw Valley Bank in Topeka for April claim payments. The fourth transfer was completed on May 9, 2005 in the amount of \$20,000.00 from the KWORCC account at Country Club Bank in Prairie Village to the claims account at Kaw Valley Bank in Topeka for special billing claim settlement. The final transfer was completed on May 9, 2005 in the amount of \$50,000.00 from the KWORCC account at Country Club Bank in Prairie Village to the administrative account at Kaw Valley Bank in Topeka for administrative expenses. Ms. Buttron moved to approve Check Nos. 10357 through 10360 and ratify the five wire transfers as presented. Mr. Alcorn seconded the motion which CARRIED unanimously.

Next, Mr. Parrish addressed Agenda Item 4.b. "KWORCC/KMIT Liability - Newton, Kansas Incident Update." Mr. Parrish reported that a meeting was held which resulted in an agreement by KMIT to cover the Hesston officer injured in the Newton, Kansas shootings. Mr. Parrish stated that it would be necessary to ensure that KWORCC members enter reciprocal agreements whereby the employing entity will provide all benefits, including workers compensation coverage, for their employees whose job includes performing work or service within another jurisdiction. President Swartz requested that staff draft such a form agreement and suggested that it be sent to the commissioners of the member counties. Accompanying the form agreement should be a letter of explanation and an encouragement that the commissioners work with county counselors to ensure that all such arrangements within the county are addressed.

President Swartz called upon Mr. Eyman and Mr. Rippee to address Agenda Item No. 5, "Marketing and Loss Prevention Reports." Mr. Eyman and Mr. Rippee reported on various county visits. Mr. Rippee stated that the Kansas County Clerks Association expressed its appreciation to KWORCC and KCAMP for contributing to the association's annual meeting.

Mr. Eyman reported that Pratt County would not be taking competitive bids this year. He stated that he would be delivering a sealed bid to Butler County on May 23<sup>rd</sup>. Butler County's local agent would not be submitting their bid until the 31<sup>st</sup> and that bids would not be reviewed until then. Mr. Eyman then discussed the injury to a Clay County commissioner as a result of a shooting incident while the commissioner was flying his airplane to help search for a fugitive. Mr. Eyman expressed his concern that this incident may fall outside the underwriting guidelines of the reinsurance policy KWORCC purchases from Employer's Reinsurance Company.

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

No. 01-9005 for settlement approval. Mr. Schoepf moved to approve the settlement as discussed. Mr. Wise seconded the motion which CARRIED unanimously.

President Swartz called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander reviewed the April 2005 Financial Reports in detail and answered questions. Mr. Schoepf moved to receive and file the April 2005 Financial Reports as presented. Ms. Buttron seconded the motion which CARRIED unanimously.

The check register was also presented by Mr. Alexander. Mr. Unger moved to approve Check Nos. 10255 through 10351. Ms. Garrett seconded the motion which CARRIED unanimously.

President Swartz called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report." Mr. Parrish stated there was no additional legal report.

President Swartz addressed Agenda Item No. 9, "Committee Reports." Mr. Schoepf, chair of the Investment Committee stated that the Committee met earlier in the day and agreed to develop a strategy to recommend to the full Board which include the following elements: KWORCC would invest in the same family of funds an amount that would not exceed the limitation of 10% of admitted year-end assets; toward that total, KWORCC would make incremental monthly investments not to exceed \$30,000 per month under a plan which would allow flexibility to delay investments if market conditions indicated it wise to do so; no investment would be made unless unencumbered funds were available without the necessity of cashing in fixed income assets prematurely. Further, the strategy would involve direct input on a regular basis from Mark D'Andre or any other appropriate representative from SBG; no further amounts would be invested in the Security Ultra Fund and staff will work with SBG to locate a fourth fund in which to invest which is predominately domestic; staff will ask SBG to recommend funds which produce income as well as growth. Mr. Alcorn moved to request that staff investigate this strategy proposed by the Investment Committee and proceed to make recommendations to implement this strategy. Mr. Unger seconded the motion which CARRIED unanimously.

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

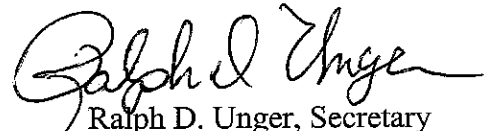
President Swartz then addressed Item No. 11, "Trustee Training: Borrowed Employees and Multiple Employers, The Division's Perspective." Mr. Parrish introduced Mr. Dave Walker, Claims Advisor/Ombudsman, Division of Workers Compensation. Mr. Walker explained in detail the Division's view on these issues. The general rule is that the coverage follows the employee, so the key question is: "Who is the employer?" The answer comes from answer to logical questions, such as: 1) Which entity hired the employee? 2) Which entity signs the employee's paycheck? 3) Which entity directs the employee to perform the work or service.

In a situation where there are multiple employers, the controlling question is, "for whom was the employee working for at the moment of injury?" If an answer to this question is not easily

determined, all the employers will share in the cost of the loss proportionately to the number of hours worked by the employee for each employer. President Swartz thanked Mr. Walker for his presentation.

There being no further business, Mr. Unger moved to adjourn the meeting. Mr. Wise 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 16<sup>th</sup> day of June 2005.

  
Ralph D. Unger, Secretary  
KWORCC Board of Trustees

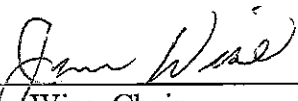
**MEETING, AUDIT COMMITTEE  
KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES  
CLUBHOUSE INN, TOPEKA, KANSAS  
APRIL 21, 2005**

A meeting of the Audit Committee of the Kansas Workers Risk Cooperative for Counties was called to order by the Committee Chair, Jim Wise, Miami County Commissioner at 11:00 a.m. on Thursday, April 21, 2005. Members present and participating in person included: Jim Wise, Miami County Commissioner; Bonnie Swartz, Gray County Clerk; Linda Buttron, Jefferson County Clerk. Also attending the meeting was Mr. Eric Otting, CPA, and Mr. Jared Sims, Staff Accountant of the accounting firm, Wendling, Noe, Nelson and Johnson of Topeka, Kansas.

