

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn – Conference Room
924 SW Henderson Rd., Topeka, Kansas
December 21, 2006

The December 2006 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Linda Buttron on Thursday, December 21, 2006 at 2:00 p.m. Trustees participating: Linda M. Buttron, Jefferson County Clerk, President; Francis "Shep" Schoepf, Reno County Commissioner, Secretary; Michelle Garrett, Morris County Clerk, Controller; Doyle "Hooley" Alcorn, Jewell County Commissioner and Bonnie Swartz, Gray County Clerk.

Staff participating: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Mr. Carl 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 Mr. Tris Felix of IMA of Kansas and Mr. Chris Thompson of Country Club Bank, Kansas City, Missouri.

President Buttron addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish requested addition of Item No. 3a, "Excuse Ralph Unger for weather and Jim Wise for Health Reasons." Mr. Schoepf moved to approve the agenda with the one change. Ms. Garrett seconded the motion, which CARRIED unanimously.

President Buttron addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of October 19, 2006." Mr. Alcorn moved to approve the minutes as written. Ms. Swartz seconded the motion, which CARRIED unanimously.

Mr. Schoepf moved to excuse Mr. Ralph D. Unger, Decatur County Commissioner and KWORCC Vice President, from the meeting due to inclement weather and to excuse Mr. Jim Wise, Miami County Commissioner and KWORCC Trustee, for health reasons. Ms. Garrett seconded the motion, which CARRIED unanimously.

President Buttron requested that Mr. Parrish address Agenda Item No. 4, "Administrator's Report."

Mr. Parrish presented for approval check No. 11579 in the amount of \$5,044.80 written to NCCI Holdings for experience rating reports for KWORCC membership.

Mr. Parrish stated there were eight wire transfers of funds since the last Board meeting, all authorized by Ms. Garrett and Mr. Parrish: 1) October 20, 2006 in the amount of \$51,715.30 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC claims account at

Kaw Valley Bank in Topeka for a special billing involving payment of a death benefit and a claim settlement; 2) November 7, 2006 in the amount of \$165,852.50 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; 3) November 7, 2006 in the amount of \$65,000 from KWORCC account at Country Club Bank in Prairie Village to the KWORCC administrative account at Kaw Valley Bank in Topeka for administrative expenses; 4) November 17, 2006 in the amount of \$155,361.38 from KWORCC account at Country Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley Bank in Topeka for claims fund replenishment; 5) December 5, 2006 in the amount of \$173,734.87 from KWORCC account at Country Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley Bank in Topeka for November claims payments; 6) December 5, 2006 in the amount of \$65,000 from KWORCC account at Country Club Bank in Prairie Village to the KWORCC administrative account at Kaw Valley Bank in Topeka for administrative expenses; 7) December 19, 2006 in the amount of \$250,000 from KWORCC account at Country Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley Bank in Topeka as a cushion for year-end account balances and 8) December 19, 2006 in the amount of \$50,000 from KWORCC account at Country Club Bank in Prairie Village to the KWORCC administrative account at Kaw Valley Bank in Topeka as a cushion for year-end account balances. Ms. Swartz moved to approve check No. 11579 and the eight wire transfers as presented. Mr. Alcorn seconded the motion, which CARRIED unanimously.

Mr. Parrish asked Ms. Bird to present contract renewals for approval by the Board of Trustees. Ms. Bird gave a detailed explanation of the terms and changes incorporated in the renewal contracts for office space, storage space and office sharing and support staff costs. Next, Ms. Bird gave a detailed explanation of the terms and changes incorporated in the contract for claims, brokerage and risk management services. She noted that the proposed expenditures incorporated in these agreements were approved when the Trustees adopted the 2007 budget in October. Ms. Bird recommended that the Board approve the contracts as presented and responded to questions. Ms. Swartz moved to approve the contracts as presented by staff counsel. Mr. Alcorn seconded the motion, which CARRIED unanimously.

Mr. Parrish presented a working calendar for KWORCC 2007 Board meetings. After discussion, Mr. Schoepf moved to adopt the following dates for KWORCC Board meetings in 2007: January 25th, February 14th, March 22nd, April 27th, May 17th, June 21st (via teleconference); July 19th; August 16th; September 20th or 27th; October 18th; November 19th (Annual Meeting) and December 20th. Mr. Alcorn seconded the motion, which CARRIED unanimously.

Mr. Parrish presented Resolution No. 2006-91 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, 2006. Ms. Swartz moved to adopt Resolution No. 2006-91. Mr. Alcorn seconded the motion, which CARRIED unanimously.

Mr. Felix explained several reinsurance alternatives. After discussion, Mr. Schoepf moved to renew KWORCC's reinsurance policy with Safety National Casualty Corporation. Ms. Swartz seconded the motion, which CARRIED unanimously.

For convenience of KWORCC's guest, President Butron addressed Agenda Item No. 11, "Trustee Training: Investments Update," and called upon Mr. Thompson for a presentation. Mr. Thompson reviewed current equity investments, noting that the original reasons for purchasing equity funds are still valid. Those reasons include a long-term belief that equities will outperform bonds; a hedge against inflation which can be achieved without impairing near term liquidity and diversification from bonds and cash equivalents.

Next, Mr. Thompson reviewed current bond holdings, which currently show an average yield of 4.12 percent. He anticipates, for various reasons, the average yield will increase by half a percent or more over the next 12 months. Mr. Thompson asked for and responded to questions. President Butron thanked Mr. Thompson for his presentation and his service to KWORCC.

President Butron called upon Mr. Eymann to address Agenda Item No. 5, "Marketing Report." Mr. Eymann reported on bid activities, stating that this year's final bid would be presented December 21, 2006. He pointed out there were numerous counties requesting bids during the months preceding the end of year and that he, with the assistance of Mr. Rippee, Ms. Bird and Mr. Parrish, traveled to various counties to make bid presentations. He stated that Allen County officials indicated they might request KWORCC to bid the workers compensation coverage in that county when the policy renews in March of 2007.

President Butron called for a 10-minute break in the meeting.

When the meeting reconvened, President Butron called upon Mr. Alexander to address Agenda Item No. 6a, "Financial Reports." Mr. Alexander discussed in detail the October 2006 and November 2006 financial reports and answered questions. Ms. Swartz moved to receive and file the September 2006 financial report as presented. Mr. Schoepf seconded the motion, which CARRIED unanimously.

Mr. Alexander presented the check register. Mr. Schoepf moved to approve check Nos. 11510 through 11606. Ms. Garrett seconded the motion, which CARRIED unanimously.

Mr. Alexander reviewed a spreadsheet showing the value of KWORCC's equity investments as of December 11, 2006.

President Butron addressed Agenda Item No. 7, "Claims Reports." Ms. Duncan reported on various claims and answered questions. Ms. Duncan then presented claim No. 04-6604 for settlement approval. Ms. Swartz moved to approve the settlement as discussed. Mr. Schoepf seconded the motion, which CARRIED unanimously.

Ms. Duncan reviewed the Logicom report for the period of January 1, 2006 through November 30, 2006. She stated that the total amount billed is \$2,513,968.41. The report showed detected duplicates in the amount of \$217,006.10, which were deleted from the total amount billed. She further indicated a total of \$1,005,589.53 in recommended adjustments to comply with the

Kansas fee schedule, provider write-offs and other costs. With these adjustments, the amount due on the bills was reduced to \$1,508,378.88. After taking into consideration the cost for medical bill review and nurse case management services totaling \$34,065.84, the net savings to KWORCC to date total \$971,523.69. Ms. Duncan then asked for and responded to questions.

Next, Mr. Felix presented an analytical review of KWORCC's losses for policy years 2005 and 2006 (through November 30, 2006). Separate exhibits compared the actual paid and incurred losses to the estimated paid and incurred losses. The intent of the presentation was to provide Board members a visual comparison of the currently estimated losses, the actuarial projected losses and the budgeted losses. IMA staff emphasized these charts should not be viewed as a guarantee of either good or poor ultimate-loss performance.

President Butron called upon Mr. Eymann and Mr. Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Eymann and Mr. Rippee reported on county inspections, training and county commission visits and provided updates to the calendar.

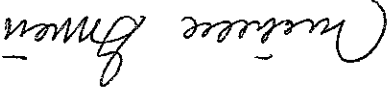
President Butron called upon Mr. Parrish to address Agenda Item No. 9, "Legal Report." There was no legal report.

President Butron addressed Agenda Item No. 10, "Committee Reports." Mr. Parrish stated that the Investment Committee scheduled earlier in the day did not occur because Messrs. Unger and Wise not available. Mr. Parrish then proceeded to review the purchases of securities made during the period July 12, 2006 through October 17, 2006 and asked for questions. Then Mr. Parrish presented Resolution No. 2006-96 in which the Board gives official approval for the purchases of securities made during this period. Mr. Schoepf moved to approve KWORCC Resolution No. 2006-96. Mr. Alcorn seconded the motion, which CARRIED unanimously.

President Butron addressed Agenda Item No. 12, "Other Items." Mr. Parrish stated that Ms. Carney had accepted employment with the Kansas Hospital Association beginning in January. He asked the Trustees to join him in thanking Ms. Carney for her years of service to KWORCC. Ms. Carney indicated that she would miss KWORCC Board and staff and was privileged to have worked with everyone.

There being no further business, Mr. Schoepf moved to adjourn the meeting at 5:10 p.m. Ms. Swartz seconded the motion which CARRIED unanimously.

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties were approved by the Board of Trustees the 25th day of January, 2007.


Michelle Garrett, Secretary
KWORCC Board of Trustees

I, F. E. Schoepf, Secretary of Kansas Workers Risk Cooperative for Counties, hereby certify that the following is a true and correct copy of a Resolution duly adopted by unanimous vote of the Board of Trustees of KWORCC at a meeting duly called and held on the 21st day of December, 2006 at which a quorum was present:

RESOLUTION # 2006-96


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 12, 2006 through October 17, 2006, which have been reviewed by the Board. Pursuant to that review, the Board determined said investments to be in accordance with K.S.A. 40-2a01 and KWORCC's investment policy;

NOW, THEREFORE, it is RESOLVED by the KWORCC Board of Trustees that investment purchases made in United States Government securities from the period July 12, 2006 through October 17, 2006, having been reviewed and determined to be 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 21st day of December, 2006.



F. E. Schoepf, 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 Sponsored Agency Investments of KWORCC from 07/12/06 - 10/17/06

PURCHASES:

Transaction Date	Description	Coupon Rate	Maturity Date	Par Amount	Principal RCVD/Cost
1 7/12/2006	FHLB - 1X Call	6.000%	7/12/2016	500,000	\$ 500,000.00
2 8/29/2006	FHLB Discount Note	5.187%	10/5/2006	1,200,000	\$ 1,193,722.33
3 9/11/2006	FHLMC Discount Note	5.243%	10/10/2006	500,000	\$ 497,925.69
4 10/17/2006	FHLB Discount Note	5.100%	11/1/2006	1,100,000	\$ 997,908.33

SALES:

No Sales for this Period

*Minutes of the KWORCC
Annual Meeting*

**Capitol Plaza Hotel
1717 SW Topoka Blvd.
Topoka, Kansas
November 20, 2006**

The Annual Meeting of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Linda Butron on Monday, November 20, 2006 at the Capitol Plaza Hotel, Topeka, Kansas. Trustees present: Linda Butron, Jefferson County Clerk, President; Ralph D. Unger, Decatur County Commissioner, Vice President; Francis "Shep" Schoepf, Reno County Commissioner, Secretary; Michelle Garrett, Morris County Clerk, Controller; Doyle "Hoolley" Alcorn, Jewell County Commissioner; Bonnie Swartz, Gray County Clerk and Jim Wise, Miami County Commissioner.

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

Others present for KWORCC: Mr. Paul Davis, Ms. Annette Duncan and Mr. Tris Felix of Insurance Management Associates, Inc.

President Butron called the meeting to order at 5:50 p.m. and verified that a quorum was present. She announced that a total of 36 Member County representatives were present and that the quorum requirements were met.

Member County representatives were present as follows: Dudley R. Feuerborn, Anderson County Commissioner; R. Steven Garton, Barber County Commissioner; Terry Graham, Bourbon County Commissioner; David M. Thurlow, Clay County Commissioner; Bill Garrison, Cloud County Commissioner; Ralph D. Unger, Decatur County Commissioner; Joe Nold, Dickinson County Commissioner; Lavel Heitschmidt, Ellsworth County Commissioner; Donald R. Stottlemire, Franklin County Commissioner; Delegate; William Deppish, Geary County Commissioner; Alternate; Mahlon Tuttle, Gove County Commissioner; Carl Higgs, Grant County Commissioner; Delegate; Mark Busch, Gray County Commissioner; Linda Snyder, Greenwood County Commissioner; Delegate; Nikki Schwerdtfeger, Hamilton County Commissioner; Delegate; Lois Pelton, Jackson County Commissioner; Doyle "Hoolley" Alcorn, Jewell County Commissioner; Delegate; Kathleen Delaney, Lane County Commissioner; Alternate; Marshall F. Miller, Lyon County Commissioner; Delegate; Charles R. Loiseau, Marshall County Commissioner; Delegate; Clair Bender, Meade County Commissioner; Delegate; Jim Wise, Miami County Commissioner; Delegate; Jerry Britt,

Morris County Commissioner, Delegate; W. Scott Parish, Neosho County Commissioner, Delegate; John Miller, Norton County Commissioner, Delegate; Larry D. Woodson, Osage County Commissioner, Delegate; Betty J. Pruter, Osborne County Commissioner, Delegate; Kathy M. Luthi, Ottawa County Commissioner, Delegate; Kathy Bowman, Pawnee County Commissioner, Delegate; Charles Unger, Rawlins County Commissioner, Delegate; F.E. "Shep" Schoepf, Reno County Commissioner, Delegate; Terry Conard, Rush County Commissioner, Delegate; Craig Stephenson, Saline County Commissioner, Delegate; David Zimmerman, Sheridan County Commissioner, Delegate; Gary Baker, Stevens County Commissioner, Delegate; Eldon Gracy, Sumner County Commissioner, Delegate; Paul M. Steele, Thomas County Commissioner, Delegate and R. John Miller, Wallace County Commissioner, Delegate.

President Buttron then addressed Agenda Item No. 2, "Approval of the Agenda." Dickinson County Commissioner Joe Nold moved to approve the agenda as presented. Cloud County Commissioner Bill Garrison seconded the motion, which CARRIED unanimously.

President Buttron addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of November 21, 2005." Reno County Commissioner F. E. "Shep" Schoepf moved to approve the minutes as written. Miami County Commissioner Jim Wise seconded the motion, which CARRIED unanimously.

President Buttron next addressed Agenda Items No. 4, "Election of KWORCC Trustees." President Buttron announced that there were three positions open, with nominations received for the following: Linda Buttron, Jefferson County Clerk, Northeast District, incumbent; Michelle Garrett, Morris County Clerk, At-large, incumbent and Bonnie Swartz, Gray County Clerk, Southwest District, incumbent. President Buttron then asked for nominations from the floor. There were no further nominations. Jewell County Commissioner Doyle "Hoohey" Alcorn moved to accept the nominations and re-elect Ms. Buttron, Ms. Garrett and Ms. Swartz to the Board of Trustees for 2-year terms beginning January 1, 2007. Osage County Commissioner Larry D. Woodson seconded the motion, which CARRIED unanimously.

President Buttron addressed the membership, pursuant to Agenda Item No. 5, "President's Opening Remarks." President Buttron introduced the KWORCC Board of Trustees, the KWORCC staff and the representatives from DMA. She discussed the current status of KWORCC membership, noting that the pool has 69 members including 64 county members, four county hospitals and one airport authority.

President Buttron explained that the KWORCC Board is made up of county commissioners and county clerks that come from counties with small to large populations. Six of the board members each represent one section of the state with the seventh representing the state at-large. The 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 Buttrick summarized the health of the pool. She explained that the KWORCC self-insurance pool has more than \$12.75 million in liquid assets and more than \$5 million in the fund balance reserves making the pool very stable. She also explained that IMA provides claim administration for the pool, and at least one IMA representative attends every KWORCC monthly meeting to provide information on the status of major claims and an analysis of the policy year performance.

President Buttrick called upon Mr. Richard Alexander to address Agenda Item No. 6, "Financial Report." Mr. Alexander presented the statement of financial condition and statement of operations as of September 30, 2006. Mr. Alexander asked for and responded to questions concerning the financial information.

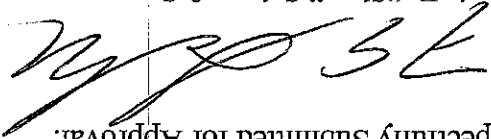
President Buttrick called upon Mr. Eymann and Mr. Rippee to address Agenda Item No. 7, "Safety Services Report." Mr. Eymann and Mr. Rippee reviewed their schedules for the 2006 year-to-date. They also encouraged Members to contact them to schedule safety training and to take advantage the safety videos available for check out from KWORCC's extensive video library.

Mr. Eymann addressed Agenda Item No. 7, "Exceptional Loss Ratio Awards." He explained that the awards are divided into three categories, according to the Member County's premium. The awards announced by Mr. Eymann were as follows:

<u>Premium</u>	<u>Winners</u>	<u>Loss Ratio</u>
0-\$45,000	1 st - Gove County 2 nd - Edwards County 3 rd - Pawnee County	.000% .010% .011%
\$45,000-\$75,000	1 st - Trego County 2 nd - Morris County 3 rd - Marshall County	.005% .014% .017%
Greater than \$75,000	1 st - Gray County 2 nd - Osage County 3 rd - Ellis County	.014% .020% .022%

President Buttrick asked Mr. Parrish to address Agenda Item No. 8, "Presentation of 2007 Budget." Mr. Parrish explained that the budget had been approved by the Board of Trustees at the October board meeting in accordance with the bylaws. During Mr. Parrish's presentation, the hotel fire alarm sounded and a voice on a loud speaker asked everyone to evacuate. A few minutes later, it was determined to be a false alarm. Mr. Parrish completed his review of the budget and asked for and responded to questions.

Francis E. "Shep" Schoepf, Secretary



Respectfully Submitted for Approval:

President Butron addressed Agenda Item No. 9, "Other Business." There were no further items to be discussed.
There being no further business, Wallace County Commissioner R. John Miller moved to adjourned the 2006 KWORCC Annual Meeting at 6:25 p.m. Anderson County Commissioner Dudley Feuerborn seconded the motion, which CARRIED unanimously.

**Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn – Conference Room
924 SW Henderson Rd., Topeka, Kansas
October 19, 2006**

The October 2006 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board Vice President Ralph Unger on Thursday, October 14, 2006 at 2:15 p.m. Trustees participating: Ralph D. Unger, Decatur County Commissioner, Vice President; Francis "Shep" Schoepf, Reno County Commissioner, Secretary; Michelle Garrett, Morris County Clerk, Controller; Bonnie Swartz, Gray County Clerk and Jim Wise, Miami County Commissioner.

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

Others participating: Mr. Gus Campuzano, Ms. Annette Duncan, Mr. Paul Davis and Mr. Tris Felix of IMA of Kansas and Mr. Sam Cargnel and Mr. Dustin Gary of Centric Actuarial Solutions, Overland Park, Kansas.

Vice President Unger addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish requested that Item No. 7c, "Policy Year Performance Review" be included as part of Item no. 4b. Mr. Schoepf moved to approve the agenda with the one change. Mr. Wise seconded the motion which CARRIED unanimously.

Vice President Unger addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of September 14, 2006." Ms. Swartz moved to approve the minutes as written. Ms. Garrett seconded the motion which CARRIED unanimously.

