

**Minutes**  
**Meeting, Board of Trustees**  
**Kansas Workers Risk Cooperative for Counties**  
**January 14, 2010 at 2:00 p.m.**  
**Clubhouse Inn**  
**924 SW Henderson Road**  
**Topeka, KS 66615**

The January 2010 meeting of the Board of Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order at 2:00 p.m. at the Clubhouse Inn in Topeka by Board President Michelle Garrett on Thursday, January 14, 2010. Trustees present included Michelle Garrett, Morris County Clerk, President; Jim Wise, Miami County Commissioner, Vice-President; Doyle 'Hooley' Alcorn, Jewell County Commissioner, Secretary; Linda Buttron, Jefferson County Clerk, Controller; Bonnie Swartz, Gray County Clerk; Francis Garcia, Reno County Commissioner and Ralph D. Unger, Decatur County Commissioner.

Staff participating included Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator and Staff Counsel; Mr. Carl Eyman, Deputy Administrator and Loss Prevention Specialist; Mr. Philip J. Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Nicole Jarboe-Paxson, Executive Assistant and Media Director.

Insurance Management Associates (IMA) appeared by Ms. Marla Dipman, Mr. Gene Miller and Mr. Paul Davis.

President Garrett addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish recommended the following additions to the Agenda: Item No. 4g, "2010 Premium Receipts"; Item No. 7b, "4<sup>th</sup> Quarter Preliminary Report to KID"; Item No. 8a, "Introduce Marla Dipman" and Item No. 10a, "Law Suit Challenging Fund Sweeps by the State." He also requested that any items after the agenda items be renumbered to accommodate these additions. Mr. Unger moved to approve the agenda with the additions. Mr. Wise seconded the motion, which CARRIED unanimously.

President Garrett addressed Agenda Item No. 3a, "Consideration of Minutes of Meeting of December 10, 2009." Mr. Unger moved to approve the minutes as presented. Mr. Alcorn seconded the motion, which CARRIED unanimously.

President Garrett addressed Agenda Item No. 3b, "Consideration of Minutes of Special Meeting of December 29, 2009." Mr. Unger stated that discussion and action on the 2010 IMA contract had been tabled at the December 14, 2009 meeting and asked that the minutes reflect that this item was removed from the table prior to discussion and action. Mr. Unger moved to approve the minutes with that modification. Mr. Wise seconded the motion, which CARRIED unanimously.

President Garrett addressed Agenda Item No. 4, "Election of Officers and Establish Committees." She stated that all proposed officers and committee members had been contacted by the staff and agreed to serve. The officers include Jim Wise, President; Doyle Alcorn, Vice-President; Linda Buttron, Secretary and Michelle Garrett, Controller. The committee members include Frances Garcia, Chair Personnel Committee with Bonnie Swartz and Doyle Alcorn as committee members; Ralph D. Unger as Chair of Investment Committee with Michelle Garrett and Jim Wise as committee members; Bonnie Swartz as Chair of Audit Committee with Michelle Garrett and Linda Buttron as committee members and Ralph D. Unger as chair of the Joint KWORCC/KCAMP Committee on Cooperation with Jim Wise and Linda Buttron as committee members. Mr. Unger moved to close nominations, elect the slate of officers and to ratify appointment of committee members as proposed. Ms. Swartz seconded the motion, which CARRIED unanimously.

President Wise addressed Agenda Item No. 5, "Administrator's Report." Mr. Parrish first addressed Agenda Item No. 5a "Presentation to President Garrett." Mr. Wise thanked Ms. Garrett for her year of service to KWORCC as President. Ms. Garrett stated that she appreciated the honor of serving the membership as President and expressed best wishes for Mr. Wise in taking over the office.

Mr. Parrish then discussed Agenda Item No. 5b, "Checks Requiring Board Approval and Approval of Electronic Transfer of Funds." He itemized the electronic transfer of funds and checks requiring approval. Ms. Swartz moved to approve the transfer and the checks as presented. Ms. Garcia seconded the motion, which CARRIED unanimously.

Mr. Parrish then addressed Agenda Item No. 5c, "Complete Conflict of Interest Forms." He asked that all Trustees and staff complete the conflict of interest forms for filing with the Kansas Insurance Department.

Mr. Parrish proceeded to Agenda Item No. 5d, "Request Waiver from KDOA of GAAP, Resolution No. 2010-06." Ms. Swartz moved to adopt Resolution No. 2010-06. Ms. Garret seconded the motion, which CARRIED unanimously.

Mr. Parrish next addressed Agenda Item No. 5e, "Move April Meeting to April 22, 2010." Mr. Unger moved to change the April meeting date from April 23<sup>rd</sup>, 2010 to April 22<sup>nd</sup>, 2010. Ms. Garrett seconded the motion, which CARRIED unanimously.

Mr. Parrish discussed Agenda Item No. 5f, "KAC Joint Venture." As a report from previous inquiries by Trustees, he stated that KCAMP has entered into a universal sponsorship with Kansas Association of Counties (KAC) that provides exclusive recognition of KCAMP as a property, casualty and liability insurance provider for Kansas counties. The arrangement provides KCAMP notification of all KAC meetings and other marketing benefits and allows KCAMP to provide loss-prevention seminars at KAC meetings. He said that KCAMP staff had no objection to KWORCC pursuing a similar arrangement with KAC. Such a universal sponsorship would include all current sponsorships and would provide KWORCC notifications for KAC meetings with an opportunity to participate and would yield word-of-mouth recognition for KWORCC. KAC has training meetings, new commissioner orientation and regional meetings, all of which could be included in the universal sponsorship. Ms. Swartz moved to authorize the KWORCC staff to initiate discussions with KAC about entering into a similar agreement and report the results at the next meeting. Ms. Garcia seconded the motion, which CARRIED unanimously.

Under Agenda Item No. 5g, "2010 Premium Receipts," Ms. Bird reported the premiums received thus far total \$1,351,615.

President Wise then proceeded to Agenda Item No. 6, "Marketing Report." Mr. Eyman discussed marketing activities in several counties.

President Wise addressed Agenda Item No. 7, "Financial Report." Mr. Alexander discussed in detail the preliminary financial statements he prepared for December 2009. Ms. Swartz moved to receive and file the preliminary reports as presented. Ms. Buttron seconded the motion, which CARRIED unanimously.

Mr. Alexander discussed in detail the interim fourth quarterly financial report for 2009 to be filed with the Kansas Insurance Department. Ms. Swartz moved to receive and file that interim report. Mr. Alcorn seconded the motion, which CARRIED unanimously.

Mr. Alexander presented the check register. Ms. Garrett moved to approve check Nos. 13461 through 13509 and the direct debits, all as presented. Ms. Buttron seconded the motion, which CARRIED unanimously.

Next, Mr. Alexander reviewed two reports showing the value of KWORCC's equity investments as of January 6 and January 14, 2010.

Mr. Davis introduced Ms. Dipman to the Trustees and stated she has been with IMA for eight years and had worked on some of the KWORCC claims. Ms. Dipman thanked the Board and staff for the opportunity to work with them and encouraged communication if any issues on claims arise. The Board and staff welcomed Ms. Dipman.

President Wise next addressed Agenda Item No. 8, "Claims Report – IMA." Addressing Agenda Item No. 7a, "Select Claims Review," Ms. Dipman and Mr. Miller reported on claims and answered questions. Ms. Dipman also requested approval on pending settlements. Ms. Swartz moved to approve settlement of claim Nos. 2008034677 and 2008035952 as recommended. Ms. Garrett seconded the motion, which CARRIED unanimously. Ms. Buttron moved to approve settlement of claim No. 2008036263 as recommended. Ms. Garcia seconded the motion, which CARRIED unanimously.

For Agenda Item No. 8b, "Logicomp Bill Review Report," Ms. Dipman reported that for the period from January 1, 2009 through December 31, 2009, the total amount billed is \$4,101,156; the actual paid amount is \$2,500,458 for a net savings after fees of \$1,600,700. This is more than 39% of the amount billed for this 12-month period.

Mr. Davis then explained the "Policy Year Performance Review" under Agenda Item No. 8c. This analytical review generated by IMA shows KWORCC's claim history for policy years 2006 through 2009. The documents consist of graphs which compare the actual paid and incurred losses to the estimated paid and incurred losses and show the actuarial projections. Mr. Davis emphasized these charts should not be considered as a guarantee of either good or poor ultimate loss performance.

President Wise called upon Messrs. Eyman and Rippee to address Agenda Item No. 9, "Loss Prevention and County Visits." Mr. Eyman reviewed calendars for December, January and February for the loss-prevention staff.

President Wise announced a short break in the meeting at 3:11 p.m. The meeting resumed at 3:19 p.m.

President Wise addressed Agenda Item No. 10, "Legal Report." Mr. Parrish reported on the status of the law suit challenging the sweeps by the state of monies from fee funds. He explained that there was a delay in filing the suit for inclusion of a new series of sweeps contained in the Governor's FY 2011 budget.

Next, President Wise addressed Agenda Item No. 11, "Committee Reports." Mr. Unger reported that the Investment Committee met just before the board meeting and looked at alternatives to the Alpha Opportunity Fund. He said the committee reviewed the different funds and recommends to the board that KWORCC start to invest in two new funds, Rydex/SGI All Cap Value Fund and Rydex/SGI Small Cap Value Fund, at a rate of \$15,000 per month in each of these new funds for the first quarter of 2010 and that this decision be reviewed at the March investment committee meeting. He said the committee recommends no additional investments in the four existing funds but that investment in these funds should be retained pending further review. Mr. Unger moved to follow the investment committee's recommendation. Ms. Garrett seconded the motion, which CARRIED unanimously.

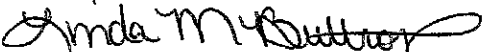
Mr. Parrish addressed the schedule for committee meetings through April. The Personnel Committee meeting will be February 18 at 1:00 p.m., the Investment Committee meeting is scheduled for March 11 at Noon and the Audit Committee meeting will be April 22<sup>nd</sup> at Noon. Ms. Swartz moved to approve the committee meeting schedule. Ms. Garcia seconded the motion, which CARRIED unanimously.

President Wise then called upon Ms. Bird to address Agenda Item No. 12, "Trustee Training: Look out for ICE." Ms. Bird reviewed the procedures to follow when Immigration and Customs Enforcement (ICE) arrives unannounced to audit the I-9 immigration forms. She recommended that counties audit their I-9s and keep them in a separate file away from the rest of the personnel records. She stated that employers are required to keep I-9s for three years, or one year after the employee leaves, whichever is later. One option is to use the system known as "e-verify." However, using e-verify opens a county's personnel records to the United States Department of Homeland Security. The benefit to using e-verify is that it will keep a county from being liable if a county hires someone e-verify says is eligible who later turns out to be ineligible for employment in the United States. It also protects a county in the event the county declines to hire someone based on the results if it later turns out they were actually eligible. President Wise thanked Ms. Bird for her presentation.

President Wise then addressed Agenda Item No. 13, "Other Business." There was no other business.

There being nothing further before the Board, Ms. Swartz moved to adjourn at 3:50 p.m. Ms. Garrett seconded the motion, which CARRIED unanimously.

The KWORCC Board of Trustees approved the foregoing minutes on the 18th day of February, 2010.

  
Linda Buttron, Secretary  
KWORCC Board of Trustees

**KWORCC**  
KANSAS  
WORKERS RISK COOPERATIVE  
for COUNTIES

January 14, 2010

**Trustees**

Jim Wise  
Miami County Commissioner  
President

Doyle "Hooley" Alcorn  
Jewell County Commissioner  
Vice President

Linda M. Buttron  
Jefferson County Clerk  
Secretary

Michelle Garrett  
Morris County Clerk  
Controller

Frances Garcia  
Reno County Commissioner

Bonnie Swartz  
Gray County Clerk

Ralph D. Unger  
Decatur County Commissioner

**Staff**

James W. Parrish  
Administrator

Dortha O. Bird  
Deputy Administrator  
& Staff Counsel

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

Philip J. Rippee  
Loss Prevention Specialist

Richard "Alex" Alexander  
Accountant

**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](http://www.kworcc.com)

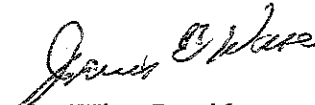
Mr. Kent Olson, Director  
Division of Accounts and Reports  
900 SW Jackson - Room 351S  
Landon State Office Building  
Topeka, Kansas 66612-1248

Dear Director:

Pursuant to KWORCC Resolution #2010-06, passed at its meeting on January 14, 2010 (photocopy enclosed for your immediate reference), the Board of Trustees found that financial statements and financial reports prepared in conformity with generally accepted accounting principles are not relevant to the requirements of the cash basis and budget laws of Kansas and are of no significant value to the Board of Trustees, members of the general public, or members of the Kansas Workers Risk Cooperative for Counties.

In accordance with K.S.A. 75-1120a(c)(1), the Board of Trustees hereby requests a waiver from the preparation of financial statements and financial reports prepared in conformity with generally accepted accounting principles for the year ended December 31, 2009. It is the intention of the Cooperative to prepare its financial statements and financial reports utilizing the statutory basis of accounting in accordance with the rules and regulations as set forth by the Kansas Insurance Commissioner.

Most sincerely,



Jim Wise, President  
Board of Trustees

JW:db  
pc:File  
KWORCC Board of Trustees  
Enclosure

I, Linda M. Buttron, 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 14<sup>th</sup> day of January, 2010 at which a quorum was present:

### **RESOLUTION # 2010-06**


WHEREAS the Kansas Workers Risk Cooperative for Counties has determined that the financial statements and financial reports to be prepared for the year ending December 31, 2009, if prepared in conformity with the requirements of K.S.A. 75-1120a(a) will not be relevant to the requirements of the cash basis and budget basis laws of this state and are of no significant value to the Board of Trustees, members of the general public, or members of the Kansas Workers Risk Cooperative for Counties;

WHEREAS there are no revenue bond ordinances or other ordinances or resolutions of the Cooperative which would require financial statements and financial reports to be prepared in conformity with K.S.A. 75-1120a(a) for the year ending December 31, 2009;

NOW, THEREFORE BE IT RESOLVED, by the Board of Trustees of Kansas Workers Risk Cooperative for Counties, in regular meeting duly assembled this 14<sup>th</sup> day of January, 2010, that the Board of Trustees request the Director of Accounts and Reports waive the requirements of K.S.A. 75-1120a(a) as they apply to the Kansas Workers Risk Cooperative for Counties for the year ending December 31, 2009.

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

IN WITNESS WHEREOF, the undersigned has caused this Resolution to be executed this 14<sup>th</sup> day of January, 2010.

  
Linda M. Buttron, Secretary

**Minutes**  
**Meeting, Investment Committee**  
**Kansas Worker Risk Cooperative for Counties**  
**Clubhouse Inn - Conference Room**  
**924 SW Henderson Rd., Topeka KS 66615**  
**January 14, 2010**

On Thursday, January 14, 2010 at 1:00 PM the Investment Committee of the Kansas Workers Risk Cooperative for Counties ("KWORCC") met at the Clubhouse Inn, Topeka, Kansas. The meeting was called to order by Committee Chair, Ralph D. Unger. Committee Members participating included: Ralph D. Unger, Decatur County Commissioner; Michelle Garrett, Morris County Clerk and Jim Wise, Miami County Commissioner. Also present was KWORCC Administrator, Jim Parrish and Bradley Downard, Security Global Investors.

Mr. Wise moved to approve the Agenda. Ms. Garrett seconded the motion, which CARRIED unanimously.

Chairman Unger requested consideration of minutes dated December 10, 2009. Ms. Garrett moved to approve the minutes. Mr. Wise seconded the motion which CARRIED unanimously.

Next, Chairman Unger requested that Mr. Downard address Agenda Item 4, "Discuss Equity Investments." Mr. Downard stated that the Mid Cap Growth Fund increased in value 42.95%, the Mid Cap Value Fund increased in value 40% and the Mid Cap Global Fund increased in value by 19.79% during 2009 as of December 31, 2009.

Mr. Downard stated the Alpha Opportunity Fund continues to be closed to new investments, and he did not know when it would open again to new investments. It has increased in value during 2009 by 24.59% as of December 31, 2009. He stated that the Alpha Opportunity Fund was very unique when it opened and that there are no other funds similar to it.

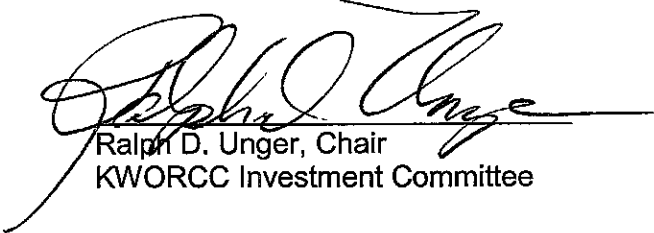
Discussion turned to the Mid Cap Value Fund which appears to be the strongest fund in which KWORCC has invested. The fund is managed by Jim Schier, who manages two additional funds including a Small Cap Value Fund which increased in value by 61.04% during the 2009 calendar year and an All Cap Value Fund which has increased in value by 28.88% in 2009. Mr. Downard said Mr. Schier uses similar strategies when managing these funds, commenting that these smaller capitalization companies are likely to lead the country out of the current recession.

Mr. Unger asked Mr. Downard about seeking a fund to increase KWORCC's diversity. Mr. Downard responded by saying that KWORCC needed more global exposure. We had used the Alpha Opportunity Fund to achieve more diversity, but now it would be appropriate to look to large cap funds. He said the Alpha Opportunity Fund was ranked #10 in the country in relation to funds considered its peers, but it has not achieved the growth that was promised in its prospectus. There is a danger that a large investor would liquidate and drive down the value of the fund, and there would be no way to recover should the price drop because the fund is closed to new investments.

Following discussions and questions, Mr. Downard indicated the Small Cap Value Fund and the All Cap Value Fund are both relatively young funds that showed strong performance in 2009. Following further discussion, Mr. Wise moved to recommend to the KWORCC Board of Trustees that KWORCC invest \$15,000 per month for three months in the Small Cap Value Fund and \$15,000 per month for three months in the All Cap Value Fund. Ms. Garrett seconded the motion, which CARRIED unanimously.

Thereupon, Ms. Garrett moved to adjourn the committee meeting at 1:50 PM. Mr. Wise 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 February 28, 2010.



Ralph D. Unger, Chair  
KWORCC Investment Committee



**Minutes**  
**Meeting, Board of Trustees**  
**Kansas Workers Risk Cooperative for Counties**  
**February 18, 2010 at 2:00 p.m.**  
**Clubhouse Inn**  
**924 SW Henderson Road**  
**Topeka, KS 66615**

The February 2010 meeting of the Board of Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order at 2:01 p.m. at the Clubhouse Inn in Topeka by Board President Jim Wise on Thursday, February 18, 2010. Trustees present included; Jim Wise, Miami County Commissioner, President; Doyle 'Hooley' Alcorn, Jewell County Commissioner, Vice-President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; Bonnie Swartz, Gray County Clerk and Ralph D. Unger, Decatur County Commissioner.

Staff participating included Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator and Staff Counsel; Mr. Carl Eyman, Deputy Administrator and Loss Prevention Specialist; Mr. Philip J. Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Nicole Jarboe-Paxson, Executive Assistant and Media Director.

Insurance Management Associates (IMA) appeared by Ms. Marla Dipman, Ms. Susan May, Mr. Gene Miller and Mr. Paul Davis. Also present was Mr. Sam Cargnel of Centric Actuaries.

President Wise addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Unger moved to approve the agenda. Ms. Swartz seconded the motion, which CARRIED unanimously.

President Wise addressed Agenda Item No 2a, "Excuse Frances Garcia for Schedule Conflict." Mr. Unger moved to excuse Ms. Garcia, Ms. Swartz seconded the motion which CARRIED unanimously.

President Wise addressed Agenda Item No. 3a, "Consideration of Minutes of Meeting of January 14, 2010." Mr. Unger moved to approve the minutes as presented. Ms. Garrett seconded the motion, which CARRIED unanimously.

President Wise addressed Agenda Item No. 4, "Administrator's Report." Mr. Parrish first addressed Agenda Item No. 4a, "Checks Requiring Board Approval and Approval of Electronic Transfer of Funds." He itemized the electronic transfer of funds and the check requiring approval. Ms. Swartz moved to ratify the transfers and approve the check as presented. Mr. Alcorn seconded the motion, which CARRIED unanimously.

Mr. Parrish then asked Mr. Cargnel to address Agenda Item No. 4b, "Actuarial Year-End Adjustments." Mr. Cargnel reviewed the changes to the ultimate loss picks for prior years, noting there were no large changes to any particular year. He reported that 2009 was an unusual year with more than 100 fewer claims than expected. For 2010, the reports show that 540 claims are expected, with an average cost of \$8,500 per claim, resulting in a loss pick for 2010 of \$4.6 million. Mr. Cargnel then asked for and responded to questions. Mr. Alcorn moved to accept the report. Ms. Swartz seconded the motion, which CARRIED unanimously.

Mr. Parrish proceeded to Agenda Item No. 4c, "Request Investment Income Allocation to 2004, per Actuarial Report." Mr. Alexander explained that the actuarial adjustments resulted in a deficit for 2004 and recommended that \$65,000 be moved from investment income to policy year 2004. He explained that the 2009 financial statements were still open pending finalization of payroll audits and other year-end adjustments, and the transfer would be reflected in the final 2009 financial report. Ms. Swartz moved to allocate \$65,000 from investment income to policy year 2004 as of December 31, 2009. Ms. Garrett seconded the motion, which CARRIED unanimously.

Mr. Parrish next addressed Agenda Item No. 4d, "Partnership with Kansas Association of Counties." Mr. Parrish presented a copy of the agreement between KCAMP and KAC. The board was in agreement that a similar agreement for KWORCC would be beneficial. The KCAMP agreement is for \$20,000 per year for a two-year agreement, which automatically renews thereafter. Mr. Unger moved that the board approve a similar agreement between KWORCC and KAC at a rate of \$10,000 per year. If the staff is unable to attain the agreement at \$10,000 per year, the Board will review the matter again at the next board meeting. Ms. Swartz seconded the motion, which CARRIED unanimously.

Mr. Parrish then asked Ms. Bird to address Agenda Item No. 4e, "Report on 2010 Member Premiums." Ms. Bird reported that KWORCC has received premiums from all but one county. The outstanding balance is \$105,682.

Under Agenda Item No. 4f, "PRIMA Conferences," Ms. Bird explained that the National Prima Conference is scheduled this year from June 6<sup>th</sup> through the 9<sup>th</sup> in Orlando, Florida. She asked Board members to indicate their interest as soon as possible. The registration cost increases on March 12, so Ms. Bird asked all trustees to let her know if they will be attending prior to that date. She also explained that the annual MoKan Prima conference is scheduled for April 14<sup>th</sup> through the 16<sup>th</sup>. She asked everyone interested in attending this conference to let her know as soon as possible.

President Wise then proceeded to Agenda Item No. 5, "Marketing Report." Mr. Eyman discussed marketing activities in several counties.

President Wise addressed Agenda Item No. 6, "Financial Report." Mr. Alexander reported on the preliminary 2009 year-end financial reports which will be finalized after completion of the payroll audits and other adjustments.

Mr. Alexander then reported on the preliminary January 2010 financial statements. Corrected reports will be furnished after 2009 year-end numbers are available. Ms. Swartz moved to approve the preliminary reports as presented; Ms. Buttron seconded the motion, which CARRIED unanimously.