Chair Wise, called the meeting to order and welcomed Messrs. Otting and Sims. Whereupon, Messrs. Otting and Sims reviewed and discussed with the Committee various aspects of the 2004 year-end audit report, rules of statutory accounting governing the pool and the duties and obligations of the Audit Committee. The Committee unanimously determined to recommend to the full Board to adopt KWORCC Resolution No. 2005-34. This resolution provides for adoption of the independent audit report prepared by Wendling, Noe, Nelson and Johnson for the fiscal year ending December 31, 2004 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, Chair Wise 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 19, 2005.

  
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Jim Wise, Chair  
KWORCC Audit Committee

**Minutes**  
**Meeting, Board of Trustees**  
**Kansas Worker Risk Cooperative for Counties**  
**Clubhouse Inn—Conference Room**  
**924 SW Henderson Rd., Topeka, Kansas**  
**April 21, 2005**

The April 2005 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Bonnie Swartz on Thursday, April 21, 2005 at the Clubhouse Inn in Topeka. Trustees participating: Bonnie Swartz, Gray County Clerk, President; Linda Buttron, Jefferson County Clerk, Vice President; Ralph D. Unger, Decatur County Commissioner, Secretary; Michelle Garrett, Morris County Clerk, Controller; Doyle "Hooley" Alcorn, Jewell County Commissioner; Francis "Shep" Schoepf, Reno County Commissioner and Jim Wise, Miami 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; 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).

President Swartz called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish requested that Item No.4d, "Kansas Insurance Department Examination Recommendation for Bylaw Change" be added under the Administrator Report. Mr. Unger moved to approve the agenda with the addition. Mr. Alcorn seconded the motion which CARRIED unanimously.

President Swartz addressed Agenda Item No.3, "Consideration of the Minutes of the Meeting of March 17, 2005." Mr. Unger moved to approve the minutes with one typographical correction. Mr. Schoepf seconded the motion which CARRIED unanimously.

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

Mr. Parrish presented two checks for Board approval. The first was Check No. 10276 in the amount of \$16,500 written to IMA as the fourth installment of 10 for 2005 claims adjustment fees. The second was Check No. 10277 in the amount of \$45,329.10 written to the Commissioner of Insurance for the annual premium tax for fiscal year 2004. Mr. Parrish also presented for approval Check Nos. 10278-10302 totaling \$331,143.00 for 2004 premium refunds pursuant to the payroll audits.



Mr. Parrish then presented for Board ratification four wire transfers of funds completed since the last Board meeting, all of which were wired from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley Bank in Topeka and authorized by Ms. Garrett and Mr. Parrish. The first was completed on March 28, 2005 in the amount of \$77,500.00 for special billing claim settlements. The second was completed on April 7, 2005 in the amount of \$55,000.00 for special billing claim settlement. The third transfer was completed on April 8, 2005 in the amount of \$187,951.66 for March claim payments. The final transfer was completed on April 19, 2005 in the amount of \$40,000.00 for special billing claim payment. Ms. Buttron moved to approve Check Nos. 10276 through 10302 and ratify the three wire transfers as presented. Mr. Unger seconded the motion which CARRIED unanimously.

Mr. Parrish introduced Mr. Eric Otting, CPA from the accounting firm of Wendling, Noe, Nelson & Johnson. Mr. Otting reviewed with the Board various aspects of the 2004 year-end audit report. He stated that KWORCC's accounting records were in good order and that his staff had no difficulty finding what they needed. He stated that there were no reportable conditions. Mr. Otting then asked for and responded to questions.

Mr. Parrish requested that Agenda Items 4c and 4d be switched. Mr. Parrish then addressed Item No. 4d. Ms. Bird reported that the Kansas Insurance Department requested that KWORCC strike the last sentence of Section 11.1 of the Bylaws because it is contrary to statutory accounting. Ms. Bird concurred with the examiner's suggestion and recommended presenting a bylaw change to the membership. Mr. Unger moved to propose the bylaw change to the membership at the annual meeting. Mr. Wise seconded the motion which CARRIED unanimously.

Mr. Parrish presented loss data for the top 10 high-loss members in the pool. He explained that staff was reviewing strategies to decrease losses. Some of these high-loss members would benefit from a safety committee and safety coordinator. Others had suffered one large loss which placed them in the top 10 and otherwise had reasonable losses. The high-frequency members may be asked to consider a policy which includes a self-insurance or "deductible" amount. Other strategies were discussed by the Board and staff.

President Swartz called upon Mr. Eyman to address Agenda Item No. 5, "Marketing and Loss Prevention Reports." Mr. Eyman reported on various county visits and answered questions.

Mr. Eyman informed the Board that the second workers compensation training seminar, held on April 13, 2005 in Hoxie, had been well attended and generated positive feedback. A date for the third seminar will be set soon with either Salina or Hutchinson as the location.

President Swartz called upon Ms. Duncan to address Agenda Item No.6, "Claims Reports." Ms. Duncan reported on various claims and answered questions. Ms. Duncan then presented Claim No. 03-569 for settlement approval. Mr. Schoepf moved to approve the settlement as discussed. Ms. Buttron seconded the motion which CARRIED unanimously. Ms. Duncan next presented Claim No.

03-9811 for settlement approval. Mr. Unger moved to approve the settlement as discussed. Ms. Garrett seconded the motion which CARRIED. Mr. Wise abstained from the vote.