Mr. Wise moved to excuse Ms. Butron, who would be arriving late due to an emergency commissioners' meeting and Mr. Doyle "Hookey" Alcorn, Jewell County Commissioner, for health reasons. Mr. Schoepf seconded the motion which CARRIED unanimously.

Vice President Unger 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. 11517 in the amount of \$16,500 written to IMA as the final installment for 2006 claims adjustment fees. The second was check No. 11519 in the amount of \$6,000.00 written to Centric Actuarial Solutions for 2006 actuarial review and report.

Mr. Partish stated there were two wire transfers of funds since the last Board meeting, both of which were completed on October 5, 2006 and authorized by Mrs. Garrett and him. The first transfer was in the amount of \$65,000.00 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 second transfer was in the amount of \$195,173.95 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley Bank in Topeka for September payments. Ms. Swartz moved to approve check Nos. 11517 and 11519 and the two wire transfers as presented. Mr. Wise seconded the motion which CARRIED unanimously.

Mr. Cargnel and Mr. Gary presented their actuarial report to the Board. The report included estimates of ultimate liabilities, changes in ultimate liabilities to prior years, an outlook for 2007 (expect 570 loss-dollar claims at an average cost of \$7,600 per claim) and a confidence-level analysis for the 2007 forecast. Next, Mr. Felix discussed how Centric's analysis of current and prior year compares to actual losses and pay-outs. These gentlemen asked for and responded to questions.

Mr. Davis discussed County Reinsurance, Limited (CRL), a member-owned reinsurance company that was formed in 1997 by county associations that operated their own self-insured insurance pools. He pointed out that KCAMP recently placed their reinsurance with CRL, which brought the total membership to 23. Mr. Davis discussed the basic structure, the financial status, a pricing model and some details of a recent membership meeting that he attended in September. Whereupon, the Board determined that further due diligence was necessary before KWORCC would apply for CRL membership. Mr. Davis stated that he would proceed to get a pricing indication from CRL as part of that due diligence.

Linda Butron, Jefferson County Clerk and KWORCC President, arrived to preside over the remainder of the meeting. She thanked Vice President Unger for presiding in her absence.

Mr. Partish reviewed the proposed 2007 budget. The budget indicated slight increases in educational seminars, administrative expenses, rent, support services, salaries and county-visit expenses with other line items remaining consistent. Ms. Swartz moved to approve the 2007 budget as presented. Mr. Schoepf seconded the motion which CARRIED unanimously.

Ms. Bird updated the Board and staff on logistics concerning KWORCC's annual meeting. The meeting is scheduled for Monday, November 20, 2006 starting at 5:30 p.m. in Emerald Rooms I and II. Ms. Bird also stated that she had been receiving delegate forms and nomination forms. She noted that she had received no nominations other than for the three incumbents. Ms. Bird confirmed scheduling for the vendor booth.

President Butron called upon Mr. Eymann to address Agenda Item No. 5, "Marketing Report." Mr. Eymann reported which Member Counties were requesting bids this year. In addition, non-member counties Coffey and Barton were seeking bids this year. He also discussed a training program for supervisors which he and KCAMP's Brandon Mann he would be conducting.

President Butron called for a 10 minute break in the meeting.

When the meeting reconvened, President Butron called upon Mr. Alexander to address Agenda Item No. 6a, "Financial Reports." Mr. Alexander discussed in detail the September 2006 financial report and answered questions. Ms. Swartz moved to receive and file the September 2006 financial report as presented. Mr. Schoepf seconded the motion which CARRIED unanimously.

Mr. Alexander presented the Kansas Insurance Department Quarterly Report as of September 30, 2006 and answered questions. Mr. Unger moved to receive the September 2006 quarterly report and presented and authorized its filing with the Kansas Insurance Department. Mr. Wise seconded the motion which CARRIED unanimously.

Mr. Alexander presented the check register. Mr. Schoepf moved to approve check Nos. 11453 through 11509. Mr. Unger seconded the motion which CARRIED unanimously.

Mr. Alexander reviewed a spreadsheet showing the value of KWORCC's equity investments as of October 11, 2006.

President Butron addressed Agenda Item No. 7, "Claims Reports." Ms. Duncan reported on various claims and answered questions. Ms. Duncan then presented claim No. 04-6604 for settlement approval. Ms. Swartz Moved to approve the settlement as discussed. Mr. Schoepf seconded the motion which CARRIED unanimously. Ms. Duncan also presented claim No. 2005026723 for settlement approval. Mr. Unger moved to approve the settlement as discussed. Ms. Swartz seconded the motion which CARRIED unanimously.

Ms. Duncan reviewed the Logicomp report for the period of January 1, 2006 through September 30, 2006. She stated that the total amount billed is \$2,172,855.41. The report showed detected duplicates in the amount of \$196,507.50, which were deleted from the total amount billed. She further indicated a total of \$880,415.39 in recommended adjustments to comply with the Kansas fee schedule, provider write-offs and other costs. With these adjustments, the amount due on the bills was reduced to \$1,292,440.02. After taking into consideration the cost for medical bill review and nurse case management services totaling \$27,273.32, the net savings to KWORCC totaled \$853,142.07. Ms. Duncan then asked for and responded to questions.

President Butron called upon Mr. Eymann and Mr. Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Eymann and Mr. Rippee reported on county inspections, training, county commission visits and provided updates to the calendar.

President Butron called upon Mr. Parrish to address Agenda Item No. 9, "Legal Report." There was no legal report.

President Butron addressed Agenda Item No. 10, "Committee Reports." Mr. Wise reported that the Investment Committee and the KWORCC Administrator met with Mr. Greg Garvin of

Security Benefit and Mr. Chris Thompson of Country Club Bank. After review of fund performance, the Committee concluded that no funds should be withdrawn from the investment portfolio at this time. He stated that the Committee recommends to the full Board that investments should be made in only three of the four funds KWORCC currently owns. Thus, because KWORCC is investing at the rate of \$30,000 per month until the end of the year, this amount should be divided equally among three funds to the exclusion of the Security Ultra Small Cap Growth Fund. Mr. Wise further stated that the Committee would review the total fund balances after the final filing of the December 31, 2006 quarterly report with the Kansas Insurance Department to determine if funds would be available for additional equity investments. If funds are available, the Committee would determine the appropriate strategy for any further equity investments.


Thereupon, Mr. Unger moved that the previously approved \$30,000 of equity investments for each of the months of November and December of this year are to be divided equally among the Security Global Large Cap Growth Fund, the Security Mid Cap Value Fund and the Alpha Opportunity Mid Cap Growth Fund and that no further investment be placed in the Security Ultra Small Cap Growth Fund. Mr. Schoepf seconded the motion which CARRIED unanimously.

President Butron Addressed Agenda Item No. 11, "Trustee Training: Return to Work." Ms. Duncan and Mr. Eymann presented a Power Point entitled "I Don't Want to Work." This was originally prepared by Chris Fevury, M.D., FACPM who serves as and Director of the Business Health Center of Lawrence Memorial Hospital and presented at the Kansas and Missouri PRIMA Conference in April. Mr. Eymann discussed highlights of the presentation that deal with the importance of return-to-work policies and their positive impact on the injured worker. Ms. Duncan provided specific examples of county workers who were successfully returned to work. The presenters emphasized that a strong return-to-work policy is in the best interest of the employee and employer alike. The employee keeps a sense of purpose while reintegrating into his or her job. The employer maintains lower workers compensation costs and retains a productive employee. The presentation was well received by the Board who also made suggestions to possibly incorporate the program as a KWORCC training tool. President Butron thanked Mr. Eymann and Ms. Duncan for their highly informative presentation.

President Butron addressed Agenda Item No. 12, "Other Items." There were no further items to be discussed.

There being no further business, Ms. Swartz 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 21st day of December 2006.


Francis "Shep" Schoepf, Secretary
KWORCC Board of Trustees

**Minutes
Meeting, Investment Committee
Kansas Worker Risk Cooperative For Counties
Clubhouse Inn, Topeka, Kansas
October 19, 2006**

The Investment Committee of the Kansas Workers Risk Cooperative for Counties (KWORCC) met at the Clubhouse Inn, Topeka, Kansas on Thursday, October 19, 2006. Committee Members participating included: Jim Wise, Miami County Commissioner and Chairman of the Committee; Francis E. "Shep" Schoepf, Reno County Commissioner and Ralph D. Unger, Decatur County Commissioner. Also present was KWORCC Administrator Jim Parrish, Greg Garvin of Security Benefit and Chris Thompson of County Club Bank.

Chairman Wise called the meeting to order at 1:05 p.m. Mr. Parrish introduced Mr. Garvin. Mr. Garvin distributed The Callan Periodic Table of Investment Returns for the year 1986 through 2005. This table ranks the performance of various stock and bond indices to show how the profitability and success of a broad range of investments vary from year to year, depending upon the market and the state of the economy. This table helps confirm the wisdom of a well diversified strategy to allow for market changes over time and demonstrates why it is so difficult to "time" the market.

Mr. Garvin next distributed KWORCC's "Portfolio Snapshot," which demonstrated that KWORCC's investments were spread among "value" stocks, "core" stocks and "growth" stocks. Within these categories, the investments were spread among large, medium and small companies. The snapshot also contained a graph of the past 10 years (where applicable) of investment activity in the funds which KWORCC owns.

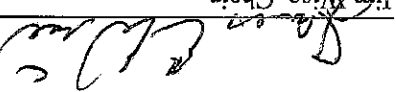
The Committee discussed the investments inquiring whether it would be advisable to withdraw some of the profits and further discussing whether the weaker-performing funds should be liquidated in favor of the others.

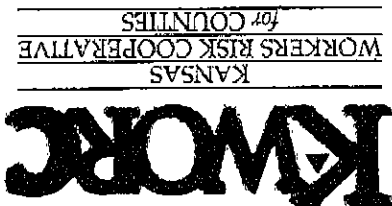
After discussion, it was concluded that no funds should be withdrawn from the investment portfolio at this time. However, going forward, investments should be made in only three of the four funds KWORCC currently owns. Thus, because KWORCC is investing at the rate of \$30,000 per month until the end of the year, this amount should be divided equally among three funds to the exclusion of the Security Ultra Small Cap Growth Fund. The Committee would review the total fund balances after the final filing of the December 31, 2006 quarterly report with the Kansas Insurance Department to determine if funds would be available for additional equity investments. If funds are available, the Committee would determine the appropriate strategy for any further equity investments.

Thereupon, Mr. Unger moved that the Committee recommend to the full Board of Trustees that the previously-approved \$30,000 of equity investments for each of the months of November of December of this year be divided equally among the Security Global Large Cap Growth Fund, the Security Mid Cap Value Fund and the Alpha Opportunity Mid Cap Growth Fund and that no further investment be placed in the Security Ultra Small Cap Growth Fund. Mr. Schoepf seconded the motion which CARRIED unanimously.

There being no further business, Mr. Schoepf moved to adjourn the meeting; Mr. Unger seconded the motion which CARRIED unanimously.

THE FOREGOING MINUTES of the Investment Committee of Kansas Workers Risk Cooperative for Counties were executed by the Chair of that Committee on December 21, 2006.


Jim Wise, Chair
KWORCC Investment Committee



Memo

Trustees
 Linda M. Burton
 Jefferson County Clerk
 President
 Ralph D. Unger
 Decatur County Commissioner
 Vice President
 Francis "Shoop" Schoepf
 Reno County Commissioner
 Secretary
 Michelle Garrett
 Morris County Clerk
 Controller
 Doyle "Hookey" Alcorn
 Jewell County Commissioner
 Bonnie Swartz
 Gray County Clerk
 Jim Wise
 Miami County Commissioner
 Staff
 James W. Partish
 Administrator
 Dortha O. Bird
 Deputy Administrator
 & Staff Counsel
 Carl Eymann, ARM-P
 Deputy Administrator &
 Loss Prevention Specialist
 Phillip J. Ruppce
 Loss Prevention Specialist
 Richard "Alex" Alexander
 Accountant
 Christie Carney
 Administrative Assistant
 & Media Developer
 Office Address
 Jayhawk Towers
 700 SW Jackson, Suite 200
 Topeka, KS 66603
 Telephones
 Toll Free (877) 357-1069
 (785) 357-1069
 Facsimile (785) 233-5440
 Website
 www.kworcc.com

Date: October 12, 2006
 To: Investment Committee
 From: Dortha O. Bird
 RE: Committee Meeting October 19, 2006 @ 1:15PM

This is a reminder that there is an Investment Committee meeting on **October 19, 2006 @ 1:15 PM in the large conference room at the Club House Inn**. You requested that Security Benefit Group be present to review equity investments. Mr. Greg Garvin will be appear to fulfill that request. In addition, you asked that Chris Thompson also be on hand for advice and consultation while the Committee reviews the equity investments. Mr. Thompson has agreed to appear and understands his role. Mr. Partish will also join you.

I have attached an Agenda for the meeting as well as the most recent update on the equity investments. I'm certain that Mr. Garvin will have updated information to present at the meeting.

Thanks for your time and attention to these matters.

DOB:sif
 pc:File
 Enclosures

Agenda

Investment Committee

Kansas Workers Risk Cooperative for Counties (KWORCC)

October 19, 2006 1:15PM

Clubhouse Inn - Conference Room

924 SW Henderson Road

Topeka, KS 66615

1. Call to order - Chair, Jim Wise
2. Approval of the Agenda
3. Equities Investments - Review and Strategy - Greg Garvin with Security Benefit Group
4. Other items
5. Adjournment

10/11/2006

From: Chris Thompson / Julie Deaver @ Country Club Bank 600-288-5489
 To: KWORCC Investment Comm. Distribution List
 KWORCC offices

Re: Weekly Portfolio Update. All values are as of October 10, 2006 unless otherwise noted.

Ticker	Fund Name	Fund Objective	Fund Style	Morningstar Rating	10-Oct-06 NAV	52 Week High	Low	Percent Change 1 month	YTD	Cost Basis	Market Value	Gain / (Loss)	Number of Shares	Avg. Share Price
SEOAX	Security Global Fund	Capital Appreciation	Large Cap Growth	4 star (of 5 possible)	\$19.76	\$20.37	\$10.55	3.78	8.18	\$ 255,000	\$ 361,168	\$ 106,168	18,287	\$13.94
SECUX	Security Ultra Fund	Capital Appreciation	Small Cap Growth	3 star (of 5 possible)	\$12.10	\$13.71	\$11.09	1.84	1.25	\$ 190,000	\$ 265,112	\$ 75,112	21,802	\$9.71
SEVAX	Security Mid Cap Fund	Capital Appreciation	Mid Cap Value	4 star (of 5 possible)	\$39.66	\$41.77	\$33.57	1.83	9.32	\$ 300,000	\$ 510,085	\$ 210,085	13,059	\$22.97
SADAX	Alpha Opportunity Fund	Capital Appreciation	Mid Cap Growth	2 star (of 5 possible)	\$12.41	\$13.23	\$11.51	1.97	6.71	\$ 215,000	\$ 217,522	\$ 2,522	17,536	\$12.26
										\$ 980,000	\$ 1,533,887	\$ 553,887		
										41.04% as % of cost basis				

	Dollar Value	Percent of Total
FDIC Insured Account @ CCB:	\$ 96,130	9.82%
REPO Sweep Account:	\$ 1,400,000	9.55%
Market Value of Equity Funds:	\$ 1,353,987	9.24%
Market Value of Bond Portfolio *:	\$ 11,810,189	80.69%
TOTAL Portfolio Market Value	\$ 14,854,305	100.00%

* Market value of bond portfolio as of most recent month end.

Most Recently Published Top 10 Holdings:

Global Fund (SEDOX)	Ultra Fund (SECUX)	Mid Cap Fund (SEVAX)	Alpha Opportunity Fund (SADAX)
Telefonos de Colombia LM	Evergreen Energy, Inc	Great Plains Energy in	FACDM 0 080706
Verifone Group PLC	Ramtech Int	Shaw Group Int/The	FMDR 0 071005
Sarepta Therapeutics	Power One Inc	McDermott International	FMDR 0 071208
Hemlock & Nuritz AB	Packy Corp	Evergreen Energy Inc	FMDR 0 081306
Radco Biopharm PLC	Beardsley Technologies I	Williams Coal Inc	FMDR 0 101006
MicroSoft Corp	Shaw Group Int/The	Arch Coal Inc	FMDR 0 081206
eBay Inc	Fluor Corp	Quanta Services Inc	FMDR 0 090706
Royal Bank of Scotland	Northern Trust Corp	3i Group Corp	Chicago Mercantile Exc
Advanced Micro Devices	MSC Industrial Direct	First Starhead Corp/	McDermott International
Rocha Holding AG	JB Hunt Transport Serv	United Rentals Inc	FMDR 0 071706

Reasons for purchase of equity funds
 1) A long term basket that reacts well outperforms bonds
 2) A hedge against inflation which can be achieved without impacting near term liquidity
 3) Diversification from bonds and cash equivalents

Is Goal Still Relevant?
 Yes
 Yes
 Yes

Data has been collected from various sources. Although believed to be accurate, we do not guarantee the information contained in this report. Please contact your most recent brokerage statement and original trade confirmations for all relevant data.