Mr. Alexander presented the check register. Mr. Alcorn moved to approve check Nos. 13510 through 13566 and the direct debits, all as presented. Mr. Unger seconded the motion, which CARRIED unanimously.

Next, Mr. Alexander reviewed reports showing the value of KWORCC's equity investments as of February 9, 2010 and February 17, 2010.

President Wise next addressed Agenda Item No. 7, "Claims Report – IMA." Addressing Agenda Item No. 7a, "Select Claims Review," Ms. May and Mr. Miller reported on claims and answered questions. Ms. May also requested approval on pending settlements. Ms. Swartz moved to approve settlement of claim Nos. 2008035131 and 2008036396 as recommended. Ms. Buttron seconded the motion, which CARRIED unanimously.

For Agenda Item No. 7b, "Logicomp Bill Review Report," Mr. Miller reported that for the period from January 1, 2010 through January 31, 2010, the total amount billed is \$167,622; the actual paid amount is \$99,400 for a net savings after fees of \$68,222. This is more than 41% of the amount billed for this one month period.

Mr. Davis then explained the "Policy Year Performance Review" under Agenda Item No. 7c. This analytical review generated by IMA shows KWORCC's claim history for policy years 2006 through 2010. The documents consist of graphs which compare the actual paid and incurred losses to the estimated paid and incurred losses and show the actuarial projections. Mr. Davis emphasized these charts should not be considered as a guarantee of either good or poor ultimate loss performance.

President Wise called upon Messrs. Eyman and Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Eyman reviewed calendars January, February and March for the loss-prevention staff.

President Wise addressed Agenda Item No. 9, "Legal Report." Mr. Parrish touched on pending legislation. He also reported besides filing the lawsuit in Shawnee County, there had not been much activity on the fund sweep litigation, although there has been considerable publicity directed toward the plaintiff's counsel.

Next, President Wise addressed Agenda Item No. 10, "Committee Reports." Mr. Unger reported that the Investment Committee met immediately prior to the Board meeting. He stated that KWORCC has reached a point where it needs to hire someone to give advice on the equity investments. The committee recommends getting proposals from three to five potential advisors. At this time, the committee recommends investing at a rate of \$10,000 per month in each of three of KWORCCs current funds, specifically the Security Global fund, the Mid Cap Growth Fund and the Mid Cap Value Fund for the next three months. Mr. Unger moved to accept the committee's recommendation. Ms. Garrett seconded the motion which CARRIED unanimously. At its last meeting, the Board authorized investment in two additional funds, but upon further review, it was determined that there was substantial duplication between the two new funds and the current funds. Ms. Swartz moved to ratify the decision made by the Investment Committee to withhold investments in the two new funds. The motion was seconded by Ms. Buttron and CARRIED unanimously. Ms. Swartz moved to authorize the staff to seek proposals from between three and five potential advisors to assist with the management of the equity investments. Mr. Alcorn seconded the motion, which CARRIED unanimously.

Ms. Swartz moved to hold the Personnel Committee meeting at 12:00 noon on March 11, 2010. Mr. Unger seconded the motion, which CARRIED unanimously.

President Wise then addressed Agenda Item No. 11, "Other Business." Ms. Bird presented an idea for promotional items for use during county visits. Board members expressed agreement, and Ms. Bird said she would proceed with the order.

There being nothing further before the Board, Mr. Unger moved to adjourn at 3:53 p.m. Ms. Swartz seconded the motion, which CARRIED unanimously.

The KWORCC Board of Trustees approved the foregoing minutes on the 11th day of March, 2010.



Linda Buttron, Secretary  
KWORCC Board of Trustees

**Minutes**  
**Meeting, Investment Committee**  
**Kansas Worker Risk Cooperative for Counties**  
**Clubhouse Inn - Conference Room**  
**924 SW Henderson Rd., Topeka KS 66615**  
**February 18, 2010**

On Thursday, February 18, 2010 at 1:00 PM the Investment Committee of the Kansas Workers Risk Cooperative for Counties ("KWORCC") met at the Clubhouse Inn, Topeka, Kansas. The meeting was called to order by Committee Chair, Ralph D. Unger. Committee Members participating included: Ralph D. Unger, Decatur County Commissioner; Michelle Garrett, Morris County Clerk and Jim Wise, Miami County Commissioner. Also present was KWORCC Administrator, Jim Parrish and Bradley Downard, Security Global Investors.

Chairman Unger asked Mr. Downard for some opening remarks. Mr. Downard distributed a press release from Security Benefit and Guggenheim partners describing Guggenheim's recent acquisition of Security Benefit. Mr. Downard said this was a positive move for both companies which will make Security Benefit stronger. He said it was the intention of all parties concerned that Security Benefit would remain headquartered in Topeka and that no jobs would be lost. He assured the Committee that key investment managers like Jim Schier would remain with the company and continue managing the funds in which KWORCC has invested.

Chairman requested that the Committee review the Agenda for any additions or corrections. Mr. Wise moved to approve the Agenda as printed. Ms. Garrett seconded the motion which CARRIED unanimously.

Chairman Unger requested consideration of minutes dated January 14, 2010. Ms. Garrett moved to approve the minutes. Mr. Wise seconded the motion which CARRIED unanimously.

Next, Chairman Unger stated that the purpose of the meeting was to consider equity investments and asked Mr. Parrish for a review of staff's activities over the past few weeks. Mr. Parrish said that since the January meeting of the Investment Committee, Mr. Downard pointed out some potential duplication that would occur if KWORCC were to proceed to invest in the SBG Small Cap Value Fund and the SBG All Cap Value Fund which were approved at the last KWORCC meeting. After receiving information from Mr. Downard and from Mr. Chris Thompson of Country Club Bank (CCB), Mr. Parrish then recommended (see attached e-mail) to the Investment Committee that investment in these two new funds be postponed until more information could be developed on the nature of these funds and the extent to which these investments would enhance the diversity in KWORCC's equities portfolio. He explained that Chris Thompson and John Ye of CCB agreed to perform an analysis of KWORCC's current equity investments as well as the proposed equity investments and present information to the Investment Committee.

Because of scheduling conflicts, neither Mr. Ye nor Mr. Thompson was available to attend today's meeting. However, they agreed to present a narrative of the information they had developed along with charts and graphs in a webinar which would be available to review by members of the Investment Committee. Mr. Parrish explained that the webinar provided valuable insight into the need

for a more professional strategy for KWORCC's equity investments. He provided copies of some of the charts and graphs that were made available in the webinar for Committee Members to review. Mr. Parrish then recommended that the Committee consider retaining a professional to help guide KWORCC in making equity investments in a way that maximizes returns and minimizes risks, consistent with KWORCC's investment philosophy.

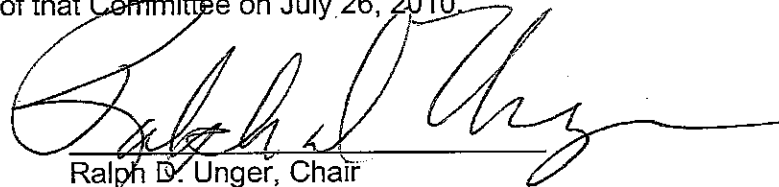
Mr. Downard expressed support for this idea, indicating that his role at SBG does not allow him the time or flexibility to become the overall investment advisor for KWORCC. He indicated a desire to remain involved with KWORCC and provide information regarding the funds his company had available. However, he said that he recognized the need for professional management and an investment strategy that complimented KWORCC's investment philosophy and agreed to be of assistance.

Mr. Unger stated that he believed that professional guidance was needed, particularly in view of the number of dollars KWORCC is investing in equities. He stated that KWORCC should obtain proposals from at least three companies. He also expressed a desire to ensure that at least some of the compensation that would go to an advisor for KWORCC should be based on the returns developed by that advisor.

After further discussion, Mr. Wise moved that the Investment Committee recommend to the KWORCC Board of Trustees that KWORCC solicit proposals from qualified investment management companies to assist KWORCC in managing its equity investments and further to recommend that KWORCC invest \$10,000 per month in each of the Security Global Fund, the Mid Cap Growth Fund and the Mid Cap Value Fund for three months or until such time KWORCC hires and investment management company or consultant. Ms. Garrett seconded the motion which CARRIED unanimously.

Thereupon, Ms. Garrett moved to adjourn the committee meeting at 1:50 PM. Mr. Wise 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 July 26, 2010.



Ralph D. Unger, Chair  
KWORCC Investment Committee

## James Parrish

---

**From:** Jim Parrish [jimparrish@kworcc.com]  
**Sent:** Thursday, January 28, 2010 10:19:08 AM  
**To:** 'Jim Wise', Michelle Garrett  
**Cc:** 'Ralph Unger'  
**Subject:** Equity Investments  
**Importance:** High

Jim and Michelle,

Over the past week, we have been working to obtain more information and background on our proposed equity investments. After Brad Downard from Security Benefit alerted us to the possible overlap of investments in the new "small cap" and "all cap" funds, we notified the Investment Committee by phone. Based on that call, we considered making a \$30,000 investment in the "small cap" fund and to take up the issue on February 18<sup>th</sup>.

In the meantime, we sought advice from Chris Thompson with Country Club Bank, who asked for some help from his associate John Ye who works in Country Club Financial Services. John analyzed our equity investments rather thoroughly and determined that the overlap of individual stocks was not his primary concern. He indicated that the more important issue is the duplication of risk and reward with the two new funds. He also identified other issues such as better management for KWORCC's equity investments and payment of fees which are more in line with services rendered.

After discussing various other options and looking at the fee structure we are paying, I called Ralph to review this information. We came to the conclusion that we should take a more comprehensive look at our strategy on equities. He asked me to check with you to see if it would be agreeable to postpone making any further equity investments until we have a chance for more input.

Chris Thompson and John Ye have agreed to produce a "webinar" presentation for the investment committee for review prior to our meeting on February 18<sup>th</sup>. When this is complete, Chris will forward a link to us which will allow us to view a presentation by the two of them showing some strategies for equity investments. When we have our Investment Committee meeting in February, we will be in a better position to decide how to proceed to achieve our investment objectives.

We had decided to invest at the rate of \$30,000 per month in the two new funds. Ralph asked me to emphasize that if we postpone that decision, we can catch up by accelerating our investment plan after our February meeting either by investing \$45,000 per month for two months thereafter or by investing \$30,000 at 3-week intervals.

Please let me know right away if you disagree with this strategy or if you believe we need to have a telephone meeting prior to the 18<sup>th</sup>. Otherwise, I will ask Chris to proceed with his educational program for us to review and prepare a recommendation for our next meeting.

From: Chris Thompson / Julie Deaver @ Country Club Bank 800-288-5489  
 To: KWORRC Investment Comm. Distribution List  
 KWORRC offices

Re: Weekly Portfolio Update. All values are as of

February 16, 2010 unless otherwise noted.

| Ticker                              | Fund Name    | Fund Objective         | Fund Style           | Morningstar Rating<br>Reported on Yahoo! | 16-Feb-10<br>NAV | 52 Week<br>High | Low     | Percent Change<br>1 month YTD | Cost Basis | Market Value | Gain / (Loss) | Number of Avg. Share<br>Shares | Price   |
|-------------------------------------|--------------|------------------------|----------------------|--|------------------|-----------------|---------|-------------------------------|------------|--------------|---------------|--------------------------------|---------|
| SEQOAX                              | SECQX EQUITY | Security Global Fund   | Capital Appreciation | 3 star (of 5 possible)                   | \$9.88           | \$10.48         | \$6.92  | -4.91                         | \$ 389,000 | \$ 425,700   | \$ 36,700     | 43,087                         | \$9.03  |
| SECUX                               | SECUX EQUITY | Mid Cap Growth Fund    | Capital Appreciation | 2 star (of 5 possible)                   | \$8.76           | \$7.04          | \$3.98  | -2.31                         | \$ 210,000 | \$ 234,761   | \$ 24,761     | 34,728                         | \$9.05  |
| SEVAX                               | SEVAX EQUITY | Mid Cap Value Fund     | Capital Appreciation | 5 star (of 5 possible)                   | \$27.36          | \$20.57         | \$14.98 | -3.15                         | \$ 434,000 | \$ 711,489   | \$ 277,489    | 26,004                         | \$18.69 |
| SAOAX                               | SAOAX EQUITY | Alpha Opportunity Fund | Capital Appreciation | 1 star (of 5 possible)                   | \$8.89           | \$9.44          | \$5.50  | -4.00                         | \$ 334,000 | \$ 321,387   | \$ (12,613)   | 36,152                         | \$9.24  |
| <b>Dollar Value</b>                 |              |                        |                      |  |                  |                 |         |                               |            |              |               |                                |         |
| <b>Percent of Total</b>             |              |                        |                      |  |                  |                 |         |                               |            |              |               |                                |         |
| FDIC Insured Account @ CCB:         | Acc #9600365 | DDG                    | \$                   | 93,484                                   |                  |                 |         | 0.62%                         |            |              |               |                                |         |
| RDWO Sweep Account:                 | Acc# 1310424 |                        | \$                   | 1,850,000                                |                  |                 |         | 12.22%                        |            |              |               |                                |         |
| Market Value of Equity Funds:       |              |                        | \$                   | 1,693,318                                |                  |                 |         | 11.89%                        |            |              |               |                                |         |
| Market Value of Bond Portfolio *:   |              |                        | \$                   | 11,505,283                               |                  |                 |         | 75.98%                        |            |              |               |                                |         |
| <b>TOTAL Portfolio Market Value</b> |              |                        |                      |  |                  |                 |         |                               |            |              | \$            | 15,142,085                     | 100.00% |

**Most Recently Published Top 10 Holdings:**

| Date      | Fund Name              | Fund Objective         | Fund Style              | Morningstar Rating             | 16-Feb-10 NAV | 52 Week High | Low | Percent Change 1 month YTD | Cost Basis | Market Value | Gain / (Loss) | Number of Avg. Share | Price |
|-----------|------------------------|------------------------|-------------------------|--------------------------------|---------------|--------------|-----|----------------------------|------------|--------------|---------------|----------------------|-------|
| 1/29/2010 | Global Fund (SEQAX)    | Ultra Fund (SECUX)     | Mid Cap Fund (SEVAX)    | Alpha Opportunity Fund (SAOAX) |               |              |     |                            |            |              |               |                      |       |
|           | Life Technologies Corp | Dover Corp             | Computer Sciences Corp  | SSGA US Government Mon         |               |              |     |                            |            |              |               |                      |       |
|           | Express Scripts Inc    | Ishares Russell Midcap | Global Industries Ltd   | FNDN 0.02/01/10                |               |              |     |                            |            |              |               |                      |       |
|           | Pyramian Spa           | Zimmer Holdings Inc    | Berks Co Inc            | Shanda Interactive Int         |               |              |     |                            |            |              |               |                      |       |
|           | Check Point Software T | Cooper Industries PLC  | Hanover Insurance Grou  | Philp Morris Internat          |               |              |     |                            |            |              |               |                      |       |
|           | Marine Harvest ASA     | Bedmann Conlifer Inc   | JM Smucker Co/The       | CA Inc                         |               |              |     |                            |            |              |               |                      |       |
|           | ACE Ltd                | Jarden Corp            | Caltek's Inc            | Joy Global Inc                 |               |              |     |                            |            |              |               |                      |       |
|           | DBS Group Holdings Ltd | Yeva Pharmaceutical In | Chock's PMS Inc         | Altria Group Inc               |               |              |     |                            |            |              |               |                      |       |
|           | OH Search Ltd          | Goodrich Corp          | McDermott International | Johnson & Johnson              |               |              |     |                            |            |              |               |                      |       |
|           | Allergent Travel Co    | Amdocs Ltd             | Geodye Inc              | Locheed Martin Corp            |               |              |     |                            |            |              |               |                      |       |
|           | Impetal Tobacco Group  | Ball Corp              | Ishares Russell Midcap  | Occidental Petroleum C         |               |              |     |                            |            |              |               |                      |       |

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

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

23.87% as % of cost basis

# Fund Review KWORCC - January 2010

| Fund                          | Mngt Tenure | Turnover Ratio | Expense Ratio | Asset Class   | Fund Inception | Objective   | # Holdings | MS Star Rating |
|-------------------------------|-------------|----------------|---------------|---------------|----------------|-------------|------------|----------------|
| Rydex/SGI Alpha Opportunity A | 2.3         | 422%           | 1.95%         | MidCap Blend  | 2003           | Growth      | 163        | 2 Star         |
| Rydex/SGI Global A            | 2.4         | 368%           | 1.73%         | Large Growth  | 1993           | World Stock | 79         | 3 Star         |
| Rydex/SGI MidCap Growth A     | 1.9         | 138%           | 1.50%         | MidCap Growth | 1969           | Agg Growth  | 51         | 2 Star         |
| Rydex/SGI MidCap Value A      | 12.7        | 31%            | 1.37%         | Small Value   | 1997           | Growth      | 105        | 5 Star         |
| <b>Added Funds</b>            |             |                |               |               |                |             |            |                |
| Rydex/SGI SmallCap Value A    | 1.5         | 58%            | 1.30%         | Small Blend   | 2008           | Growth      | 89         | NA             |
| Rydex/SGI ALLCap Value A      | 1.3         | 17%            | 1.35%         | Large Value   | 2008           | Growth      | 124        | NA             |

3.68



# KWORCC: 12-31-2009

## Portfolio Snapshot

Analysis 12-31-2009

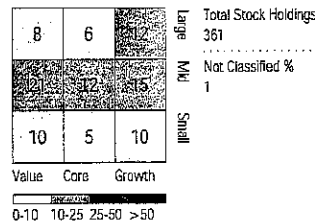


| Asset Allocation | Portfolio Net | Bmark Net     |
|------------------|---------------|---------------|
| Cash             | 13.96         | 0.05          |
| US Stocks        | 71.80         | 99.95         |
| Non-US Stocks    | 12.74         | 0.00          |
| Bonds            | 1.11          | 0.00          |
| Other            | 0.39          | 0.00          |
| <b>Total</b>     | <b>100.00</b> | <b>100.00</b> |

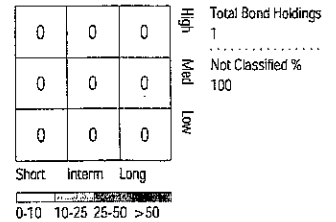
**Portfolio Value**  
\$1,775,750.00

**Benchmark**  
S&P 500 TR

### Morningstar Equity Style Box %

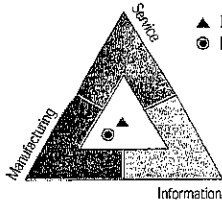


### Morningstar Fixed Income Style Box %

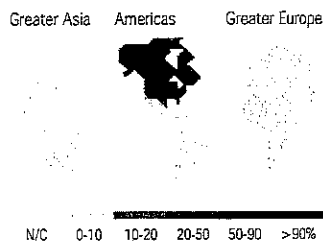


Stock Analysis 12-31-2009

#### Stock Sectors



#### Stock Regions

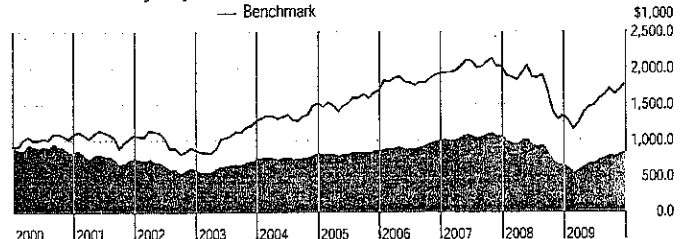


| % of Stocks            | Portfolio %  | Bmark %      |
|------------------------|--------------|--------------|
| <b>Information</b>     | <b>19.17</b> | <b>23.70</b> |
| Software               | 6.47         | 4.70         |
| Hardware               | 6.39         | 10.90        |
| Media                  | 1.18         | 2.40         |
| Telecom                | 5.12         | 5.70         |
| <b>Service Economy</b> | <b>35.03</b> | <b>38.80</b> |
| Healthcare             | 7.75         | 12.10        |
| Consumer Svcs          | 8.19         | 8.80         |
| Business Svcs          | 6.20         | 3.40         |
| Financial Svcs         | 12.88        | 14.40        |
| <b>Mfg Economy</b>     | <b>45.77</b> | <b>37.50</b> |
| Consumer Goods         | 16.17        | 11.10        |
| Industrial Mtrls       | 13.35        | 10.80        |
| Energy                 | 7.90         | 12.10        |
| Utilities              | 8.36         | 3.60         |
| Not Classified         | 0.03         | 0.00         |

| % of Stocks           | Portfolio %  | Bmark %       |
|-----------------------|--------------|---------------|
| <b>Americas</b>       | <b>81.87</b> | <b>100.00</b> |
| North America         | 81.57        | 100.00        |
| Central/Latin         | 0.30         | 0.00          |
| <b>Greater Europe</b> | <b>11.05</b> | <b>0.00</b>   |
| United Kingdom        | 3.49         | 0.00          |
| Europe-Developed      | 5.95         | 0.00          |
| Europe-Emerging       | 0.20         | 0.00          |
| Africa/Middle East    | 1.42         | 0.00          |
| <b>Greater Asia</b>   | <b>7.05</b>  | <b>0.00</b>   |
| Japan                 | 2.64         | 0.00          |
| Australasia           | 0.90         | 0.00          |
| Asia-Developed        | 1.25         | 0.00          |
| Asia-Emerging         | 2.26         | 0.00          |
| Not Classified        | 0.03         | 0.00          |

Performance 12-31-2009

#### Investment Activity Graph



| Trailing Returns           | 3 Mo  | 1 Yr  | 3 Yr  | 5 Yr | 10 Yr |
|----------------------------|-------|-------|-------|------|-------|
| Pre-Tax Portfolio Return % | 4.06  | 32.31 | -2.53 | 3.36 | 6.89  |
| Benchmark Return %         | 6.04  | 26.46 | -5.63 | 0.42 | -0.95 |
| +/- Benchmark Return %     | -1.98 | 5.85  | 3.10  | 2.94 | 7.84  |

| Time Period Return | Best %                | Worst %                |
|--------------------|-----------------------|------------------------|
| 3 Months           | 26.95 (Mar 09-May 09) | -32.72 (Sep 08-Nov 08) |
| 1 Year             | 63.29 (Apr 03-Mar 04) | -38.65 (Mar 08-Feb 09) |
| 3 Years            | 31.69 (Apr 03-Mar 06) | -14.14 (Mar 06-Feb 09) |

| Portfolio Yield   | Yield % |
|-------------------|---------|
| Trailing 12 Month | 0.05    |

#### 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.

Holdings 12-31-2009

#### Top 4 Holdings out of 4

|                               |
|-------------------------------|
| Rydex/S&I Mid Cap Value A     |
| Rydex/S&I Global A            |
| Rydex/S&I Alpha Opportunity A |
| Rydex/S&I Mid Cap Growth A    |

| Ticker | Type | Holding Value \$ | % Assets |
|--------|------|------------------|----------|
| SEVAX  | MF   | 742,154.00       | 41.79    |
| SEQAX  | MF   | 450,690.00       | 25.38    |
| SAOAX  | MF   | 339,463.00       | 19.12    |
| SECUX  | MF   | 243,443.00       | 13.71    |