Mr. Campuzano gave further details of the shooting incident in Harvey County which resulted in a death claim. He also indicated the KMIT had asked KWORCC to pay the loss suffered by the Hesston police officer who was injured. Mr. Campuzano pointed out that IMA provides adjusting services to KWORCC and KMIT. Due to a potential conflict of interest, IMA created an ethical screen whereby the adjuster and supervisor on the Hesston claim was unable to access the information contained in the records of KWORCC and vice-versa. IMA prepared and presented to Mr. Parrish a Waiver and Consent concerning this potential conflict. Mr. Parrish stated that he wished to discuss the Waiver and Consent with the Board in executive session.

Mr. Unger moved to recess the meeting to an executive session for the purposes of consultation with legal counsel at 3:36 p.m. and ending no later than 4:00 p.m. Ms. Garrett seconded the motion which CARRIED unanimously.

After the Board reconvened at 3:55 p.m., Mr. Alcorn moved that Mr. Parrish sign the Waiver and Consent on behalf of KWORCC. Mr. Unger seconded the motion which CARRIED unanimously.

President Swartz called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander discussed the December 2004 and March 2005 Financial Reports in detail and answered questions. Mr. Schoepf moved to receive and file the December 2004 and the March 2005 Financial Reports as presented. Mr. Unger seconded the motion which CARRIED unanimously.

Mr. Alexander discussed in detail the Kansas Insurance Department's amended quarterly report for December 2004 and the quarterly report for March 2005 and answered questions. Ms. Buttron moved to receive and file the quarterly reports. Ms. Garrett seconded the motion which CARRIED unanimously.

The check register was also presented by Mr. Alexander. Mr. Schoepf moved to approve Check Nos. 10074 through 10144. Mr. Unger seconded the motion which CARRIED unanimously.

President Swartz called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report." Mr. Parrish stated that he had no additional legal issues to discuss.

President Swartz addressed Agenda Item No. 9, "Committee Reports." Mr. Wise, Chair of the Audit Committee, stated that the Committee had met earlier in the day with Mr. Otting and Mr. Sims and recommended the adoption of Resolution No. 2005-34 accepting the independent audit firm's report for the fiscal year ending December 31, 2004 and the filing of that report with the Kansas Insurance Department. Ms. Garrett moved to adopt Resolution No. 2005-34. Mr. Schoepf seconded the motion which CARRIED unanimously.

President Swartz addressed Agenda Item No. 10, "Other Items." A meeting of the Investment Committee was scheduled for 12:00 noon May 19, 2005.

President Swartz then called upon Mr. Davis for Item No. 11, "Trustee Training: 2004 Actuarial Report Review." Mr. Davis discussed the history of the 2004 actuarial report. PriceWaterhouseCoopers (PWC) initially projected losses of \$4.2 million for 2004 and a loss rate of \$2.25 per hundred dollars of payroll for 2005. The actuary indicated difficulty in picking the ultimate loss for 2004 and 2005. During discussions with KWORCC staff, the actuary requested to speak with claim adjusting personnel to get a better understanding of the claims exceeding \$200,000. After discussion with IMA and KWORCC staff, including Paul Davis, Paul Starr, Annette Duncan, Jim Parrish and Dortha Bird, PWC revised the estimated ultimate loss to \$3.6 million for 2004 and a loss rate to \$2.108 per hundred dollars of payroll for 2005.

Mr. Davis indicated that PWC made the assumption that a downward adjustment was reasonable for two reasons: (1) high-dollar fatality claims would not require additional reserves; (2) IMA's increase in case reserves was based on increases in medical and indemnity costs as opposed to increase in claim severity.

Mr. Davis further explained that when PWC reviewed the losses at the end of December of 2004 using those same assumption, it concluded the ultimate loss would be \$3.75 million for 2004, an increase of \$250,000 resulting from yet another death claim. Mr. Davis explained that the 2004 reserves had now increased significantly during the first quarter of 2005, and the 2004 total incurred amount was approaching the original PWC estimate of \$4.2 million.

Mr. Davis stated that at the August 31, 2005 actuarial review, it is anticipated the recent assumptions used by PWC will be removed and the ultimate loss for 2004 and the loss rate for 2005 will increase. Mr. Davis asked for questions. After further discussion, President Swartz thanked him for his informative presentation.

There being no further business, Ms. Buttron moved to adjourn the meeting at 4:50 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 19<sup>th</sup> day of May 2005.

  
Ralph D. Unger, Secretary  
KWORCC Board of Trustees

I, Ralph D. Unger, 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 21<sup>st</sup> day of April, 2005, at which a quorum was present and that said resolution has not been rescinded and is still in full force and effect:

## ***RESOLUTION #2005-34***

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, 2004 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 21<sup>st</sup> day of April, 2005; 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, 2004 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 21<sup>st</sup> day of April, 2005.

  
Ralph D. Unger, Secretary

**Minutes**  
**Meeting, Board of Trustees**  
**Kansas Worker Risk Cooperative for Counties**  
**Clubhouse Inn—Conference Room**  
**924 SW Henderson Rd., Topeka, Kansas**  
**March 17, 2005**

The March 2005 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Bonnie Swartz on Thursday, March 17, 2005 at the Clubhouse Inn in Topeka. Trustees participating: Bonnie Swartz, Gray County Clerk, President; Linda Buttron, Jefferson County Clerk, Vice President; Ralph D. Unger, Decatur County Commissioner, Secretary; Michelle Garrett, Morris County Clerk, Controller; Francis "Shep" Schoepf, Reno County Commissioner and Jim Wise, Miami 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: Mr. Gus Campuzano, Ms. Annette Duncan and Mr. Paul Davis of Insurance Management Associates, Inc. (IMA).

President Swartz 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 Swartz addressed Agenda Item No.3, "Consideration of the Minutes of the Meeting of February 17, 2005." Mr. Unger moved to approve the minutes as written. Mr. Wise seconded the motion which CARRIED unanimously.

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

Mr. Parrish presented for Board approval Check No. 10162 in the amount of \$16,500 written to IMA as the third installment of 10 for 2005 claims adjustment fees.