Portfolio Snapshot

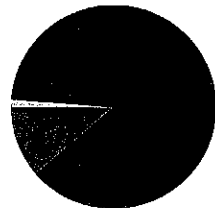
Marc Dandrea
Marc Portfolio Snapshot

Portfolio Value Benchmark
\$1,369,612.00 Standard & Poor's 500 TR

Analysis

Composition %

Portfolio	Bmark
Cash	11.35
US Stocks	70.43
Non-US Stocks	16.96
Bonds	0.00
Others	1.23
Not Classified	0.03



Current Investment Style %

Value		Core		Growth	
Large Size	5	13	12	12	13
Medium	12	17	8	8	12
Small	8	12	13	13	8

Fixed-Income Investment Style %

Short		Interm		Long	
High Quality	0	0	0	0	0
Medium	0	0	0	0	0
Low	0	0	0	0	0

Sector Weights

Sector	Portfolio %	Bmark %
Information	20.19	19.80
Software	3.57	3.34
Hardware	12.06	9.54
Media	1.85	3.48
Telecommunication	2.69	3.44
Service	33.01	46.25
Healthcare Services	7.22	12.94
Consumer Services	5.19	7.49
Business Services	8.93	4.13
Financial Services	11.64	21.69
Manufacturing	46.79	33.89
Consumer Goods	12.45	8.89
Industrial Materials	17.12	11.94
Energy	14.48	9.84
Utilities	2.73	3.22
Not Classified	0.07	0.06

Regional Exposure

Region	Portfolio %	Bmark %
Americas	72.32	100.00
North America	70.99	100.00
Latin America	1.33	0.00
Greater Europe	9.83	0.00
United Kingdom	3.23	0.00
Europe-Developed	6.59	0.00
Europe-Emerging	0.00	0.00
Africa/Middle East	0.01	0.00
Greater Asia	5.22	0.00
Japan	2.86	0.00
Australia	0.12	0.00
Asia-Developed	1.46	0.00
Asia-Emerging	0.77	0.00
Not Classified	12.64	0.00

Performance

Investment Activity Graph

Initial Mkt Val: \$365,458 Final Mkt Val: \$1,369,612

Trading Returns

Period	1Y	3Yr	5Yr	10Yr
Pre-Tax Portfolio Return	-0.20	9.39	17.19	14.88
Benchmark Return	5.67	10.79	12.30	6.97
+/- Benchmark Return	-5.87	-1.40	4.89	7.91

Best/Worst Time Periods

Period	Return%
Best 04-03/06-03	25.58
Worst 05-02/07-02	-21.57

3 Months: 25.58 (04-03/06-03) vs 31.73 (04-97/03-00)
 1 Year: -21.57 (04-02/03-03) vs -8.90 (04-00/03-03)
 3 Years: 63.66 (04-03/03-04) vs 17.19 (04-97/03-00)
 5 Years: 14.12 (04-97/03-00) vs 5.53 (04-00/03-03)

Top 4 Holdings out of 4

Type	Holding Value \$	% Assets
Security Mid Cap Value A	515,569.00	37.64
Security Global A	365,191.00	26.66
Security Mid Cap Growth A	268,600.00	19.61
Security Alpha Opp A	220,252.00	16.08

Portfolio Snapshot

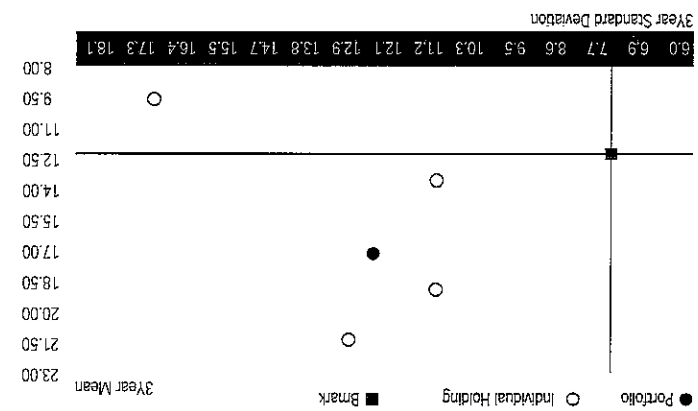
Marc Dandrea
Marc Portfolio Snapshot

Portfolio Value Benchmark
\$1,369,612.00 Standard & Poor's 500 TR

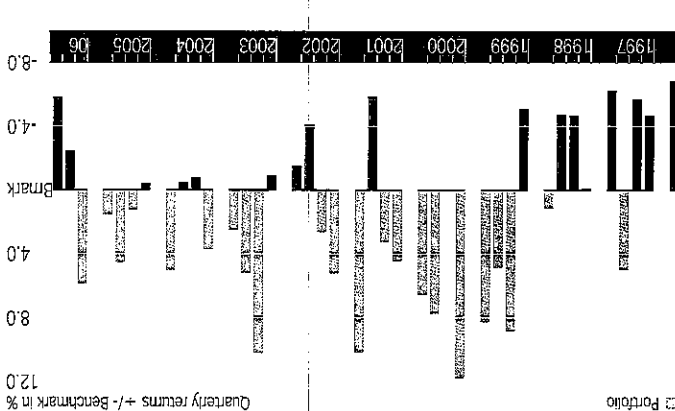
Fundamental Analysis

Market Maturity		Geometric Avg Capitalization (\$Mil)		Valuation Multiples		Interest Rate Risk		
Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	
% of Stocks	97.57	100.00	49,411.67	Price/Earnings	20.27	16.39	Maturity	—
Developed Markets	2.42	0.00	Price/Sales	1.46	1.47	Duration (total portfolio)	—	
Emerging Markets	0.01	0.00	Price/Cash Flow	11.60	10.76	Avg Credit Quality	—	
Not Available								
Type Weights		% of US Stocks		Profitability		Credit Quality		
Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark	
High Yield	4.46	11.68	% of US Stocks	2005	2005	2005	2005	
Distressed	1.21	0.48	Net Margin	7.07	14.06	AAA	—	
Hard Asset	15.08	11.05	ROE	10.09	19.61	AA	—	
Cyclical	18.95	11.59	ROA	4.09	10.77	A	—	
Slow Growth	14.77	11.53	Debt/Capital	31.02	29.51	BBB	—	
Classic Growth	14.89	40.67						
Aggressive Growth	5.47	9.62						
Speculative Growth	9.18	2.85						
Not Available	16.00	0.48						
Fund Statistics		Fund Statistics		Fund Statistics		Fund Statistics		
Potential Cap Gains Exposure	23.84	Avg Net Expense Ratio	1.74	Avg Gross Expense Ratio	1.74			

Risk/Reward Scatterplot



Performance History Graph



Risk and Return Statistics

Statistic	3Yr	5Yr	10Yr
Standard Deviation	12.73	17.07	18.14
Mean	17.19	14.88	14.12
Sharpe Ratio	1.08	0.76	0.62

MPT Statistics

Statistic	3Yr	5Yr	10Yr
Alpha	1.06	7.08	5.78
Beta	1.41	1.14	0.94
R-squared	73	72	64

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Portfolio Snapshot

Marc Dandrea
Marc Portfolio Snapshot

Portfolio Value Benchmark
\$1,369,612.00 Standard & Poor's 500 TR

Non-Load Adjusted Returns

Total 4 holdings as of 09-30-2006	Type	Holdings	Assets	Date	% of	Holding	7-day	1Yr	3Yr	5Yr	10Yr	Max Front	Max Back
			Value \$			Value \$	Yield	Ret %	Ret %	Ret %	Ret %	Load %	Load %
Security Mid Cap Value A	MF	08-2006	37.64	08-2006	515,569	11.44	21.38	19.76	—	—	—	5.75	NA
Security Global A	MF	08-2006	26.66	08-2006	365,191	12.48	18.93	12.22	10.84	11.07	11.07	5.75	NA
Security Mid Cap Growth A	MF	08-2006	19.61	08-2006	268,600	2.81	9.62	11.11	—	—	—	5.75	NA
Security Alpha Opp A	MF	08-2006	16.08	08-2006	220,252	7.39	13.59	—	—	—	—	5.75	NA

Performance Disclosure

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please visit <http://advisor.morningstar.com/familyinfo.asp>.

See Disclosure Page for Standardized Returns.

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Disclosure for Standardized and Tax Adjusted Returns

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance data current to the most recent month-end please visit <http://advisor.morningstar.com/familyinfo.asp>

An investment in a money-market vehicle is not insured or guaranteed by the FDIC or any other government agency. The current yield quotation reflects the current earnings of the money market more closely than the total return quotation. Although money markets seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in them.

Standardized Returns assume reinvestment of dividends and capital gains. It depicts performance without adjusting for the effects of taxation, but are adjusted to reflect sales charges and ongoing fund expenses. If adjusted for taxation, the performance quoted would be significantly reduced. For variable

After-tax returns are calculated using the highest individual federal marginal income tax rates, and do not reflect the impact of state and local taxes. Actual after tax returns depend on the investor's tax situation and may differ from those shown. The after tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or an IRA. After-tax returns exclude the effects of either the alternative minimum tax or phase-out of certain tax credits. Any taxes due are as of the time the distributions are made, and the taxable amount and tax character of each distribution is as specified by the fund on the dividend declaration date. Due to foreign tax credits or realized capital losses, after-tax returns may be greater than before tax returns. After-tax returns for exchange-traded funds are based on net asset value.

Annualized Returns 09-30-2006

	7-day Yield	1Yr	5Yr	10Yr	Inception Since	Inception Date	Max Front Load %	Max Back Load %	Net Exp Ratio %	Gross Exp Ratio %
Security Alpha Opp A	--	1.21	--	--	11.25	07-07-2003	5.75	NA	2.94	2.94
Security Global A	--	6.01	10.90	10.19	10.03	10-01-1993	5.75	NA	1.73	1.73
Security Mid Cap Growth A	--	-3.10	9.80	10.42	10.92	09-17-1969	5.75	NA	1.41	1.42
Security Mid Cap Value A	--	5.03	18.35	18.50	18.50	05-01-1997	5.75	NA	1.41	1.41
Standard & Poor's 500 TR	--	10.79	6.97	8.59	--	--	--	--	--	--
Lehman Bro's Agg Bond Index	--	3.67	4.81	6.42	--	--	--	--	--	--
MSCI EAFE Index Ndr_D	--	19.16	14.26	6.82	--	--	--	--	--	--
3 Month T-Bill	--	4.77	2.34	3.76	--	--	--	--	--	--

Returns after Taxes (%)

	1Yr	5Yr	10Yr	Inception Since	Inception Date	1Yr	5Yr	10Yr	Since Inception
Security Alpha Opp A	-1.35	--	--	9.11	07-07-2003	0.96	--	--	8.47
Security Global A	6.01	10.90	8.36	8.48	10-01-1993	3.91	9.52	7.85	7.95
Security Mid Cap Growth A	-4.19	9.22	8.97	8.57	09-17-1969	-0.57	8.49	8.59	8.41
Security Mid Cap Value A	4.17	17.80	--	17.65	05-01-1997	4.30	16.11	--	16.38

On Distribution and Sales of Shares

	1Yr	5Yr	10Yr
Security Alpha Opp A	--	--	--
Security Global A	7.95	7.85	8.47
Security Mid Cap Growth A	8.41	8.59	8.41
Security Mid Cap Value A	16.38	--	16.38

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Portfolio Snapshot Report Disclosure Statement

General

Investment portfolios illustrated in this report can be scheduled or unscheduled. With an unscheduled portfolio, the user inputs only the portfolio holdings and their current allocations. Morningstar calculates returns using the given allocations assuming monthly rebalancing. Taxes, loads, and sales charges are not taken into account.

With "scheduled" portfolios, users input the date and amount for all investments into and withdrawals from each holding, as well as tax rates, loads, and other factors that would have affected portfolio performance. A hypothetical illustration is one type of scheduled portfolio.

Both scheduled and unscheduled portfolios are theoretical, for illustrative purposes only, and are not reflective of an investor's actual experience. For both scheduled and unscheduled portfolios, the performance data given represents past performance and should not be considered indicative of future results. Principal value and investment return of stocks, mutual funds, and variable annuity/life products will fluctuate, and an investor's shares/units when redeemed will be worth more or less than the original investment. Stocks, mutual funds, and variable annuity/life products are not FDIC-insured, may lose value, and are not guaranteed by a bank or other financial institution. Portfolio statistics change over time.

Used as supplemental sales literature, the Portfolio Snapshot report must be preceded or accompanied by the fund/policy's current prospectus or equivalent. In all cases, this disclosure statement should accompany the Portfolio Snapshot report. Morningstar is not itself an NASD-member firm.

If this information is used in the offer or sale of a Security Benefit variable annuity product it must be accompanied by the appropriate Security Benefit variable annuity product performance report for the most recent calendar quarter-end that contains performance information at the variable annuity contract level.

If this information is used in the offer or sale of a Security Benefit mutual fund it must be accompanied by the appropriate Security Benefit mutual fund performance report for the most recent calendar quarter-end.

The underlying holdings of the portfolio are not federally or FDIC-insured and are not deposits or obligations of, or guaranteed by, any financial institution. Investment in securities involve investment risks including possible loss of principal and fluctuation in value.

The information contained in this report is from the most recent information available to Morningstar as of the release date, and may or may not be an accurate reflection of the current composition of the securities included in the portfolio. There is no assurance that the weightings, composition and ratios will remain the same.

Items to Note Regarding Certain Underlying Securities

A closed-end fund is an investment company, which typically makes one public offering of a fixed number of shares. Thereafter, shares are traded on a secondary market such as the New York Stock Exchange. As a result, the secondary market price may be higher or lower than the closed-end fund's net asset value.

Pre-emption Returns

The analysis in this report may be based, in part, on adjusted historical returns for periods prior to the fund's actual inception. These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect the fees and expenses of this share class. These fees and expenses are referenced in the report's list of holdings and again on the standardized returns page.

Variable life insurance is a cash-value life insurance that has a variable cash value and/or death benefit depending on the investment performance of the subaccount into which premium payments are invested. Unlike traditional life insurance, variable life insurance has inherent risks associated with it, including market volatility, and is not viewed as a short-term liquid investment. For more information on a variable life product, including each subaccount, please read the current prospectus. Please note, the financial ratings noted on the report are quoted for an insurance company and do not apply to the separate account and its subaccount. If the variable life subaccount is invested in a money-market fund, although it seeks to preserve a stable per share value (i.e. \$1.00 per share), it is possible to lose money by investing in the fund.

Pre-emption Returns

Variable annuities are tax-deferred investments structured to convert a sum of money into a series of payments over time. Variable annuity policies have limitations and are not viewed as short-term liquid investments. An insurance company's fulfillment of a commitment to pay a minimum death benefit, a schedule of payments, a fixed investment account guaranteed by the insurance company, or another form of guarantee depends on the claims-paying ability of the issuing insurance company. Any such guarantee does not affect or apply to the investment return or principal value of the separate account and its subaccount. The financial ratings quoted for an insurance company do not apply to the separate account and its subaccount. If the variable annuity subaccount is invested in a money-market fund, although it seeks to preserve a stable per share value (i.e. \$1.00 per share), it is possible to lose money by investing in the fund.

Pre-emption Returns

Unit investment trust (UIT) is an investment company organized under a trust agreement between a sponsor and trustee. UITs typically purchase a fixed portfolio of securities and then sell units in the trust to investors. The major difference between a UIT and a mutual fund is that a mutual fund is actively managed, while a UIT is not. On a periodic basis, UITs usually distribute to the unit holder their pro rata share of the trust's net investment income and net realized capital gains, if any. If the trust is one that invests only in tax-free securities, then the income from the trust is also tax-free. UITs generally make one public offering of a fixed number of units. However, in some cases, the sponsor will maintain a secondary market that allows existing unit holders to sell their units and for new investors to buy units.

Pre-emption Returns

An exchange-traded fund (ETF) is an investment company that typically has an investment objective of striving to achieve a similar return as a particular market index. The ETF will invest in either all or a representative sample of the securities included in the index it is seeking to imitate. Like closed-end funds, ETFs can be traded on a secondary market and thus have a market price that may be higher or lower than its net asset value. If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount.

Pre-emption Returns

(NAV). If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount.

Portfolio Snapshot Report

Disclosure Statement (continued)

page. When pre- inception data are presented in the report, the header at the top of the report will indicate this.

While the inclusion of pre- inception data provides valuable insight into the probable long-term behavior of newer share classes of a fund, investors should be aware that an adjusted historical return can only provide an approximation of that behavior. For example, the fee structures between a retail share class will vary from that of an institutional share class, as retail shares tend to have higher operating expenses and sales charges. These adjusted historical returns are not actual returns. Calculation methodologies utilized by Morningstar may differ from those applied by other entities, including the fund itself.

Scheduled Portfolio Trailing Returns

Scheduled Portfolios are customized by the user to account for loads, taxes, cash flows, and specific investment dates. Scheduled portfolios use the portfolio's investment history to calculate final market values and returns. For scheduled portfolios, both individual holding and portfolio returns are internal-rate-of-return calculations that reflect the timing and dollar size of all purchases and sales. For stocks and mutual funds, sales charges and tax rates are taken into account as specified by the user (except in the pre-tax returns, which reflect the impact of sales charges but not taxes). Note that in some scheduled portfolio illustrations, dividends and capital gains distributions, if applicable, are reinvested at the end of the month in which they are made at the month-end closing price. This can cause discrepancies between calculated returns and actual investor experience.

Scheduled Portfolio Returns-Based Performance Data

For scheduled portfolios, the monthly returns used to calculate alphas, betas, R-squares, standard deviations, Shape ratios, and best/worst time-period data are internal rates of return.

Important VA Disclosure for Scheduled Portfolios

For variable annuity products, policy level charges (other than front-end loads, liquidations are made, increases in value over the purchase price are taxed at the capital gains rate that currently is in effect. This is not reflective of the actual tax treatment for these products, which requires the entire withdrawal to be taxed at the income tax rate. If adjusted for sales charges and the effects of taxation, the subaccount returns would be reduced.

Scheduled Portfolio Investment Activity Graph

The historic portfolio values that are graphed are those used to track the portfolio when calculating returns.

Unscheduled Portfolio Returns

Monthly total returns for unscheduled portfolios are calculated by applying the ending period holding weightings supplied by the user to an individual holding's monthly returns. When monthly returns are unavailable for a holding (ie. Due to it not being in existence during the historical period being reported), the remaining portfolio holdings are reweighted to maintain consistent proportions. Inception dates are listed in the Disclosure for Standardized and Tax Adjusted Returns. Trailing returns are calculated by geometrically linking these weighted-average monthly returns. Unscheduled portfolio returns thus assume monthly rebalancing. Returns for individual holdings are simple time-weighted trailing returns. Neither portfolio returns nor holding returns are adjusted for loads or taxes, and if adjusted for, would reduce the returns stated. The fund returns include all ongoing fund expenses, VA/VI returns reflect subaccount level fund expenses, including M&E expenses, administration fees, and actual

ongoing fund level expenses. The historic performance data graphed is extrapolated from the ending portfolio value based on the monthly returns.

Benchmark Returns

Benchmark returns may or may not be adjusted to reflect ongoing expenses such as sales charges. An investment's portfolio may differ significantly from the securities in the benchmark. Returns for custom benchmarks are calculated by applying user-supplied weightings to each benchmark's returns every month. Trailing returns are calculated by geometrically linking these weighted-average monthly returns. Custom benchmark returns thus assume monthly rebalancing. For mutual funds, standardized return is total return adjusted for sales charges, and reflects all ongoing fund expenses. Following this disclosure statement, standardized returns for each portfolio holding are shown.

Standardized Returns

For VA subaccounts, standardized return is total return based on its inception date within the separate account and is adjusted to reflect recurring and non-recurring charges such as surrender fees, contract charges, maximum front-end load, maximum deferred load, maximum M&E risk charge, administration fees, and actual ongoing fund-level expenses. For VIs, additional fees specific to a VI policy such as transfer fees and cost of insurance fees, which are based on specific characteristics on an individual, are not included. If VI fees were included in the return calculations, the performance would have been significantly lower. An investor should contact their financial advisor and ask for a personalized performance illustration, either hypothetical or historical, which reflects all applicable fees and charges including the cost of insurance. Please review the prospectus and SAI for more detailed information.

For ETFs, the standardized returns reflect performance, both at market price and NAV price, without adjusting for the effects of taxation or brokers' commissions. These returns are adjusted to reflect all ongoing ETF expenses and assume reinvestment of dividends and capital gains. If adjusted, the effects of taxation would reduce the performance quoted.

Non-Standardized Returns

The charges and expenses used in the standardized returns are obtained from the most recent prospectus and/or shareholder report available to Morningstar. For mutual funds and VA/VIs, all dividends and capital gains are assumed to be reinvested. For stocks, stock acquired via diversities is assumed to be liquidated and reinvested in the original holding.

For mutual funds, total return is not adjusted for sales charges and reflects all ongoing fund expenses for various time periods. These returns assume monthly rebalancing. Returns for individual holdings are simple time-weighted trailing returns. Neither portfolio returns nor holding returns are adjusted for loads or taxes, and if adjusted for, would reduce the returns stated. The fund returns include all ongoing fund expenses, VA/VI returns reflect subaccount level fund expenses, including M&E expenses, administration fees, and actual

level fund expenses, including M&E expenses, administration fees, and actual

**Portfolio Snapshot Report
Disclosure Statement (continued)**

assume reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the money market returns would be reduced.

For VA and VL subaccounts, non-standardized returns illustrate performance that is adjusted to reflect all actual ongoing subaccount-level expenses including M&E charges and underlying fund-level expenses for various time periods. Non-Standardized performance returns assume reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the subaccount returns would be reduced.

Investment Advisory Fees

The investment(s) returns do not necessarily reflect the deduction of all investment advisory fees. Client investment returns will be reduced if additional advisory fees are incurred such as deferred loads, redemption fees, wrap fees, or other account charges.