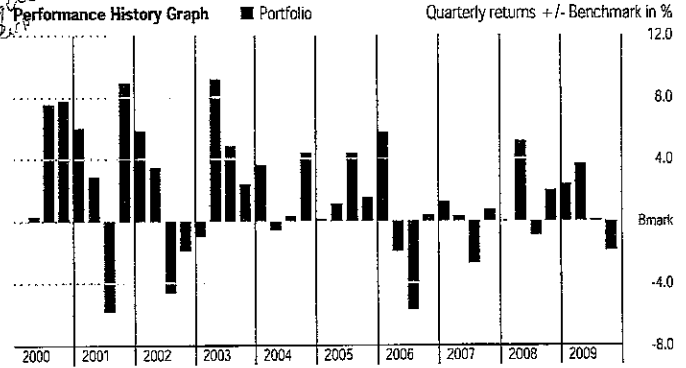
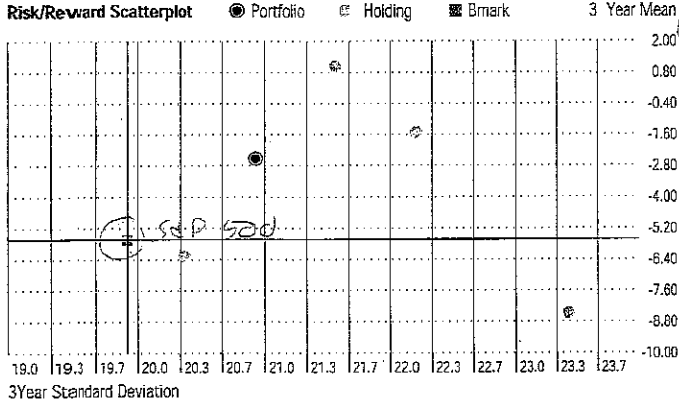
# KWORCC: 12-31-2009

## Portfolio Snapshot

**Portfolio Value**  
\$1,775,750.00

**Benchmark**  
S&P 500 TR

### Risk Analysis 12-31-2009



| Risk and Return Statistics | 3 Year    |       | 5 Year    |       | 10 Year   |       |
|----------------------------|-----------|-------|-----------|-------|-----------|-------|
|                            | Portfolio | Bmark | Portfolio | Bmark | Portfolio | Bmark |
| Standard Deviation         | 20.93     | 19.92 | 17.79     | 16.01 | 18.42     | 16.17 |
| Mean                       | -2.53     | -5.63 | 3.36      | 0.42  | 6.89      | -0.95 |
| Sharpe Ratio               | -0.12     | -0.30 | 0.11      | -0.07 | 0.30      | -0.15 |

| MPT Statistics | 3Yr Portfolio | 5Yr Portfolio | 10Yr Portfolio |
|----------------|---------------|---------------|----------------|
| Alpha          | 3.50          | 3.24          | 7.99           |
| Beta           | 1.01          | 1.04          | 0.98           |
| R-squared      | 93            | 88            | 75             |

### Fundamental Analysis 12-31-2009

**Asset Allocation**

|               | Portfolio % Net | Portfolio % Long | Portfolio % Short |
|---------------|-----------------|------------------|-------------------|
| Cash          | 13.96           | 14.05            | 0.08              |
| US Stocks     | 71.80           | 76.71            | 4.91              |
| Non-US Stocks | 12.74           | 18.01            | 5.28              |
| Bonds         | 1.11            | 1.30             | 0.19              |
| Other         | 0.39            | 0.47             | 0.08              |
| <b>Total</b>  | <b>100.00</b>   | <b>110.54</b>    | <b>10.54</b>      |

**Market Maturity**

| % of Stocks       | Portfolio | Bmark  |
|-------------------|-----------|--------|
| Developed Markets | 97.32     | 100.00 |
| Emerging Markets  | 2.68      | 0.00   |
| Not Available     | 0.00      | 0.00   |

**Geometric Avg Capitalization (\$Mil)**

|           |           |
|-----------|-----------|
| Portfolio | 3,943.04  |
| Benchmark | 44,074.00 |

**Valuation Multiples**

|                 | Portfolio | Bmark |
|-----------------|-----------|-------|
| Price/Earnings  | 14.77     | 17.60 |
| Price/Book      | 1.69      | 2.20  |
| Price/Sales     | 0.95      | 1.20  |
| Price/Cash Flow | 7.31      | 8.70  |

**Credit Quality** % of Bonds

|         |        |
|---------|--------|
| AAA     | —      |
| AA      | —      |
| A       | —      |
| BBB     | —      |
| BB      | —      |
| B       | —      |
| Below B | —      |
| NR/NA   | 100.00 |

**Type Weightings**

| % of US Stocks     | Portfolio | Bmark |
|--------------------|-----------|-------|
| High Yield         | 1.81      | 0.98  |
| Distressed         | 3.46      | 1.51  |
| Hard Asset         | 7.64      | 13.35 |
| Cyclical           | 37.58     | 33.38 |
| Slow Growth        | 16.89     | 12.92 |
| Classic Growth     | 13.67     | 21.51 |
| Aggressive Growth  | 12.82     | 12.79 |
| Speculative Growth | 4.64      | 2.99  |
| Not Available      | 1.49      | 0.57  |

**Profitability**

| % of US Stocks | Portfolio 2008 | Bmark 2008 |
|----------------|----------------|------------|
| Net Margin     | 5.01           | 8.92       |
| ROE            | 8.54           | 15.79      |
| ROA            | 2.53           | 6.20       |
| Debt/Capital   | 33.26          | 35.68      |

**Interest Rate Risk** Portfolio

|                            |   |
|----------------------------|---|
| Maturity                   | — |
| Duration (total portfolio) | — |
| Avg Credit Quality         | — |

**Fund Statistics**

|                              |        |
|------------------------------|--------|
| Potential Cap Gains Exposure | -31.96 |
| Avg Net Expense Ratio        | 1.59   |
| Avg Gross Expense Ratio      | 1.67   |

**KWORCC: 12-31-2009**

## Portfolio Snapshot

|                        |                  |
|------------------------|------------------|
| <b>Portfolio Value</b> | <b>Benchmark</b> |
| \$1,775,750.00         | S&P 500 TR       |

**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 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>

An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. The current yield quotation more closely reflects the current earnings of the money market fund 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 the fund.

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 annuities, additional expenses will be taken in account, including M&E risk charges, fund-level expenses such as management fees and operating fees, and policy-level administration fees, charges such as surrender, contract and sales charges.

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 12-31-2009**

| Standardized Returns (%)         | 7-day Yield | 1Yr          | 5Yr         | 10Yr         | Since Inception | Inception Date | Max Front Load % | Max Back Load % | Net Exp Ratio % | Gross Exp Ratio % |
|----------------------------------|-------------|--------------|-------------|--------------|-----------------|----------------|------------------|-----------------|-----------------|-------------------|
| Rydex/SGI Mid Cap Value A        | --          | 32.24        | 5.28        | 11.57        | 14.30           | 05-01-97       | 5.75             | NA              | 1.37            | 1.37              |
| Rydex/SGI Global A               | --          | 12.90        | 0.45        | 1.49         | 7.18            | 10-01-93       | 5.75             | NA              | 1.73            | 1.73              |
| Rydex/SGI Alpha Opportunity A    | --          | 17.42        | 1.63        | --           | 5.80            | 07-07-03       | 5.75             | NA              | 1.95            | 2.36              |
| Rydex/SGI Mid Cap Growth A       | --          | 34.73        | -4.17       | -0.10        | 9.39            | 09-17-69       | 5.75             | NA              | 1.50            | 1.50              |
| <b>Standard &amp; Poor's 500</b> | --          | <b>26.46</b> | <b>0.42</b> | <b>-0.95</b> | --              | --             | --               | --              | --              | --                |
| <b>BarCap's Agg Bond Index</b>   | --          | <b>5.93</b>  | <b>4.97</b> | <b>6.33</b>  | --              | --             | --               | --              | --              | --                |
| <b>MSCI EAFE Index Ndr_D</b>     | --          | <b>31.78</b> | <b>3.54</b> | <b>1.17</b>  | --              | --             | --               | --              | --              | --                |
| <b>3 Month T-Bill</b>            | --          | <b>0.16</b>  | <b>2.95</b> | <b>2.88</b>  | --              | --             | --               | --              | --              | --                |

1. Contractual waiver that expires 01/31/2010.

| Returns after Taxes (%)       | on Distribution |       |       |                 |                | on Distribution and Sales of Shares |       |       |                 |  |
|-------------------------------|-----------------|-------|-------|-----------------|----------------|-------------------------------------|-------|-------|-----------------|--|
|                               | 1Yr             | 5Yr   | 10Yr  | Since Inception | Inception Date | 1Yr                                 | 5Yr   | 10Yr  | Since Inception |  |
| Rydex/SGI Mid Cap Value A     | 32.18           | 3.72  | 10.30 | 13.09           | 05-01-97       | 20.96                               | 4.24  | 9.95  | 12.60           |  |
| Rydex/SGI Global A            | 12.90           | -1.14 | 0.13  | 5.46            | 10-01-93       | 8.39                                | 0.55  | 1.06  | 5.69            |  |
| Rydex/SGI Alpha Opportunity A | 17.42           | -0.87 | --    | 3.19            | 07-07-03       | 11.32                               | 0.16  | --    | 3.66            |  |
| Rydex/SGI Mid Cap Growth A    | 34.73           | -5.47 | -1.13 | 7.10            | 09-17-69       | 22.57                               | -3.48 | -0.11 | 7.17            |  |

**KWORCC: 12-31-2009**

## Portfolio Snapshot

|                        |                  |
|------------------------|------------------|
| <b>Portfolio Value</b> | <b>Benchmark</b> |
| \$1,775,750.00         | S&P 500 TR       |

**Non-Load Adjusted Returns****Total 4 Holdings as of 12-31-2009**

|                                       | Type | Holdings Date | % of Assets | Holding Value \$ | 7-day Yield | 1Yr Ret % | 3Yr Ret % | 5Yr Ret % | 10Yr Ret % | Max Front Load % | Max Back Load % |
|---------------------------------------|------|---------------|-------------|------------------|-------------|-----------|-----------|-----------|------------|------------------|-----------------|
| Rydex/S&I Mid Cap Value A - SEVAX     | MF   | 11-2009       | 41.79       | 742,154          | —           | 40.31     | 1.04      | 6.53      | 12.23      | 5.75             | —               |
| Rydex/S&I Global A - SEQAX            | MF   | 11-2009       | 25.38       | 450,690          | —           | 19.79     | -6.28     | 1.65      | 2.09       | 5.75             | —               |
| Rydex/S&I Alpha Opportunity A - SADAX | MF   | 11-2009       | 19.12       | 339,463          | —           | 24.59     | -1.53     | 2.84      | —          | 5.75             | —               |
| Rydex/S&I Mid Cap Growth A - SECUX    | MF   | 11-2009       | 13.71       | 243,443          | —           | 42.95     | -8.49     | -3.02     | 0.49       | 5.75             | —               |

**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.**

**Minutes**  
**Meeting, Personnel Committee**  
**Kansas Worker Risk Cooperative for Counties**  
**March 11, 2010**  
**Clubhouse Inn**  
**924 SW Henderson Road**  
**Topeka, KS 66615**

On Thursday, March 11, 2010, 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, Frances Garcia at 1:15 p.m. Committee Members participating included: Frances Garcia, Reno County Commissioner; Bonnie Swartz, Gray County Clerk, and Doyle "Hooley" Alcorn, Jewell County Commissioner. Also present was James W. Parrish, Administrator.

The Chair asked Mr. Parrish if there were any changes to the proposed meeting agenda. None were proposed. Ms. Swartz moved to adopt the agenda as presented. Mr. Alcorn seconded the motion which CARRIED unanimously.

The Chair then turned to the minutes of the most recent Personnel Committee meeting on September 17, 2009 and asked if there were additions or corrections. There being none, Ms. Swartz moved to approve the minutes as presented. Mr. Alcorn seconded the motion which CARRIED unanimously.

Chairperson Garcia then called upon Mr. Parrish to discuss the personnel issues before the Committee. Mr. Parrish first addressed the cost of living adjustment for 2010. He pointed out that upon recommendation of the Personnel Committee, the KWORCC Board elected to take no action to increase salaries at its September meeting because of the state of the economy and the country's deep recession. He pointed out that the United States Department of Labor Consumer Price Index (CPI) showed a decrease of 2.1% in the rolling twelve-month period ending in July of 2009. The CPI for Midwest urban workers and cities between 50,000 and 1.5 million population showed a 2.52% decrease for that same period.

Mr. Parrish then pointed out that since September of 2009, the CPI has changed. In September the CPI was -2.0%, in October it was -0.2%, in November it was +2.8%, in December +3.6% and in January of 2010, the index was +3.7% -- showing a gradual increase in the cost of living.

Mr. Parrish then referred to a News Release by the Bureau of Labor Statistics showing the consumer price index for all urban consumers over the past twelve months showed an increase of 2.6% before seasonal adjustments. Mr. Parrish also pointed out an article in the Washington Post showing inflation rose in 2009 by 2.7%.

Mr. Parrish then distributed the preliminary financial results for KWORCC as of January 31, 2009, showing that the pool's income after expenses, independent of the investment income, totaled \$1,546,590. In addition to that, the pool earned \$438,319 in investment income. Mr. Parrish explained that 2009 was a very good year with minimal losses. He also pointed out that the preliminary year-end financial summary shows administrative expenses were under budget at

94.7%, claims expenses were well under budget at 81.3% resulting in total expenses averaging 83.1% below budget. He said that KWORCC's administrative expense ratio falls well below statutory guidelines at 18.3%.

Referring to staff performance, Mr. Parrish said that each member of the KWORCC staff continues to exceed expectations and that he could not be more pleased with the dedication and professionalism of the staff.


The Committee then discussed the cost of living adjustments. Mr. Parrish recommended that a cost of living adjustment in the amount of 2% of 2009 salaries be awarded prospectively such that the increase would apply for the nine months remaining in 2010 beginning April 1, 2010. After discussion, Ms. Swartz moved that the Committee recommend to the KWORCC Board of Trustees that all KWORCC salaries be increased by 2% of 2009 salaries for the remaining none months in 2010. Mr. Alcorn seconded the motion which CARRIED unanimously.

Thereupon, Mr. Parrish pointed out the performance enhancement amounts which have been awarded KWORCC staff beginning in 1999. Ms. Swartz pointed out that one percent of the amount by which income exceeded expenses would be slightly over \$15,000. Thereupon, Ms. Swartz moved to recommend to the KWORCC Board of Trustees to award the KWORCC staff a total of \$15,000 as a performance enhancement for 2009, to be distributed at the discretion of the administrator. Mr. Alcorn seconded the motion which CARRIED unanimously.

Next Mr. Parrish addressed a budget revision for secretary and clerical services. Mr. Parrish pointed out that the insurance premiums increase was not anticipated when the budget was drafted and that the budgeted line-item for this service would be approximately \$1,900 short without a budget amendment. He stated that a change in the budget to address this short-fall would not affect KWORCC's ability to meet its expenses from 2010 income. After discussion, Ms. Swartz moved to recommend to the KWORCC Board of Trustees to increase the budget on clerical and secretarial services line item by \$1,900 for the 2010 fiscal year. Mr. Alcorn seconded the motion which CARRIED unanimously.

There being no further business to come before the Personnel Committee, Ms. Swartz moved to adjourn the meeting. Mr. Alcorn 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 17<sup>th</sup> day of February, 2011.

  
Ralph B. Unger, Chair  
KWORCC Personnel Committee

# Allocation of 2009 Performance Enhancement

| <u>KWORCC Staff</u>  | <u>Distribution</u> |
|----------------------|---------------------|
| James W. Parrish     | \$ 4,318.18         |
| Dortha O. Bird       | \$ 3,316.11         |
| Carlin D. Eyman      | \$ 3,316.11         |
| Philip J. Rippee     | \$ 1,835.35         |
| Richard Alexander    | \$ 1,165.41         |
| Nicole Jarboe-Paxson | \$ 1,048.83         |
|                      | \$ 15,000.00        |

I, Linda M. Buttron, 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 11<sup>th</sup> day of March, 2010 at which a quorum was present:

## ***RESOLUTION #2010-31***


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

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

WHEREAS, KWORCC has invested in certain United States instruments during the period December 1, 2009 through February 28, 2010, which have been reviewed by the Board of Trustees. 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 December 1, 2009 through February 28, 2010, 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 11<sup>th</sup> day of March, 2010.

  
Linda M. Buttron, Secretary



InTrader (trdhist ) 03/03/10

For Trades Executed At: Country Club Bank

Trade History Report  
Country Club Bank

| Select Fields   | From Value | To Value   | Seq. | Totals |
|-----------------|------------|------------|------|--------|
| Entity          | 144        | 144        |      | n      |
| Customer Nbr.   | 300121     | 300121     |      | n      |
| Cusip Nbr.      |            |            |      | n      |
| Security ID     |            |            |      | n      |
| Portfolio ID    |            |            |      | n      |
| Salesperson     |            |            |      | n      |
| Enter Date      |            |            |      | n      |
| Trade Date      | 12/01/2009 | 02/28/2010 |      | n      |
| Settle Date     |            |            |      | n      |
| Bank Eligible   |            | ZZ         |      | n      |
| Purch/Sale/Both |            |            |      | b      |
| Int/Mat/Both    |            |            |      | n      |
| Red Funds       |            |            |      | n      |
| Repo Agmnts     |            |            |      | n      |



For Trades Executed At: Country Club Bank

Trade History Report  
Country Club Bank

| Ticket Nbr | Cust S/N                      | Reg Type/Id | Apr By     | Dt Enter   | Factor       | Face           | Prin         |
|------------|-------------------------------|-------------|------------|------------|--------------|----------------|--------------|
| Cust Nbr   | Sec Descrip 1                 | Call Cd-Dt  | Apr Date   | Trade Dt   | Tran Cd      | Par            | Interest     |
| Cusip      | Sec Descrip 2                 | Call Price  | Apr Time   | Settle Dt  | Ent By       | Basis          | Fees         |
| Security   | Sec Descrip 3                 | Mat Date    | Fail Del   | Trd Status | Trd For      | Price          | Withholding  |
| Port ID    | Mdy/S&P/Mkt                   | CPN Rate    | Fail Pmt   | Conv       | Sales Crdt   |                | Penalty      |
| Deal ID    | Broker                        | CLoc/PLoc   | Pay/Del    | Buyback    | Yield        |                | Total Amt    |
| 311070252  | KWORCC (302)                  | E/*         |            | 01/22/2010 | 1.0000000000 | 500,000.00     | 500,000.00   |
| 300121     | FHLB 1.25 STEP UP 3.0 2/12/11 | c-05/12/10  |            | 01/22/2010 | Sale         | 500,000.00     | .00          |
| 3133XWSX8  | QTRLY CALL BEG 5/12/10        | 100.000     |            | 02/12/2010 | skml14       | 100.00         | .00          |
| 3133XWSX8  | MULTI STEP                    | 02/12/2015  | n-02/12/10 | 09         | BCT          | 100.0000000000 | .00          |
| 011-APP    | Aaa/AAA/                      | VAR         | n-02/12/10 | na         |              |                | .00          |
| 0          |                               | ccf/ccf     | c/ski      | n          | 1.25000000   |                | 500,000.00   |
| 311070923  | KWORCC (302)                  | E/*         |            | 02/03/2010 | 1.0000000000 | 4,000,000.00   | 3,999,836.67 |
| 300121     | FEDERAL HOME LOAN BANK DN     |             |            | 02/03/2010 | Sale         | 4,000,000.00   | .00          |
| 313385TM8  | FHDN 02/24/10                 | .000        |            | 02/03/2010 | skml14       | D.07000        | .00          |
| 313385TM8  | //                            | 02/24/2010  | n-02/03/10 | 09         | BCT          | 99.995916670   | .00          |
| 033-DISC   |                               | ccf/ccf     | c/ski      | na         |              |                | .00          |
| 0          |                               |             |            | n          | .07000000    |                | 3,999,836.67 |
| 311071472  | KWORCC (302)                  | E/*         |            | 02/10/2010 | 1.0000000000 | 750,000.00     | 750,000.00   |
| 300121     | FNMA 2.3 STEP UP 4.85 2/25/13 | c-08/25/10  |            | 02/10/2010 | Sale         | 750,000.00     | .00          |
| 3136FJ5P2  | QTRLY CALL BEG 8/25/10        | 100.000     |            | 02/25/2010 | skml14       | 100.00         | .00          |
| 3136FJ5P2  | ONE TIME STEP                 | 02/25/2015  | n-02/25/10 | 09         | BCT          | 100.0000000000 | .00          |
| 032-AGCY   | Aaa/AAA/                      | VAR         | n-02/25/10 | na         |              |                | .00          |
| 0          |                               | ccf/ccf     | c/ski      | n          | 2.30000000   |                | 750,000.00   |
| 311071473  | KWORCC (302)                  | E/*         |            | 02/10/2010 | 1.0000000000 | 5,000,000.00   | 4,999,937.50 |
| 300121     | FEDERAL HOME LOAN BANK DN     |             |            | 02/10/2010 | Sale         | 5,000,000.00   | .00          |
| 313385TN6  | FHDN 2/25/10                  | .000        |            | 02/10/2010 | skml14       | D.03000        | .00          |
| 313385TN6  | //                            | 02/25/2010  | n-02/10/10 | 09         | BCT          | 99.998750000   | .00          |
| 033-DISC   |                               | ccf/ccf     | c/ski      | na         |              |                | .00          |
| 0          |                               |             |            | n          | .03000000    |                | 4,999,937.50 |

Report Totals

Par: 23,250,000.00  
Comm: .00

Prin: 23,249,398.89  
Int: .00  
Total: 23,249,398.89

**Minutes**  
**Meeting, Board of Trustees**  
**Kansas Workers Risk Cooperative for Counties**  
**March 11, 2010 at 2:00 p.m.**  
**Clubhouse Inn**  
**924 SW Henderson Road**  
**Topeka, KS 66615**

The March 2010 meeting of the Board of Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order at 2:05 p.m. at the Clubhouse Inn in Topeka by Board President Jim Wise on Thursday, March 11, 2010. Trustees present included: Jim Wise, Miami County Commissioner, President; Doyle 'Hooley' Alcorn, Jewell County Commissioner, Vice-President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; Bonnie Swartz, Gray County Clerk; Frances Garcia, Reno County Commissioner and Ralph D. Unger, Decatur County Commissioner.

Staff participating included Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator and Staff Counsel; Mr. Carl Eyman, Deputy Administrator and Loss Prevention Specialist; Mr. Philip J. Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Nicole Jarboe-Paxson, Executive Assistant and Media Director.

Insurance Management Associates (IMA) appeared by Mr. Gene Miller, Ms. Ashley Boydston and Mr. Paul Davis.

President Wise addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish recommended the addition of Agenda Item No. 4c, "Conversation with KAC." He also stated that there would not be Trustee Training as Mr. Scott Blair was unable to attend the meeting. Ms. Swartz moved to approve the agenda with those changes. Ms. Garcia seconded the motion, which CARRIED unanimously.

President Wise addressed Agenda Item No. 3a, "Consideration of Minutes of Meeting of February 18, 2010." Mr. Unger recommended a spelling correction to the Minutes and then moved to approve the minutes with that change. Ms. Garrett seconded the motion, which CARRIED unanimously.

President Wise addressed Agenda Item No. 4, "Administrator's Report." Mr. Parrish first addressed Agenda Item No. 4a, "Checks Requiring Board Approval and Ratification of Wire Transfers." He itemized the electronic transfer of funds and the checks requiring approval. Ms. Swartz moved to ratify the transfer and approve the checks as presented. Mr. Unger seconded the motion, which CARRIED unanimously.