Mr. Parrish then presented for Board ratification three wire transfers of funds completed since the last Board meeting, all of which were authorized by Ms. Garrett and Mr. Parrish. The first was completed on March 4, 2005 in the amount of \$254,004.89 from the administrative account at Kaw Valley Bank in Topeka to the claims account at Kaw Valley Bank in Topeka for February claims payments. The second was also completed on March 4, 2005 in the amount of \$150,000.00 from the

administrative account at Kaw Valley Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village for investment of premiums. The final transfer was completed on March 14, 2005 in the amount of \$200,000.00 from the administrative account at Kaw Valley Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village for investment of premiums. Mr. Schoepf moved to approve Check No. 10162 and ratify the three wire transfers as presented. Ms. Buttron seconded the motion which CARRIED unanimously.

Ms. Bird reported that the payroll audits were complete and the net amount to be returned to the counties was \$255,672. She stated that the amount due the Membership results in a shortfall of \$25,672 compared to the amount budgeted. Ms. Bird provided a printout showing premium balances due or to be refunded.

Mr. Parrish reviewed the revisions to the proposed bylaw amendment. This amendment would provide for six of the KWORCC Trustees to be elected from each of six regional districts, with one Trustee elected at large. After some discussion, Mr. Schoepf moved to submit the bylaw amendment as presented to the membership for approval. Mr. Unger seconded the motion which CARRIED unanimously.

Ms. Bird distributed brochures regarding the upcoming PRIMA conference to the Trustees who would be attending. She also discussed travel and accommodations.

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

Mr. Eyman and Mr. Rippee reported on county visits. Mr. Eyman stated that he and Mr. Rippee would be making a concerted effort to visit all county commissioners in member counties throughout the year. Mr. Rippee stated that he visited with the new sheriff in Greenwood County who was very interested in addressing the county's safety training program. He also mentioned that he would be conducting a workplace violence session for Geary County.

Mr. Eyman reported that he, along with either Tom Job or Brandon Mann from KCAMP, would be visiting with Pratt County, Kingman County and Kiowa County in the future.

Mr. Parrish then addressed the possible acquisition by KWORCC and KCAMP of a driving simulator. Mr. Unger stated that although he, Mr. Schoepf and Mr. Alcorn had the opportunity to test drive the simulator and believes it would be a beneficial training tool for KWORCC members, the simulator would be very costly to purchase. Ms. Swartz suggested the possibility of setting up an equipment fund for the purchase of large items like this. No action was taken by the Board.

President Swartz called upon Ms. Duncan to address Agenda Item No.6, "Claims Reports." Ms. Duncan reported on various claims and answered questions. Ms. Duncan then presented Claim No. 02-3543 for settlement approval. Mr. Unger moved to approve the settlement as discussed. Ms. Buttron seconded the motion which CARRIED unanimously. Ms. Duncan next presented Claim No.

04-5303 for settlement approval. Mr. Schoepf moved to approve the settlement as discussed. Mr. Wise seconded the motion which CARRIED unanimously.

Mr. Scott Heidner then arrived for his training presentation, and the Board deferred other agenda items and proceeded with Agenda Item No. 11, "Trustee Training: Legislative Updates." Ms. Bird introduced Mr. Heidner who is the Executive Director of the Kansas Self-Insurers Association (KSIA). Mr. Heidner provided the Board with history and activities of KSIA. He then provided updates for pending workers compensation legislation. He described House Bill 2141 which lists four situations in which an employer can satisfy the probable cause requirement for drug testing. As a result, employees who are intoxicated while on the job will be less likely to be awarded workers compensation benefits if they are injured. Mr. Heidner indicated that HB 2141 was likely to pass both houses and be signed by the governor. Mr. Heidner then asked for questions. President Swartz thanked Mr. Heidner for taking the time to come and address the Board.

President Swartz called for a 10 minute recess in the meeting.

When the meeting reconvened, Mr. Unger moved to excuse Mr. Doyle "Hooley" Alcorn from the meeting for personal reasons. Ms. Garrett seconded the motion which CARRIED unanimously.

President Swartz called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander distributed handouts on the January 2005 and February 2005 financials. He then reviewed both reports in detail and responded to questions. Ms. Buttron moved to receive and file the January 2005 and February 2005 financial reports as presented. Ms. Garrett seconded the motion which CARRIED unanimously.

The check register was also presented by Mr. Alexander. Mr. Schoepf moved to approve check Nos. 10074 through 10144. Mr. Unger seconded the motion which CARRIED unanimously.

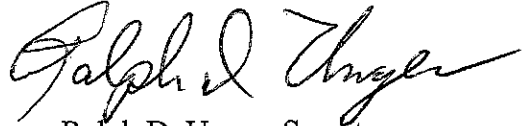
President Swartz called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report." Mr. Parrish stated that he had no legal issues to discuss.

President Swartz addressed Agenda Item No. 9, "Committee Reports." Mr. Wise, acting as Chair of the Investment Committee, stated that the Committee had met earlier in the day and recommended adoption of Resolution No. 2005-28. The resolution provides for Board approval of the purchase and sale of various government securities during the period beginning December 1, 2004 through February 28, 2005. Mr. Unger moved to accept the Investment Committee's recommendation and adopt Resolution No. 2005-28. Mr. Wise seconded the motion which CARRIED unanimously.

President Swartz addressed Agenda Item No. 10, "Other Items." Mr. Parrish stated that he had obtained an opinion from Mise, Houser & Co. of Topeka, Kansas that reimbursement for medical health insurance under KWORCC's personnel procedures is non-taxable.

There being no further business, Mr. Unger moved to adjourn the meeting at 4:25 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 21<sup>st</sup> day of April 2005.

A handwritten signature in black ink, appearing to read "Ralph D. Unger". The signature is fluid and cursive, with a long horizontal stroke at the end.