Investment Style

The Morningstar® Style Box combines the various funds investment strategies. For the equity style box, the vertical axis shows the market capitalization of the stocks owned and the horizontal axis shows investment style (value, blend, or growth). For the fixed-income style box, the vertical axis shows interest rate credit quality of the bonds owned and the horizontal axis shows interest rate sensitivity as measured by a bond's duration (short, intermediate, or long).

Risk and Return

Standard deviation is a statistical measure of the volatility of a portfolio's returns around its mean.

Mean represents the annualized geometric return for the period shown.

Sharpe ratio uses a portfolio's standard deviation and total return to determine reward per unit of risk.

Alpha measures the difference between a portfolio's actual returns and its expected performance, given its beta and the actual returns of the benchmark index. Alpha is often seen as a measurement of the value added or subtracted by a portfolio's manager.

Beta is a measure of the degree of change in value one can expect in a portfolio given a change in value in a benchmark index. A portfolio with a beta greater than one is generally more volatile than its benchmark index, and a portfolio with a beta of less than one is generally less volatile than its benchmark index.

R-squared reflects the percentage of a portfolio's movements that are explained by movements in its benchmark index, showing the degree of correlation between the portfolio and a benchmark. This figure is also helpful in assessing how likely it is that alpha and beta are statistically significant.

Fundamental Analysis

The below referenced data elements are a weighted average of the equity holdings in the portfolio.

The median market capitalization of a subaccount's equity portfolio gives you a measure of the size of the companies in which the subaccount invests.

The Price/Cash Flow ratio is a weighted average of the price/cash-flow ratios of the stocks in a subaccounts portfolio. Price/cash-flow shows the ability of a business to generate cash and acts as a gauge of liquidity and solvency.

The Price/Book ratio is a weighted average of the price/book ratios of all the stocks in the underlying fund's portfolio. The P/B ratio of a company is calculated by dividing the market price of its stock by the company's per-share book value. Stocks with negative book values are excluded from this calculation.

The Price/Earnings ratio is a weighted average of the price/earnings ratios of the stocks in the underlying fund's portfolio. The P/E ratio of a stock is calculated by dividing the current price of the stock by its trailing 12 months' earnings per share. In computing the average, Morningstar weights each portfolio holding by the percentage of equity assets it represents.

The return on assets (ROA) is the percentage a company earns on its assets in a given year. The calculation is net income divided by end-of-year total assets, multiplied by 100.

The Return on Equity (ROE) is the percentage a company earns on its shareholders' equity in a given year. The calculation is net income divided by end-of-year net worth, multiplied by 100.

Market Maturity shows the percentage of a holding's common stocks that are domiciled in developed and emerging markets.

The below referenced data elements are a weighted average of the fixed income holdings in the portfolio.

The average credit quality is derived by taking the weighted average of the credit rating for each bond in the portfolio.

Average maturity is used for holdings in the taxable fixed-income category, this is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each maturity date by the market value of the security. Credit quality breakdowns are shown for corporate-bond holdings and depicts the quality of bonds in the underlying portfolio. The analysis reveals the percentage of fixed-income securities that fall within each credit-quality rating as assigned by Standard & Poor's or Moody's.

Debt as a percentage of capital is calculated by dividing long-term debt by total capitalization (the sum of common equity plus preferred equity plus long-term debt). This figure is not provided for financial companies.

Duration is a time measure of a bond's interest-rate sensitivity.

Net Margin is a measure of profitability. It is equal to annual net income divided by revenues from the same period for the past five fiscal years, multiplied by 100.

Type Weightings divide the stocks in a given holding's portfolio into eight type designations each of which defines a broad category of investment characteristics. Not all stocks in a given holding's portfolio are assigned a type. These stocks are grouped under NA.

The below referenced data elements are a weighted average of the total holdings in the portfolio.

The average expense ratio is the percentage of assets deducted each year for underlying fund operating expenses, management fees, and all other asset-based costs incurred by the fund, excluding brokerage fees.

**Portfolio Snapshot Report
Disclosure Statement (continued)**

Potential capital gains exposure is the percentage of a holdings total assets that represent capital appreciation.

Investment Risk

Market Price Risk: The market price of ETFs traded on the secondary market is subject to the forces of supply and demand and thus independent of the ETFs NAV. This can result in the market price trading at a premium or discount to the NAV which will affect an investors value.

Market Risk: The market prices of ETFs can fluctuate as to the result of several factors such as security-specific factors or general investor sentiment. Therefore, investors should be aware of the prospect of market fluctuations and the impact it may have on the ETF market price.

International Emerging Market Funds/Subaccounts: The investor should note that funds and subaccounts that invest in international securities take on special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets normally accentuates these risks.

Sector Funds/Subaccounts: The investor should note that funds and subaccounts that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risks.

Non-Diversified Funds/Subaccounts: The investor should note that funds or subaccounts that invest more of their assets in a single issuer involve additional risks, including share price fluctuations, because of the increased concentration of investments.

Small Cap Funds/Subaccounts: The investor should note that funds and subaccounts that invest in stocks of small companies involve additional risks. Smaller companies typically have a higher risk of failure, and are not as well established as larger blue-chip companies. Historically, smaller-company stocks have experienced a greater degree of price volatility than the overall market average.

Mid Cap Funds/Subaccounts: The investor should note that funds and subaccounts with market capitalizations below \$10 billion involve additional risks. The securities of these companies may be more volatile and less liquid than the securities of larger companies.

High-Yield Bond Funds/Subaccounts: The investor should note that funds and subaccounts that invest in lower-rated debt securities (commonly referred to as junk bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. The investor should be aware of the possible higher level of volatility and increased risk of default.

Tax-Free Municipal Bond Funds: The investor should note that the income from tax-free municipal bond funds may be subject to state and local taxation and the Alternative Minimum Tax.

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Benchmark Disclosure

3 Month T-Bill

Three-month T-bills are government-backed short-term investments considered to be risk-free and as good as cash because the maturity is only three months. Morningstar collects yields on the T-bill on a weekly basis from the Wall Street Journal.

Lehman Brothers Aggregate Bond

Govt/Credit Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index.

MSCI EAFE NDR_D

This Europe, Australasia, and Far East index is a market-capitalization-weighted index of 21 non-U.S., industrialized country indexes.

Standard & Poor's 500 TR

A market capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market. TR (Total Return) indexes include daily reinvestment of dividends.



The Callan Periodic Table of Investment Returns



Annual Returns for Key Indices (1986-2005)

Ranked in order of performance (Best to Worst)

Year	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
MSCI EAFE	69.46%	24.64%	29.47%	36.40%	8.96%	51.19%	29.14%	32.57%	7.78%	38.13%	23.97%	36.52%	42.16%	43.09%	22.83%	14.02%	10.26%	48.54%	22.25%	13.54%
S&P 500 Value	21.67%	6.59%	28.26%	31.69%	0.20%	46.04%	18.41%	23.77%	3.13%	37.58%	22.96%	33.36%	28.58%	28.24%	11.63%	8.43%	-11.43%	47.25%	20.25%	5.33%
S&P 500 Growth	18.67%	5.25%	25.02%	26.13%	-3.11%	41.70%	10.52%	18.66%	1.32%	36.99%	22.00%	31.78%	20.00%	26.96%	6.08%	2.49%	-15.94%	46.03%	18.33%	4.91%
LB Agg	15.30%	3.65%	21.67%	20.17%	-6.85%	38.37%	7.77%	18.61%	-0.64%	31.04%	21.37%	29.98%	14.69%	21.26%	-3.02%	-9.23%	-20.48%	38.59%	15.71%	4.71%
Barra 500 Growth	14.50%	2.75%	20.37%	16.26%	-17.41%	30.47%	7.62%	13.37%	-1.54%	28.45%	16.49%	22.36%	8.70%	21.04%	-9.11%	-11.71%	-20.85%	31.79%	14.31%	4.55%
Russell 2000 Value	7.41%	-7.11%	16.61%	14.53%	-19.48%	22.55%	7.40%	10.08%	-1.82%	25.75%	11.26%	12.95%	1.23%	12.73%	-14.17%	-11.89%	-22.10%	28.68%	10.88%	4.15%
Russell 2000 Growth	5.68%	-3.80%	11.95%	12.43%	-21.77%	16.00%	5.06%	9.75%	-2.43%	18.46%	6.05%	9.64%	-2.55%	-0.82%	-22.06%	-12.73%	-23.59%	25.66%	6.13%	3.46%
Russell 2000 Value	3.58%	-10.48%	7.89%	10.53%	-23.45%	12.14%	-12.18%	1.68%	-2.92%	11.21%	3.64%	1.78%	-6.45%	-1.49%	-22.43%	-21.44%	-30.26%	4.10%	4.34%	2.43%

S&P 500 Index measures the performance of large capitalization U.S. stocks. The S&P 500 is a market-value-weighted index of 500 stocks that are traded on the NYSE, AMEX, and NASDAQ. The weightings make each company's influence on the Index performance directly proportional to that company's market value.

S&P/Barra 500 Growth and **S&P/Barra 500 Value** indices measure the performance of growth and value styles of investing in large cap U.S. stocks. The indices are constructed by dividing the stocks in the S&P 500 Index according to price-to-book ratios. The Growth index contains stocks with higher price-to-book ratios. The Value index contains stocks with lower price-to-book ratios. The indices are market-capitalization-weighted and their constituents are mutually exclusive. Note: S&P switched to a new definition of growth and value in December 2005. The S&P/Citigroup Growth and Value Indices will be used in the future editions of the Periodic Table.

Russell 2000 Index measures the performance of small capitalization U.S. stocks. The Russell 2000 is a market-value-weighted index of the 2,000 smallest stocks in the broad-market Russell 3000 Index. These securities are traded on the NYSE, AMEX, and NASDAQ.

Russell 2000 Value and **Russell 2000 Growth** indices measure the performance of growth and value styles of investing in small cap U.S. stocks. The Value index contains those Russell 2000 securities with a less-than-average growth orientation, while the Growth index contains those securities with a greater-than-average growth orientation. Securities in the Value index generally have lower price-to-book and price-earnings ratios than those in the Growth index. The constituent securities are NOT mutually exclusive.

MSCI EAFE is a Morgan Stanley Capital International index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East.

LB Agg is the Lehman Brothers Aggregate Bond Index. This index includes U.S. government, corporate, and mortgage-backed securities with maturities of at least one year.



The Callan Periodic Table of Investment Returns (1986–2005)

Callan Associates offers a full range of consulting services to corporate pension and profit-sharing plans, multi-employer plans, endowments and foundations, public pension plans, high net worth individuals, and investment management organizations.

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Note: A printable copy of The Callan Periodic Table of Investment Returns is available on our website at www.callan.com/resource/

The Callan Periodic Table of Investment Returns conveys an enormous amount of information. Above all, the Table shows that the *case for diversification*, across investment styles (growth vs. value), capitalization (large vs. small), and equity markets (U.S. vs. international) is strong.

While past performance is no indication of the future, consider the following observations:

- The Table illustrates the unique experience of the 1995–1999 period, when *large cap growth* significantly outperformed all other asset classes, and the U.S. stock market in general enjoyed one of its strongest five-year runs.
- The subsequent three years (2000–2002) saw consecutive declines in *large cap stocks* for the first time since 1929–1932. The S&P 500 suffered its largest loss since 1974, declining 40% from the market peak in March 2000 through the end of 2002.
- The U.S. stock market generated only modest returns in 2005, lower than those achieved in 2004 and 2003. Returns on large cap and *small cap stocks* dipped below 5%. *International stocks* topped the performance rankings among all asset categories, notching a third year in a row of double-digit gains with 13.54% returns. Despite the low U.S. equity returns, 2005 was the third year in a row in which all of the asset categories depicted on the Table enjoyed positive returns.
- Large cap outperformed small cap stocks in 2005, marking the end of a six-year run of small cap outperformance from 1999 to 2004. The purpose of the Table is to compare relative rather than absolute performance. However, it should be noted that while equity rankings shifted dramatically between 2004 and 2005, the absolute level of equity returns compressed considerably. The difference between the best and worst performing domestic equity categories in 2005 was less than three percentage points.
- Value outperformed growth in both large and small cap equity markets during 2005. However, the huge disparity in performance between the two styles, seen during 1997–2000 for large cap and from 1996–2002 for small cap, has disappeared.
- *Fixed income* ranked last in 2005 for the third year in a row, after ranking first in 2002 and second during the two previous years. The surprise for many investors was not that fixed income lagged stocks, but that it recorded a positive return at all, given the rising interest rate environment. The Federal Reserve raised interest rates eight times during 2005, boosting the federal funds rate by 2.00%.
- The Table highlights the *uncertainty* inherent in all capital markets. Rankings change every year. Also noteworthy is the difference between absolute and relative performance. For example, witness the variability of returns for international equity when it ranked last for four straight years 1989–1992, or for large cap growth when it ranked second from last for the past five years.

This analysis assumes that market indices are reasonable representations of the asset classes and depict the returns an investor could expect from exposure to these styles of investment. In fact, investment manager performance relative to the different asset class indices has varied widely across the asset classes during the past 20 years.

Please visit our website for our quarterly Capital Market Review newsletter containing our commentary on changes in the capital markets (www.callan.com – click on “resource center” and “periodicals”).

Minutes
Meeting, Personnel Committee
Kansas Worker Risk Cooperative For Counties
Clubhouse Inn, Topeka, Kansas
September 14, 2006

On Thursday, September 14, 2006, 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 "Hoooley" Alcorn at 1:04 p.m. Committee Members participating included: Doyle "Hoooley" Alcorn, Jewell County Commissioner; Michelle Garrett, Morris County Clerk and Ralph D. Unger, Decatur County Commissioner. Also present was James W. Parrish, Administrator.

Mr. Parrish presented the Agenda for the meeting. Mr. Unger moved to approve the Agenda as printed. Ms. Garrett seconded the motion which CARRIED unanimously.

Mr. Unger moved to approve the minutes of February 16, 2006 and Ms. Garrett seconded the motion, which CARRIED unanimously.

Next, Chairman Alcorn stated that the primary purpose of the meeting was to consider cost of living allowance for 2007 for KWORCC staff. 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 while the US City average increase in CPI was 4.1%, Table Three, CPI for All Urban Consumer, that the Midwest Urban Area in Cities from 50,000 to 150,000 showed a 3.2% change from July of 2005 to July of 2006.

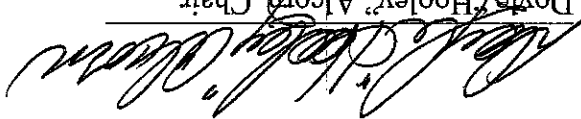
Mr. Parrish reported to the Committee that the performance of KWORCC Staff members continues to be excellent. Mr. Parrish noted that he personally performed evaluations on all KWORCC employees. He stated that annual personnel evaluations were performed later in the year to coincide with the September Personnel Committee Meeting. He then commented on the positive nature of all of the personnel evaluations and gave an overview of the areas in which each employee could improve performance. After discussion, the Committee agreed that the KWORCC staff was performing well.

Mr. Parrish indicated that at last review of cost of living adjustment, the Committee recommended, and the full Board approved, a jump-sum cost of living adjustment of \$10,000 for 2006 to be allocated to each employee in the same ratio that their 2005 salaries bare to the total payroll for 2005. The salary enhancement was to be allocated prior to application of taxes and any other benefits. He noted that the staff 2006 salaries were printed on page 27 of the Committee's agenda packet along with the percentage of the total payroll which each staff member's salary represents.

After discussion, the Committee agreed to recommend to the Board the KWORCC offer a lump cost of living increase equal to that of last year. Whereupon, Ms. Garrett moved that the Personnel Committee recommend to the KWORCC Board of Trustees that the amount of \$10,000 be allocated as cost of living increases for KWORCC employees for 2007 and that this amount be applied proportionately to the current 2006 salaries in the ratio that these salaries bear to the total payroll. Mr. Unger seconded the motion which CARRIED by unanimous vote.

There being no further business to come before the Personnel Committee, Mr. Unger moved to adjourn the meeting at 1:47 p.m. Ms. Garrett seconded the motion which CARRIED unanimously.

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


Doyle Hooley, 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
September 14, 2006**

The September 2006 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Linda Butron on Thursday, September 14, 2006. Trustees participating: Linda Butron, Jefferson County Clerk, President; Ralph D. Unger, Decatur County Commissioner, Vice President; Francis "Shep" Schoepf, Reno County Commissioner, Secretary; Michelle Garrett, Morris County Clerk, Controller; Doyle "Hooley" Alcorn, Jewell County Commissioner; Bonnie Swartz, Gray County Clerk and Jim Wise, Miami County Commissioner.

Staff participating: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Mr. Carl Eymann, 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. Tris Felix of IMA of Kansas.

President Butron addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish requested the addition of Item No. 12a, "KCAMP Office Visit" under "Other Items." Mr. Schoepf moved to approve the agenda with the addition. Mr. Wise seconded the motion which CARRIED unanimously.

President Butron addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of August 17, 2006." Mr. Unger moved to approve the minutes as written. Ms. Garrett seconded the motion which CARRIED unanimously.

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

Mr. Parrish presented check No. 11460 in the amount of \$16,500 written to IMA as the ninth installment of 10 for 2006 claims adjustment fees for Board approval.

Mr. Parrish stated there were three wire transfers of funds since the last Board meeting, all of which were authorized by Ms. Garrett and him. The first transfer was completed on August 24, 2006 in the amount of \$40,459.50 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 medical bills and claims settlements. The second transfer was completed on September 1, 2006 in the amount of

\$65,000.00 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 last transfer was completed on September 1, 2006 in the amount of \$138,189.57 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley Bank in Country Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley Bank in Topeka for August payments. Ms. Swartz moved to approve check No. 11460 and the three wire transfers as presented. Mr. Schoepf seconded the motion which CARRIED unanimously.

Ms. Bird explained that the National Council on Compensation Insurers (NCCI) had not developed a payroll classification code for "Homeland Security Volunteers." However, an NCCI staff member stated in e-mailed correspondence that the classification code that most closely matched the risk involved is "9156—Theater NOC." This is because the main activity for these workers would be the simulation of emergency situations. Ms. Bird said that she believed this classification was reasonable, and that the rate for 9156 was the same for "7720—Police Officers," which is where KWORCC staff was inclined to place such a risk. She recommended that the Board adopt NCCI Code 9156 for "Homeland Security Volunteers" for filing with the Kansas Insurance Department. Ms. Swartz moved to approve the recommendation. Mr. Unger seconded the motion which CARRIED unanimously.

Ms. Bird reported that Mr. Eymann and Mr. Rippee would be staffing the KWORCC vendor booth at the KCOA conference. KCOA was requesting that all vendors donate a door prize for the event. Ms. Bird stated that the KWORCC annual meeting, normally scheduled to coincide with the Kansas Association of Counties annual conference, was scheduled for Monday, November 20, 2006 from 5:30 p.m. to 7:00 p.m. Ms. Bird also stated that KAC had inquired as to whether KWORCC would be participating as a sponsor again this year. Mr. Unger moved to approve a door prize up to \$50 for the KCOA conference and to sponsor the KAC conference for \$2,500. Ms. Swartz seconded the motion which CARRIED unanimously.

President Butron called upon Mr. Eymann to address Agenda Item No. 5, "Marketing Report." Mr. Eymann stated that Rawlins County and Coffey County would be accepting bids this year. He also updated the Board on the Wabaunsee County bid.

President Butron called upon Mr. Alexander to address Agenda Item No. 6, "Financial Reports." Mr. Alexander discussed in detail the August 2006 financial report and answered questions. Mr. Schoepf moved to receive and file the August 2006 financial report as presented. Mr. Wise seconded the motion which CARRIED unanimously.