Mr. Parrish then addressed Agenda Item No. 4b, "Approval of Investments – KWORCC Resolution No. 2010-31." Mr. Parrish reviewed United States treasury investments during the period December 1, 2009 through February 28, 2010, which are to be approved by the KWORCC Board of Trustees as required by KSA 40-2a01. Mr. Alcorn moved to adopt KWORCC Resolution No. 2010-31 for the approval of the stated investments. Ms. Garcia seconded the motion which CARRIED unanimously.

Mr. Parrish discussed the progress on reaching a marketing and sponsorship agreement with the Kansas Association of Counties (KAC). He said he and KAC Executive Director Randy Allen had agreed to discuss this matter in detail after the end of the legislative session. He hopes to have an agreement shortly thereafter to begin July 1, 2010 for the second half of the fiscal year.

President Wise then proceeded to Agenda Item No. 5, "Marketing Report." Mr. Eyman discussed marketing activities.

President Wise addressed Agenda Item No. 6, "Financial Report." Mr. Alexander reported on the preliminary January and February 2010 financial statements. Ms. Swartz moved to receive and file the reports as presented; Ms. Buttron seconded the motion, which CARRIED unanimously. Mr. Alexander next recommended allocating \$60,000 from investment income to policy year 2001, effective December 31, 2009. Ms. Swartz moved to follow Mr. Alexander's recommendation. Ms. Garcia seconded the motion, which CARRIED unanimously.

Mr. Alexander presented the check register. Mr. Unger moved to approve check Nos. 13567 through 13603 and the direct debits, all as presented. Ms. Garrett seconded the motion, which CARRIED unanimously.

Next, Mr. Alexander reviewed reports showing the value of KWORCC's equity investments as of March 3, 2010 and March 10, 2010. He stated that staff will request Country Club Bank modify the report to include the amounts reinvested. This will provide a more accurate picture of the equity investments. The Board agreed that such would be helpful.

President Wise next addressed Agenda Item No. 7, "Claims Report – IMA." Addressing Agenda Item No. 7a, "Select Claims Review," Mr. Miller reported on claims and answered questions.

For Agenda Item No. 7b, "Logicomp Bill Review Report," Mr. Davis reported that for the period beginning January 1, 2010 through February 28, 2010, the total amount billed is \$426,573; the actual paid amount is \$254,777 for a net savings after fees of \$171,796. This is more than 40% of the amount billed for this 2-month period.

Mr. Davis then explained the "Policy Year Performance Review" under Agenda Item No. 7c. This analytical review generated by IMA shows KWORCC's claim history for policy years 2007 through 2010. The documents consist of graphs which compare the actual paid and incurred losses to the estimated paid and incurred losses and show the actuarial projections. Mr. Davis emphasized these charts should not be considered as a guarantee of either good or poor ultimate loss performance.

President Wise called upon Messrs. Eyman and Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Eyman reviewed calendars for February, March and April for the loss-prevention staff. Mr. Rippee reported that the visits to Commissioners are progressing well.

President Wise addressed Agenda Item No. 9, "Legal Report." Mr. Parrish presented a Legislative Update from February 19, 2010 published by the Kansas Self-Insurers Association. Senate Bill 547 is the main legislative proposal this year to watch. It contains many proposals which would increase benefits and put a burden on self-insurance pools. He said that this legislation is unlikely to pass as it currently is written. He said that if any legislation making major changes in the workers compensation laws were to pass, there would need to be agreement between business and labor interests.


Next, President Wise addressed Agenda Item No. 10, "Committee Reports." Ms. Garcia reported that the Personnel Committee met and is recommending a two percent cost-of-living increase for the Staff effective April 1, 2010. Mr. Alcorn moved to approve the committee's recommendations. Ms Garcia seconded the motion which CARRIED unanimously. The Personnel Committee also recommended paying a \$15,000 performance enhancement to be allocated among the staff at the discretion of the Administrator. Ms. Garcia moved to approve the committee's recommendation. Mr. Alcorn seconded the motion, which CARRIED unanimously. Finally, the Personnel Committee recommended an increase of \$1,900 to the secretarial/clerical services line item in the 2010 budget. This is to cover the unexpected increase in the cost of health insurance. Mr. Unger moved to adopt the committee's recommendation. Ms. Garrett seconded the motion, which CARRIED unanimously.

President Wise reminded the Board the Trustee Training had been postponed to another meeting.

President Wise then addressed Agenda Item No. 12, "Other Business." There was no other business to bring before the Board.

There being nothing further before the Board, Mr. Unger moved to adjourn at 3:28 p.m. Ms. Swartz seconded the motion, which CARRIED unanimously.

The KWORCC Board of Trustees approved the foregoing minutes on the 22nd day of April, 2010.

  
Linda Buttron, Secretary  
KWORCC Board of Trustees

I, Linda M. Buttron, 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 22<sup>nd</sup> day of April, 2010 at which a quorum was present:

## ***RESOLUTION #2010-48***

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, 2009 as required by KSA 12-2620(b);


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

WHEREAS auditor Eric Otting met with the KWORCC Audit Committee on the 22<sup>nd</sup> day of April, 2010; 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 LLC for the fiscal year ending December 31, 2009 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 22<sup>nd</sup> day of April, 2010.

  
Linda M. Buttron, Secretary

**Minutes**  
**Meeting, Board of Trustees**  
**Kansas Workers Risk Cooperative for Counties**  
**April 22, 2010 at 1:00 p.m.**  
**Clubhouse Inn**  
**924 SW Henderson Road**  
**Topeka, KS 66615**

The April 2010 meeting of the Board of Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order at 1:03 p.m. at the Clubhouse Inn in Topeka by Board President Jim Wise on Thursday, April 22, 2010. Trustees present included: Jim Wise, Miami County Commissioner, President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; Bonnie Swartz, Gray County Clerk and Ralph D. Unger, Decatur County Commissioner.

Staff participating included Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator and Staff Counsel; Mr. Philip J. Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant; Mr. Bruce Woner, General Counsel and Ms. Nicole Jarboe-Paxson, Executive Assistant and Media Director.

Insurance Management Associates (IMA) appeared by Mr. Gene Miller, Ms. Susan May, Ms. Marla Dipman and Mr. Paul Davis. Also present was Mr. Eric Otting of Wendling, Noe, Nelson & Johnson, LLC.

President Wise addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish recommended the addition of Agenda Item No. 3a, "Excuse Doyle "Hooley" Alcorn for county business and Frances Garcia for medical leave." Ms. Swartz moved to approve the agenda with that addition. Ms. Garrett seconded the motion, which CARRIED unanimously.

President Wise addressed Agenda Item No. 3, "Consideration of Minutes of Meeting of March 11, 2010." Mr. Unger noted a typographical error and then moved to approve the minutes with the correction. Ms. Swartz seconded the motion, which CARRIED unanimously.

Mr. Unger moved to excuse Mr. Alcorn and Ms. Garcia for the reasons stated. Ms. Buttron seconded the motion which CARRIED unanimously.

President Wise addressed Agenda Item No. 4, "Administrator's Report." Mr. Parrish first addressed Agenda Item No. 4a, "Checks Requiring Board Approval and Ratification of Wire Transfers." He itemized the electronic transfer of funds and the checks requiring approval. Ms. Swartz moved to ratify the transfer and approve the checks as presented. Ms. Garrett seconded the motion, which CARRIED unanimously.

Mr. Parrish then asked Mr. Otting to address Agenda Item No. 4b, "Report from Independent Auditor." Mr. Otting stated that no audit adjustments were recommended. He stated that KWORCC has a strong balance sheet. Mr. Otting asked for and responded to questions. Mr. Wise thanked him for his report.

Mr. Parrish discussed the progress on reaching a marketing and sponsorship agreement with the Kansas Association of Counties (KAC). He reported that he had spoken with Mr. Randall Allen, Executive Director of KAC, who is willing to enter into an agreement with KWORCC similar to that of KCAMP with a start date of July 1<sup>st</sup>. Mr. Parrish has scheduled a meeting on May 13<sup>th</sup> at 10 a.m. for KWORCC staff to work out details of the agreement with Mr. Allen.

Mr. Parrish then addressed the requests for proposals for equities management. He said the staff sent requests to three companies: AG Edwards, County Club Bank and GTrust.

President Wise then proceeded to Agenda Item No. 5, "Marketing Report." Mr. Rippee discussed marketing activities.

President Wise addressed Agenda Item No. 6, "Financial Report." Mr. Alexander reported on final, post-audit financial statements he prepared for 2009 and the final fourth quarterly financial report for 2009 to be filed with the Kansas Insurance Department (KID).

Mr. Alexander discussed in detail the financial statements he prepared for March 2010. Ms. Swartz moved to accept the reports as presented. Ms. Buttron seconded the motion, which CARRIED unanimously. Mr. Alexander then

discussed in detail the first quarterly financial report for 2010 he prepared for filing with the KID. Ms. Swartz moved to approve filing the report with the KID. Ms. Garrett seconded the motion, which CARRIED unanimously.

Mr. Alexander presented the check register. Ms. Garrett moved to approve check Nos. 13604 through 13701 and the direct debits, all as presented. Ms. Swartz seconded the motion, which CARRIED unanimously.

Next, Mr. Alexander reviewed reports showing the value of KWORCC's equity investments as of April 14, 2010 and April 21, 2010.

President Wise next addressed Agenda Item No. 7, "Claims Report – IMA." Addressing Agenda Item No. 7a, "Select Claims Review," Ms. May and Mr. Miller reported on claims and answered questions. They also requested approval on pending settlements. Ms. Swartz moved to approve settlement of claim No. 2009036719 as recommended. Ms. Buttron seconded the motion, which CARRIED unanimously. Mr. Unger moved to approve settlement of claim No. 2008036133 as recommended. Ms. Swartz seconded the motion, which CARRIED unanimously. Mr. Unger moved to approve settlement of claim No. 2007032410 as recommended. Ms. Buttron seconded the motion, which CARRIED unanimously.

For Agenda Item No. 7b, "Logicomp Bill Review Report," Mr. Miller reported that for the period beginning January 1, 2010 through March 31, 2010, the total amount billed is \$703,824; the actual paid amount is \$417,749 for a net savings after fees of \$286,075. This is more than 41% of the amount billed for this 3-month period.

Mr. Davis then explained the "Policy Year Performance Review" under Agenda Item No. 7c. This analytical review generated by IMA shows KWORCC's claim history for policy years 2007 through 2010. The documents consist of graphs which compare the actual paid and incurred losses to the estimated paid and incurred losses and show the actuarial projections. Mr. Davis emphasized these charts should not be considered as a guarantee of either good or poor ultimate loss performance.

A short break was declared in the meeting at 2:41 p.m. The meeting resumed at 2:58 p.m.

President Wise called upon Mr. Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Rippee reviewed calendars for March, April and May for the loss-prevention staff. Mr. Rippee also reported on the visits with the county commissioners.

President Wise addressed Agenda Item No. 9, "Legal Report – Legislative Update." Mr. Parrish stated there was no legal report and that there were no new developments on any of the legislation of concern.

Next, President Wise addressed Agenda Item No. 10, "Committee Reports." Ms. Swartz reported that the Audit Committee met with Mr. Otting. A procedure has been put in place by Country Club Bank to help prevent excessive deposits of funds with a single financial institution in the future. Ms. Swartz moved to adopt resolution 2010-48. Mr. Unger seconded the motion which CARRIED unanimously. Mr. Parrish then reviewed the proposed KWORCC Audit Committee Policy. After discussion, Mr. Unger moved to adopt the policy with some modifications. Ms. Swartz seconded the motion, which CARRIED unanimously.

President Wise addressed Agenda Item No. 10, "Trustee Training." Ms. Bird advised that Mr. Omitt arrived at the meeting at approximately 2:00 p.m. for his presentation, but was unable to remain because of another appointment.

President Wise then addressed Agenda Item No. 12, "Other Business." There was no other business to bring before the Board.

There being nothing further before the Board, Ms. Swartz moved to adjourn at 3:28 p.m. Mr. Unger seconded the motion, which CARRIED unanimously.

The KWORCC Board of Trustees approved the foregoing minutes on the 20<sup>th</sup> day of May, 2010.



Linda Buttron, Secretary  
KWORCC Board of Trustees



**KANSAS WORKERS RISK COOPERATIVE  
FOR COUNTIES (KWORCC)  
AUDIT COMMITTEE POLICY**

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

WHEREAS, KWORCC is governed by the Kansas Group-Funded Pool Act and is required to submit certified independent audited financial statement after each fiscal year, the applicable language for which is as follows:

**12-2620. Certificate of authority granted on perpetual basis; examinations; submission of financial statement and reports; suspension of certificate, grounds, hearing; revocation; dissolution or injunction of pool.** (a) All certificates granted hereunder shall be perpetual unless sooner suspended or revoked by the commissioner or the attorney general.

(b) ... Each pool shall submit a certified independent audited financial statement no later than 90 days after the end of the fiscal year. The financial statement shall include outstanding reserves for claims and for claims incurred but not reported. ...

WHEREAS, KWORCC established an Audit Committee in December of 1998 which has reviewed and approved the annual independent audits, for final approval by the KWORCC Board of Trustees (Board) and desires to formalize its procedures in a written audit policy;

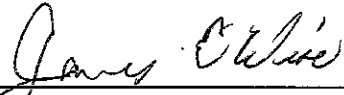
NOW, THEREFORE, the Board does hereby specify the following Audit Committee Policy:

1. The committee shall be called the KWORCC Audit Committee;
2. The Board will appoint the KWORCC Audit Committee which will be composed of at least three (3) Board members;
3. The Audit Committee will act independent of KWORCC Administrator and staff;
4. The KWORCC Audit Committee is and shall hereafter remain a standing committee of the Board. Its principal responsibilities are to see that the appropriate accounting policies and internal controls are established and followed and that KWORCC issue a certified

independent audited financial statement for publication in the books and records of KWORCC and filed with the Kansas Insurance Department and the Division of Accounts and Reports of the Kansas Department of Administration in a timely manner and in accordance with statutory obligations.

5. The Audit Committee will have the authority to take the following actions:
  - A. Review the scope of the annual certified independent audit;
  - B. Request that the independent auditors study a particular area of interest or concern.
  
6. The Audit Committee will have the responsibility to review and study the following items before making recommendations for action by the Board:
  - A. Review and approve the scope of the annual certified independent audit;
  - B. Review and approve the certified independent auditor's report(s);
  - C. Review correspondence from the certified independent auditor in connection with the audit, including management responses and plans to address the resulting recommendations.

THE FOREGOING CHARTER of Kansas Workers Risk Cooperative for Counties was formally documented and entered into the record by the Board of Trustees the 22<sup>nd</sup> day of April, 2010.



---

Jim Wise, President  
KWORCC Board of Trustees



---

Linda M. Buttron, Secretary  
KWORCC Board of Trustees



---

Bonnie Swartz, Chair  
KWORCC Audit Committee

**Minutes**  
**Meeting, Investment Committee**  
**Kansas Worker Risk Cooperative for Counties**  
**Clubhouse Inn - Conference Room**  
**924 SW Henderson Rd., Topeka KS 66615**  
**May 20, 2010**

On Thursday, May 20, 2010 at 3:07 PM the Investment Committee of the Kansas Workers Risk Cooperative for Counties ("KWORCC") met at the Clubhouse Inn, Topeka, Kansas. The meeting was called to order by Committee Chair, Ralph D. Unger. Committee Members participating included: Ralph D. Unger, Decatur County Commissioner; Michelle Garrett, Morris County Clerk and Jim Wise, Miami County Commissioner. Also present was KWORCC Administrator, Jim Parrish.

Chairman Unger requested consideration of the report on managing equity investments given to the Board of Trustees by KWORCC staff. Three responses were received to the request for proposal to manage KWORCC equity investments (RFP). The responses came from Country Club Financial Services, Inc. (CCFSI), GTrust Financial Partners (GTrust) and Wells Fargo Advisors, LLC (WFA). A summary of the RFP responses is attached to these minutes and made a part hereof. The Committee acknowledged the desire by KWORCC Trustees to interview representatives from CCFSI and GTrust. Mr. Unger asked staff members to arrange for such an interview by the Trustees at its July 16, 2010 meeting. The Trustees voted to convene the July meeting at 12:30pm to give additional time at the beginning of the meeting for the interviews.

Next, Chairman Unger suggested the name of the two candidates be placed in an envelope and drawn at random to determine which firm would be interviewed first. He placed the names of the two candidates on identical slips of paper and placed them in an envelope. Ms. Garrett then drew the slip of paper bearing the name of GTrust, and the Committee confirmed that GTrust would be interviewed first, followed by CCFSI.

There being no further business to come before the Committee, Chairman Unger adjourned the meeting at 3:13 PM.

THE FOREGOING MINUTES of the Investment Committee of Kansas Workers Risk Cooperative for Counties were executed by the Chair of that Committee on July 16, 2010.

  
\_\_\_\_\_  
Ralph D. Unger, Chair  
KWORCC Investment Committee

***Kansas Workers Risk Cooperative for Counties (KWORCC)***  
***Request for Proposal – Equity Investment Services***  
***RESPONSE SUMMARY***

**Country Club Financial Services, Inc. (CCFSI):** Contacts would be Dennis Clifford and/or Abram Glaser. Firm established in 1991. Key investment advisors' experience in the market is 16 years. More than \$500 Million in client assets managed. CCFSI is wholly owned subsidiary of CCB and operates independently as CCB is privately owned. Although have selling agreements for external managers and providers, those arrangements do not influence mission to provide "objective, *best-of-breed*, consultative advice." Reporting is done by the mutual fund company if holdings at fund, otherwise reports come from CCFSI. Fees: Depending on type of account structure, anticipate fees depending on capitalization of holdings to be established near .75% - 1.75% depending type of funds and number of fund families. Quarterly statement furnished; can meet with Board quarterly.

**GTrust Financial Partners (GTRUST):** Contacts would be Steve Page and/or Rudy Wrenick. Firm established 1991. Key investment advisor's experience in the market is 38 years. Approximately \$400 Million in client assets managed. GTrust is independent trust company specializing in complete asset management, fee only financial planning, employee benefits, retirement and estate planning and trust and estate administration. Investment and management decisions are internal, and GTrust does not participate in management or marketing alliances with other financial institutions. GTrust is responsible for the preparation of all educational materials. Fees: to GTrust .60% of market value of assets; imbedded management fees will average .50% for total of 1.10%. Generally, management fees are charged monthly by debiting the account but, if client requests, fees can be billed directly. Investment reports provided as requested, generally are furnished monthly. Meeting with KWORCC Board "at your pleasure" – at least semi-annually; more often if needed.

**Wells Fargo Advisors, LLC (WFA):** Contact is Christopher McGill, five years as a Financial Advisor with \$76 million in assets under management. WFA is Third-largest National Brokerage Firm, wholly owned subsidiary of Wells Fargo, with: \$1.1 Trillion in client assets; 30,000 employees; 15,000 financial advisors; 4,096 offices. Wealth/depth of resources to tailor any issues and meet all fiduciary requirements; able to access an institutional investment portfolio utilized by some of the world's leading organizations. WFA materials are prepared in-house, but the information will be provided by Russell Investments. Fees: WFA Wrap Fee .85%; Russell Investments Fee: is .99% for total cost of ownership of 1.84%. On-going, real-time performance evaluation, including analysis of: Investment Policy Statement compliance; Asset Allocation; Manager performance vs. benchmarks; Historical Performance; General Portfolio characteristics/holdings. At a minimum, KWORCC would receive monthly statements with quarterly reports. Mr. McGill would be available to meet with the Board as needed, minimum of semi-annually

**Minutes**  
**Meeting, Board of Trustees**  
**Kansas Workers Risk Cooperative for Counties**  
**May 20, 2010 at 1:00 p.m.**  
**Clubhouse Inn**  
**924 SW Henderson Road**  
**Topeka, KS 66615**

The May 2010 meeting of the Board of Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order at 12:59 p.m. at the Clubhouse Inn in Topeka by Board President Jim Wise on Thursday, May 20, 2010. Trustees present included: Jim Wise, Miami County Commissioner, President; Doyle "Hooley" Alcorn, Jewell County Commissioner, Vice-President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; Bonnie Swartz, Gray County Clerk; Frances Garcia, Reno County Commissioner and Ralph D. Unger, Decatur County Commissioner.

Staff participating included Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator and Staff Counsel; Mr. Carl Eyman, Deputy Administrator and Loss Prevention Specialist; Mr. Philip J. Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Nicole Jarboe-Paxson, Executive Assistant and Media Director.

Insurance Management Associates (IMA) appeared by Mr. Gene Miller, Ms. Susan May and Ms. Marla Dipman.

President Wise addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish asked that Item No. 4f, "Investment Income" be added to the Agenda. Ms. Swartz moved to approve the agenda with the additional item. Ms. Garrett seconded the motion, which CARRIED unanimously.

President Wise addressed Agenda Item No. 3, "Consideration of Minutes of Meeting of April 22, 2010." Mr. Unger moved to approve the minutes as presented. Ms. Swartz seconded the motion, which CARRIED unanimously.

President Wise addressed Agenda Item No. 4, "Administrator's Report." Mr. Parrish first addressed Agenda Item No. 4a, "Checks Requiring Board Approval and Ratification of Wire Transfers." He itemized the electronic transfer of funds and the checks requiring approval. Ms. Buttron moved to ratify the transfers and approve the checks as presented. Ms. Garrett seconded the motion, which CARRIED unanimously.

Mr. Parrish asked Ms. Bird to address Agenda Item No. 4b, "Kansas Department of Labor Audit." Ms. Bird described the audit process, noting that it was comprehensive. The process included several e-mail and telephone contacts, interviews with staff and submission of all payroll and benefits data as well as a complete check register for 2008. She said there was an emphasis on questions regarding independent contractors, which might be classified as employees. She explained that KWORCC has none. In the end, no adjustments were made to KWORCC's account, and no errors were found.

Mr. Parrish then reported on the requests for proposal for equities management (RFP) as he addressed Agenda Item No. 4c, "Equities RFP Responses." He stated that proposals were received from three companies: Country Club Financial Services, Inc. (CCFSI), GTrust Financial Partners (GTrust) and Wells Fargo Advisors (WFA). Mr. Parrish noted that the RFP had been addressed to A.G. Edwards, yet that entity had merged with Wachovia Securities, which eventually became WFA (headquartered in St. Louis, Missouri).

After some discussion, staff recommended the account be given to either CCFSI or GTrust. Mr. Unger suggested that the Trustees interview the persons designated in the proposals who would be responsible for managing the account. After further discussion, Mr. Unger moved that the KWORCC Trustees interview the prospective account representatives at the July 16, 2010 Board meeting and that the meeting begin at 12:30 p.m. to allow additional time for the interviews; further, he moved that Investment Committee meet briefly after today's meeting to determine the order in which the prospective account managers for CCFSI and GTrust will be interviewed. Ms. Garrett seconded the motion, which CARRIED unanimously.

Mr. Parrish then addressed Agenda Item No. 4d, "Bylaw Amendments." He reviewed the substantive changes made by KCAMP at the last annual meeting. After discussion, the Board requested that staff draft an amendment to the KWORCC Bylaws that provides for a procedure whereby action taken at a membership meeting in which a quorum was not present could be ratified by the membership.