Ralph D. Unger, Secretary  
KWORCC Board of Trustees



I, Ralph D. Unger, 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 17<sup>th</sup> day of March, 2005, at which a quorum was present and that said resolution has not been rescinded and is still in full force and effect:

### **RESOLUTION # 2005-28**

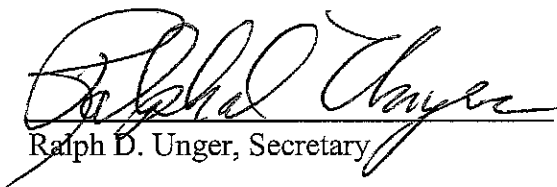
WHEREAS, KWORCC has elected to place investments pursuant to Chapter 40 of Kansas Statutes Annotated, and thus is to comply with the provisions thereof;

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, 2004 through February 28, 2005, which were reviewed by the Investment Committee at a meeting held at 12:00 p.m. on March 17, 2005. 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, 2004 through February 28, 2005, 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 17<sup>th</sup> day of March, 2005.

  
Ralph D. Unger, 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 12/01/04 to 02/28/05

-----PURCHASED-----

<u>Transaction Date</u>	<u>Description</u>	<u>Coupon Rate/Maturity Date</u>	<u>Par/Shares</u>	<u>Principal RCVD/Cost</u>
12/14/04	FHLB ONE TIME CALL	3/600-12/14/07	250,000	250,000.00
01/24/05	FEDERAL HOME LOAN BANK DN	2.211-02/02/05	1,500,000	1,499,182.50
02/02/05	FEDERAL HOME LOAN BANK DN	2.394-02/15/05	1,500,000	1,498,721.67
02/07/05	FEDERAL HOME LOAN MTG CORP	2.434-02/15/05	1,000,000	999,466.67
02/15/05	FEDERAL HOME LOAN BANK DN	2.445-02/28/05	1,041,000	1,040,094.04
02/16/05	FEDERAL HOME LOAN BANK DN	2.445-02/28/05	2,400,000	2,298,072.00

**Minutes**  
**Meeting, Personnel Committee**  
**Kansas Worker Risk Cooperative For Counties**  
**Clubhouse Inn, Topeka, Kansas**  
**February 17, 2005**

On Thursday, February 17, 2005, the Personnel Committee of the Kansas Workers Risk Cooperative for Counties ("KWORCC") met at the Clubhouse Inn, Topeka, Kansas. The meeting was called to order by Committee Chair, Doyle "Hooley" Alcorn at 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.

Mr. Unger moved to approve the minutes of September 16, 2004 and Ms. Garrett seconded the motion, which CARRIED unanimously.

Chairman Alcorn stated the purpose of the meeting was to consider performance enhancements for KWORCC staff members. Mr. Parrish explained that the income statement for FY 2004 showed a gain of \$57,298 on operations, plus a \$288,697 gain on investment income, for a total of \$345,995. Although we ended the year in the positive, Mr. Parrish did point out that this year had been budgeted to gain even more in order to strengthen its reserves, yet because of numerous high-dollar losses, including two death claims, that goal was not attained. Mr. Parrish also pointed out that a continuing challenge for KWORCC will be the rising cost of medical treatment and prescription drugs, the interpretation of the law by Administrative Law Judges that does not allow for a proper off-set for prior injuries and the fact that the age of baby-boomers is increasing and many of our county workers fall in that age group.

Mr. Parrish reviewed the performance of KWORCC staff, stating that each person was doing an excellent job. He stated that Carl Eyman and Phil Rippee were working together well as a team, with Carl taking the lead and Phil doing an effective job with the counties he is visiting. Further, he stated that Dortha Bird was doing an excellent job in all aspects of the administration of the office, including membership support and the underwriting, state filing and auditing requirements. Dortha makes sure that all issues are addressed in a timely fashion. He also stated that Christie Carney was working very effectively to support the other staff and to produce attractive and informative documentation for the membership and the Board. Mr. Parrish praised Mr. Richard Alexander for continuing to be responsive and dedicated to seeing that we have good numbers. Mr. Parrish stated that he did not anticipate needing to hire additional personnel.

Mr. Parrish reviewed the performance enhancements for the previous two years. Last year the Board granted \$13,500 and the previous year the amount was \$10,000 with a plan to revisit the performance enhancement in September of 2003. Upon reflection, neither the staff nor the Trustees believed it appropriate to revisit the subject nine months after the end of 2003. They concluded performance enhancements were best handled at one time after the end of the fiscal year when the year-end financial statements are reviewed.

Mr. Parrish stated that last year's \$13,500 performance enhancement was greatly appreciated by the staff, and the Trustees could use that as a basis for determining what total performance enhancement

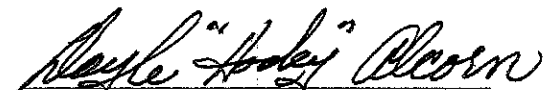
should be approved this year. Mr. Parrish then stated that in past years, it has been left to his discretion to divide the pool among the employees and that he typically has done so on a ratio similar to the ratio that each employee's salary bears to the total salary paid to all employees. He said last year he had asked the Personnel Committee to establish a maximum performance enhancement for the Administrator and leave the distribution of the balance to the Administrator. Mr. Alcorn then asked to review the salaries of each staff member and determine what the high and low amounts would be if the funds were distributed using these percentages. Mr. Parrish then distributed a sheet setting forth the salaries and percentages.

After further discussion and consideration, Mr. Unger moved that the Committee recommend to the Board of Trustees to allocate to KWORCC staff a total of \$13,500 as a performance enhancement with the maximum allowable performance enhancement for the Administrator to be set at \$3,950 and further that the Administrator be given the authority to distribute these funds to each member of the staff subject to this maximum amount. Ms. Garrett seconded the motion which CARRIED unanimously.

The Committee agreed by consensus to adjourn the meeting at 12:32 PM.