Mr. Alexander presented the check register. Mr. Wise moved to approve check Nos. 11418 through 11452. Ms. Garrett seconded the motion which CARRIED unanimously.

Mr. Alexander reviewed a spreadsheet showing the value of KWORCC's equity investments as of September 5, 2006.

President Butron then called for a 10 minute break in the meeting.

When the meeting reconvened, President Butron addressed Agenda Item No.7, "Claims Reports." Ms. Duncan reported on various claims and answered questions.

Ms. Duncan then reviewed the Logicom report for the period of January 1, 2006 through September 5, 2006. She stated that the total amount billed for this period is \$2,039,537.57. The amount for detected duplicates is \$184,213.56, and the recommended adjustments for fee schedules, provider write-offs and other costs total \$59,831.36 for a recommended payment of \$1,208,129.62. The cost for the review fee was \$1,966.25 resulting in a total savings of \$805,843.35. Ms. Duncan then asked for and responded to questions.

Next, Mr. Felix presented an analytical review of KWORCC's losses for policy years 2005 and 2006 (through August 31, 2006). Separate exhibits compared the actual paid and incurred losses to the estimated paid and incurred losses. The intent of the presentation was to provide Board members a visual comparison of the currently estimated losses, the actuarial projected losses and the budgeted losses. IMA staff emphasized these charts should not be viewed as a guarantee of either good or poor ultimate-loss performance.

President Butron called upon Mr. Eymann and Mr. Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Eymann reported on county contacts and provided updates to the calendar.

President Butron called upon Mr. Parrish to address Agenda Item No. 9, "Legal Report." There was no legal report.

President Butron addressed Agenda Item No. 10, "Committee Reports." Mr. Alcorn, Personnel Committee chair, reported that the committee, along with Mr. Parrish, had met immediately prior to the Board meeting to review employee wages and cost-of-living adjustments. Mr. Alcorn stated that the committee members voted to recommend 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. Unger moved to approve the recommendation by the Personnel Committee. Mr. Schoepf seconded the motion which CARRIED unanimously.

President Butron Addressed Agenda Item No. 11, "Trustee Training." Marcia Payne, of Logicom, explained Logicom's services and illustrated how claim and vendor reductions were tracked. She described how bills were reviewed and included examples of contacts with the medical providers for prompt and accurate processing for services rendered to the injured worker. President Butron thanked Ms. Payne for her presentation.

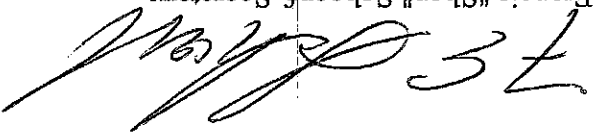
President Butron called for an open forum to discuss information and other details of interest from those who attended the AGRP conference in Montana, August 20-23, 2006.

President Butron addressed Agenda Item No. 12, "Other Items." Mr. Parrish reminded the Board, staff and IMA that KCAMP staff members had extended an invitation for them to tour their new office facility.

There being no further business, Mr. Unger moved to adjourn the meeting at 3:55 p.m. Ms. Garrett seconded the motion which CARRIED unanimously.

The Board and staff then went to the KCAMP office for a tour.

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties were approved by the Board of Trustees the 19th day of October 2006.


Francis "Shep" Schoepf, Secretary
KWORCC Board of Trustees

**Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Via Teleconference, KWORCC Office
700 SW Jackson St., Ste 200, Topeka, Kansas
August 17, 2006**

The August 2006 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was held by teleconference and called to order by Board President Linda Butron on Thursday, August 17, 2006. Trustees participating: Linda Butron, Jefferson County Clerk, President; Ralph D. Unger, Decatur County Commissioner, Vice President; Francis "Shep" Schoepf, Reno County Commissioner, Secretary; Michelle Garrett, Morris County Clerk, Controller; Doyle "Hoolley" Alcorn, Jewell County Commissioner and Jim Wise, Miami County Commissioner.

Staff participating: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Mr. Phil Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Christie Carney, Administrative Assistant/Media Developer. Mr. Eymann was not present because of a previously-scheduled safety meeting.

Others participating: Mr. Gus Campuzano, Ms. Annette Duncan, Mr. Paul Davis and Mr. Tris Felix of IMA of Kansas.

President Butron addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish stated that there were no additions or corrections. Mr. Schoepf moved to approve the agenda as presented. Ms. Garrett seconded the motion which CARRIED unanimously.

President Butron addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of July 13, 2006." Mr. Unger noted one grammatical error. Mr. Unger moved to approve the minutes with the correction. Mr. Wise seconded the motion which CARRIED unanimously.

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

Mr. Parrish presented check No. 11415 in the amount of \$16,500 written to IMA as the eighth installment of 10 for 2006 claims adjustment fees for Board approval.

Mr. Parrish stated there were two wire transfers of funds on August 2, 2006 to be approved, both of which were authorized by Ms. Garrett and him. The first transfer was in the amount of \$65,000.00 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 second transfer was in the amount of \$164,738.91 from the KWORCC account at Country Club Bank in

Prairie Village to the KWORCC claims account at Kaw Valley Bank in Topeka for July claims payments. Mr. Wise moved to approve check No. 11415 and the two wire transfers as presented. Mr. Alcorn seconded the motion which CARRIED unanimously.

Mr. Parrish presented for adoption Resolution No. 2006-63 to approve the pool's purchase and sale of government securities during the period April 1, 2006 and ending July 31, 2006. Mr. Unger moved to approve Resolution No. 2006-63. Mr. Schoepf seconded the motion which CARRIED unanimously.

President Butron called upon Mr. Parrish to address Agenda Item No. 5, "Marketing Report." Mr. Parrish stated that there was no additional information to report since the last meeting.

President Butron called upon Mr. Alexander to address Agenda Item No. 6, "Financial Reports." Mr. Alexander discussed in detail the July 2006 financial report and answered questions. Mr. Schoepf moved to receive and file the July 2006 financial report as presented. Ms. Garrett seconded the motion which CARRIED unanimously.

Mr. Alexander presented the check register. Mr. Wise moved to approve check Nos. 11360 through 11417. Mr. Schoepf seconded the motion which CARRIED unanimously.

Mr. Parrish reviewed a spreadsheet showing the value of KWORCC's equity investments as of August 7, 2006.

President Butron addressed Agenda Item No. 7, "Claims Reports." Ms. Duncan reported on various claims and answered questions.

Ms. Duncan then reviewed the Logicomp report for the period of July 1, 2006 through July 31, 2006. She stated that the total amount billed for this period is \$291,879.66. The amount for detected duplicates is \$53,169.00, and the recommended adjustments for fee schedules, provider write-offs and other costs total \$165,532.89 for a recommended payment of \$126,346.77. The cost for the review fee was \$3,199.39 resulting in a total savings of \$162,333.00 for July. Ms. Duncan then asked for and responded to questions.

Next, the IMA staff presented an analytical review of KWORCC's losses for policy years 2005 and 2006 (through July 31, 2006). Separate exhibits compared the actual paid and incurred losses to the estimated paid and incurred losses. The intent of the presentation was to provide Board members a visual comparison of the currently estimated losses, the actuarial projected losses and the budgeted losses. IMA staff emphasized these charts should not be viewed as a guarantee of either good or poor ultimate-loss performance.

Mr. Campuzano reviewed a proposed settlement notification letter that would be sent to the members when a claim was settled. Mr. Parrish requested some minor changes and recommended that the Board approve the letter. Mr. Unger moved to approve the letter with modifications suggested by the Administrator. Ms. Garrett seconded the motion which CARRIED unanimously.

President Buttron called upon Mr. Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Rippee reported on county contacts and provided updates to the calendar.

President Buttron called upon Mr. Parrish to address Agenda Item No. 9, "Legal Report." There was no legal report.

Mr. Schoepf moved to excuse Ms. Swartz from the meeting. Mr. Wise seconded the motion which CARRIED unanimously.

President Buttron addressed Agenda Item No. 10, "Committee Reports." There were no committee reports. Mr. Parrish reminded the Personnel Committee that they would be meeting on September 14, 2006 at 1:00 p.m. prior to the September Board meeting.

President Buttron addressed Agenda Item No. 11, "Other Items." Mr. Parrish reported that the KWORCC and KCAMP annual meetings would be held during the KAC Annual Conference this year on Monday, November 20, 2006 from 5:30 p.m. to 7:00 p.m. The location is the Capital Plaza at 17th and Topeka Boulevard, Topeka, Kansas; the exact room assignment has not been determined.

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

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties were approved by the Board of Trustees the 14th day of September 2006.



Francis "Shep" Schoepf, Secretary
KWORCC Board of Trustees

I, F.E. Schoepf, Secretary of Kansas Workers Risk Cooperative for Counties, hereby certify that the following is a true and correct copy of a Resolution duly adopted by unanimous vote of the Board of Trustees of KWORCC at a meeting duly called and held on the 17th day of August, 2006 at which a quorum was present:

RESOLUTION # 2006-63


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

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

WHEREAS, KWORCC has invested in certain United States instruments during the period April 1, 2006 through July 31, 2006, which have been reviewed by the Board. Pursuant to that review, the Board determined said investments to be in accordance with K.S.A. 40-2a01 and KWORCC's investment policy;

NOW, THEREFORE, it is RESOLVED by the KWORCC Board of Trustees that investment purchases made in United States Government securities from the period April 1, 2006 through July 31, 2006, having been reviewed and determined to be 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 17th day of August, 2006.


F.E. Schoepf, 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 Sponsored Agency Investments of KWORCC from 4-1-2006 through 7-31-2006

PURCHASES:

<u>Transaction Date</u>	<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Call Date</u>	<u>Par Amount</u>	<u>Principal RCVD/ Cost</u>
1 4/13/2006	FNMA Discount Note	0.000%	5/31/2006	NC	1,500,000	\$ 1,490,600.00
2 6/1/2006	FHLMC Discount Note	0.000%	7/11/2006	NC	1,500,000	\$ 1,491,733.33
3 6/28/2006	FHLB 1X CALL	6.000%	7/12/2016	7/12/2011	500,000	\$ 500,000.00
4 7/11/2006	FHLB Discount Note	0.000%	9/11/2006	NC	500,000	\$ 495,513.61
					<u>\$ 4,000,000</u>	
<u>SALES:</u>						
5 4/4/2006	FHLB Discount Note	0.000%	4/12/2006	NC	230,000	\$ 229,761.31
6 4/28/2006	FFCB	2.200%	5/19/2006	NC	250,000	\$ 249,619.56
					<u>\$ 480,000</u>	

Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn—Conference Room
924 SW Henderson Rd., Topeka, Kansas
July 13, 2006

The July 2006 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Linda Butron on Thursday, July 13, 2006 at the Clubhouse Inn in Topeka. Trustees participating: Linda Butron, Jefferson County Clerk, President; Ralph D. Unger, Decatur County Commissioner, Vice President; Francis "Shep" Schoepf, Reno County Commissioner, Secretary; Michelle Garrett, Morris County Clerk, Controller; Doyle "Hoohey" Alcorn, Jewell County Commissioner; Bonnie Swartz, Gray County Clerk and Jim Wise, Miami County Commissioner.

Staff participating: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Mr. Carl Eymann, 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 IMA of Kansas.

President Butron addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish requested the addition of Item No. 6a, "KID Quarterly Report" under "Financial Reports" and the addition of Item No. 9a, "Work Comp Fund Letter from Commissioner Praeger with Draft Response" under "Legal Report." Mr. Schoepf moved to approve the agenda with the two additions. Mr. Wise seconded the motion which CARRIED unanimously.

President Butron addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of June 22, 2006." Mr. Parrish referred to a handout distributed earlier with suggested revisions provided by IMA. Mr. Unger noted two grammatical errors. Mr. Unger moved to approve the minutes with the revisions provided by IMA and the two corrections. Ms. Swartz seconded the motion which CARRIED unanimously.

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

Mr. Parrish presented check No. 11360 in the amount of \$16,500 written to IMA as the seventh installment of 10 for 2006 claims adjustment fees for Board approval.

Mr. Parrish stated there were two wire transfers of funds on July 1, 2006 to be approved both of which were authorized by Ms. Garrett and him. The first transfer was in the amount of \$65,000.00 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 second transfer was in the amount of 321,369.76 from the KWORCC account at County Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley Bank in Topeka for June claims payments. Mr. Wise moved to approve check No. 11360 and the two wire transfers presented. Ms. Swartz seconded the motion which CARRIED unanimously.

Mr. Partish then presented for review the loss ratio graph as of June 30, 2006.

President Butron called upon Mr. Eymann to address Agenda Item No. 5, "Marketing Report." Mr. Eymann stated that Hodgeman county chose to remain with its current workers compensation insurance carrier and decided not to accept bids. Mr. Eymann reported that he is still working on Wabaussee county and also checking on the possibility of bidding on Coffey county's coverage. Mr. Eymann asked for and responded to questions.

President Butron called upon Mr. Alexander to address Agenda Item No. 6, "Financial Reports." Mr. Alexander discussed in detail the June 2006 financial report and answered questions. Ms. Swartz moved to receive and file the June 2006 financial report as presented. Mr. Schoepf seconded the motion which CARRIED unanimously.

Mr. Alexander also discussed the Kansas Insurance Department's quarterly filing report ending June 30, 2006. Ms. Swartz moved to receive and file the June 30, 2006 quarterly filing report with the Kansas Insurance Department. Mr. Wise seconded the motion which CARRIED unanimously.

Mr. Alexander presented the check register. Mr. Schoepf moved to approve check Nos. 11307 through 11359. Mr. Unger seconded the motion which CARRIED unanimously.

Mr. Partish reviewed a spreadsheet showing the value of KWORCC's equity investments as of July 3, 2006.

President Butron addressed Agenda Item No. 7, "Claims Reports." Ms. Duncan reported on various claims and answered questions.

Ms. Duncan then reviewed the Logicom report for the period of June 1, 2006 through June 30, 2006. She stated that the total amount billed for this period is \$399,943.30. The amount for detected duplicates is \$14,688.65, and the recommended adjustments for fee schedules, provider write-offs and other costs total \$170,389.02 for a recommended payment of \$229,554.28. The cost for the review fee was \$3,041.70 resulting in a total savings of \$167,347.32 for June. Ms. Duncan then asked for and responded to questions.

Next, the IMA staff presented an analytical review of KWORCC's losses for policy years 2005 and 2006 (through June 30, 2006). Separate exhibits compared the actual paid and incurred losses to the estimated paid and incurred losses. The intent of the presentation was to provide Board members a visual comparison of the currently valued losses, the actuarial projected losses and the

budgeted losses. IMA staff emphasized these charts should not be viewed as a guarantee of either good or poor ultimate-loss performance.

President Butron called upon Mr. Eymann and Mr. Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Eymann and Mr. Rippee provided updates to the calendar.

President Butron called upon Mr. Parrish to address Agenda Item No. 9, "Legal Report." Mr. Parrish discussed correspondence received from Kansas Insurance Commissioner Sandy Praeger and draft response. Commissioner Praeger is requesting comments on the advisability of continuing the Workers Compensation Fund and suggestions for lowering claims and operational costs. The request comes in response to a directive contained in House Bill 2560 passed by the Kansas legislature that the insurance department make this evaluation and provide recommendations. The draft response presented by Mr. Parrish on behalf of KWORCC takes the position that the Workers Compensation Fund should not be continued under the same financing mechanism because it unfairly penalizes insurance companies like KWORCC. The draft further provides suggestions to the insurance department for lowering claims costs by implementing "best practices standards" and retaining a company to review all bills. The draft also recommends the insurance department participate in PharmacyComp, a program which provides deep discounts to the insurance carrier for certain prescription drugs. After discussion, Mr. Unger moved to approve the draft response to Commissioner Praeger. Ms. Swartz seconded the motion which CARRIED unanimously.

President Butron announced a 10 minute break in the meeting.

Upon reconvening, President Butron addressed Agenda Item No. 10, "Committee Reports." Mr. Parrish suggested that because the August meeting would be conducted by telephone, the Investment Committee and the entire Board would not be in a position to adequately discuss the expansion of KWORCC's equity investment program. He suggested that the entire Board engage in discussion regarding further equity investments in this meeting where there is more time and opportunity for face-to-face consideration of the matter. He said the quarterly review of government investments could be made during the telephone meeting by the full Board in August. Whereupon, Mr. Parrish explained that the equity investments approved last year had all been made in accordance with the Board's directive in August of 2005 to invest an additional \$300,000. He then explained that the law allows KWORCC to invest an additional \$160,487 in the same "family of funds" given the admitted assets of KWORCC as of the December 31, 2005 Kansas Insurance Department filing. The Board then reviewed and discussed the status and performance of equity investments. Mr. Unger moved to invest up to \$30,000 a month for a total maximum additional investment of \$150,000 beginning in August 2006 with the \$30,000 allocated as follows: \$20,000 in the Security Mid Cap Fund; \$5,000 in the Security Global Fund and \$5,000 in the Alpha Opportunity fund all contingent upon funds being available for such continued investment without selling own securities at a loss. Mr. Wise seconded the motion which CARRIED unanimously.

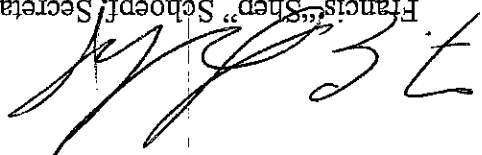
Mr. Unger also moved to schedule a meeting of the Personnel Committee to be held September 14, 2006 at 1:00 p.m., prior to the regular board meeting. Mr. Schoepf seconded the motion which CARRIED unanimously.

President Buttron addressed Agenda Item No. 11, "Trustee Training: 2006 PRIMA National Training." Mr. Rippee reported on his trip to the 2006 Annual PRIMA Conference on June 14 in Las Vegas, Nevada. Mr. Rippee provided handouts for the sessions that he attended. He stated that terrorism and workplace violence were two issues of major concern discussed at the conference. He also provided a summary of numerous training sessions he attended. President Buttron thanked Mr. Rippee for his detailed report.

President Buttron addressed Agenda Item No. 12, "Other Items." Mr. Parrish noted that periodically IMA initiates a lawsuit on behalf of KWORCC members to recover on subrogation claims. Those lawsuits will name the KWORCC member as a plaintiff without any direct involvement by the county commission. Mr. Parrish pointed out that this is all proper and consistent with the KWORCC Bylaws and the contractual arrangement with IMA. However, often times this creates confusion and concern by county personnel. He said he discussed this with IMA, and IMA has agreed to make every reasonable effort to notify the county attorney, the county administrator and/or the county commissioners whenever such a subrogation suit is filed.

There being no further business, Mr. Unger moved to adjourn the meeting at 3:55 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 17th day of August 2006.


 Francis "Shep" Schoepf, 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
June 22, 2006**

The June 2006 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Linda Buttron on Thursday, June 22, 2006 at the Clubhouse Inn in Topeka. Trustees participating: Linda Buttron, Jefferson County Clerk, President; Ralph D. Unger, Decatur County Commissioner, Vice President; Francis "Shep" Schoepf, Reno County Commissioner, Secretary; Michelle Garrett, Morris County Clerk, Controller; Doyle "Hoolley" Alcorn, Jewell County Commissioner; Bonnie Swartz, Gray County Clerk and Jim Wise, Miami County Commissioner.

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

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

President Buttron addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish asked for the addition of Item No. 4d, "Mileage and Meals Reimbursement Rates" under "Administrator's Report." Ms. Garrett moved to approve the agenda with the one addition. Mr. Schoepf seconded the motion which CARRIED unanimously.