Next, pursuant to Agenda Item No. 4e, "Update on KAC Agreement," Mr. Parrish presented the revised agreement, which had been approved by Kansas Association of Counties staff. He noted the KAC Board of Directors was scheduled to meet on May 21, 2010, and KWORCC staff would attend to discuss the agreement and the revisions. After review and discussion, Ms. Swartz moved to approve the agreement as written. Mr. Unger seconded the motion which CARRIED unanimously.

Mr. Parrish proceeded to a discussion of the investment income under Agenda Item No. 4f. Mr. Alexander stated that the current fixed income investment strategy relies heavily on discounted notes and recommended reviewing this strategy with Mr. Chris Thompson of County Club Bank. Mr. Alexander stated his belief that the investment income would be increased by investing in longer-term securities without jeopardizing liquidity needed to pay claims and overhead. Mr. Parrish said that staff had discussed this issue and recommended that he and Mr. Alexander schedule a conference call with Mr. Thompson to explore investment alternatives.

President Wise then proceeded to Agenda Item No. 5, "Marketing Report." Mr. Eyman discussed marketing activities.

President Wise addressed Agenda Item No. 6, "Financial Report." Mr. Alexander discussed in detail the financial statements he prepared for April 2010. Ms. Swartz moved to receive and file the reports as presented. Ms. Garcia seconded the motion, which CARRIED unanimously.

Mr. Alexander presented the check register. Mr. Unger moved to approve check Nos. 13702 through 13732 and the direct debits, all as presented. Ms. Buttron seconded the motion, which CARRIED unanimously.

Next, Mr. Alexander reviewed reports showing the value of KWORCC's equity investments as of May 12, 2010 and May 19, 2010.

President Wise declared a break in the meeting at 2:18 p.m. The meeting resumed at 2:27 p.m.

President Wise next addressed Agenda Item No. 7, "Claims Report – IMA." Addressing Agenda Item No. 7a, "Select Claims Review," Ms. May and Mr. Miller reported on claims and answered questions. Ms. May also requested approval on a pending settlement. Mr. Unger moved to approve settlement of claim No. 2007032189 as recommended. Ms. Swartz seconded the motion, which CARRIED unanimously.

For Agenda Item No. 7b, "Logicomp Bill Review Report," Mr. Miller reported that for the period beginning January 1, 2010 through April 30, 2010, the total amount billed is \$1,152,412; the actual paid amount is \$609,185 for a net savings after fees of \$543,227. This is more than 47% of the amount billed for this 4-month period.

Ms. Dipman then explained the "Policy Year Performance Review" under Agenda Item No. 7c. This analytical review generated by IMA shows KWORCC's claim history for policy years 2007 through 2010. The documents consist of graphs which compare the actual paid and incurred losses to the estimated paid and incurred losses and show the actuarial projections. Ms. Dipman emphasized these charts should not be considered as a guarantee of either good or poor ultimate loss performance.

President Wise called upon Messrs. Eyman and Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Eyman reviewed calendars for April, May and June for the loss-prevention staff. Messrs. Eyman and Rippee also reported on the visits with the county commissioners.

President Wise addressed Agenda Item No. 9, "Legal Report – Legislative Update." Mr. Parrish stated there was no legal report and that the legislative session ended without any noteworthy amendments to the Kansas Workers Compensation Act.

Next, President Wise addressed Agenda Item No. 10, "Committee Reports." There were no committee reports. Mr. Unger reminded Investment Committee members that a brief meeting would convene immediately following the Board Meeting.

President Wise then addressed Agenda Item No. 11, "Other Items." There were no other items to bring before the Board.

There being nothing further before the Board, Mr. Unger moved to adjourn at 3:06 p.m. Ms. Swartz seconded the motion, which CARRIED unanimously.

The KWORCC Board of Trustees approved the foregoing minutes on the 17<sup>th</sup> day of June, 2010.



Linda Buttron, Secretary  
KWORCC Board of Trustees

**Minutes**  
**Meeting, Board of Trustees**  
**Kansas Workers Risk Cooperative for Counties**  
**June 17, 2010 at 1:00 p.m. via Teleconference**  
**700 SW Jackson, Ste 200**  
**Topeka, KS 66603**

The June 2010 meeting of the Board of Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order at 1:08 p.m. via teleconference in Topeka by Board President Jim Wise on Thursday, June 17, 2010. Trustees present included: Jim Wise, Miami County Commissioner, President; Doyle "Hooley" Alcorn, Jewell County Commissioner, Vice-President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; Bonnie Swartz, Gray County Clerk; Frances Garcia, Reno County Commissioner and Ralph D. Unger, Decatur County Commissioner.

Staff participating included Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator and Staff Counsel; Mr. Carl Eyman, Deputy Administrator and Loss Prevention Specialist; Mr. Philip J. Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Nicole Jarboe-Paxson, Executive Assistant and Media Director.

Insurance Management Associates (IMA) was represented on the conference call by Mr. Gene Miller, Ms. Susan May and Ms. Marla Dipman.

President Wise addressed Agenda Item No. 2, "Approval of the Agenda." Ms. Swartz moved to approve the agenda as presented. Ms. Garcia seconded the motion, which CARRIED unanimously.

President Wise addressed Agenda Item No. 3, "Consideration of Minutes of Meeting of May 20, 2010." Mr. Unger moved to approve the minutes as presented. Ms. Garrett seconded the motion, which CARRIED unanimously.

President Wise addressed Agenda Item No. 4, "Administrator's Report." Mr. Parrish first addressed Agenda Item No. 4a, "Checks Requiring Board Approval and Ratification of Wire Transfers." He itemized the electronic transfer of funds and the checks requiring approval. Ms. Swartz moved to ratify the transfers and approve the checks as presented. Mr. Unger seconded the motion, which CARRIED unanimously.

Mr. Parrish asked Ms. Bird to address Agenda Item No. 4b, "KID—Fund Assessment Statement." Ms. Bird stated that because KWORCC and other pools are litigating the 2009 sweep and because the invoice states the assessment is primarily a result of the sweep, any payment of the invoice should be paid under protest. Mr. Unger moved that the staff pay the invoice under protest. Ms. Garcia seconded the motion, which CARRIED unanimously. Mr. Alcorn asked the staff to draft a letter for Trustees to send their legislators protesting the sweeps of funds and requesting the return of all monies swept to the Workers Compensation Fund.

President Wise then proceeded to Agenda Item No. 5, "Marketing Report." Mr. Eyman discussed marketing activities.

President Wise addressed Agenda Item No. 6, "Financial Report." Mr. Alexander discussed in detail the financial statements he prepared for May 2010. Ms. Swartz moved to receive and file the reports as presented. Ms. Buttron seconded the motion, which CARRIED unanimously.

Mr. Alexander presented the check register. Mr. Unger moved to approve check Nos. 13733 through 13784 and the direct debits, all as presented. Ms. Garrett seconded the motion, which CARRIED unanimously.



Next, Mr. Alexander reviewed reports showing the value of KWORCC's equity investments as of June 1, 2010 and June 8, 2010.

President Wise proceeded to Agenda Item No. 7, "Claims Report -- IMA." Addressing Agenda Item No. 7a, "Select Claims Review," Ms. May and Mr. Miller reported on claims and answered questions. Mr. Miller also requested approval on a pending settlement. Ms. Swartz moved to approve settlement of claim No. 2007033263 as recommended. Ms. Buttron seconded the motion, which CARRIED unanimously.

Mr. Miller then addressed Agenda Item No. 7b, "Logicomp Bill Review Report." For the period beginning January 1, 2010 through May 31, 2010, Mr. Miller reported the amount billed totals \$1,710,336. The actual paid amount totals \$890,104 resulting in a net savings of \$820,232 after fees are paid. This is more than 48% of the amount billed for this 5-month period.

Mr. Parrish then explained the "Policy Year Performance Review" under Agenda Item No. 7c. This analytical review generated by IMA shows KWORCC's claim history for policy years 2007 through 2010. The documents consist of graphs which compare the actual paid and incurred losses to the estimated paid and incurred losses and show the actuarial projections. He noted these charts show the status as of the end of May and should not be considered as a guarantee of either good or poor ultimate loss performance.

President Wise called upon Messrs. Eyman and Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Eyman reviewed calendars for May, June and July for the loss-prevention staff. Messrs. Eyman and Rippee also reported on the visits with the county commissioners.

President Wise addressed Agenda Item No. 9, "Legal Report -- Legislative Update." Mr. Parrish stated there was no legal report.

Next, President Wise addressed Agenda Item No. 10, "Committee Reports." There were no committee reports.

President Wise then addressed Agenda Item No. 11, "Other Items." Mr. Parrish reminded everyone that the meeting on July 16<sup>th</sup> will be on a Friday and will start at 12:30 p.m. instead of 1:00 p.m.

There being nothing further before the Board, Mr. Unger moved to adjourn at 2:28 p.m. Ms. Swartz seconded the motion, which CARRIED unanimously.

The KWORCC Board of Trustees approved the foregoing minutes on the 16<sup>th</sup> day of July, 2010.



Linda Buttron, Secretary  
KWORCC Board of Trustees

I, Linda M. Buttron, 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 16<sup>th</sup> day of July, 2010 at which a quorum was present:

## ***RESOLUTION #2010-71***

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

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

WHEREAS, KWORCC has invested in certain United States instruments during the period March 1, 2010 through June 30, 2010, which have been reviewed by the Board of Trustees. 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 March 1, 2010 through June 30, 2010, 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 16<sup>th</sup> day of July, 2010.

  
Linda M. Buttron, Secretary

For Trades Executed At: Country Club Bank

| Select Fields   | From Value | To Value   | Seq. | Totals |
|-----------------|------------|------------|------|--------|
| Entity          | 144        | 144        |      | n      |
| Customer Nbr.   | 300121     | 300121     |      | n      |
| Cusip Nbr.      |            |            |      | n      |
| Security ID     |            |            |      | n      |
| Portfolio ID    |            |            |      | n      |
| Salesperson     |            |            |      | n      |
| Enter Date      |            |            |      | n      |
| Trade Date      | 03/01/2010 | 06/30/2010 |      | n      |
| Settle Date     |            |            |      | n      |
| Bank Eligible   |            | ZZ         |      | n      |
| Purch/Sale/Both | b          |            |      |        |
| Int/Mat/Both    | n          |            |      |        |
| Fed Funds       | n          |            |      |        |
| Repo Agmts      | n          |            |      |        |





For Trades Executed At: Country Club Bank

| Ticket Nbr | Cust S/N                  | Sec Descrip 1             | Sec Descrip 2 | Sec Descrip 3 | Mdy/S&P/Mkt | Broker | Bnk Elig | Comm Basis | Reg Type/Id | Call Cd-Dt | Call Price | Mat Date | CPN Rate | CLoc/FLoc | Apr By | Apr Date   | Dt Enter     | Factor         | Face  | Print        |
|------------|---------------------------|---------------------------|---------------|---------------|-------------|--------|----------|------------|-------------|------------|------------|----------|----------|-----------|--------|------------|--------------|----------------|-------|--------------|
|            |                           |                           |               |               |             |        |          |            |             |            |            |          |          |           |        |            | Trade Dt     | Tran Cd        | Par   | Interest     |
|            |                           |                           |               |               |             |        |          |            |             |            |            |          |          |           |        |            | Settle Dt    | Ent By         | Basis | Fees         |
|            |                           |                           |               |               |             |        |          |            |             |            |            |          |          |           |        |            | Trd Status   | Trd For        | Price | Withholding  |
|            |                           |                           |               |               |             |        |          |            |             |            |            |          |          |           |        |            | Conv         | Yield          | P/L   | Penalty      |
|            |                           |                           |               |               |             |        |          |            |             |            |            |          |          |           |        |            | Buyback      |                |       | Total Amt    |
| 311075146  | KWORCC (302)              | FEDERAL HOME LOAN BANK DN |               |               |             |        |          |            | E/*         |            |            |          |          |           |        | 04/29/2010 | 1.0000000000 | 2,000,000.00   |       | 1,999,797.78 |
| 300121     | FEDERAL HOME LOAN BANK DN |                           |               |               |             |        |          |            |             |            |            |          |          |           |        | 04/29/2010 | Sale         | 2,000,000.00   |       | .00          |
| 313385XJ0  | FHDN 5/28/10              |                           |               |               |             |        |          |            | .000        |            |            |          |          |           |        | 04/30/2010 | skml44       | D.13000        |       | .00          |
| 313385XJ0  | //                        |                           |               |               |             |        |          |            | 05/28/2010  |            |            |          |          |           |        | 09         | BCT          | 99.9898888890  |       | .00          |
| 033-DISC   |                           |                           |               |               |             |        |          |            | ccf/ccf     |            |            |          |          |           |        | n          | .1300000     | .00            |       | 1,999,797.78 |
| 311075636  | KWORCC (302)              | FEDERAL HOME LOAN BANK DN |               |               |             |        |          |            | E/*         |            |            |          |          |           |        | 05/10/2010 | 1.0000000000 | 1,000,000.00   |       | 1,001,900.00 |
| 300121     | FANNIE MAE                |                           |               |               |             |        |          |            | c-11/05/10  |            |            |          |          |           |        | 05/10/2010 | Sale         | 1,000,000.00   |       | 1,038.19     |
| 31398AQ62  | ONE TIME CALL 11/05/10    |                           |               |               |             |        |          |            | 100.000     |            |            |          |          |           |        | 05/28/2010 | skml44       | 100.19000      |       | .00          |
| 31398AQ62  |                           |                           |               |               |             |        |          |            | 11/05/2012  |            |            |          |          |           |        | 09         | BCT          | 100.1900000000 |       | .00          |
| 032-AGCY   | Aaa/AAA/                  |                           |               |               |             |        |          |            | 1.625       |            |            |          |          |           |        | na         |              | 1.1860000      | .00   | 1,002,938.19 |
|            |                           |                           |               |               |             |        |          |            | ccf/ccf     |            |            |          |          |           |        | n          |              |                |       | .00          |
| 311075727  | KWORCC (302)              | FEDERAL HOME LOAN BANK DN |               |               |             |        |          |            | E/*         |            |            |          |          |           |        | 05/12/2010 | 1.0000000000 | 500,000.00     |       | 499,945.00   |
| 300121     | FEDERAL HOME LOAN BANK DN |                           |               |               |             |        |          |            |             |            |            |          |          |           |        | 05/12/2010 | Sale         | 500,000.00     |       | .00          |
| 313385YB6  | FHDN 06/14/10             |                           |               |               |             |        |          |            | .000        |            |            |          |          |           |        | 05/12/2010 | skml44       | D.12000        |       | .00          |
| 313385YB6  |                           |                           |               |               |             |        |          |            | 06/14/2010  |            |            |          |          |           |        | 09         | BCT          | 99.9890000000  |       | .00          |
| 033-DISC   | //                        |                           |               |               |             |        |          |            | ccf/ccf     |            |            |          |          |           |        | na         |              | 9.16           |       | 499,945.00   |
|            |                           |                           |               |               |             |        |          |            |             |            |            |          |          |           |        | n          | .1200000     |                |       | .00          |
| 311075979  | KWORCC (302)              | FEDERAL HOME LOAN BANK DN |               |               |             |        |          |            | E/*         |            |            |          |          |           |        | 05/24/2010 | 1.0000000000 | 2,000,000.00   |       | 1,999,811.11 |
| 300121     | FEDERAL HOME LOAN BANK DN |                           |               |               |             |        |          |            |             |            |            |          |          |           |        | 05/24/2010 | Sale         | 2,000,000.00   |       | .00          |
| 313385YR1  | FHDN 06/28/10             |                           |               |               |             |        |          |            | .000        |            |            |          |          |           |        | 05/25/2010 | skml44       | D.10000        |       | .00          |
| 313385YR1  |                           |                           |               |               |             |        |          |            | 06/28/2010  |            |            |          |          |           |        | 09         | BCT          | 99.990555560   |       | .00          |
| 033-DISC   | //                        |                           |               |               |             |        |          |            | ccf/ccf     |            |            |          |          |           |        | na         |              | 18.89          |       | 1,999,811.11 |
|            |                           |                           |               |               |             |        |          |            |             |            |            |          |          |           |        | n          | .1000000     |                |       | .00          |
| 311076252  | KWORCC (302)              | FEDERAL FARM CREDIT BANK  |               |               |             |        |          |            | E/*         |            |            |          |          |           |        | 05/27/2010 | 1.0000000000 | 2,000,000.00   |       | 2,000,000.00 |
| 300121     | FEDERAL FARM CREDIT BANK  |                           |               |               |             |        |          |            | c-06/02/11  |            |            |          |          |           |        | 05/27/2010 | Sale         | 2,000,000.00   |       | .00          |
| 31331JQR7  | CONT CALL BEG 6/2/11      |                           |               |               |             |        |          |            | 100.000     |            |            |          |          |           |        | 06/02/2010 | skml44       | 100.00         |       | .00          |
| 31331JQR7  |                           |                           |               |               |             |        |          |            | 06/02/2016  |            |            |          |          |           |        | 09         | BCT          | 100.0000000000 |       | .00          |
| 032-AGCY   | Aaa/AAA/                  |                           |               |               |             |        |          |            | 3.125       |            |            |          |          |           |        | na         |              | 3.1250000      | .00   | 2,000,000.00 |
|            |                           |                           |               |               |             |        |          |            | ccf/ccf     |            |            |          |          |           |        | n          |              |                |       | .00          |
| 311076264  | KWORCC (302)              | FEDERAL HOME LOAN BANK DN |               |               |             |        |          |            | E/*         |            |            |          |          |           |        | 05/27/2010 | 1.0000000000 | 2,000,000.00   |       | 1,999,966.67 |
| 300121     | FEDERAL HOME LOAN BANK DN |                           |               |               |             |        |          |            |             |            |            |          |          |           |        | 05/27/2010 | Sale         | 2,000,000.00   |       | .00          |
| 313385XP6  | FHDN 06/02/10             |                           |               |               |             |        |          |            | .000        |            |            |          |          |           |        | 05/28/2010 | skml44       | D.12000        |       | .00          |
| 313385XP6  |                           |                           |               |               |             |        |          |            | 06/02/2010  |            |            |          |          |           |        | 09         | BCT          | 99.998333330   |       | .00          |
| 033-DISC   | //                        |                           |               |               |             |        |          |            | ccf/ccf     |            |            |          |          |           |        | na         |              | 1.2000000      | .00   | 1,999,966.67 |
|            |                           |                           |               |               |             |        |          |            |             |            |            |          |          |           |        | n          |              |                |       | .00          |

For Trades Executed At: Country Club Bank

| Ticket Nbr | Cust S/N      | Sec Descrip 1 | Sec Descrip 2 | Sec Descrip 3 | Mdy/S&P/Mkt | Broker   | Bnk Elig   | Comm Basis | Reg Type/Id | Apr By     | Dt Enter   | Factor       | Face          | Prin         |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
|------------|---------------|---------------|---------------|---------------|-------------|----------|------------|------------|-------------|------------|------------|--------------|---------------|--------------|----------|----------|---------|----------|-----------|------------|------|---------|---------|--------|---------|-------|-------|-------------|---------|-----------|
| Cust Nbr   | Sec Descrip 1 | Sec Descrip 2 | Sec Descrip 3 | Mdy/S&P/Mkt   | Broker      | Bnk Elig | Comm Basis | Call Cd-Dt | Call Price  | Mat Date   | CPN Rate   | Cloc/PLOC    | Apr Date      | Apr Time     | Fail Del | Fail Pmt | Pay/Del | Trade Dt | Settle Dt | Trd Status | Conv | Buyback | Tran Cd | Ent By | Trd For | Basis | Price | Withholding | Penalty | Total Amt |
| 311076365  | 300121        | 313385YR1     | 313385YR1     | 033-DISC      | //          | 0        | 0          | 0          | E/*         | n-06/01/10 | 06/01/2010 | 1.0000000000 | 1,000,000.00  | 999,872.50   |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311076365  | 300121        | 313385YR1     | 313385YR1     | 033-DISC      | //          | 0        | 0          | 0          | .000        | n-06/01/10 | 06/01/2010 | Purch        | 1,000,000.00  | 999,872.50   |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311076365  | 300121        | 313385YR1     | 313385YR1     | 033-DISC      | //          | 0        | 0          | 0          | 06/28/2010  | n-06/01/10 | 09         | skml14       | D.17000       | 999,872.50   |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311076365  | 300121        | 313385YR1     | 313385YR1     | 033-DISC      | //          | 0        | 0          | 0          | ccf/ccf     | c/sko      | n          | BCT          | 99.987250000  | 999,872.50   |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311076365  | 300121        | 313385YR1     | 313385YR1     | 033-DISC      | //          | 0        | 0          | 0          | ccf/ccf     | c/sko      | n          | .1700000     | .00           | 999,872.50   |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311077137  | 300121        | 313385YR1     | 313385YR1     | 033-DISC      | //          | 0        | 0          | 0          | E/*         | n-06/18/10 | 06/17/2010 | 1.0000000000 | 1,000,000.00  | 1,000,000.00 |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311077137  | 300121        | 313385YR1     | 313385YR1     | 033-DISC      | //          | 0        | 0          | 0          | .000        | n-06/18/10 | 09         | Sale         | 1,000,000.00  | 1,000,000.00 |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311077137  | 300121        | 313385YR1     | 313385YR1     | 033-DISC      | //          | 0        | 0          | 0          | 06/18/2015  | n-06/18/10 | 09         | skml14       | 100.00        | 1,000,000.00 |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311077137  | 300121        | 313385YR1     | 313385YR1     | 033-DISC      | //          | 0        | 0          | 0          | VAR         | n-06/18/10 | na         | BCT          | 100.000000000 | 1,000,000.00 |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311077137  | 300121        | 313385YR1     | 313385YR1     | 033-DISC      | //          | 0        | 0          | 0          | ccf/ccf     | c/ski      | n          | 1.0390000    | 1,850.00      | 1,000,000.00 |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311077676  | 300121        | 313385YR1     | 313385YR1     | 033-DISC      | //          | 0        | 0          | 0          | E/*         | n-06/28/10 | 06/28/2010 | 1.0000000000 | 1,000,000.00  | 999,992.50   |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311077676  | 300121        | 313385YR1     | 313385YR1     | 033-DISC      | //          | 0        | 0          | 0          | .000        | n-06/28/10 | 09         | Sale         | 1,000,000.00  | 999,992.50   |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311077676  | 300121        | 313385YR1     | 313385YR1     | 033-DISC      | //          | 0        | 0          | 0          | 07/07/2010  | n-06/28/10 | 09         | skml14       | D.03000       | 999,992.50   |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311077676  | 300121        | 313385YR1     | 313385YR1     | 033-DISC      | //          | 0        | 0          | 0          | ccf/ccf     | c/ski      | n          | BCT          | 99.999250000  | 999,992.50   |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311072582  | 300121        | 3128X9K90     | 3128X9K90     | 032-AGCY      | Aaa/AAA/    | 0        | 0          | 0          | E/*         | 03/04/2010 | 03/04/2010 | 1.0000000000 | 2,000,000.00  | 2,000,000.00 |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311072582  | 300121        | 3128X9K90     | 3128X9K90     | 032-AGCY      | Aaa/AAA/    | 0        | 0          | 0          | c-09/24/10  | 03/04/2010 | 03/29/2010 | Sale-Rev     | 2,000,000.00  | 2,000,000.00 |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311072582  | 300121        | 3128X9K90     | 3128X9K90     | 032-AGCY      | Aaa/AAA/    | 0        | 0          | 0          | 100.000     | 03/29/2010 | 00         | skml14       | 100.00        | 1,111.11     |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311072582  | 300121        | 3128X9K90     | 3128X9K90     | 032-AGCY      | Aaa/AAA/    | 0        | 0          | 0          | 09/24/2018  | n          | na         | BCT          | 100.000000000 | 2,001,111.11 |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311072582  | 300121        | 3128X9K90     | 3128X9K90     | 032-AGCY      | Aaa/AAA/    | 0        | 0          | 0          | 4.0         | n          | na         | 3.9980000    | .00           | 2,001,111.11 |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311072582  | 300121        | 3128X9K90     | 3128X9K90     | 032-AGCY      | Aaa/AAA/    | 0        | 0          | 0          | ccf/ccf     | c/ski      | n          | 1.0000000000 | 2,000,000.00  | 2,999,512.50 |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311074285  | 300121        | 313385YR1     | 313385YR1     | 033-disc      | //          | 0        | 0          | 0          | E/*         | 04/14/2010 | 04/14/2010 | 1.0000000000 | 3,000,000.00  | 2,999,512.50 |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311074285  | 300121        | 313385YR1     | 313385YR1     | 033-disc      | //          | 0        | 0          | 0          | .000        | 04/14/2010 | 04/16/2010 | Sale-Rev     | 3,000,000.00  | 2,999,512.50 |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311074285  | 300121        | 313385YR1     | 313385YR1     | 033-disc      | //          | 0        | 0          | 0          | 05/25/2010  | n-04/16/10 | 01         | skml14       | D.15000       | 2,999,512.50 |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311074285  | 300121        | 313385YR1     | 313385YR1     | 033-disc      | //          | 0        | 0          | 0          | ccf/ccf     | c/ski      | n          | BCT          | 99.983750000  | 2,999,512.50 |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311074285  | 300121        | 313385YR1     | 313385YR1     | 033-disc      | //          | 0        | 0          | 0          | ccf/ccf     | c/ski      | n          | .1500000     | .00           | 2,999,512.50 |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311075966  | 300121        | 313385YR1     | 313385YR1     | 033-DISC      | //          | 0        | 0          | 0          | E/*         | 05/24/2010 | 05/24/2010 | 1.0000000000 | 500,000.00    | 499,952.78   |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311075966  | 300121        | 313385YR1     | 313385YR1     | 033-DISC      | //          | 0        | 0          | 0          | .000        | 05/24/2010 | 05/25/2010 | Sale-Rev     | 500,000.00    | 499,952.78   |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311075966  | 300121        | 313385YR1     | 313385YR1     | 033-DISC      | //          | 0        | 0          | 0          | 06/28/2010  | n          | 00         | skml14       | D.10000       | 499,952.78   |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311075966  | 300121        | 313385YR1     | 313385YR1     | 033-DISC      | //          | 0        | 0          | 0          | ccf/ccf     | c/ski      | na         | BCT          | 99.990555560  | 499,952.78   |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |
| 311075966  | 300121        | 313385YR1     | 313385YR1     | 033-DISC      | //          | 0        | 0          | 0          | ccf/ccf     | c/ski      | n          | .1000000     | 9.44          | 499,952.78   |          |          |         |          |           |            |      |         |         |        |         |       |       |             |         |           |