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THE FOREGOING MINUTES of the Personnel Committee of Kansas Workers Risk Cooperative for Counties were executed by the Chair of that Committee on the 17<sup>th</sup> day of March, 2005.

  
Doyle "Hooley" Alcorn, Chair  
KWORCC Personnel Committee

**Minutes**  
**Meeting, Board of Trustees**  
**Kansas Worker Risk Cooperative for Counties**  
**Clubhouse Inn—Conference Room**  
**924 SW Henderson Rd., Topeka, Kansas**  
**February 17, 2005**

The February 2005 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Bonnie Swartz on Thursday, February 17, 2005 at the Clubhouse Inn in Topeka. Trustees participating: Bonnie Swartz, Gray County Clerk, President; Linda Buttron, Jefferson County Clerk, Vice President; Ralph D. Unger, Decatur County Commissioner, Secretary; Michelle Garrett, Morris County Clerk, Controller; Doyle "Hooley" Alcorn, Jewell County Commissioner, Francis "Shep" Schoepf, Reno County Commissioner and Jim Wise, Miami 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: Mr. Gus Campuzano and Mr. Paul Davis of Insurance Management Associates, Inc. (IMA).

President Swartz called the meeting to order at 1:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish noted that under Agenda Item No.3, "Consideration of the Minutes of the Meeting of January 17, 2004" the date should be changed to the 20<sup>th</sup>. Mr. Parrish also requested that Item No.4e, "Claims Seminar in Cimarron" and Item No.4f, "Driving Simulator-Information Only" be added under the Administrators Report and Item No.5c, "New Ad for the KAC *County Comments*" be added under Marketing and Loss Prevention Report. Mr. Schoepf moved to approve the agenda with the one correction and three additions. Mr. Alcorn seconded the motion which CARRIED unanimously.

President Swartz addressed Agenda Item No.3, "Consideration of the Minutes of the Meeting of January 20, 2005." Mr. Unger moved to approve the minutes as written. Mr. Schoepf seconded the motion which CARRIED unanimously.

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

Mr. Parrish presented for Board approval Check No. 10081 in the amount of \$16,500 written to IMA as the second installment of 10 for 2005 claims adjustment fees.

Mr. Parrish then presented for Board ratification two wire transfers of funds completed since the last Board meeting, both of which were authorized by Ms. Garrett and Mr. Parrish. The first was completed on February 9, 2005 in the amount of \$304,559.94 from the administrative account at Kaw Valley Bank in Topeka to the claims account at Kaw Valley Bank in Topeka for January claims payments. The second was completed on February 16, 2005 in the amount of \$325,000.00 from the administrative account at Kaw Valley Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village for investment of premiums. Mr. Alcorn moved to approve Check No. 10081 and ratify the two wire transfers as presented. Mr. Unger seconded the motion which CARRIED unanimously.

Ms. Bird advised the Board on the status of the 2005 membership received to date. Ms. Bird stated that only six accounts were unpaid, and she expected these payments soon.

Mr. Parrish then presented the bank account forms requiring signatures from the newly elected KWORCC Officers.

Mr. Parrish discussed the proposed amendments to the bylaws addressing the nomination of board members. After much discussion the Board requested another draft which states more clearly that trustees are elected by the full membership and that only one trustee would be elected from each district with one trustee elected at-large.

Mr. Eyman and Mr. Campuzano gave a recap of the claims seminar they presented in Cimarron on February 16, 2005. Mr. Eyman stated that the presentation took about two and one half hours and contained a good range of information. Mr. Eyman stated eight counties were represented at the meeting with a total of 11 participants. Mr. Campuzano suggested that the next meeting be held in Hoxie at the new EMS building. He and Mr. Eyman would be in contact to discuss the next available date. President Swartz had also been in attendance and stated that she thought the presentation was very thorough.

Mr. Eyman briefed the Board on the discussion he had with KCAMP regarding the purchase of a driving simulator. Mr. Eyman explained that the driving simulator would provide a valuable service to KWORCC's members. He mentioned that the simulator was somewhat costly. Mr. Unger stated the driving simulator would provide a beneficial service to KWORCC members and suggested that KWORCC and KCAMP might split the cost of the purchase and charge a nominal fee to help offset the expenses.

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

Mr. Eyman and Mr. Rippee reported on county visits. Mr. Eyman reported that he was working on a new calendar handout that would reflect past, present and future county visit schedules. The calendar would be presented at the next board meeting. Mr. Rippee reported he had recently attended an OSHA certification seminar. He also stated that he had met with Franklin County, and the meeting had gone very well. Mr. Rippee mentioned that he was very impressed with the thoroughness of Franklin County.

Mr. Eyman reported that Smith County elected to join KWORCC in January. Smith County chose not to go with KCAMP for their multiline insurance at this time. Mr. Eyman will visit Smith County in the next few weeks to conduct an inspection.

Mr. Eyman also reported that both Pratt County and Kingman County have policies which renew in June. He plans to be in contact with both counties to discuss KWORCC.

Mr. Parrish presented several layout ideas for a new KWORCC ad to be placed in the Kansas Association of Counties monthly publication, "County Comments." The Board reviewed the layouts and made suggestions. Changes will be made to the ad to reflect the Board's suggestions.

President Swartz called upon Mr. Campuzano to address Agenda Item No.6, "Claims Reports." Mr. Campuzano reported on various claims and answered questions.

President Swartz called for a 10 minute recess in the meeting.

When the meeting reconvened, President Swartz called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander distributed a new handout on the December 2004 financials. He then reviewed the December 2004 report and responded to questions. Mr. Alexander stated that he had not received the necessary information he needed for the January 2005 report in time for the meeting. He would have the report completed soon and could either mail it separately or send it out with the March packets. Mr. Alcorn moved to receive and file the December 2004 financial report as presented. Ms. Buttron seconded the motion which CARRIED unanimously.