President Buttron addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of May 18, 2006." Mr. Unger noted a spelling error. Mr. Unger moved to approve the minutes with the correction. Ms. Swartz seconded the motion which CARRIED unanimously.

President Buttron 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. 11294 in the amount of \$89,578.33 written to the Kansas Workers Compensation Division for the FY2007 assessment which is based on 2.88 percent of 2005 paid losses. The second was check No. 11295 in the amount of \$25,050.00 written to IMA for directors and officers errors and omissions (D&O) insurance policy renewal. The third was check No. 11296 in the amount of \$16,500 written to IMA as the sixth installment of 10 for 2006 claims adjustment fees for Board approval.

Mr. Parrish stated there had been four wire transfer of funds since the last Board meeting,

all of which were authorized by Ms. Garrett and him. The first transfer was completed on May 19, 2006 in the amount of \$4,492.50 from the KWORCC claims account at Kaw Valley Bank in Topeka to the KWORCC account at County Club Bank in Prairie Village for investment of 70 percent of 2005 audit receipts. The second transfer was completed on May 19, 2006 in the amount of \$69,481.70 from the KWORCC account at County Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley Bank in Topeka for special medical billings. The third transfer was completed on June 2, 2006 in the amount of \$185,000.00 from the KWORCC account at County Club Bank in Prairie Village to the KWORCC administrative account at Kaw Valley Bank in Topeka for administrative expenses, including Work Comp Division assessment and D&O E&O insurance. The fourth transfer was completed on June 2, 2006 in the amount of \$250,034.78 from the KWORCC account at County Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley Bank in Topeka for May payments on claims. Mr. Wise moved to approve check Nos. 11294, 11295, 11296 and the four wire transfers as presented. Mr. Alcorn seconded the motion which CARRIED unanimously.

Mr. Parrish reviewed a summary sheet showing the specifications from bids received from actuarial firms. He explained that after consideration, KWORCC staff and IMA staff determined that the best choice was either PricewaterhouseCoopers (PWC) or a relatively new firm in Kansas City, Centric Actuarial Solutions (Centric). While PWC has provided quality service to KWORCC for many years, Centric staff is as qualified as PWC staff, and Centric will use the same standards and protocol as PWC. Yet unlike PWC, Centric is readily available to meet in person with KWORCC staff and the Board to explain their analysis and conclusions. Finally, Centric's pricing was significantly lower than that of PWC. After some discussion, Mr. Schoepf moved to contract with Centric to provide the 2006 actuarial review for KWORCC. Ms. Swartz seconded the motion which CARRIED unanimously.

Ms. Bird stated that all flight schedules and room reservation had been made for Board Members and staff attending the AGRP conference in August. Ms. Bird also requested the return as soon as possible of the registration forms she had previously sent.

Mr. Parrish presented a handout from the Kansas Department of Administration regarding the new mileage and meal reimbursement rates that would go into effect July 1, 2006.

President Butron called upon Mr. Eymann to address Agenda Item No. 5, "Marketing Report." Mr. Eymann reviewed counties that he would be marketing in the upcoming months. He stated that new to the list was Hodgeman county, which KWORCC had last bid in 1999. Mr. Eymann asked for and responded to questions.

Mr. Eymann also stated that he and Mr. Rippee would be attending the KCOA conference in September.

President Butron called upon Mr. Alexander to address Agenda Item No. 6, "Financial Reports." Mr. Alexander discussed in detail the May 2006 financial report and answered questions.

Ms. Swartz moved to receive and file the May 2006 financial report as presented. Ms. Garrett seconded the motion which CARRIED unanimously.

Mr. Alexander presented the check register. Mr. Unger moved to approve check Nos. 11216 through 11306. Mr. Wise seconded the motion which CARRIED unanimously.

Mr. Parrish reviewed a spreadsheet showing the value of KWORCC's equity investments as of June 12, 2006.

President Butron addressed Agenda Item No. 7, "Claims Reports."

Mr. Campuzano explained IMA's participation in PharmacyComp, a prescription drug card program. Preliminarily, this is being used on large claims in which it is anticipated that the claimant will need substantial medication. The claimant is mailed a drug card to present to the pharmacy when he or she needs medication. The pharmacist swipes in the card, receives immediate approval and fills the prescription. Also, the pharmacy receives immediate payment (electronically). IMA is billed periodically by PharmacyComp. Discounts can be substantial, with average rates of 38.5% below most of the state fee schedules. More than 90 percent of the pharmacies are PharmacyComp providers; in the event a pharmacy does not participate, the prescriptions are handled in the traditional way (i.e. the pharmacy sends bill to KWORCC/IMA). So far, the program has been successful, and IMA anticipates expanding its use.

Ms. Duncan reported on various claims and answered questions.

President Butron then announced a 10 minute recess.

When the meeting reconvened, Mr. Campuzano reviewed the LogiComp Bill Review Report for the period of May 1, 2006 through May 31, 2006. He stated that the total amount billed for this period was \$336,112,97. The amount for detected duplicates was \$4,016.00, and the recommended adjustments for fee schedules, provider write-offs and other costs was \$114,643,76 for a total recommended payment of \$221,469.21. The cost for the review fee was \$3,071.00 resulting in a total savings of \$111,572,76 for May. Next, he reviewed a summary report for January 1, 2006 through May 31, 2006 which showed total savings for the year of \$425,607.90. Mr. Campuzano then asked for and responded to questions.

Next, the IMA staff presented to the Board an analytical review of KWORCC's losses for policy years 2005 & 2006 (through 5/31/06). Separate exhibits were presented showing the monthly performance of losses for each of the two policy years. The charts first displayed the loss fund, or budgeted losses, for each policy year. The charts then displayed the actual monthly losses for these policy years, on both a paid and an incurred basis, in relation to the budgeted losses. Additional charts compared the actual paid and incurred losses in relation to the estimated paid and incurred losses. The intent of the presentation was to allow Board members to visually compare currently valued losses against the budget and actuarial projection. IMA staff emphasized these charts should not be viewed as a guarantee of either good or poor ultimate loss performance.

IMA staff also reviewed individual large losses for various policy years, and tracked the development of those individual losses over time. Several of the large claims demonstrated significant increases and decreases in reserves over time. IMA staff explained the difficulty of predicting the ultimate performance for less mature policy years due to the fluctuations in claim reserves over time.

President Butron called upon Mr. Eymann and Mr. Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Rippee provided updates to the calendar and discussed his meeting with Reno county staff on establishing a safety coordinator and a safety incentive program.

Mr. Eymann then presented a slide show of the driving simulator course conducted in Thomas County last month. He stated that the course was well received. Mr. Eymann then asked for and responded to questions.

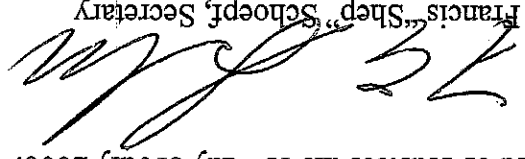
President Butron called upon Mr. Parrish to address Agenda Item No. 9, "Legal Report." Mr. Parrish provided a legislative end of session report on bills concerning workers compensation. He reviewed bills that were now considered dead but noted that they could return in the 2007 session. He then covered bills that had been passed into law, particularly HB 2671, which provides for occurrence deductibles and closing claims files after five years. Mr. Parrish asked for and responded to questions.

President Butron addressed Agenda Item No. 10, "Trustee Training: Online Training for Municipalities." Mr. Parrish introduced Messrs. Chris Jennings and Sean Ochester with LocalGovU. Mr. Jennings explained that LocalGovU has an internet training program for municipalities. The training covers human resources, productivity, management, safety and environmental, customer service, financial management, law enforcement and corrections. In addition, LocalGovU can design specialized training that may be desired by a particular entity or department. Messrs. Jennings and Ochester went online and reviewed how the system is set up. They went through actual training sessions and showed how tests are taken, scored and tracked by administrative personnel. After numerous questions, Ms. Butron thanked Messrs. Jennings and Ochester for the very interesting and informative presentation.

President Butron addressed Agenda Item No. 11, "Other Items." There were no further items to be discussed.

There being no further business, Ms. Swartz moved to adjourn the meeting at 4:45 p.m. Mr. Unger seconded the motion which CARRIED unanimously.

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties were approved by the Board of Trustees the 13th day of July 2006.


Francis Shep Schoepf, 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
May 18, 2006

The May 2006 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Linda Butron on Thursday, May 18, 2006 at the Clubhouse Inn in Topeka. Trustees participating: Linda Butron, Jefferson County Clerk, President; Ralph D. Unger, Decatur County Commissioner, Vice President; Francis "Shep" Schoepf, Reno County Commissioner, Secretary; Michelle Garret, Morris County Clerk, Controller; Doyle "Hoooley" Alcorn, Jewell County Commissioner; Bonnie Swartz, Gray County Clerk and Jim Wise, Miami County Commissioner.

Staff participating: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Mr. Carl Eymann, 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. Tis Felix of Insurance Management Associates, Inc. (IMA) and Mr. Bruce Woner, Attorney, Woner, Glenn, Reeder & Girard.

President Butron called the meeting to order at 2:00 p.m. and addressed Agenda Item No. 9, "Trustee Training: Payroll Audits." Mr. Parrish introduced Ms. Carma Drehle-Neth from the Audit Store. Ms. Drehle-Neth discussed the code classification chart, how auditing information is gathered and the Audit Store's function. She provided a list of counties and how long each audit took. Ms. Drehle-Neth discussed problems encountered with classifying homeland security and defining longevity pay. Ms. Drehle-Neth then asked if board members had received complaints or concerns about the audits, and none were reported. She then asked for other questions. After discussion, President Butron thanked Ms. Drehle-Neth for taking the time to attend the meeting and share her expertise.

President Butron addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish recommended several additions, as follows: addition of Ms. Bird's name under Item No. 4b, "2005 Premium Audit Receipts;" addition of "Online Safety Training" as Item 5c under "Loss Prevention Report and Marketing;" addition of "Select Claims Review" and "Shorman Report" as Item 6a and 6b, respectively, under "Claims Report;" addition of "Equity Investment Status" as Item 7c under "Financial Report" and addition of "August Meeting by Phone," "Steak Fry in September" and "Meeting Start Time" as Item 10a, 10b and 10c, respectively, under "Other Items." Mr. Wise moved to approve the agenda with the additions. Mr. Alcorn seconded the motion which CARRIED unanimously.

President Butron addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of April 20, 2006." Mr. Unger noted one grammatical error. Mr. Alcorn also requested that

details of the truck bids be included in the minutes. Mr. Unger moved to approve the minutes with the noted correction and inclusion of the truck bids. Mr. Schoepf seconded the motion which CARRIED unanimously.

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

Mr. Parrish presented Check No. 11221 in the amount of \$16,500 written to IMA as the fifth installment of 10 for 2006 claims adjustment fees for Board approval.

Mr. Parrish stated there had been four wire transfer of funds since the last Board meeting, all of which were authorized by Mrs. Garrett and him. The first transfer was completed on April 21, 2006 in the amount of \$23,794.40 from the KWORCC claims account at Kaw Valley Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village for investment of 70 percent of 2005 audit receipts. The second transfer was completed on May 1, 2006 in the amount of \$226,375.18 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley Bank in Topeka for April 2006 claims. The third transfer was completed on May 1, 2006 in the amount of \$125,000.00 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, including 2005 audit refunds. The final transfer was completed on May 15, 2006 in the amount of \$47,406.10 from the KWORCC claims account at Kaw Valley Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village for investment of 70 percent of 2005 audit receipts. Ms. Swartz moved to approve Check No. 11221 and the four wire transfers as presented. Mr. Unger seconded the motion which CARRIED unanimously.

Ms. Bird reported that all payments for the 2005 premium audits had been received and reviewed a detailed report showing how the funds were received, deposited and transferred.

Mr. Parrish reviewed correspondence and loss-ratio data that he proposed to forward to the membership. After discussion, Mr. Unger moved to send out the loss ratio information to the membership with an explanatory memorandum. Ms. Garrett seconded the motion which CARRIED unanimously.

Mr. Parrish circulated several items to be considered for giveaways at the KWORCC vendor booths at the County Officials and KAC conferences.

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

Mr. Eymann and Mr. Rippee reported on county visits, answered questions and provided updates to the calendar.

Mr. Eymann stated that he would be marketing Hodgeman County in August, Wabausee County in September and Coffey County at the end of the year.

Mr. Eymann reported that he and Ms. Bird had met with Mr. Lyle Holt of GovU, an online learning program designed for local governments. Mr. Eymann provided a list of courses available,

stating that there was a minimum cost per course. Once a participant has enrolled in a course, he or she can complete the course as many times as necessary in order to receive a score of 100 percent. Mr. Eymann stated that a Nebraska self-insurance pool elected to use this training program this fall. Mr. Eymann will contact the Nebraska pool officials to obtain feedback on the program.

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

Ms. Duncan also reviewed the Shortman Report for the period of April 1, 2006 to April 30, 2006. She stated that the total amount billed for this period was \$221,691.39. The amount for detected duplicates was \$9,269.20, and the recommended adjustments for fee schedules, provider write-offs and other costs was \$90,774.04 for a total recommended payment of \$130,917.35. The cost for the review fee was \$3,954.00 resulting in a total savings of \$86,820.04 for April. Ms. Duncan then asked for and responded to questions.

President Butron then announced a 10 minute recess.

When the meeting reconvened, President Butron called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander discussed in detail the April 2006 financial report and answered questions. Ms. Swartz moved to receive and file the April 2006 financial report as presented. Ms. Garrett seconded the motion which CARRIED unanimously.

Mr. Alexander presented the check register. Mr. Schoepf moved to approve check Nos. 11134 through 11215. Mr. Wise seconded the motion which CARRIED unanimously.

Mr. Parrish reviewed a spreadsheet showing the value of KWORCC's equity investments. President Butron called upon Mr. Woner to address Agenda Item No. 8, "Legal Report." Mr. Woner stated that there were no legal issues to be reviewed.

President Butron addressed Agenda Item No. 10, "Other Items."

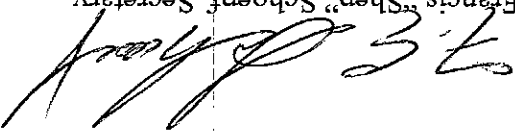
Mr. Parrish suggested that the August meeting be held via teleconference because Board members would be preparing to leave for the AGRIP conference in Montana which begins two days after the scheduled meeting. Ms. Swartz moved to have the August KWORCC meeting conducted via teleconference. Mr. Unger seconded the motion which CARRIED unanimously.

Mr. Parrish discussed the annual steak fry for KWORCC and KCAMP. Although the event had been planned for August, he recommended that the steak fry should occur right after the September meeting because of the AGRIP conference schedule.

Mr. Parrish reminded the Board that in January the monthly meetings were moved from 1:00 p.m. to 2:00 p.m. on a trial basis for six months. After some discussion, Mr. Unger moved that until further notice the monthly board meetings will start at 2:00 p.m. Ms. Swartz seconded the motion which CARRIED unanimously.

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

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties were approved by the Board of Trustees the 22nd day of June 2006.


Francis "Shep" Schoepf, Secretary
KWORCC Board of Trustees

**Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative
Clubhouse Inn—Conference Room
924 SW Henderson Rd., Topeka, Kansas
April 20, 2006**

The April 2006 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Linda Butron on Thursday, April 20, 2006 at the Clubhouse Inn in Topeka. Trustees participating: Linda Butron, Jefferson County Clerk, President; Ralph D. Unger, Decatur County Commissioner, Vice President; Francis "Shep" Schoepf, Reno County Commissioner, Secretary; Michelle Garrett, Morris County Clerk, Controller; Doyle "Hoooley" Alcorn, Jewell County Commissioner; Bonnie Swartz, Gray County Clerk and Jim Wise, Miami County Commissioner.

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

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

President Butron called the meeting to order at 1:50 p.m. and addressed Item No. 4, "Trustee Training: Weather Safety." Mr. Parrish introduced Ms. Jennifer Stark, Warning Coordination Meteorologist with the National Weather Service. Ms. Stark gave a presentation on factors that contribute to severe weather conditions such as thunderstorms, tornados and flash flood and described precautions to be taken when severe weather exists. She explained when and how warnings were issued and the best sources for information about threatening conditions. President Butron expressed appreciation to Ms. Stark for her presentation.

President Butron addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish stated he had no changes to recommend. Ms. Swartz moved to approve the agenda as presented. Mr. Wise seconded the motion which CARRIED unanimously.

President Butron addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of March 16, 2006." Mr. Unger moved to approve the minutes as written. Mr. Schoepf seconded the motion which CARRIED unanimously.

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

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 2005 year-end audit report. He also explained the responsibility of the auditors. Mr. Otting stated that there were few

changes from the last audit. He stated that there were no reportable conditions. Mr. Ottling then asked for and responded to questions.

Mr. Parrish presented 13 checks for Board approval. Check Nos. 11138 through 11149 were all checks over \$5,000 written to Member Counties after payroll audits for 2005 premium refunds. Check No. 11150 in the amount of \$16,500 was written to IMA as the forth installment of 10 for 2006 claims adjustment fees.

Mr. Parrish stated there had been four wire transfer of funds since the last Board meeting, and they had all been authorized by Ms. Garrett and himself. The first transfer was completed on March 28, 2006 in the amount of \$37,028.66 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley Bank in Topeka for payment of special billings for medical bills and settlements. The second transfer was completed on April 4, 2006 in the amount of \$226,964.25 from the KWORCC account at Country Club Bank in Prairie Village to the KWORCC claims account at Kaw Valley Bank in Topeka for March 2006 claims. The third transfer was completed on April 7, 2006 in the amount of \$63,190.40 from the KWORCC account at KAW Valley Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village for investment of 70 percent of 2005 audit receipts. The final transfer was completed on April 14, 2006 in the amount of \$55,519.10 from the KWORCC account at Kaw Valley Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village for investment of 70 percent of 2005 audit receipts. Mr. Wise moved to approve check Nos. 11138 through 11150 and the four wire transfers as presented. Ms. Swartz seconded the motion which CARRIED unanimously.

Ms. Bird reviewed and answered questions regarding the 2005 premium audit.

Ms. Bird discussed some flight options to Montana for the AGRP Institute and requested that any Board member needing flight arrangements contact her.

President Butron called upon Mr. Parrish to address Agenda Item No. 6, "Marketing and Loss Prevention Reports." Mr. Parrish stated that Mr. Eymann and Mr. Rippee were attending the MO/KS PRIMA conference in Missouri. Mr. Parrish then reviewed the calendar of scheduled visits as prepared by Mr. Eymann and Mr. Rippee and asked for questions.

President Butron called upon Ms. Duncan to address Agenda Item No. 7, "Claims Reports." Ms. Duncan reported on various claims and answered questions. She also provided a reported on the open and closed claims summary and answered questions.

President Butron called upon Mr. Alexander to address Agenda Item No. 8, "Financial Report." Mr. Alexander discussed in detail the Kansas Insurance Department's amended December 2005 and the March 2006 quarterly reports. Ms. Swartz moved to receive and file the amended December 2005 and the March 2006 quarterly reports with the Insurance Department as presented. Mr. Wise seconded the motion which CARRIED unanimously.

Mr. Alexander then discussed in detail the March 2006 financial report and answered questions. Mr. Schoepf moved to receive and file the March 2006 financial report as presented. Ms.

Swartz seconded the motion which CARRIED unanimously.

Mr. Alexander presented the check register. Mr. Unger moved to approve check Nos. 11034 through 11133. Ms. Garrett seconded the motion which CARRIED unanimously.