Trade History Report  
Country Club Bank

InTrader (onltrdhist) 06/30/2010  
For Trades Executed At: Country Club Bank

| Ticket Nbr | Cust S/N      | Reg Type/Id | Apr By   | Dt Enter   | Factor  | Face  | Prin        |
|------------|---------------|-------------|----------|------------|---------|-------|-------------|
| Cust Nbr   | Sec Descrip 1 | Call Cd-Dt  | Apr Date | Trade Dt   | Tran Cd | Par   | Interest    |
| Cusip      | Sec Descrip 2 | Call Price  | Apr Time | Settle Dt  | Ent By  | Basis | Fees        |
| Security   | Sec Descrip 3 | Mat Date    | Fail Del | Trd Status | Trd For | Price | Withholding |
| Port ID    | Mdy/S&P/Mkt   | CPN Rate    | Fail Pmt | Conv       | Yield   | P/L   | Penalty     |
| Deal ID    | Broker        | CLOC/PLoc   | Pay/Del  | Buyback    |         |       | Total Amt   |

Total Reversals  
Par: 5,500,000.00  
Prin: 5,499,465.28

Total: 1,111.11  
Total: 5,500,576.39

Report Totals  
Par: 47,000,000.00  
Prin: 47,056,926.13  
Fees: .00  
Total: 47,066,686.54

P/L: 19,051.39  
Total: 47,066,686.54



# Minutes

Special Meeting, Board of Trustees  
Kansas Workers Risk Cooperative for Counties  
July 27, 2010 at 2:00 p.m. via Teleconference  
700 SW Jackson, Ste 200  
Topeka, KS 66603

A special meeting of the Board of Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order at 2:05 p.m. via teleconference by Board President Jim Wise on Tuesday, July 27, 2010. The teleconference was initiated by the KWORCC staff from the Topeka KWORCC office. Trustees participating included: Jim Wise, Miami County Commissioner, President; Doyle "Hooley" Alcorn, Jewell County Commissioner, Vice-President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; Bonnie Swartz, Gray County Clerk and Ralph D. Unger, Decatur County Commissioner.

Staff participating included Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator and Staff Counsel and Ms. Nicole Jarboe-Paxson, Executive Assistant and Media Director.

Insurance Management Associates (IMA) was represented on the conference call by Mr. Gene Miller.


Ms. Swartz moved to waive notice of meeting. Mr. Unger seconded the motion, which CARRIED unanimously.

President Wise addressed the consideration of claim No. 2008036133. Mr. Miller reported on the claim. Mr. Parrish gave the staff's recommendation, as requested. After discussion, Mr. Unger moved to approve settlement of claim No. 2008036133 as recommended. Ms. Swartz seconded the motion, which CARRIED unanimously.

President Wise then asked if there was any other business. There was no other business to discuss.

There being nothing further before the Board, Mr. Unger moved to adjourn at 2:12 p.m. Ms. Garrett seconded the motion, which CARRIED unanimously.

The KWORCC Board of Trustees approved the foregoing minutes on the 19<sup>th</sup> day of August, 2010.

  
Linda Buttron, Secretary  
KWORCC Board of Trustees

**Minutes**  
**Meeting, Board of Trustees**  
**Kansas Workers Risk Cooperative for Counties**  
**July 16, 2010 at 12:30 p.m.**  
**Clubhouse Inn**  
**924 SW Henderson Road**  
**Topeka, KS 66615**

The July 2010 meeting of the Board of Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order at 12:38 p.m. at the Clubhouse Inn in Topeka by Board President Jim Wise on Thursday, July 16, 2010. Trustees present included: Jim Wise, Miami County Commissioner, President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; Frances Garcia, Reno County Commissioner and Ralph D. Unger, Decatur County Commissioner. Bonnie Swartz, Gray County Clerk arrived at the meeting at 12:47 p.m.

Staff participating included Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator and Staff Counsel; Mr. Carl Eyman, Deputy Administrator and Loss Prevention Specialist; Mr. Philip J. Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Nicole Jarboe-Paxson, Executive Assistant and Media Director.

Insurance Management Associates (IMA) appeared by Mr. Gene Miller, Mr. Paul Davis and Ms. Marla Dipman. Also present were Mr. Rudy Wrenick and Mr. Steve Page of GTrust Financial Partners and Mr. Dennis Clifford and Mr. Abram Glaser of Country Club Financial Services.

President Wise addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish recommended the addition of Agenda Item No. 2a, "Excuse Doyle 'Hooley' Alcorn for county business" and change the title of Agenda Item No. 5f to add the words "and Policy." Ms. Garrett moved to approve the agenda with these modifications. Ms. Garcia seconded the motion, which CARRIED unanimously.

President Wise then called for a motion to excuse Mr. Alcorn from the meeting in accordance with Agenda Item No. 2a. Ms. Garcia so moved. Ms. Buttron seconded the motion, which CARRIED unanimously.

As Ms. Swartz was not yet present, President Wise addressed Agenda Item No. 4, "Consideration of Minutes of Meeting of June 17, 2010." Mr. Unger moved to approve the minutes as presented. Ms. Garcia seconded the motion, which CARRIED unanimously.

President Wise addressed Agenda Item No. 5, "Administrator's Report." Mr. Parrish addressed Agenda Item No. 5a, "Checks Requiring Board Approval and Ratification of Wire Transfers." He itemized the electronic transfers of funds and the checks requiring approval. Ms. Buttron moved to ratify the transfers and approve the checks as presented. Mr. Unger seconded the motion, which CARRIED unanimously.

Upon the arrival of Ms. Swartz, President Wise turned his attention to Agenda Item No. 3, "Interviews for Equity Investments Manager."

Mr. Parrish introduced Mr. Rudy Wrenick and Mr. Steve Page of GTrust Financial Partners. Mr. Page explained that GTrust is a trust company which functions in much the same way that a bank trust department functions. However, trust companies do not have a lending function. He said GTrust has been operating for 19 years and is almost wholly owned by the employees. Mr. Page emphasized the need for diversification in equities. GTrust is not affiliated with any of the mutual fund families so is able to pick and choose the funds that perform the best in

each sector. The investment decisions are made by a group and not just by Mr. Wrenick and Mr. Page. Mr. Page stated that he sees the KWORCC portfolio as a long term portfolio, and that while maintaining diversification, the emphasis should probably be on large cap funds. GTrust prefers to invest in low cost funds, index and quasi-index funds and funds that have low turnover, as turnover is expensive. As a trust company, GTrust is legally obligated to put the investor's interests ahead of its own. GTrust prefers to meet with clients frequently. Its client base ranges from portfolios with less than \$100,000 invested to portfolios with over \$25 million in investments. GTrust works with many institutions and organizations. The fees associated with GTrust managing KWORCC's portfolio would be .6% to GTrust and up to .5% in imbedded fees for a total of up to 1.1%. President Wise thanked Messrs. Page and Wrenick for the proposal and for discussing GTrust with the Board.

President Wise then called on Country Club Financial Services, Inc. (CCFSI) representatives for its presentation. Mr. Parrish introduced Mr. Dennis Clifford and Mr. Abram Glaser. CCFSI is a wholly owned subsidiary of County Club Bank which currently manages KWORCC's bond portfolio. CCFSI has become familiar with KWORCC's Investment Policy and current holdings. There are several decisions that CCFSI would have made differently with regard to the holdings, but generally, CCFSI would tilt KWORCC's portfolio more toward value funds. While CCFSI would keep Security Benefit MidCap Value Fund in the portfolio, the balance would be moved into American Family of Funds. CCFSI provided comprehensive documentation to illustrate the wisdom of this strategy. CCFSI regularly compares investment performances to industry benchmarks, based upon the goals of the client. Reporting can be as regular as would meet KWORCC's needs, at both administrative and Board of Trustee levels. The fees for CCFSI to manage the equity funds under the proposed portfolio would be 1.05% in imbedded fees and .8% for the fund management fees yielding a total of 1.85%. President Wise thanked Messrs. Clifford and Glaser for their presentation.

The Board proceeded to Agenda Item No. 5f, "Discuss Possible Action on Equity Investments Management." After discussion, Mr. Unger moved to table the decision until the August meeting. Ms. Swartz seconded the motion, which CARRIED unanimously.

Mr. Parrish addressed Agenda Item No. 5b, "Claims Handling Issues." According to a recent Workers Compensation Appeals Board decision, temporary partial disability payments cannot be paid for scheduled injury claims. To encourage injured workers to return to work, the industry generally has been making these payments and receiving a credit on the final disability payment. This case points out that while the workers compensation statute does provide for temporary partial payments in whole body injuries (such as a back injury or a neck injury), there is no such provision for scheduled injuries (such as an arm or a foot injury). This leaves KWORCC two choices when modified duty is offered by the employer: either to pay temporary partial payments and receive no credit for those payments or to not pay temporary partial payments at all. The IMA adjusters have addressed this issue by providing a full explanation to the injured worker and then giving the worker the option of either accepting pre-payments on disability compensation or waiting until the case is resolved. Whichever way the claimant decides, IMA sends a follow-up letter verifying the decision and asking that the claimant notify IMA immediately if the claimant changes his mind or misunderstood the process and does not wish to receive any such pre-payment of disability compensation. The Board requested that KWORCC staff review the language used by IMA in its correspondence on this issue, and if acceptable, to use this process in handling such scheduled injury cases.

Ms. Dipman then addressed the issue of how permanent partial disability settlements are handled. Ms. Dipman explained that these claims can be handled either by making periodic payments on a continuous basis (known as a running award) or by making a lump sum payment with a discount. In the past lump sum settlements have been favored because of the discount and because it was easier to negotiate the closure of future medical treatment expenses. Now, there is increasing reluctance of attorneys for workers compensation claimants to agree to close future medical treatment. Also, when the claimant is at or near the age to qualify for Medicare, the Medicare officials may require a trust fund to be established to cover the future medical care associated with the injury. She said that as reporting of these claims becomes more sophisticated, Medicare will be in a better position to track workers of all ages and may not allow the future medical to be closed. Thus, she explained that it is no longer as beneficial to KWORCC to settle these claims with a lump sum payment. Another possible advantage to the running

award is that KWORCC can petition for “review and modification” to reduce the award if the claimant returns to work. The procedure for review and modification is not available after a lump-sum settlement is finalized. IMA asked the Trustees and staff for guidance on whether to continue to favor lump-sum settlements or running awards. After considerable discussion, the Trustees and staff concluded that generally, claims should be paid on a running award if medical expenses cannot be closed. However, they recognized that each claim should be handled based on the facts of the case to achieve the best result for KWORCC. Ms. Dipman expressed appreciation for this guidance.

Next, Mr. Parrish addressed Agenda Item No. 5c, “Proposed Bylaws Amendment.” After reviewing the proposed changes, the Board asked the staff to send copies of the proposed amendment to the Membership for comment before presenting a final draft.

Mr. Parrish then addressed Agenda Item No. 5d, “Fixed-Income Investments – KWORCC Resolution No. 2010-71.” Mr. Unger moved to ratify Resolution 2010-71. Ms. Buttron seconded the motion, which CARRIED unanimously.

Mr. Parrish then called the Board’s attention to Agenda Item No. 5e, “Letter to Legislators – Originals Presented at Meeting.” Ms. Bird passed out the letters to the legislators for the Board to sign.

Mr. Parrish then asked Mr. Alexander to address the investment policy portion of Agenda Item No. 5f. Mr. Alexander stated there should be a policy requiring a limit on investments as a percentage of the fund balance. KWORCC’s current policy for equity investments follows the state’s limits of 10% of all assets for same family of funds and a maximum of 25% of all assets; Mr. Alexander advocates a more conservative approach. Staff was asked to prepare a revision to the investment policy for the Board to review at the next meeting.

President Wise then proceeded to Agenda Item No. 6, “Marketing Report.” Mr. Eyman discussed marketing activities.

President Wise declared a short break in the meeting at 3:12 p.m. The meeting resumed at 3:22 p.m.

President Wise addressed Agenda Item No. 7, “Financial Report.” Mr. Alexander discussed in detail the financial statements he prepared for June 2010. Ms. Swartz moved to receive and file the reports as presented. Ms. Garcia seconded the motion, which CARRIED unanimously.

Mr. Alexander then discussed in detail the second quarterly financial report for 2010 he prepared for filing with the Kansas Insurance Department (KID). Ms. Swartz moved to approve filing the report with the KID. Ms. Buttron seconded the motion, which CARRIED unanimously.

Mr. Alexander presented the check register. Ms. Buttron moved to approve check Nos. 13785 through 13820 and the direct debits, all as presented. Ms. Garrett seconded the motion, which CARRIED unanimously.

Next, Mr. Alexander reviewed reports showing the value of KWORCC's equity investments as of July 7, 2010 and July 14, 2010.

President Wise proceeded to Agenda Item No. 8, “Claims Report – IMA.” Addressing Agenda Item No. 8a, “Select Claims Review,” Ms. Dipman and Mr. Miller reported on claims and answered questions. Mr. Miller also requested approval on a pending settlement. Ms. Swartz moved to approve a running award on claim No. 2006030990. Ms. Buttron seconded the motion, which CARRIED unanimously. Ms. Dipman requested approval on a pending settlement of claim No. 2007034208. Ms. Swartz moved to approve a running award. Ms. Garcia seconded the motion, which CARRIED unanimously.

Mr. Miller then addressed Agenda Item No. 8b, "Logicomp Bill Review Report." For the period beginning January 1, 2010 through June 30, 2010, Mr. Miller reported the amount billed totals \$1,997,517. The actual paid amount totals \$1,043,787 resulting in a net savings of \$953,730 after fees are paid. This is more than 48% of the amount billed for this 6-month period.

Mr. Davis then explained the "Policy Year Performance Review" under Agenda Item No. 8c. This analytical review generated by IMA shows KWORCC's claim history for policy years 2007 through 2010. The documents consist of graphs which compare the actual paid and incurred losses to the estimated paid and incurred losses and show the actuarial projections. He noted these charts show the status as of the end of June and should not be considered as a guarantee of either good or poor ultimate loss performance.

President Wise called upon Messrs. Eyman and Rippee to address Agenda Item No. 9, "Loss Prevention and County Visits." Mr. Eyman reviewed calendars for June, July and August for the loss-prevention staff. Messrs. Eyman and Rippee also reported on the visits with the county commissioners. They have visited with the commissions of 44 of 64 counties so far this year and plan to visit the remaining 20 before the end of the year.

President Wise addressed Agenda Item No. 10, "Legal Report." Mr. Parrish stated there was no legal report.

Next, President Wise addressed Agenda Item No. 11, "Committee Reports." There were no committee reports.

President Wise then addressed Agenda Item No. 12, "Other Items." There was no other business to be discussed.

There being nothing further before the Board, Ms. Buttron moved to adjourn at 3:53 p.m. Ms. Garcia seconded the motion, which CARRIED unanimously.

The KWORCC Board of Trustees approved the foregoing minutes on the 19<sup>th</sup> day of August, 2010.

  
Linda Buttron, Secretary  
KWORCC Board of Trustees

**Minutes**  
**Meeting, Board of Trustees**  
**Kansas Workers Risk Cooperative for Counties**  
**August 19, 2010 at 1:00 p.m.**  
**Clubhouse Inn**  
**924 SW Henderson Road**  
**Topeka, KS 66615**

The August 2010 meeting of the Board of Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order at 1:01 p.m. at the Clubhouse Inn in Topeka by Board President Jim Wise on Thursday, August 19, 2010. Trustees present included: Jim Wise, Miami County Commissioner, President; Doyle "Hooley" Alcorn, Jewell County Commissioner, Vice-President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; Frances Garcia, Reno County Commissioner and Bonnie Swartz, Gray County Clerk.

Staff participating included Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator and Staff Counsel; Mr. Carl Eyman, Deputy Administrator and Loss Prevention Specialist; Mr. Philip J. Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Nicole Jarboe-Paxson, Executive Assistant and Media Director.

Insurance Management Associates (IMA) appeared by Mr. Gene Miller, Mr. Paul Davis and Ms. Susan May.

President Wise addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish recommended the addition of Agenda Item No.2a, "Excuse Ralph D. Unger, Decatur County Commissioner for a family emergency." Ms. Buttron moved to approve the agenda with that addition. Ms. Garcia seconded the motion, which CARRIED unanimously.

President Wise called for a motion to excuse Mr. Unger for a family emergency. Ms. Garrett so moved. The motion was seconded by Ms. Garcia and CARRIED unanimously.

President Wise addressed Agenda Item No. 3a, "Consideration of Minutes of Meeting of July 16, 2010." Ms. Buttron moved to approve the minutes as presented. Mr. Alcorn seconded the motion, which CARRIED unanimously.

President Wise then turned his attention to Agenda Item No. 3b, "Consideration of Minutes of Special Meeting of July 27, 2010." Ms. Buttron moved to approve the minutes as presented. Mr. Alcorn seconded the motion, which CARRIED unanimously.

President Wise addressed Agenda Item No. 4, "Administrator's Report." Mr. Parrish addressed Agenda Item No. 4a, "Checks Requiring Board Approval and Ratification of Wire Transfers." He itemized the electronic transfers of funds and the checks requiring approval. Mr. Alcorn moved to ratify the transfers and approve the checks as presented. Ms. Swartz seconded the motion, which CARRIED unanimously.

Mr. Parrish addressed Agenda Item No. 4b, "Proposed Bylaws Amendment." Mr. Parrish stated that the staff mailed out the proposed Bylaws change to the county commissioners. He said the staff had not received any negative responses but had received positive responses from Ellsworth, Morton and Reno Counties. Ms. Garrett reported that the Morris County Commissioners asked her to convey their support as well. Mr. Wise stated that the Miami County Commissioners appreciated the notification of the possible amendment and approved of the

change. Ms. Garcia moved that the Board approve the proposed amendment and present it for consideration at the KWORCC Annual Meeting in November. Ms. Garrett seconded the motion, which CARRIED unanimously.

Mr. Parrish then addressed Agenda Item No. 4c, "Equity Investment Policy." Mr. Parrish reviewed the proposed new language for the investment guidelines. Ms. Swartz moved to adopt the change to the KWORCC Investment Policy. Ms. Garrett seconded the motion, which CARRIED unanimously.

Mr. Parrish then called the Board's attention to Agenda Item No. 4d, "Equity Investment Management Discussion." After discussion, Ms. Swartz moved to retain GTrust to manage KWORCC's equity investments. Ms. Garret seconded the motion, which CARRIED unanimously.

President Wise then proceeded to Agenda Item No. 5, "Marketing Report." Mr. Eyman discussed marketing activities.

President Wise addressed Agenda Item No. 6, "Financial Report." Mr. Alexander discussed in detail the financial statements he prepared for July 2010. Ms. Garcia moved to receive and file the reports as presented. Ms. Swartz seconded the motion, which CARRIED unanimously.

Mr. Alexander presented the check register. Ms. Buttron moved to approve check Nos. 13821 through 13869 and the direct debits, all as presented. Ms. Swartz seconded the motion, which CARRIED unanimously.

Next, Mr. Alexander reviewed reports showing the value of KWORCC's equity investments as of August 10, 2010 and August 18, 2010. He called attention to the wide fluctuation in the two reports.

President Wise proceeded to Agenda Item No. 7, "Claims Report – IMA." Addressing Agenda Item No. 7a, "Select Claims Review," Ms. May and Mr. Miller reported on claims and answered questions. Mr. Miller also requested approval on a pending settlement. Ms. Swartz moved to approve the settlement on claim No. 2010039538. Ms. Garrett seconded the motion, which CARRIED unanimously.

Mr. Miller then addressed Agenda Item No. 7b, "Logicomp Bill Review Report." For the period beginning January 1, 2010 through July 31, 2010, Mr. Miller reported the amount billed totals \$2,299,176. The actual paid amount totals \$1,197,601 resulting in a net savings of \$1,101,575 after fees are paid. This is more than 48% of the amount billed for this 7-month period.

Mr. Davis then explained the "Policy Year Performance Review" under Agenda Item No. 7c. This analytical review generated by IMA shows KWORCC's claim history for policy years 2007 through 2010. The documents consist of graphs which compare the actual paid and incurred losses to the estimated paid and incurred losses and show the actuarial projections. He noted these charts show the status as of the end of July, 2010 and should not be considered as a guarantee of either good or poor ultimate loss performance.