Mr. Alexander then presented the interim Kansas Insurance Department filing report for the fourth quarter of 2004. After discussion, Mr. Schoepf moved to approve the interim fourth quarter filing report as presented for filing with the Kansas Insurance Department. Ms. Buttron seconded the motion which CARRIED unanimously.

The check register was also presented by Mr. Alexander. Mr. Schoepf moved to approve check Nos. 9989 through 10073. Mr. Unger seconded the motion which CARRIED unanimously.

President Swartz called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report." Mr. Parrish stated that he had no legal issues but discussed several bills being considered by the state legislature this year that relate to workers compensation. He expressed doubt that these bills would pass during this legislative session but would keep the Board advised of the progress of these bills.

President Swartz addressed Agenda Item No. 9, "Committee Reports." Mr. Alcorn, 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 2004. 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

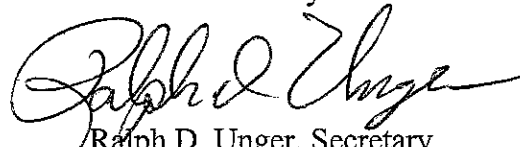
the remaining amount being distributed among the staff at the discretion of the Administrator. Mr. Wise seconded the motion which CARRIED unanimously.

President Swartz addressed Agenda Item No. 10, "Other Items." Mr. Alcorn requested that the Trustees again this year send letters out to their surrounding counties thanking them for their loyalty to the pool.

President Swartz addressed Agenda Item No. 11, "Trustee Training: Investment Update." Mr. Chris Thompson, Senior Vice President of Country Club Bank, explained that Country Club Bank's role with KWORCC was to provide fixed income management. He then discussed the investments of the pool, explaining which investments had been made for the pool, the cost basis of the investment, the market values and the future outlook of KWORCC's portfolio. Mr. Thompson then responded to questions from the Board. President Swartz thanked Mr. Thompson for attending the meeting and providing the Board with his knowledge of investments.

There being no further business, Mr. Alcorn moved to adjourn the meeting at 3:35 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 17<sup>th</sup> day of March 2005.

  
Ralph D. Unger, Secretary  
KWORCC Board of Trustees



**Minutes**  
**Meeting, Board of Trustees**  
**Kansas Worker Risk Cooperative for Counties**  
**Clubhouse Inn—Conference Room**  
**924 SW Henderson Rd., Topeka, Kansas**  
**January 20, 2005**

The January 2005 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, January 20, 2005 at the Clubhouse Inn in Topeka. Trustees participating: Doyle “Hooley” Alcorn, Jewell County Commissioner, President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; 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: Ms. Annette Duncan and Mr. Paul Davis of Insurance Management Associates, Inc. (IMA); Bruce Woner, Attorney, Woner, Glenn, Reeder & Girard and Jim Wise, Miami County Commissioner.

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 item No. 5g “Proposed Bylaw Amendment” be added under the Administrators Report. Mr. Schoepf moved to approve the agenda with this addition. Ms. Buttron seconded the motion which CARRIED unanimously.

President Alcorn addressed Agenda Item No. 3, “Consideration of the Minutes of the Meeting of December 16, 2004.” Mr. Unger noted that there were three minor errors. Mr. Unger moved to approve the minutes with the corrections. Mr. Schoepf seconded the motion which CARRIED unanimously.

President Alcorn then addressed Agenda Item No.4, “Election of Officers.” 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. Schoepf moved, in keeping with that tradition, that the following individuals be nominated by acclamation: Bonnie Swartz, President; Linda Buttron, Vice President, Ralph Unger, Secretary and Michelle Garrett, Controller. Ms. Buttron seconded the motion which CARRIED unanimously.

Ms. Buttron then presented outgoing President Alcorn with a plaque expressing the Board’s gratitude and commended him for his dedicated service as President of KWORCC in 2004. The

meeting then continued with Mr. Alcorn presiding due to the absence of the newly elected President, Bonnie Swartz.

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

Mr. Parrish welcomed Mr. Wise and thanked him for attending the meeting.

Mr. Parrish then presented three checks for Board approval. The first was Check No. 10013 in the amount of \$16,500 written to IMA as the first installment of 10 for 2005 claims adjustment fees. The second was Check No. 10014 in the amount of \$50,000 written to IMA for the 2005 brokerage fee. The third was Check No. 10028 in the amount of \$59,814.72 written to IMA for special billings and medical.

Mr. Parrish stated there had been two wire transfers of funds since the last Board meeting, both of which were authorized by Ms. Garrett and Mr. Parrish. The first was completed on January 3, 2005 in the amount of \$152,357.15 from the Country Club Bank in Prairie Village to the KWORCC account at Kaw Valley Bank for December claims payments. The second was completed on January 10, 2005 in the amount of \$425,702.00 from the Kaw Valley Bank in Topeka to the IMA account at Emprise Bank in Wichita for the 2005 excess reinsurance premium. Mr. Unger moved to approve Check Nos. 10013, 10014 and 10028 and the three wire transfers as presented. Ms. Buttron seconded the motion which CARRIED unanimously.

Ms. Bird advised the Board on the status of the 2005 membership dues paid to date. Ms. Bird stated that most of the remaining premiums due should be received by the end of February.

Ms. Bird then requested that Board and staff complete and return the conflict-of-interest disclosure forms that had been mailed out with the January packets. She stated the Kansas Insurance Department requires these forms to be filed each year.

Mr. Parrish referred the Board to the article included in the Agenda Packet that appeared in the Winter 2005 *Spotlight* published by the Kansas Self-Insurers Association. This article makes several important points concerning increasing medical costs and other factors that effect workers compensation rates in Kansas.

In order to give Trustees plenty of time to review the details of major claims, Mr. Parrish recommended that staff resume the procedure of mailing the claim summaries to Trustees along with the Agenda Packets prior to the board meetings.