President Buttron called upon Mr. Parrish to address Agenda Item No. 9, "Legal Report." Mr. Parrish reviewed Kansas Attorney General Opinion No. 2006-9 which states that Kansas law only allows out-of-state pools created prior to January 1, 1990 to offer sickness and accident related insurance coverage to certain specified Kansas municipalities. He also gave a legislative update.

President Buttron addressed Agenda Item No. 10, "Committee Reports." Mr. Wise reported for the Audit Committee. The Committee had met earlier in the day with Mr. Oting to review the audit report and procedures for policy year 2005. The Committee recommended adoption of Resolution No. 2006-31 accepting the independent audit firm's report for the fiscal year ending December 31, 2005 and the filing of that report with the Kansas Insurance Department and the Kansas Department of Administration. Mr. Alcorn moved to adopt Resolution No. 2006-31. Ms. Swartz seconded the motion which CARRIED unanimously.

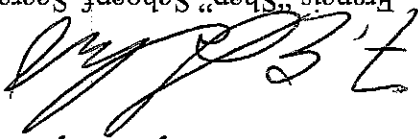
Next Mr. Schoepf reported for the Investment Committee, which met earlier in the day. He stated that the Committee determined to review further investments in equity funds after the \$300,000 authorized last August has been fully invested. This item will come before the Investment Committee at its next regular meeting in August. Mr. Schoepf stated that the Investment Committee recommends the adoption of Resolution No. 2006-32 approving the investment of pool funds. Mr. Unger moved to adopt Resolution No. 2006-32 as recommended by the Investment Committee. Mr. Wise seconded the motion which CARRIED unanimously.

President Buttron addressed Agenda Item No. 11, "Other Items." Mr. Alexander suggested closure of policy year 1993 with remaining funds booked to the Member Protection Fund. Mr. Unger moved to close the 1993 policy year and transfer remaining funds for that year to the Member Protection Fund. Mr. Schoepf seconded the motion which CARRIED unanimously.

Mr. Parrish indicated that eleven solicitations for bid were sent out to replace KWORCC's pickup truck and he reviewed the bids received, as follows: Ed Bozarth Chevrolet, Inc.: \$15,832 and Shep Chevrolet, Inc.: \$13,181.84. Mr. Alcorn moved to accept the lowest bid. Mr. Unger seconded the motion which CARRIED unanimously. Mr. Schoepf abstained from the vote.

There being no further business, Mr. Unger moved to adjourn the meeting at 3:50 p.m. Ms. Swartz seconded the motion which CARRIED unanimously.

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties were approved by the Board of Trustees the 18th day of May 2006.



Francis "Shep" Schoepf, Secretary
KWORCC Board of Trustees

**Minutes
Meeting, Investment Committee
Kansas Worker Risk Cooperative For Counties
Clubhouse Inn, Topeka, Kansas
April 20, 2006**

On Thursday, April 20, 2005 at 1:30PM 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 KWORCC Administrator, Jim Parrish.

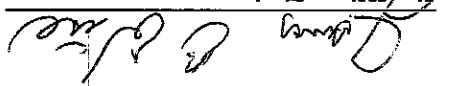
Chairman Wise, called the meeting to order.

Next, Mr. Parrish presented the list of purchases and sales of government securities for the period of November 30, 2005 through March 31, 2006. Mr. Wise moved to recommend approval of the purchases and sales to the Board of Trustees. Mr. Unger seconded the motion which CARRIED unanimously.

After some discussion, Mr. Unger suggested the full Board review the equity investments after 90 days.

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 May 18, 2006.


Jim Wise, Chair
KWORCC Investment Committee

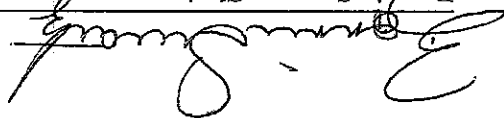
**MEETING, AUDIT COMMITTEE
KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES
CLUBHOUSE INN, TOPEKA, KANSAS
APRIL 20, 2006**

A meeting of the Audit Committee of the Kansas Workers Risk Cooperative for Counties was called to order by the Committee Chair, Bonnie Swartz, Gray County Clerk at 12:00 noon on Thursday, April 20, 2006. Members present and participating in person included: Jim Wise, Miami County Commissioner; Bonnie Swartz, Gray County Clerk; Linda Butron, Jefferson County Clerk. Also attending the meeting was Mr. Eric Otting, CPA, of the accounting firm, Wendling, Noe, Nelson and Johnson of Topeka, Kansas.

Chair Swartz, called the meeting to order and welcomed Mr. Otting. Whereupon, Mr. Otting reviewed and discussed with the Committee various aspects of the 2005 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. 2006-31. This resolution provides for adoption of the independent audit report prepared by Wendling, Noe, Nelson and Johnson for the fiscal year ending December 31, 2005 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 Swartz 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 18, 2006.



Bonnie Swartz, Chair
KWORCC Audit Committee

I, F.E. Schoepf, Secretary of Kansas Workers Risk Cooperative for Counties, hereby certify that the following is a true and correct copy of a Resolution duly adopted by unanimous vote of the Board of Trustees of KWORCC at a meeting duly called and held on the 20th day of April, 2006 at which a quorum was present:

RESOLUTION #2006-31

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, 2005 as required by KSA 12-2620(b);

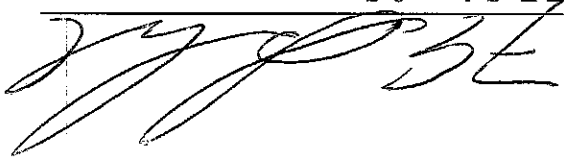
WHEREAS, the independent audit was completed and is ready to be filed with the Kansas Insurance Department;

WHEREAS auditor Eric Oting met with the KWORCC Audit Committee on the 20th day of April, 2006; 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, 2005 shall be adopted and filed in the 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 20th day of April, 2006.



F.E. Schoepf, Secretary

I, F.E. Schoepf, Secretary of Kansas Workers Risk Cooperative for Counties, hereby certify that the following is a true and correct copy of a Resolution duly adopted by unanimous vote of the Board of Trustees of KWORCC at a meeting duly called and held on the 20th day of April, 2006 at which a quorum was present:

RESOLUTION # 2006-32

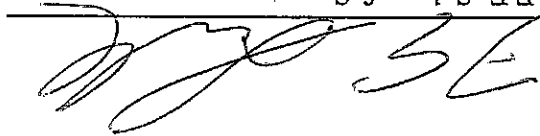
WHEREAS, KWORCC has elected to place investments pursuant to Chapter 40 of Kansas Statutes Annotated, and thus is to comply with the provisions thereof;

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 November 30, 2005 through March 31, 2006, which were reviewed by the Investment Committee at a meeting held at 1:00 p.m. on April 20, 2006. 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 November 30, 2005 through March 31, 2006, 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 20th day of April, 2006.


F.E. Schoepf, 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 Sponsored Agency Investments of KWORCC from 11/30/05 - 03/31/06

PURCHASES:

Transaction Date	Description	Coupon Rate	Maturity Date	Par Amount	Principal RCVD/Cost
1 1/17/2006	FHLB Discount Note	0.000%	1/31/2006	750,000	\$ 748,789.58
2 1/23/2006	FNMA Discount Note	0.000%	3/22/2006	605,000	\$ 600,759.96
3 1/24/2006	FHLB Discount Note	0.000%	1/31/2006	500,000	\$ 499,591.67
4 1/25/2006	FHLB Discount Note	0.000%	1/31/2006	1,100,000	\$ 1,099,226.33
5 1/31/2006	FHLMC 1X CALL	5.150%	1/24/2011	500,000	\$ 500,000.00
6 1/31/2006	FHLMC 1X CALL	5.150%	1/24/2011	500,000	\$ 500,000.00
7 1/31/2006	FNMA 1X CALL	5.010%	7/24/2009	500,000	\$ 500,000.00
8 2/2/2006	FHLB	2.375%	2/15/2006	400,000	\$ 399,759.26
9 2/3/2006	FHLB Discount Note	0.000%	2/15/2006	1,000,000	\$ 998,540.00
10 2/7/2006	FHLB Discount Note	0.000%	3/6/2006	600,000	\$ 598,042.50
11 2/14/2006	FHLB 1X CALL	6.000%	2/14/2011	250,000	\$ 254,700.00
12 2/17/2006	FHLMC	5.000%	8/17/2009	400,000	\$ 400,000.00
13 2/17/2006	FHLB Discount Note	0.000%	3/17/2006	1,500,000	\$ 1,494,901.67
14 2/28/2006	FHLB STEP UP	5.000%	2/28/2011	500,000	\$ 500,000.00
15 3/17/2006	FHLB Discount Note	0.000%	4/12/2006	1,500,000	\$ 1,495,081.67
16 3/23/2006	FHLB Discount Note	0.000%	5/19/2006	750,000	\$ 744,507.81

SALES:

No Sales for this Period

**Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn—Conference Room
924 SW Henderson Rd., Topeka, Kansas
February 16, 2006**

The February 2006 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Linda Butron on Thursday, February 16, 2006 at the Clubhouse Inn in Topeka. Trustees participating: Linda Butron, Jefferson County Clerk, President; Ralph D. Unger, Decatur County Commissioner, Vice President; Francis "Shep" Schoepf, Reno County Commissioner, Secretary; Michelle Garrett, Morris County Clerk, Controller; Doyle "Hookey" Alcorn, Jewell County Commissioner; Bonnie Swartz, Gray County Clerk and Jim Wise, Miami County Commissioner.

Staff participating: Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator/Staff Counsel; Mr. Carl D. Eymann, ARM-P, Deputy Administrator/Loss Prevention Specialist; Mr. 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, Mr. Paul Davis and Mr. Tris Felix of Insurance Management Associates, Inc. (IMA) and KWORCC Counsel Bruce Woner.

President Butron called the meeting to order at 2:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish requested that Item No. 4e, "Updated Actuarial Data from PriceWaterhouseCoopers" be added under the Administrators Report and Item No. 10a, "Feasibility Study—Health Pool" be added under Other Items. Mr. Unger moved to approve the agenda with the two additions. Mr. Wise seconded the motion which CARRIED unanimously.

President Butron addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of January 19, 2006." Mr. Unger moved to approve the minutes as written. Ms. Swartz seconded the motion which CARRIED unanimously.

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

Mr. Parrish presented for Board approval check No. 10967 in the amount of \$16,500 written to IMA as the second installment of 10 for 2006 claims adjustment fees.

Mr. Parrish stated there had been eight wire transfers of funds since the last Board meeting, all of which were authorized by Ms. Garrett and Mr. Parrish. The first was completed January 20,

2006 in the amount of \$617,435.70 from the KWORCC claims account at Kaw Valley Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village for investment of 70 percent premium receipts. The second was completed on January 25, 2006 in the amount of \$622,679.85 from the KWORCC claims account at Kaw Valley Bank in Topeka to the KWORCC administrative account at Kaw Valley Bank in Topeka less special billing for claim settlement. The third transfer was completed on January 25, 2006 in the amount of \$500,000.00 from the KWORCC administrative account at Kaw Valley Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village for investment of premium receipts. The fourth transfer was completed on February 3, 2006 in the amount of \$400,000.00 from the KWORCC Administrative account at Kaw Valley Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village for investment of premium receipts. The fifth transfer was completed on February 3, 2006 in the amount of \$537,513.10 from the KWORCC claims account at Kaw Valley Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village for investment of premium receipts. The sixth transfer was completed on February 6, 2006 in the amount of \$284,708.70 from the KWORCC claims account at Kaw Valley Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village for investment of 70 percent of premium receipts less special billing for settlement. The seventh transfer was completed on February 9, 2006 in the amount of \$186,360.44 from the KWORCC claims account at Kaw Valley Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village for investment of 70 percent of premium receipts less special billing for medical bills. The final transfer was completed on February 15, 2006 in the amount of \$149,243.50 from the KWORCC claims account at Kaw Valley Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village for investment of 70 percent of premium receipts. Mr. Alcorn seconded the motion which CARRIED unanimously.

Ms. Bird advised the Board that all 2006 insurance premiums had been paid.

Mr. Parrish explained that Kansas State Senator Dennis Wilson, also the Johnson County Treasurer, requested an opinion from the Kansas Attorney General asking whether K.S.A. 12-2630 would allow MARCIT to write all lines of insurance in Kansas. Currently MARCIT operates under a special exception to Chapter 12 which allows certain counties in Kansas to pool with group-funded pools outside of the state with the specific purpose of pooling "their sickness and accident related liabilities." If MARCIT is allowed to write insurance throughout the state, Mr. Parrish thinks that it would be tantamount to having an unregulated non-Kansas insurance pool going into competition with KWORCC and KCAMP which are regulated Kansas pools. Mr. Parrish advised that the KWORCC staff had endorsed a letter written by KCAMP to Assistant Attorney General Mary Feighy setting forth arguments why the statute is a limitation on MARCIT's ability to write all lines of insurance in Kansas. After discussion, Mr. Unger moved to express objection to MARCIT's request to expand its ability to write insurance in Kansas, and directed staff to use all reasonable means to avoid this, including monitoring legislation that may be introduced for such purposes. Mr. Schoepf seconded the motion which CARRIED unanimously.

Regarding the 2005 year end actuarial study by PricewaterhouseCoopers, LLP (PWC), Mr. Davis explained that the actuaries development of losses for the months of September through December 2005 showed an improvement of \$350,000 over what had been anticipated in an earlier actuarial study. Further, he explained that the reserve requirements were reduced for various claims. These factors resulted in a reduction by PWC in the ultimate losses for all fund years through 2005 by \$731,635. PWC also reduced projected losses for 2006 by approximately \$75,000. Mr. Davis then answered questions.

President Buttron called upon Mr. Eymann and Mr. Rippee to address Agenda Item No. 5, "Marketing and Loss Prevention Reports." Mr. Eymann and Mr. Rippee reported on county visits, answered questions and provided updates to the calendar.

Mr. Eymann stated that KWORCC, KCAMP and Thomas County were still working on coordinating the details of having the driving simulator delivered to Thomas County. Mr. Eymann next reported that Coffey County had requested KWORCC to offer a bid later this year. He also stated that Seward County recently hired a new administrator, and Mr. Eymann would be contacting him to market the pool.

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

President Buttron called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander discussed in detail the updated financial statement as of December 2005 and asked for questions. Mr. Alexander stated that January had not yet been closed out due to IMA's office move. Mr. Alcorn moved to receive and file the December 2005 financial report as presented. Ms. Swartz seconded the motion which CARRIED unanimously.

Mr. Alexander then presented the check register. Mr. Schoepf moved to approve check Nos. 10893 through 10959. Mr. Wise seconded the motion which CARRIED unanimously.

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

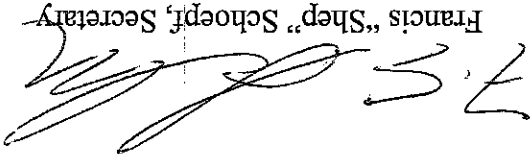
President Buttron addressed Agenda Item No. 9, "Committee Reports." Mr. Alcorn, Chair of the Personnel Committee, reported that the committee had met earlier in the day and recommended a performance enhancement of \$12,500 to KWORCC staff for its performance in 2005. Mr. Unger moved to approve the performance 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. Ms. Garrett seconded the motion which CARRIED unanimously.

President Buttron addressed Agenda Item No. 10, "Other Items." Mr. Parrish referred to the Pool Feasibility Study. He stated that the purpose of providing the draft was to allow the Board a chance to review the contents for discussion in the future.

President Buttron addressed Agenda Item No. 11, "Trustee Training: Death Claims, Part II: Provision for 'Other' Dependents." Ms. Bird presented statutory and case law concerning indemnity payments to wholly and partially dependent family members of deceased workers, other than surviving legal spouses and children, pursuant to the Kansas Workers Compensation Act. She outlined how the law uses a different formula for such survivors who are wholly dependent and those who are partially dependent. She conducted a sample "case" for evaluation and answered questions. Ms. Buttron thanked Ms. Bird for providing the information.

There being no further business, Ms. Swartz moved to adjourn the meeting at 3:35 p.m. Mr. Unger seconded the motion which CARRIED unanimously.

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties were approved by the Board of Trustees the 16th day of March 2006.



Francis "Shep" Schoepf, Secretary
KWORCC Board of Trustees

I, F. E. Schoepf, Secretary of Kansas Workers Risk Cooperative for Counties, hereby certify that the following is a true and correct copy of a Resolution duly adopted by unanimous vote of the Board of Trustees of KWORCC at a meeting duly called and held on the 16th day of March, 2006 at which a quorum was present:

RESOLUTION #2006-24

IN THE MATTER OF ESTABLISHING A DEFERRED COMPENSATION PLAN FOR KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES (KWORCC) AND TO ADOPT 457 DEFERRED COMPENSATION PLAN DOCUMENTS.

WHEREAS, the Board of Trustees (the "Board") of KWORCC (the "Employer"), pursuant to its authority to adopt employee benefit programs, wishes to adopt plan documents to make benefits of the Security Benefit (SBG) 457 Deferred Compensation Plan available to its Employees (the "Plan"); and

WHEREAS, certain tax benefits could accrue to KWORCC employees participating in said Plan and the Board wishes to take any action necessary to adopt such trust accounts, annuity contracts or custodial accounts as are necessary to establish funding vehicles with SBG affiliates for the Plan, to receive and invest contributions in such investment options as are selected by Employees participating in the Plan.

WHEREAS, the Board of Employer wishes to provide additional incentive to its employees to voluntarily set aside and invest portions of their current income to meet their future financial requirements and supplement their existing retirement program(s); and

WHEREAS, SBG has provided the Employer with a specimen Plan document (the Security Benefit 457 Deferred Compensation Plan);

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

The Board, meeting in regular scheduled meeting this 16th day of March, 2006 hereby adopts the form plan document for the Security Benefit 457 Deferred Compensation Plan for the benefit of the Employees of KWORCC;

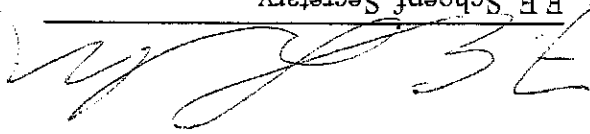
Pursuant to the Plan, the Board further establishes funding accounts with SBG for receipt of the investment contributions made under the Plan, as directed by participating Employees;

That the Administrator of Employer is hereby authorized and directed to execute the plan documents for the Plan in substantially the form presented to this Board, to communicate the terms of the Plan to Employees, to designate Employees as eligible for participation in the plan, including Salary Reduction Agreements, and to take such further actions as may be necessary and appropriate to implement the Plan and effectuate the terms and intent of these resolutions.

The Plan shall be effective as of March 15, 2006.

IN WITNESS WHEREOF, the undersigned has caused this Resolution to be executed this 16th day of March, 2006.

F. E. Schoepf, Secretary



**Minutes
Meeting, Board of Trustees
Kansas Worker Risk Cooperative for Counties
Clubhouse Inn—Conference Room
924 SW Henderson Rd., Topeka, Kansas
March 16, 2006**

The March 2006 meeting of the Board of Trustees of the Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order by Board President Linda Butron on Thursday, March 16, 2006 at the Clubhouse Inn in Topeka. Trustees participating: Linda Butron, Jefferson County Clerk, President; Ralph D. Unger, Decatur County Commissioner, Vice President; Francis "Shep" Schoepf, Reno County Commissioner, Secretary; Michelle Garrett, Morris County Clerk, Controller; Doyle "Hooly" Alcorn, Jewell County Commissioner; Bonnie Swartz, Gray County Clerk and Jim Wise, Miami County Commissioner.