President Wise called upon Messrs. Eyman and Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Eyman reviewed calendars for July, August and September for the loss-prevention staff. The plan is that Messrs. Eyman and Rippee will be finished with visiting all the county commissions of member counties by the end of September.

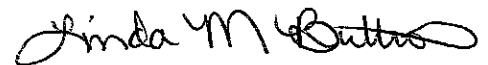
President Wise addressed Agenda Item No. 9, "Legal Report." Mr. Parrish provided an update on the fee fund sweep litigation. None of the Trustees have received a response to the letters written to their legislators concerning this matter, and the Trustees determined that a follow up letter would be appropriate if no response is forthcoming. Staff members reported on efforts to amend the workers compensation laws to nullify the *Bergstrom* decision. President Wise suggested that staff prepare letters for Trustees to send their legislators requesting assistance with this issue.

Next, President Wise addressed Agenda Item No. 10, "Committee Reports." There were no committee reports. During discussion regarding the scheduling of the Personnel Committee meeting, Ms. Swartz said she will not be present for the September meeting. Mr. Parrish suggested that the committee meeting be conducted by teleconference. President Wise asked the staff to accumulate the data necessary for the committee and coordinate the telephone meeting.

President Wise then addressed Agenda Item No. 11, "Other Items." There was no other business to be discussed.

There being nothing further before the Board, Ms. Swartz moved to adjourn at 2:10 p.m. Ms. Garrett seconded the motion, which CARRIED unanimously.

The KWORCC Board of Trustees approved the foregoing minutes on the 9<sup>th</sup> day of September, 2010.



Linda Buttrick, Secretary  
KWORCC Board of Trustees



**Minutes**  
**Meeting, Board of Trustees**  
**Kansas Workers Risk Cooperative for Counties**  
**September 9, 2010 at 1:00 p.m.**  
**Clubhouse Inn**  
**924 SW Henderson Road**  
**Topeka, KS 66615**

The September 2010 meeting of the Board of Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order at 1:00 p.m. at the Clubhouse Inn in Topeka by Board President Jim Wise on Thursday, September 9, 2010. Trustees present included: Jim Wise, Miami County Commissioner, President; Doyle "Hooley" Alcorn, Jewell County Commissioner, Vice-President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; Frances Garcia, Reno County Commissioner and Ralph D. Unger, Decatur County Commissioner.

Staff participating included Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator and Staff Counsel; Mr. Carl Eyman, Deputy Administrator and Loss Prevention Specialist; Mr. Philip J. Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Nicole Jarboe-Paxson, Executive Assistant and Media Director.

Insurance Management Associates (IMA) appeared by Mr. Gene Miller, Mr. Paul Davis, Ms. Marla Dipman and Ms. Susan May.

President Wise addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish recommended the modification of Agenda Item No. 12, "Other Items" to "Trustee Training – ATV Safety by Carl Eyman." Ms. Buttron moved to approve the agenda with that modification. Ms. Garcia seconded the motion, which CARRIED unanimously.

Under Agenda Item No. 3, President Wise called for a motion to excuse Ms. Swartz for a family event. Mr. Alcorn so moved. The motion was seconded by Ms. Garcia and CARRIED unanimously.

President Wise addressed Agenda Item No. 4, "Consideration of Minutes of Meeting of August 19, 2010." Ms. Buttron moved to approve the minutes as presented. Ms. Garcia seconded the motion, which CARRIED unanimously.

President Wise addressed Agenda Item No. 5, "Administrator's Report." Mr. Parrish addressed Agenda Item No. 5a, "Checks Requiring Board Approval and Ratification of Wire Transfers." He itemized the electronic transfers of funds and the checks requiring approval. Mr. Unger moved to ratify the transfers and approve the checks as presented. Ms. Buttron seconded the motion, which CARRIED unanimously.

Mr. Parrish asked Ms. Bird to address Agenda Item No. 5b, "Annual Meeting Update." Ms. Bird presented a map of the locations of the KWORCC and KCAMP vendor booths. She stated that the booths will be open on November 14<sup>th</sup> from 4:30 p.m. to 7:30 p.m. and November 15<sup>th</sup> from 7:00 a.m. to 10:15 a.m. She said she would bring a booth signup sheet to the October Board meeting for Trustees who will attend the booth. Ms. Bird then reviewed the nominations for the election to the Board of Trustees and the counties from which meeting delegate forms have been received.

President Wise then proceeded to Agenda Item No. 6, "Marketing Report." Mr. Eyman discussed marketing activities for several counties.

President Wise addressed Agenda Item No. 7, "Financial Report." Mr. Alexander discussed in detail the financial statements he prepared for August 2010. Ms. Garrett moved to receive and file the reports as presented. Ms. Buttron seconded the motion, which CARRIED unanimously.

Mr. Alexander presented the check register. Ms. Buttron moved to approve check Nos. 13870 through 13896 and the direct debits, all as presented. Ms. Garrett seconded the motion, which CARRIED unanimously.

Next, Mr. Alexander reviewed a report showing the value of KWORCC's equity investments as of September 1, 2010.

President Wise proceeded to Agenda Item No. 8, "Claims Report – IMA." Addressing Agenda Item No. 8a, "Select Claims Review," Ms. May and Mr. Miller reported on claims and answered questions. Ms. May also requested approval on a pending settlement. Mr. Unger moved to approve the settlement on claim No. 2006030990. Ms. Buttron seconded the motion, which CARRIED unanimously.

Mr. Miller then addressed Agenda Item No. 8b, "Logicomp Bill Review Report." For the period beginning January 1, 2010 through August 31, 2010, Mr. Miller reported the amount billed totals \$2,517,655. The actual paid amount totals \$1,323,255 resulting in a net savings of \$1,194,400 after fees are paid. This is more than 47% of the amount billed for this 8-month period.

Mr. Davis then explained the "Policy Year Performance Review" under Agenda Item No. 8c. This analytical review generated by IMA shows KWORCC's claim history for policy years 2007 through 2010. The documents consist of graphs which compare the actual paid and incurred losses to the estimated paid and incurred losses and show the actuarial projections. He noted these charts show the status as of the end of August, 2010 and should not be considered as a guarantee of either good or poor ultimate loss performance.

President Wise declared a short break in the meeting at 2:08 p.m. The meeting resumed at 2:23 p.m.

President Wise called upon Messrs. Eyman and Rippee to address Agenda Item No. 9, "Loss Prevention and County Visits." Mr. Eyman reviewed calendars for August, September and October for the loss-prevention staff.

President Wise addressed Agenda Item No. 10, "Legal Report." Mr. Parrish advised that KWORCC staff will attend a Pool Coalition meeting on September 22<sup>nd</sup> to discuss the fee fund sweep litigation and ideas for workers compensation legislation.

Next, President Wise addressed Agenda Item No. 11, "Committee Reports." There were no committee reports. Mr. Parrish reminded the Board that there will be a Personnel Committee meeting by teleconference on September 16<sup>th</sup> at 1:15 p.m. He also stated there is an Investment Committee meeting scheduled for October 21<sup>st</sup> at noon.

President Wise then addressed Agenda Item No. 12, "Trustee Training – ATV Safety." Mr. Eyman reported on historical statistics for ATV accident related injuries and deaths both national and statewide. After discussion, the Board asked the staff to develop a policy discouraging the use of ATVs for county business, and when necessary, require the use of proper personal protective gear and recommending a training course.

There being nothing further before the Board, Mr. Unger moved to adjourn at 3:03 p.m. Ms. Garcia seconded the motion, which CARRIED unanimously.

The KWORCC Board of Trustees approved the foregoing minutes on the 21<sup>st</sup> day of October, 2010.

  
Linda Buttron, Secretary  
KWORCC Board of Trustees

**Minutes  
Meeting, Personnel Committee  
Via Teleconference  
700 SW Jackson – Suite 200  
Topeka, Kansas 66603  
September 16, 2010**

On Thursday, September 16, 2010, the Personnel Committee of the Kansas Workers Risk Cooperative for Counties (KWORCC) met via teleconference. The meeting was called to order by Committee Chair, Frances Garcia at 1:18 p.m. Committee Members participating included: Frances Garcia, Reno County Commissioner; Bonnie Swartz, Gray County Clerk and Doyle "Hooley" Alcorn, Jewell County Commissioner. Also present was James W. Parrish, KWORCC Administrator.

Chairperson Garcia, turning to Agenda Item No. 2, asked if there were any changes to the proposed agenda. There were none. Ms. Swartz moved to adopt the agenda as presented. Mr. Alcorn seconded the motion which CARRIED unanimously.

Chairperson Garcia, pursuant to Agenda Item No. 3, requested discussion of the minutes of the Personnel Committee meeting dated March 11, 2010. Ms. Swartz moved to approve the minutes as presented. Mr. Alcorn seconded the motion, which CARRIED unanimously.

Whereupon, Chairperson Garcia addressed Agenda Item No. 4, review of cost of living adjustment (COLA) for 2011. Mr. Parrish reviewed the materials provided to the Committee, including United States Department of Labor Consumer Price Index (CPI) dated August 14, 2010, articles detailing the results of two industry surveys and an article published on National Federation of Federal Employees website indicating salary adjustments expected in the job market for 2011.

Mr. Parrish then indicated that KWORCC staff sampled 12e counties to determine their intention for COLA. He pointed out there was no consistency in the responses because each county had unique circumstances. Each of the committee members discussed the budgeting process in their respective counties and how they were dealing with employee pay adjustments.

Ms. Swartz mentioned that the County Clerks Association conducted a survey on the level of salary increases being offered by Kansas counties. Ms. Swartz estimated that fewer than 20% of the counties responding to the survey provided for any salary adjustments.

Mr. Alcorn asked how much salary increase had been projected in the budget and whether the performance enhancement has been provided in the budget. Mr. Parrish responded that the budget is in the process of being finalized to be presented to the Trustees at the October meeting. He said the staff allocated a 1.5% salary increase in the preliminary budget, but that the budget can be changed to reflect that Board's decision. He also indicated a performance enhancement was included in the budget similar to the one given last year.

Mr. Alcorn pointed out that the number of staff members in KWORCC has not increased, but the workload has increased with additional membership. He also pointed out that there had been very few if any complaints from the membership about KWORCC staff and that there have been no personnel issues requiring the Board's involvement.

Ms. Swartz pointed out that the cost of living in many small communities is not nearly as high as it is in cities like Topeka.

Mr. Alcorn then suggested the KWORCC staff should be given a 2% COLA to begin at the beginning of the next fiscal year. After further discussion, Mr. Alcorn moved to recommend to the KWORCC Board of Trustees that all KWORCC salaries be increased by 2% of 2010 salaries for the fiscal year beginning January 1, 2011. Ms. Swartz seconded the motion, which CARRIED unanimously.

There being no further business to come before the Personnel Committee, Ms. Swartz moved to adjourn. Mr. Alcorn seconded the motion, and the meeting was adjourned at 1:48 p.m.

---

THE FOREGOING MINUTES of the Personnel Committee of Kansas Workers Risk Cooperative for Counties were executed by the Chair of that Committee on February, 17, 2011.

  
Ralph D. Unger, Chair  
KWORCC Personnel Committee

**Minutes**  
**Meeting, Investment Committee**  
**Kansas Worker Risk Cooperative for Counties**  
**Clubhouse Inn - Conference Room**  
**924 SW Henderson Rd., Topeka KS 66615**  
**October 21, 2010**

On Thursday, October 21, 2010 at 12:00 PM the Investment Committee of Kansas Workers Risk Cooperative for Counties ("KWORCC") met at the Clubhouse Inn, Topeka, Kansas. The meeting was called to order by Committee Chair, Ralph D. Unger. Committee Members participating included: Ralph D. Unger, Decatur County Commissioner; Michelle Garrett, Morris County Clerk and Jim Wise, Miami County Commissioner. Also present was KWORCC Administrator, Jim Parrish, Country Club Bank fixed asset investment advisor, Chris Thompson, and GTrust equity investment advisor representatives, Rudy Wrenick, Darv Hawley and Sheryl J. Burhenn.

Prior to calling the meeting to order, KWORCC President Jim Wise explained that Committee Chairman Unger called to say that he was delayed in traffic and asked Mr. Wise to call the meeting to order. Acting as Chairman, President Wise asked for changes to the Agenda. Seeing none, he declared the Agenda would stand as printed.

Chairman Unger arrived at 12:05 PM and requested consideration of minutes dated February 28, 2010 and May 20, 2010. Ms. Garrett moved to approve the minutes. Mr. Wise seconded the motion which CARRIED unanimously.

Next, Chairman Unger requested that Mr. Thompson proceed with Agenda Item 4, "Alternative Investments." Chris Thompson first reported on the fixed income portfolio, including the current economic climate, portfolio composition and standard metrics. Next, he talked about the addition of taxable municipal securities issued under the federal BUILD AMERICA BONDS (BABs) program which was a part of the 2009 Economic Recovery Act. BABs are taxable municipal securities whose coupon payments are fractionally underwritten by the US Treasury. For instance, if the municipality issued a 3% coupon, one-third (1/3<sup>rd</sup>) of the interest expense (1% in this example) would be paid by the federal Treasury. This program has been very well received by the investing public and will likely be growing in the future. He provided articles for review, a copy of which is attached to these minutes.

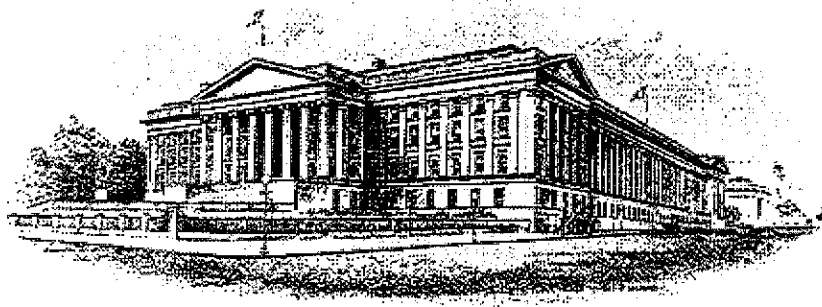
Mr. Thompson sees general obligation municipal bonds (backed by the full taxing authority of the issuer) and essential purpose revenue bonds (paid by subscriber user fees and backed by the full taxing authority of the issuer) as being safe and sound investments for the pool and that the incremental yield pick up over US government and agency securities is significant. In addition, BABs are reasonable securities to maintain/increase portfolio yield without taking on undue credit risk. He noted that general obligation municipal bonds and "essential purpose" revenue bonds (i.e., city water, sewer, electric) enjoy a history with infinitesimal default rates. He stated that these investments are allowed by Kansas law and suggested fixed asset portfolio limit of 50% of total par value and a maturity limit of 10 years maximum (ideally, at this time, less than 5 years). He indicated that ratings should be "A" quality or better; however, a fiscally sound and well traded non-rated bond, assuming key financial ratios are in order, would not be disqualified. After discussion, Mr. Wise moved to recommend to the KWORCC Board of Trustees that Mr. Thompson implement the strategy described. Ms. Garrett seconded the motion which CARRIED unanimously.

Whereupon, Chairman Unger asked GTrust representatives to present Agenda Item 5, "Equity Investment Strategy." Mr. Wrenick discussed GTrust's intended investment strategy for KWORCC. The recommendations by GTrust are attached to these minutes and incorporated by this reference. While Mr. Wrenick did not discuss each of the mutual funds in detail, he did refer to a list of these funds and the fund types they represent. He pointed out that these funds create a widely-diversified strategy aimed at maximum return with minimum risk. He next discussed a portfolio snapshot showing how the funds had performed through September 30, 2010 compared to benchmark. The asset allocation showed more than 60% invested in US stocks, more than 34% in non-US stocks with the balance in other investments, including cash and bonds. Mr. Wrenick then discussed the risk analysis shown on a scatter plot and performance historic graph. Following discussions and questions, Mr. Wise moved to recommend to the KWORCC Board of Trustees that KWORCC's current holdings at Security Benefit be liquidated and immediately reinvested in GTrust's recommended portfolio, provided there would be no delay from the liquidation date to the reinvestment date, that the transactions occur prior to November 1, 2010 and the transfer of funds is coordinated with KWORCC staff. Ms. Garrett seconded the motion, which CARRIED unanimously.

Thereupon, the meeting was adjourned by Chairman Unger.

THE FOREGOING MINUTES of the Investment Committee of Kansas Workers Risk Cooperative for Counties were executed by the Chair of that Committee on March 17, 2011.

  
\_\_\_\_\_  
Jim Wise, Chair  
KWORCC Investment Committee



## **U.S. TREASURY DEPARTMENT OFFICE OF PUBLIC AFFAIRS**

**FOR IMMEDIATE RELEASE: April 3, 2009**  
**CONTACT: Treasury Public Affairs (202) 622-2960**

### **BUILD AMERICA BONDS AND SCHOOL BONDS**

*INVESTING IN OUR STATES, INVESTING IN OUR WORKERS, INVESTING IN OUR KIDS*

The United States is facing the most severe financial crisis in generations. Extraordinary challenges require extraordinary action by our government to ensure the economy gets back on track and that millions of Americans get back to work. The American Recovery and Reinvestment Act of 2009, along with the Financial Stability Plan, are critical steps. In just two months, the Obama Administration, in conjunction with Congress, has enacted legislation to create or save 3.5 million jobs; give a tax break to 95% of working families; and has put forward detailed programs to address falling home prices, frozen credit markets, weak bank balance sheets and legacy assets.

Creating the conditions for an economic recovery also requires addressing the challenges facing state and local governments in the midst of the current economic climate. Budgets are being scaled back, government jobs are being cut, and services are being curtailed. These cuts contribute to a deeper recession, while restricting access to services at a time when the need for them is greatest. Turning things around requires innovative thinking.

Today Treasury announces two new, innovative bond programs to help states pursue capital projects. This funding means much needed infrastructure projects can begin to revitalize our communities while putting Americans back to work.

### **BUILD AMERICA BONDS**

First, Treasury announces the implementation of the Build America Bond program under the American Recovery and Reinvestment Act of 2009 to provide much-needed funding for state and local governments at lower borrowing costs. This will enable them to pursue necessary capital projects, such as work on public buildings, courthouses, schools, roads, transportation infrastructure, government hospitals, public safety facilities and equipment, water and sewer

projects, environmental projects, energy projects, governmental housing projects and public utilities.

Traditionally, tax-exempt bonds provide a critical source of capital for state and local governments, but the recession has sharply reduced their ability to finance new projects. Supplementing this existing market, the Build America Bond program is designed to provide a federal subsidy for a larger portion of the borrowing costs of state and local governments than traditional tax-exempt bonds in order to stimulate the economy and encourage investments in capital projects in 2009 and 2010.

### **HOW BUILD AMERICA BONDS WORK**

Build America Bonds are a new financing tool for state and local governments. The bonds, which allow a new direct federal payment subsidy, are taxable bonds issued by state and local governments that will give them access to the conventional corporate debt markets. At the election of the state and local governments, the Treasury Department will make a direct payment to the state or local governmental issuer in an amount equal to 35 percent of the interest payment on the Build America Bonds. As a result of this federal subsidy payment, state and local governments will have lower net borrowing costs and be able to reach more sources of borrowing than with more traditional tax-exempt or tax credit bonds. For example, if a state or local government were to issue Build America Bonds at a 10 percent taxable interest rate, the Treasury Department would make a payment directly to the government of 3.5 percent of that interest, and the government's net borrowing cost would thus be only 6.5 percent on a bond that actually pays 10 percent interest.

This feature will make Build America Bonds attractive to a broader group of investors, and therefore create a larger market than typically invest in more traditional state and local tax-exempt bonds, where interest rates, due to the federal tax exemption, have historically been about 20 percent lower than taxable interest rates. They should be attractive to investors without regard to their tax status or income tax bracket (e.g., pension funds and other tax-exempt investors, investors in low tax brackets, and foreign investors).

### **GUIDANCE TO STATES ON BUILD AMERICA BONDS**

The IRS is releasing Notice 2009-26 to provide state and local governments with prompt guidance on implementation of the new direct federal subsidy payment procedures for Build America Bonds so that issuers can begin issuing these bonds with confidence about how these federal payments will be made. This guidance covers the direct federal subsidy payment procedures regarding:

- how (on new IRS Form 8038-CP available now) and when (by 45 days before an interest payment date) to request these payments;
- when the IRS will begin making these payments (July 1, 2009);
- how to make necessary elections to issue these bonds (in writing in an issuer's books and records);
- how to satisfy the information reporting requirement for these bonds (modified IRS Form 8038-G); and
- future implementation plans (electronic platform in 2010).



Finally, the Notice solicits public comments on all of the plans for this program.

## **SCHOOL BONDS**

In addition, Treasury also announces today guidance on allocations of national bond volume cap authorizations for two innovative tax credit bond programs for schools, known as Qualified School Construction Bonds and Qualified Zone Academy Bonds. The American Recovery and Reinvestment Act of 2009 provided new or expanded authorizations, respectively, for these two programs. These tax credit bond programs allow state and local governments to finance public school construction projects and other eligible costs for public schools with interest-free borrowings. These tax credit bond programs provide this federal subsidy by giving those who buy these bonds a federal tax credit that essentially allows state and local governments to issue these bonds without interest cost.

The guidance that Treasury is issuing today allocates the national bond volume authority for these school bond programs among the states and certain large local school districts pursuant to statutory formulas. These volume cap allocations are important to enable State and local governments to use these low-cost borrowing programs to finance school projects to promote economic recovery and job creation.

For Qualified School Construction Bonds, the guidance divides the \$11 billion national bond volume authorization for 2009 among the states and 100 largest local school districts based on Federal school funding.

For Qualified Zone Academy Bonds, the guidance divides the \$1.4 billion bond national bond volume authorizations for each of 2008 and 2009 among the states based on poverty levels.

## Kansas Legislature

[Home](#) > [Statutes](#) > Statute

[Previous](#)

[Next](#)

### 40-2a02

#### Chapter 40.--INSURANCE

##### Article 2a.--INVESTMENTS BY OTHER THAN LIFE INSURANCE COMPANIES

**40-2a02. State, District of Columbia, territorial and municipal obligations.** Any insurance company other than life heretofore or hereafter organized under any law of this state 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 District of Columbia, or by any state, insular or territorial possession of the United States of America, or by any county, city, town, school, road, drainage or other district, located within any state, insular or territorial possession of the United States of America, or by any political or civil subdivision or governmental authority of any such state, district or insular or territorial possession, or by any agency or instrumentality of or authority related to any one or more such states, districts, or insular or territorial possessions, or political or civil subdivisions.

**History:** L. 1972, ch. 173, § 2; July 1.

## Kansas Legislature

[Home](#) > [Statutes](#) > Statute

[Previous](#)

[Next](#)

### 40-2a16

#### Chapter 40.--INSURANCE

##### Article 2a.--INVESTMENTS BY OTHER THAN LIFE INSURANCE COMPANIES

**40-2a16. Leeway clause.** Any insurance company other than life heretofore or hereafter organized under any law of this state 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 investments whether or not qualified and permitted under this act and notwithstanding any conditions or limitations prescribed therein, in an aggregate amount not more than 10% of its admitted assets as shown by the company's last annual report as filed with the commissioner of insurance, except that investments shall not be permitted in insolvent organizations or organizations in default with respect to the payment of principal or interest.

**History:** L. 1972, ch. 173, § 16; L. 1983, ch. 156, § 5; July 1.

As seen in...

**BankNews**

Reprinted with permission of BankNews Publications. Contents of BankNews are, and remain, the property of BankNews, Inc.