Next, Mr. Parrish referred to his memorandum sent to the Trustees concerning a proposed bylaw amendment. This amendment would require that no less than one KWORCC Trustee be elected from each of the six highway districts in Kansas. Mr. Unger pointed out that it would be better to list the counties within each district so that if the highway districts were changed by the Kansas Department of Transportation, KWORCC would not be impacted. Mr. Parrish stated that staff would identify each of the regional districts and list the Kansas counties included in each of the districts in another draft amendment.

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

Mr. Eyman and Mr. Rippee reported on county visits. Both stated that the bad weather that hit the state last month had presented a problem in conducting their visits as scheduled but they were both back on schedule. Mr. Eyman reported that he had just completed a defensive driving course and more were scheduled for the upcoming months. Mr. Rippee reported that he had begun his county inspections. He had received an invitation from Miami County to establish an inspection program on quarterly basis. He also reported that the workplace violence training had been well received and he was scheduled to make a presentation to Geary County in February.

Mr. Eyman then went into detail concerning the bids KWORCC had in Graham County, Smith County and the North Central Juvenile Detention Center. He stated that although KWORCC submitted a lower price for the Juvenile Detention Center, it was unlikely that the center would change insurance carriers at this time.

At the conclusion of their presentation, Mr. Unger requested that Mr. Eyman and Mr. Rippee also include in the county visits schedule a list of known classes and visits for the following month. This would give Trustees knowledge in advance of a training session so that Trustees could make arrangements to attend whenever possible.

Mr. Alcorn called upon Ms. Duncan to address Agenda Item No.7, "Claims Reports." Ms. Duncan reported on various claims and answered questions. Ms. Duncan then presented Claim No. 02-3262 for settlement approval. Mr. Unger moved to approve the settlement after much discussion. Mr. Schoepf seconded the motion which CARRIED unanimously. Ms. Duncan next presented Claim No.01-9005 for settlement approval. Mr. Schoepf moved to approve the settlement as discussed. Ms. Buttron seconded the motion which CARRIED unanimously.

Mr. Parrish suggested that the Board take the opportunity to interview Mr. Wise for a possible position on the Board of Trustees just prior to the afternoon break. Thereupon, Board Members discussed the duties and obligations of KWORCC Trustees with Mr. Wise and explained the meeting procedures. The meeting was then recessed for a break.

When the meeting reconvened, Mr. Alcorn called upon Mr. Alexander to address Agenda Item No. 8, "Financial Report." Mr. Alexander discussed in detail the interim financial statements as of December 2004 and responded to questions. Mr. Schoepf moved to approve the December 2004 interim financial report as presented. Ms. Buttron seconded the motion which CARRIED unanimously.

Mr. Alexander then presented the interim Kansas Insurance Department filing report for the fourth quarter of 2004. After discussion, Mr. Schoepf moved to approve the interim fourth quarter filing report as presented for filing with the Kansas Insurance Department. Ms. Buttron seconded the motion which CARRIED unanimously.

The check register was also presented by Mr. Alexander. Mr. Unger moved to approve check numbers 9927 through 9988. Ms. Garrett seconded the motion which CARRIED unanimously.

Mr. Alcorn called upon Mr. Parrish to address Agenda Item No. 10, "Legal Report." Mr. Parrish stated that he had no legal issues to discuss. Mr. Woner addressed the Board briefly and commended them and staff on their considerable efforts in maintaining the pool in such an efficient manner.

Mr. Alcorn addressed Agenda Item No. 11, "Committee Reports." Mr. Parrish stated that staff had consulted with Ms. Swartz regarding committee appointments and recommended that the Board ratify the following committee appointments: Personnel Committee—Doyle "Hooley" Alcorn, Chair, Ralph Unger and Michelle Garrett; Investment Committee—Francis "Shep" Schoepf, Chair, Jim Wise and Ralph Unger; Audit Committee—Jim Wise, Chair, Bonnie Swartz and Linda Buttron; Joint KWORCC/KCAMP Committee on Cooperation: Bonnie Swartz, Doyle "Hooley" Alcorn and Francis E. "Shep" Schoepf. Mr. Unger moved to ratify the foregoing committee appointments. Ms. Buttron seconded the motion which CARRIED unanimously.

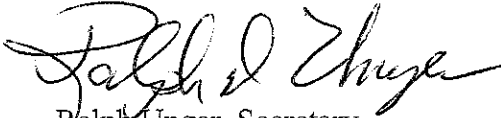
The first scheduled meetings for the Committees in 2005 were set as follows: the Personnel Committee was scheduled to meet on February 17, 2005 at 11:00 a.m. at the Clubhouse Inn. The Investment Committee was scheduled to meet on March 17, 2005 at 11:00 a.m. at the Clubhouse Inn. The Audit Committee was scheduled to meet on April 21, 2005 at 11:00 a.m. at the Clubhouse Inn.

Mr. Alcorn addressed Agenda Item No. 12, "Other Items." Mr. Schoepf moved to excuse Ms. Bonnie Swartz, Gray County Clerk, from the meeting due to a funeral. Mr. Unger seconded the motion which CARRIED unanimously.

Mr. Alcorn addressed Agenda Item No. 11, "Trustee Training: Excess Reinsurance, KWORCC's Policy." Mr. Davis presented a spreadsheet illustrating the trends in the excess insurance coverage for KWORCC. The costs have increased significantly since 2002 and the specific and aggregate retentions have also increased. Mr. Davis described the challenges in placing the reinsurance for KWORCC as well as other governmental entities in Kansas. Mr. Davis indicated that Employers Reinsurance Corporation may not continue in the market for governmental risks in upcoming years. The two carriers who might bid for the coverage next year are Safety National and Midwest Employers. Mr. Alcorn thanked Mr. Davis for the helpful information.

There being no further business, Mr. Alcorn adjourned the meeting at 4:00 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 17<sup>th</sup> day of February 2005.

  
Ralph Unger, Secretary  
KWORCC Board of Trustees