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

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

President Butron called the meeting to order at 2:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish noted that Item No. 9a, "Personnel Committee" needed to be omitted. He then requested that Item No. 10a, "Preparing Bids for Replacement of Truck" be added under "Other Items." Mr. Schoepf moved to approve the agenda as modified. Mr. Unger seconded the motion which CARRIED unanimously.

President Butron addressed Agenda Item No. 3, "Consideration of the Minutes of the Meeting of February 16, 2006." Mr. Unger moved to approve the minutes as written. Ms. Swartz seconded the motion which CARRIED unanimously.

President Butron 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. 11034 in the amount of \$16,500 written to IMA as the third installment of 10 for 2006 claims adjustment fees. The second was check No. 11035 in the amount of \$51,853.59 written to the Commissioner of Insurance for the annual premium tax.

President Butron called for a 10 minute break.

answering questions.
Ms. Duncan reported on various claims and answered questions. She also provided a summary of claims activities for policy year 2005 and reported on the open and closed claims summary and President Butron called upon Ms. Duncan to address Agenda Item No.6, "Claims Reports."

Mr. Eymann also reported that he intends to market KWORCC to several counties including Nemaha, Butler, Cowley and Hodgeman.

Mr. Eymann reported that classes for the driving simulator were scheduled for May 23, 24 and 25 in Colby. He said Brandon Mann from KCAMP will be in charge of enrolling participants. KWORCC and KCAMP will share equally in the cost of the simulator.

answering questions and provided updates to the calendar.
"Marketing and Loss Prevention Reports." Mr. Eymann and Mr. Rippee reported on county visits, President Butron called upon Mr. Eymann and Mr. Rippee to address Agenda Item No. 5,

of the Trustees indicated interest in attending the AGRIP Institute for Management and Leadership. would be valuable information for handling large losses and disasters. After some discussion, many following the devastating hurricanes in Florida (2004) and in Louisiana and Mississippi (2005). This and mentoring for pool officials. Also, there would be presentations describing pool experiences the agenda for the Institute was not yet available, the program would be built around formal coaching ("Institute") will be held August 21 through 23 in Whitefish, Montana. She suggested that although Ms. Bird announced that the 2006 AGRIP Institute for Management and Leadership

Mr. Schoepf seconded the motion which CARRIED unanimously.
Retirement Solutions into a new 457 account at SBG. Ms. Swartz moved to adopt Resolution No. 2006-24 establishing a 457 Deferred Compensation Plan for KWORCC employees through SBG. in the transfer of employee's funds held in the 457 deferred compensation account at Nationwide for KWORCC employees at Security Benefit Group (SBG) in Topeka, Kansas. This would result Mr. Parrish presented Resolution No. 2006-24 establishing a 457 deferred compensation plan

amount that is much lower than had been anticipated.
that KWORCC would pay only \$14,103 more than it would be receiving as a result of the audits, an Ms. Bird reviewed the results of the 2005 payroll audits and answered questions. She stated

presented. Ms. Swartz seconded the motion which CARRIED unanimously.
2006 claims. Mr. Wise moved to approve check Nos. 11034 and 11035 and the wire transfer as Village to the KWORCC claims account at Kaw Valley Bank in Topeka for payment of February 2006 in the amount of \$233,103.75 from the KWORCC account at County Club Bank in Prairie it had been authorized by Ms. Garrett and Mr. Parrish. This transfer was completed on March 7, Mr. Parrish stated there had been one wire transfer of funds since the last Board meeting and

When the meeting reconvened, President Butron called upon Mr. Alexander to address Agenda Item No. 7, "Financial Report." Mr. Alexander discussed in detail the final December 2005 financial report as well as the January 2006 and February 2006 financial reports and asked for questions. Ms. Swartz moved to receive and file the December 2005, January 2006 and February 2006 financial reports as presented. Mr. Alcorn seconded the motion which CARRIED unanimously.

Mr. Alexander then presented the check register. Mr. Schoepf moved to approve check Nos. 10960 through 11033. Mr. Unger seconded the motion which CARRIED unanimously.

President Butron called upon Mr. Parrish to address Agenda Item No. 8, "Legal Report." Mr. Parrish reviewed the status of pending legislation concerning workers compensation issues. He said KWORCC staff would continue to monitor the legislature's activities and keep the Board posted concerning potential changes in the law.

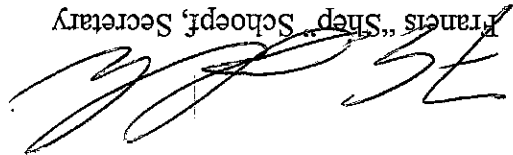
President Butron addressed Agenda Item No. 9, "Committee Reports." Mr. Parrish reminded the Audit Committee and the Investment Committee of their meetings in April. The Audit Committee is scheduled to meet at noon, and the Investment Committee is scheduled to meet at 1:00 p.m. on April 20.

President Butron addressed Agenda Item No. 10, "Other Items." Mr. Parrish and Mr. Eymann discussed trading the KWORCC pickup truck currently being driven by Mr. Eymann. Options were reviewed. Mr. Eymann stated that he and Ms. Bird had put together bid information and would proceed with soliciting bids for a new vehicle.

President Butron addressed Agenda Item No. 11, "Trustee Training: Basic Claims Processing." Ms. Duncan reviewed the logistics for submission and processing of workers compensation claims by the KWORCC membership. She provided several examples of problems that arise when claims are not reported timely and correctly. Ms. Butron thanked Ms. Duncan for her presentation.

There being no further business, Mr. Unger moved to adjourn the meeting at 4:20 p.m. Ms. Swartz seconded the motion which CARRIED unanimously.

THE FOREGOING MINUTES of the Board of Trustees of Kansas Workers Risk Cooperative for Counties were approved by the Board of Trustees the 20th day of April 2006.


Francis "Shep" Schoepf, Secretary
KWORCC Board of Trustees

Minutes
Meeting, Personnel Committee
Kansas Worker Risk Cooperative For Counties
Clubhouse Inn, Topeka, Kansas
February 16, 2006

On Thursday, February 16, 2006, 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 "Hookey" Alcorn at 1:08 p.m. Committee Members participating included: Doyle "Hookey" 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 adopt the Agenda with the option of adding additional items throughout the meeting. Ms. Garrett seconded the motion which CARRIED unanimously.

Mr. Unger moved to approve the minutes of September 16, 2005 and Ms. Garrett seconded the motion, which CARRIED unanimously.

Chairman Alcorn stated the primary purpose of the meeting was to consider performance enhancements for members of the KWORCC staff. Mr. Parrish pointed out that FY 2005 showed a rather significant operating loss as a result of our actuaries restatement of the losses in his report as of the end of August, 2005. Mr. Parrish reminded the Committee that there had been numerous death claims in the last two years. This, plus a conservative attitude on the part of the actuary caused him to project losses throughout the balance of 2005, the years preceding 2005 and for 2006 to be reflective of our most recent experience. Mr. Parrish advised that the actuaries follow up report which was just received earlier in the week showed that the losses for 2005 did not materialize to the extent expected and there was an adjustment of the estimated losses for all years, showing that KWORCC will end FY 2005 with (\$182,621). When this is added to investment income of \$366,594, there is a net, over-all gain of \$183,973 for FY 2005. Mr. Parrish stated that this amount could change further as a result of 2005 payroll audits.

Mr. Parrish was asked to reflect on the performance of members of KWORCC's staff. Mr. Parrish stated that all members of the staff were working together well as a team, and each person was dedicated to the mission of KWORCC and to doing a good job to fulfill that mission. He pointed out that Carl Eymann and Phil Rippee are covering their responsibilities to our membership well in loss prevention, safety education and marketing. Both of these individuals have a high level of dedication to covering the counties and being responsive to the needs of the counties. Mr. Rippee continues to work as sixty-percent employee and has made no indication that he wants to expand or reduce the time committed to that role. He pointed out that Dortha Bird was continuing her high level of excellence in administrative and legal duties in the office and was willing to go on the road if necessary to visit member counties for marketing purposes. Dortha has been working with Carl and Phil to update KWORCC's loss prevention library. Dortha has taken the lead in working with examiners from the Kansas Insurance Department and has worked extensively with the actuaries. She has been quick to respond to emergencies as they arise. Mr. Parrish stated that Christie Carney was performing well in her role. Christie remains a five-eighths time employee, yet is available on the job for a full eight hours each day to handle her duties for KWORCC.

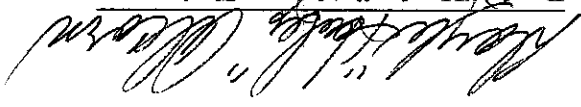
and her responsibilities in her clerical roll supporting one of the office-sharing tenants. Richard Alexander continues to work effectively with staff and IMA to provide accurate and timely accounting reports and is always ready and available to help members of the staff by answering questions when needed.

Mr. Alcorn asked what the performance enhancements have been in the past. Mr. Parrish pointed out that for the previous two years the enhancement amounts have been \$13,500 and prior to that, the amount was \$10,000. Mr. Alcorn asked Mr. Parrish to give his recommendation for 2005 performance enhancements for members of the staff. Mr. Parrish responded that he would recommend \$13,500, the same as was granted last year. Mr. Parrish did acknowledge that the bottom line results for the pool were not as good, but came about in part as a result of the reevaluation by KWORCC's actuaries that more money needed to be reserved for losses than they previously had recommended and that there were four death claims, adding to the unusually high number of death claims which have occurred in the previous two and one-half years. He pointed out that the extraordinary losses were out of the direct control of the staff and that the administrative expenditures which are directly under control of staff members were well under budget for 2005.

The Personnel Committee discussed their appreciation for the work of the staff members, but recognized that because the overall gain was lower this year, the total performance enhancement should be reduced somewhat. After discussion on the appropriate amount, Ms. Garrett moved to set the performance enhancement at \$12,500 and of that amount, \$3,450 would be allocated to the Administrator and \$9,050 would be allocated to other staff members in amounts as determined by the Administrator. She said her motion was made with the understanding that the reduction in the performance enhancement this year was not to be interpreted as a reflection of staff performance, but merely a recognition that the bottom line results were not as good this year as in the past. Mr. Unger seconded the motion which CARRIED unanimously.

There being no further business to come before the Personnel Committee, Mr. Unger moved to adjourn the meeting at 1:58 p.m. Ms. Garrett seconded the motion which CARRIED unanimously.

THE FOREGOING MINUTES of the Personnel Committee of Kansas Workers Risk Cooperative for Counties were executed by the Chair of that Committee on the 16th day of March, 2006.


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
January 19, 2006

The January 2006 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, January 19, 2006 at the Clubhouse Inn in Topeka. Trustees participating: Bonnie Swartz, Gray County Clerk, President; Linda Butron, Jefferson County Clerk, Vice President; Ralph D. Unger, Decatur County Commissioner, Secretary; Michelle Garrett, Morris County Clerk, Controller; Doyle "Hoooley" Alcorn, Jewell 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. Eymann, ARM-P, Deputy Administrator/Loss Prevention Specialist; Phillip J. 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 Mr. Tris Felix of Insurance Management Associates, Inc. (IMA).

President Swartz called the meeting to order at 2:00 p.m. and addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish requested that Item No. 5d, "Discussion of Meeting Times" be added under the Administrators Report and that Item No. 6c, "Driving Simulator—Joint Training at Thomas County" and Item No. 6d, "Modernize Loss Prevention Library" both be added under the Marketing and Loss Prevention Report. Mr. Wise moved to approve the agenda with the 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 December 16, 2005." Mr. Unger noted that there were three minor errors. Ms. Garrett moved to approve the minutes with the corrections. Mr. Unger seconded the motion which CARRIED unanimously.

Before the meeting continued, Mr. Unger moved to excuse Mr. Francis "Shep" Schoepf, Reno County Commissioner from the meeting due to illness. Ms. Butron seconded the motion which CARRIED unanimously.

President Swartz 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, if desired, to move sequentially through each of the officer positions. Mr.

Wise moved, in keeping with that tradition, that the following individuals be nominated and elected by acclamation: Linda Butron, President; Ralph D. Unger, Vice President; Francis "Shep" Schoepf, Secretary and Michelle Garrett, Controller. Mr. Alcorn seconded the motion which CARRIED unanimously.

Ms. Butron then presented outgoing President Swartz with a plaque expressing the Board's gratitude for her dedicated service as President of KWORCC in 2005. The meeting then continued with Ms. Butron presiding as the newly elected Board President.

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

Mr. Parrish presented two checks for Board approval. The first was check No. 10896 in the amount of \$50,000 written to IMA for the 2006 brokerage fee. The second was check No. 10897 written to IMA as the first installment of 10 for 2006 claims adjustment fees.

Mr. Parrish stated there had been seven wire transfers of funds since the last Board meeting, all of which were authorized by Ms. Garrett and Mr. Parrish. The first was completed on December 20, 2005 in the amount of \$50,000.00 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 claim settlement. The second was completed on January 9, 2006 in the amount of \$173,732.96 from the KWORCC account at Kaw Valley Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village for investment of 70 percent of premium receipts less December claims payments. The third transfer was completed on January 13, 2006 in the amount of \$556,429.37 from the KWORCC claims account at Kaw Valley Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village for investment of 70 percent of premium receipts less special billing for medical and settlements. The fourth transfer was completed on January 17, 2006 in the amount of \$441,677.00 from the KWORCC Administrative account at Kaw Valley Bank in Topeka to the IMA account at Emprise Bank in Wichita for payment of the 2006 reinsurance premium. The fifth transfer was completed on January 17, 2006 in the amount of \$250,079.20 from the KWORCC claims account at Kaw Valley Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village for investment of 70 percent premium receipts. The sixth transfer was completed on January 18, 2006 in the amount of \$109,612.30 from the KWORCC claims account at Kaw Valley Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village for investment of 70 percent of premium receipts. The final transfer was completed on January 19, 2006 in the amount of \$314,853.00 from the KWORCC claims account at Kaw Valley Bank in Topeka to the KWORCC account at Country Club Bank in Prairie Village for investment of 70 percent of premium receipts. Mr. Unger moved to approve check Nos. 10896 and 10897 and the seven wire transfers as presented. Ms. Swartz seconded the motion which CARRIED unanimously.

Ms. Bird advised the Board on the status of the 2006 insurance premiums paid to date.

Ms. Bird 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 then discussed changing the monthly Board meetings from starting at 1:00 p.m. to 2:00 p.m. This would allow Board Members who reside long distances from Topeka more time to arrive and prepare for the meeting. Mr. Unger moved to change the meeting time from 1:00 p.m. to 2:00 p.m. for a trial period of six months. Ms. Swartz seconded the motion which CARRIED unanimously.

President Butron called upon Mr. Eymann and Mr. Rippee to address Agenda Item No. 6, "Marketing and Loss Prevention Reports." Mr. Eymann and Mr. Rippee reported on county visits and answered questions. Mr. Eymann stated that he and Mr. Rippee would be distributing the loss-ratio award plaques to the winning counties over the next couple of months.

Mr. Parrish then discussed strategies to involve local agents in the marketing and retention of KWORCC coverage.

Mr. Eymann stated that KCAMP suggested sharing in the cost of renting a driving simulator to be made available to Thomas and surrounding counties. Mr. Wise stated that it was a good idea and that his county would be interested in participating in driving simulator training, as would several other counties. Mr. Eymann proposed a small charge to participating counties to help recoup some of the cost, and there was consensus among Board Members that many counties may be willing to participate because of the benefits that a driving simulator would provide. Ms. Swartz moved to approve KWORCC paying for half the cost of renting the driving simulator for a training program in Thomas County. Mr. Wise seconded the motion which CARRIED unanimously.

Mr. Parrish reported that a DVD recording device was purchased to allow KWORCC to copy various videos from the loss prevention library. By copying videos which are currently in the VHS format, the KWORCC library will be preserved, and the DVD format would be available as counties transition to digital equipment. Further, Mr. Eymann and Mr. Rippee will be able to present the DVD format when out in the field during training, leaving original VHS videos on hand in the library for members to check out.

President Butron 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. 01-10159 for settlement approval. Mr. Unger moved to approve the settlement as discussed. Ms. Garrett seconded the motion which CARRIED unanimously. Ms. Duncan next presented claim No. 04-6055 for settlement approval. Ms. Swartz moved to approve the settlement as discussed. Mr. Wise seconded the motion which CARRIED unanimously.

President Butron called for a 15 minute recess.

When the meeting reconvened, President Butron called upon Mr. Alexander to address Agenda Item No. 8, "Financial Report." Mr. Alexander first referred to the October and November 2005 financial statements, consideration of which had been tabled at the last meeting. Mr. Alexander said that he did not believe it necessary to review those two monthly statements in detail in that there were no unusual entries or transactions and that December's statements included all 2005 activity. He then asked for questions regarding those two monthly statements. Next Mr. Alexander discussed in detail the interim financial statements as of December 2005 and asked for questions. Ms. Swartz moved to receive and file the October and November 2005 financial reports and the interim December 2005 financial report as presented. Ms. Garrett seconded the motion which CARRIED unanimously.

Mr. Alexander then presented the interim Kansas Insurance Department filing report for the fourth quarter of 2005. After discussion, Mr. Schoepf moved to approve the interim fourth quarter report as presented for filing with the Kansas Insurance Department. Ms. Butron seconded the motion which CARRIED unanimously.

The check register was also presented by Mr. Alexander. Mr. Wise moved to approve check Nos. 10823 through 10892. Mr. Unger seconded the motion which CARRIED unanimously.

President Butron called upon Mr. Parrish to address Agenda Item No. 9, "Legal Report." Mr. Parrish stated that he had no legal issues to discuss.

President Butron addressed Agenda Item No. 10, "Committee Reports." Mr. Parrish presented the following committee appointments for approval by the Board: Personnel Committee – Doyle, "Hoohey", Alcorn, Chair, Ralph D. Unger and Michelle Garrett; Investment Committee – Jim Wise, Chair, Francis "Shep" Schoepf and Ralph D. Unger; Audit Committee – Bonnie Swartz, Chair, Linda Butron and Jim Wise; Joint KWORCC/KCAMP Committee on Cooperation – Linda Butron, Doyle "Hoohey", Alcorn and Francis "Shep" Schoepf. Mr. Unger moved to approve the committees as presented. Ms. Swartz seconded the motion which CARRIED unanimously.

The first scheduled meetings for the Committees in 2006 were presented as follows: Personnel Committee – February 16, 2006 at 1:00 p.m. at the Clubhouse Inn; Investment Committee – April 20, 2006 at 1:00 p.m. at the Clubhouse Inn. Mr. Unger moved to approve the committee meeting schedules as presented. Mr. Wise seconded the motion which CARRIED unanimously.

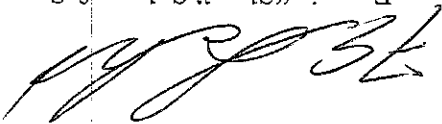
President Butron addressed Agenda Item No. 11, "Other Items." There were no other items to be discussed.

President Butron addressed Agenda Item No. 12, "Trustee Training: Death Claims, Part I: Provision for Spouse and Children." Ms. Bird discussed in detail the statutory and case law concerning payments to surviving legal spouse and wholly dependent children pursuant to the

Kansas Workers Compensation Act. She then answered questions. President Butron thanked Ms. Bird for the informative presentation

There being no further business, Mr. Unger moved to adjourn the meeting at 4:10 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 16th day of February 2006.



Francis "Shep" Schoepf, Secretary
KWORCC Board of Trustees