✓ Joshua Kiefer is investment officer in the capital markets group of Country Club Bank, Prairie Village, Kan.



## Should You Be Concerned About Municipal Insurance Downgrades?

For decades, bond insurers have collected substantial premiums from municipal bond issuers and paid out little to municipal bond investors. Unfortunately, the abundant and steady premium revenue led to some poor investment decisions and the resulting loss of the insurers' triple-A credit rating. High-grade bond investors who relied on the insurers' formerly pristine imprimatur have been adversely impacted. As downgrades came and investors indiscriminately backed away, portfolio values fell. In the aftermath, a few questions are worth consideration: Should the downgraded bonds be sold? Should bond portfolios have an insured bond limit? Should investors avoid the muni market altogether?

The answers: No, no and no.

When buying insured municipal bonds, rule #1 is: The underlying and primary source of payment (ie: the issuer) must pass credit analysis on its own merit. This is a simple analysis that should be periodically performed as issuers publish current financial statements (which they are required to do with the issuance of new debt). While general obligation and revenue debt require familiarity with separate metrics, both are simple to appraise.

When analyzing GO bonds, investors want to determine whether the debt of an issuer is manageable compared to the property values, population, income and similar demographic data. This analysis commonly employs a number of debt ratios, which are compared to benchmarks based on regional or national averages.

The most widely referenced ratio is the net direct/overlapping debt to assessed valuation. A common benchmark historically for this relationship has been in the 20 percent to 30 percent range or less.

Another measure of the level of indebtedness is the net direct/overlapping debt per capita. While a \$3,000 debt per capita standard has been used, the same reasoning as mentioned above applies to growing areas. Be aware that assessed valuation as a percentage of actual valuation can vary from state to state.

It is also important to scrutinize the economic viability of the community along with the debt burden of the issuer. Is the tax base increasing or decreasing? Is the

municipality dependent on one industry or well diversified? Is the population trending up or down? Will the municipality be able to raise additional taxes if necessary to pay principal and interest? These and related questions should be addressed before purchasing a bond, especially if the bond is non-rated or has a low rating due to a bond insurer.

Revenue bonds require a more extensive analysis. The primary objective is to determine whether the stream of revenue for the project is sufficient to retire the debt. It's important to know the purpose of the project, the economic stability supporting the project, the historical revenues generated by the project (if any) and the projected revenues.

Much like the analysis of GO debt, certain ratios serve as a benchmark for revenue bonds. The most important of these ratios is debt service coverage. This is defined as net revenues divided by principal and interest required for the year. For essential purpose revenue bonds (ie: utility bonds), a reasonable benchmark is a ratio of 1.25 times or greater coverage. Logically, investors should require a higher degree of coverage for projects with a more volatile stream of revenues. The maximum and minimum debt coverage ratios, based on historical and projected revenues should be considered. Investors should confirm that there are covenants in place stating that the issuer will maintain rates and fees sufficient enough to cover annual debt service, as well as a minimum coverage ratio.

The uncertainty of today's markets requires more than a superficial analysis of municipal credits. Against the current backdrop of non-differentiated selling of insured munis, this analysis will illuminate terrific values in the muni market. Due to an association with weak insurers, there have rarely been so many solid municipal credits so unfairly judged and terribly misunderstood by so large a trading population. In many cases, insured bonds are now trading at significant discounts to similar bonds with the same underlying credit, but without insurance.

Insured or not, bond buyers should look to the underlying credit at the time of purchase and periodically over the life of the bond. **BN**

# A bullish outlook on munis, despite headwinds



Jeff Brown, investment analyst  
Investment experience: 34 years  
Location: Los Angeles

Recorded July 26, 2010

The good news in the municipal bond market is that with challenges there are always opportunities, and there are great opportunities today in spite of the very low yields.

Secondly, the demand for tax-exempt income is only going to increase.

We've already talked about the likelihood of — not, perhaps, in 2011 but in the future — higher tax rates at the federal level. I think it's also going to be true, and already has happened, that rates have gone up at the state and local level in many places. And then, sadly, if dividends are again taxed as ordinary income, that demand for tax-exempt income only increases.

Some of the areas in the municipal market that I think are, ironically, safest — in spite of the headline risk — are, for instance, state general obligation bonds. One could argue that the headlines about California and other states that can't complete a

budget that was due July 1 would suggest that those states are at risk, and I differ significantly. There will be credits that are going to fail in California and Arizona and Nevada and Alabama and Florida, and we will probably see a higher number of defaults than we've seen in decades. But it won't be at the state level.

In addition to state general obligation bonds, bonds that are typically considered safe, water and sewer bonds, no matter how bad — and the economy seems to be in a nice, modest, but a nice recovery — people are going to need water. Electric utility revenue bonds we continue to favor. Oddly enough, bonds that are backed by any sort of a corporation with a good balance sheet we like. So, airport bonds that are often backed by a strong airline we like today. Colleges and universities where we can look at an endowment, and we know the condition of that endowment after the financial crisis — we like a number of those sectors today. Those are all places that we feel safe and that they're issuers that we can easily do the research on and feel comfortable investing for our clients.

## What's new

### Annual reports and prospectuses

- The Income Fund of America®
- The Tax-Exempt Fund of Maryland® / The Tax-Exempt Fund of Virginia®

### Annual reports

- American Funds Short-Term Tax-Exempt Bond Fund<sup>SM</sup>
- American High-Income Municipal Bond Fund®
- Limited Term Tax-Exempt Bond Fund of America<sup>SM</sup>

### Educational materials

- *Guide to Market Recoveries* — See cover story.

### Forms

- *Education Savings Account (ESA) — Account Options/FundsLink®*
- *SIMPLE IRA Adviser Cover Letter*

### Retirement materials

- *The Benefits of Enrollment Meetings* — See story on page 3.
- *Clients for Life* — See story on page 3.

### Shareholder communications

- *Investor magazine* — See story on page 3.
- *Newsline* — enclosed with quarterly statements

Use of our website and materials is subject to approval by your home office.

## The Capital Group Companies

American Funds    Capital Research and Management    Capital International    Capital Guardian    Capital Bank and Trust

## At your service ...

### 24-hour services

For online information:

American FundsLine®

For fund services and information:

8 a.m.—8 p.m., Eastern time

|  |     |
|--|-----|
| Literature for mutual funds and retirement plans         | 2   |
| 401(k) plans and recordkeeping solutions                 | 3   |
| Mutual funds, hypotheticals, IRAs, SEPs and SIMPLE plans | 4   |
| CollegeAmerica® information                              | 5-9 |

### American FundsLine

|   |   |
|---|---|
| Account values, address changes, fund prices and yields | 3 |
| All other inquiries                                     | 4 |

Telephone calls you have with the American Funds organization may be monitored or recorded for quality assurance, verification and/or recordkeeping purposes. By speaking with us on the telephone, you are giving your consent to such monitoring and recording.


**For financial professionals only. Not for use with the public.** Investors should carefully consider the investment objectives, risks, charges and expenses of the American Funds and CollegeAmerica. This and other important information is contained in each fund's prospectus and summary prospectus and the *CollegeAmerica Program Description*, which can be obtained from a financial professional and should be read carefully before investing. CollegeAmerica is distributed by American Funds Distributors Inc. and sold through unaffiliated intermediaries.

To order literature, visit [americanfunds.com/adviser](http://americanfunds.com/adviser) or call 800/421-9900, ext. 2.

## Build America Bonds: BABs

- Authorized by the American Recovery and Reinvestment Act
- These are TAXABLE MUNICIPALS
- Issuer coupon payments are 35% refunded by Treasury
- Well received by issuers (and buyers)
- Be careful, however:
  - The Treasury payment to the issuer is technically a rebate. This rebate may be netted out versus payments owed to Treasury. A cashflow problem might ensue. (SEE STATE OF FLORIDA!)
  - Revenues: Is the rebate technically a revenue of the issuer? If not, cashflow problem may result.
- We expect the market to grow and the program will likely be extended beyond 2010. Be cautious with revenue issues in particular (which represents the largest part of the market).
- Will not participate in any Tax Value Rally when brackets move north

**FHL Boston**

 **Country Club Bank**  
Capital Markets Group

October 21, 2010

## **KWORCC EQUITY INVESTMENT STRATEGY**

### **CORE PRINCIPLES**

1. Base our investment process on historical and academic research, not on “hunches” or “guesses.”
2. As a result, we invest in **mutual funds and exchange-traded funds** instead of individual stocks.
3. As a result, we invest in **low-cost** mutual and exchange-traded funds.
4. As a result, we invest in **diversified** group of funds representing distinct segments of the equity markets, i.e, distinct as to size (large cap and small cap), location (domestic and international) and style (growth and value).
5. As a result, we **rebalance** the portfolio periodically, selling high and buying low.

### **PROPOSED PORTFOLIO**

|     |                                 |
|-----|---------------------------------|
| 15% | Vanguard 500 Index              |
| 10% | Fidelity Contrafund             |
| 20% | DFA Large Cap Value             |
| 15% | Vanguard Small Cap Index        |
| 4%  | DFA Real Estate                 |
| 4%  | PIMCO Commodity Real Return     |
| 15% | Dodge & Cox International Stock |
| 12% | DFA Emerging Markets            |
| 5%  | DFA International Small Company |

### **IMPLEMENTATION**

Our plan would be to invest one-third of the money immediately, one-third in one month and the balance in 2 months.

*planning forward*

785.273.9993 fax: 785.273.7221  
900 S. Kansas Avenue Topeka, KS 66603  
Topeka, Overland Park, Wichita, Larned, Marysville  
[www.gtrust.com](http://www.gtrust.com)

October 21, 2010

## **NOTES TO KWORCC EQUITY INVESTMENT STRATEGY**

### **SAMPLE PORTFOLIO**

Each fund represents a distinct slice of the equity market:

- Vanguard 500 Index- Large Cap Domestic Blend stocks
- Fidelity Contrafund- Multi-cap Domestic Growth stocks
- DFA Large Cap Value- Large Cap domestic Value stocks
- Vanguard Small Cap Index- Domestic Small Cap stocks
- DFA Real Estate- Domestic REITs
- PIMCO Commodity Real Return- Commodities
- Dodge & Cox International Stock- Large Cap Developed Country Foreign stocks
- DFA Emerging Markets- Multi-cap Emerging Markets Foreign stocks
- DFA International Small Company- Small Cap Developed Country Foreign stocks

“Growth” stocks typically have higher P/E ratios due to faster growth prospects

“Value” stocks typically have lower P/E ratios with bleaker prospects

Research indicates that relatively small commitments to real estate and commodities furnishes additional diversification to the portfolio and may reduce risk and enhance performance. These 2 asset classes have a low level of correlation to other equity securities.

### **IMPLEMENTATION**

Academic studies have shown that dollar cost averaging is generally an inferior strategy to lump sum investing because there is almost always an equity risk premium. However, given the extraordinary recent economic history and the volatility of the markets, we’re recommending investing in tranches over a short period of time.

*planning forward*

785.273.9993 fax: 785.273.7221

900 S. Kansas Avenue Topeka, KS 66603

Topeka, Overland Park, Wichita, Larned, Marysville

[www.gtrust.com](http://www.gtrust.com)



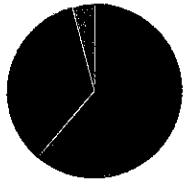
# KWORCC: EQUITY PORTFOLIO

## Portfolio Snapshot

**Portfolio Value**  
\$43,940.78

**Benchmark**  
S&P 500 TR

### Analysis 09-30-2010



| Asset Allocation | Portfolio Net | Bmark Net     |
|------------------|---------------|---------------|
| Cash             | 0.53          | 0.00          |
| US Stocks        | 60.15         | 100.00        |
| Non-US Stocks    | 34.17         | 0.00          |
| Bonds            | 4.24          | 0.00          |
| Other            | 0.91          | 0.00          |
| <b>Total</b>     | <b>100.00</b> | <b>100.00</b> |

### Morningstar Equity Style Box %

|       |    |    |    |
|-------|----|----|----|
| Large | 19 | 18 | 20 |
| Mid   | 9  | 9  | 7  |
| Small | 7  | 6  | 6  |

Total Stock Holdings: 9586  
Not Classified %: 0  
Value: Core Growth  
0-10 10-25 25-50 >50

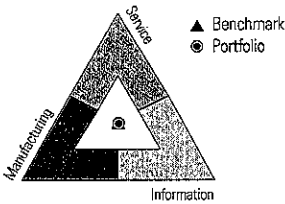
### Morningstar Fixed Income Style Box %

|      |   |     |   |
|------|---|-----|---|
| High | 0 | 100 | 0 |
| Med  | 0 | 0   | 0 |
| Low  | 0 | 0   | 0 |

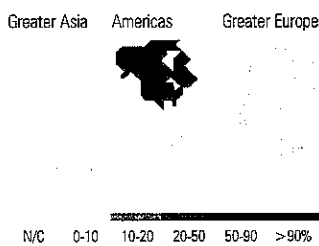
Total Bond Holdings: 401  
Not Classified %: 0  
Short Intern Long  
0-10 10-25 25-50 >50

### Stock Analysis 09-30-2010

#### Stock Sectors



#### Stock Regions

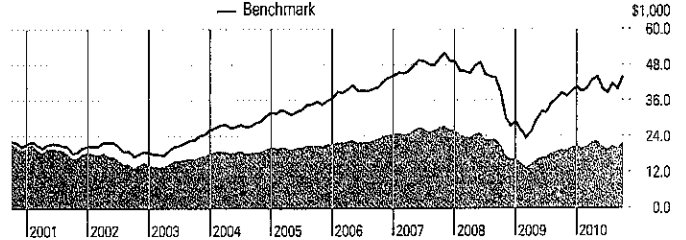


| % of Stocks            | Portfolio %  | Bmark %      |
|------------------------|--------------|--------------|
| <b>Information</b>     | <b>21.34</b> | <b>23.70</b> |
| Software               | 3.11         | 4.40         |
| Hardware               | 7.42         | 10.90        |
| Media                  | 4.99         | 3.10         |
| Telecom                | 5.83         | 5.30         |
| <b>Service Economy</b> | <b>44.77</b> | <b>39.00</b> |
| Healthcare             | 8.51         | 11.40        |
| Consumer Svcs          | 6.99         | 8.50         |
| Business Svcs          | 4.88         | 3.10         |
| Financial Svcs         | 24.38        | 16.00        |
| <b>Mfg Economy</b>     | <b>33.89</b> | <b>37.30</b> |
| Consumer Goods         | 10.63        | 11.40        |
| Industrial Mtrls       | 13.75        | 11.40        |
| Energy                 | 7.85         | 11.00        |
| Utilities              | 1.65         | 3.60         |
| Not Classified         | 0.00         | 0.00         |

| % of Stocks           | Portfolio %  | Bmark %       |
|-----------------------|--------------|---------------|
| <b>Americas</b>       | <b>69.29</b> | <b>100.00</b> |
| North America         | 65.37        | 100.00        |
| Central/Latin         | 3.92         | 0.00          |
| <b>Greater Europe</b> | <b>16.90</b> | <b>0.00</b>   |
| United Kingdom        | 3.82         | 0.00          |
| Europe-Developed      | 8.21         | 0.00          |
| Europe-Emerging       | 1.94         | 0.00          |
| Africa/Middle East    | 2.94         | 0.00          |
| <b>Greater Asia</b>   | <b>13.79</b> | <b>0.00</b>   |
| Japan                 | 3.40         | 0.00          |
| Australasia           | 0.62         | 0.00          |
| Asia-Developed        | 4.26         | 0.00          |
| Asia-Emerging         | 5.51         | 0.00          |
| Not Classified        | 0.01         | 0.00          |

### Performance 09-30-2010

#### Investment Activity Graph



| Trailing Returns           | 3 Mo  | 1 Yr  | 3 Yr  | 5 Yr | 10 Yr |
|----------------------------|-------|-------|-------|------|-------|
| Pre-Tax Portfolio Return % | 14.17 | 14.15 | -4.24 | 4.28 | 6.98  |
| Benchmark Return %         | 11.29 | 10.16 | -7.16 | 0.64 | -0.43 |
| +/- Benchmark Return %     | 2.88  | 3.99  | 2.92  | 3.64 | 7.41  |

| Time Period Return | Best %                | Worst %                |
|--------------------|-----------------------|------------------------|
| 3 Months           | 38.23 (Mar 09-May 09) | -37.38 (Sep 08-Nov 08) |
| 1 Year             | 72.42 (Mar 09-Feb 10) | -49.15 (Mar 08-Feb 09) |
| 3 Years            | 31.15 (Apr 03-Mar 06) | -15.58 (Mar 06-Feb 09) |

| Portfolio Yield   | Yield % |
|-------------------|---------|
| Trailing 12 Month | 1.66    |

#### 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.

### Holdings 09-30-2010

#### Top 9 Holdings out of 9

|                                      |
|--------------------------------------|
| Vanguard Small Cap Index Signal      |
| Dodge & Cox International Stock      |
| Fidelity Contrafund                  |
| DFA US Large Cap Value I             |
| Vanguard 500 Index Signal            |
| DFA Emerging Markets Value I         |
| DFA Intl Small Company I             |
| PIMCO Commodity Real Ret Strat Instl |
| DFA Real Estate Securities I         |

| Ticker | Type | Holding Value \$ | % Assets |
|--------|------|------------------|----------|
| VSISX  | MF   | 6,720.64         | 15.29    |
| DODFX  | MF   | 6,652.66         | 15.14    |
| FCNTX  | MF   | 6,605.74         | 15.03    |
| DFLVX  | MF   | 6,540.08         | 14.88    |
| VIFSX  | MF   | 6,501.44         | 14.80    |
| DFEVX  | MF   | 5,357.64         | 12.19    |
| DFISX  | MF   | 2,215.35         | 5.04     |
| PCRIX  | MF   | 1,688.31         | 3.84     |
| DFREX  | MF   | 1,658.91         | 3.78     |

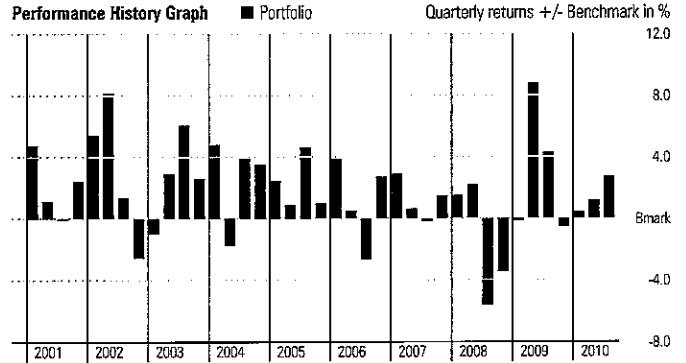
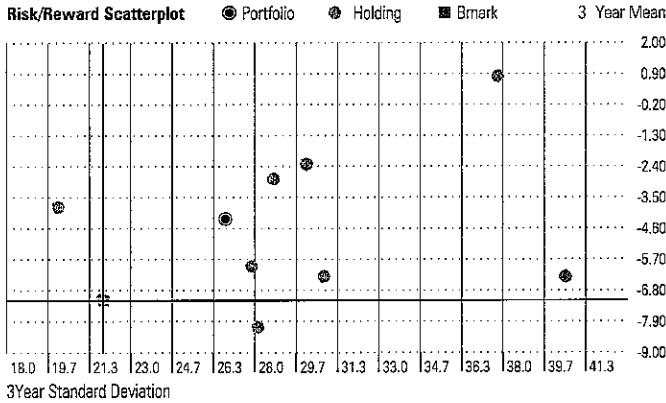
# KWORCC: EQUITY PORTFOLIO

## Portfolio Snapshot

**Portfolio Value**  
\$43,940.78

**Benchmark**  
S&P 500 TR

### Risk Analysis 09-30-2010



**Risk and Return Statistics**

|                    | 3 Year    |       | 5 Year    |       | 10 Year   |       |
|--------------------|-----------|-------|-----------|-------|-----------|-------|
|                    | Portfolio | Bmark | Portfolio | Bmark | Portfolio | Bmark |
| Standard Deviation | 26.79     | 21.88 | 21.50     | 17.59 | 18.37     | 16.44 |
| Mean               | -4.24     | -7.16 | 4.28      | 0.64  | 6.98      | -0.43 |
| Sharpe Ratio       | -0.06     | -0.27 | 0.19      | -0.02 | 0.33      | -0.09 |

**MPT Statistics**

|           | 3Yr Portfolio | 5Yr Portfolio | 10Yr Portfolio |
|-----------|---------------|---------------|----------------|
| Alpha     | 5.48          | 4.41          | 7.63           |
| Beta      | 1.20          | 1.19          | 1.05           |
| R-squared | 96            | 94            | 89             |

### Fundamental Analysis 09-30-2010

**Asset Allocation**

|               | Portfolio % Net | Portfolio % Long | Portfolio % Short |
|---------------|-----------------|------------------|-------------------|
| Cash          | 0.53            | 2.47             | 1.94              |
| US Stocks     | 60.15           | 60.15            | 0.00              |
| Non-US Stocks | 34.17           | 34.17            | 0.00              |
| Bonds         | 4.24            | 4.29             | 0.05              |
| Other         | 0.91            | 0.93             | 0.02              |
| <b>Total</b>  | <b>100.00</b>   | <b>102.01</b>    | <b>2.01</b>       |

**Market Maturity**

| % of Stocks       | Portfolio | Bmark  |
|-------------------|-----------|--------|
| Developed Markets | 86.31     | 100.00 |
| Emerging Markets  | 13.70     | 0.00   |
| Not Available     | 0.00      | 0.00   |

**Geometric Avg Capitalization (\$Mil)**

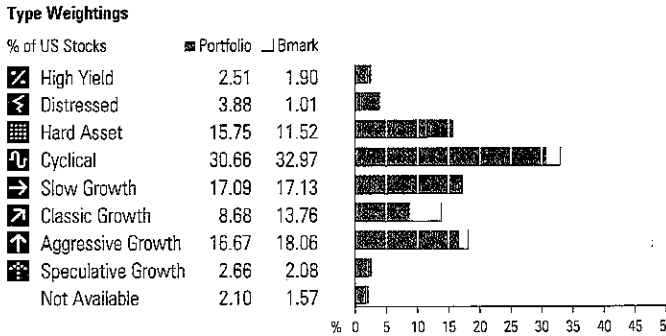
|           |           |
|-----------|-----------|
| Portfolio | 9,663.87  |
| Benchmark | 44,129.00 |

**Valuation Multiples**

|                 | Portfolio | Bmark |
|-----------------|-----------|-------|
| Price/Earnings  | 14.87     | 14.80 |
| Price/Book      | 1.66      | 2.10  |
| Price/Sales     | 1.13      | 1.20  |
| Price/Cash Flow | 7.43      | 8.70  |

**Credit Quality** % of Bonds

|         |       |
|---------|-------|
| AAA     | 89.74 |
| AA      | 3.99  |
| A       | 3.99  |
| BBB     | 1.00  |
| BB      | 1.00  |
| B       | 0.00  |
| Below B | 0.00  |
| NR/NA   | 0.28  |



**Profitability**

| % of US Stocks | Portfolio 2009 | Bmark 2009 |
|----------------|----------------|------------|
| Net Margin     | 9.69           | 12.56      |
| ROE            | 13.32          | 21.05      |
| ROA            | 5.57           | 8.41       |
| Debt/Capital   | 34.88          | 36.23      |

**Interest Rate Risk** Portfolio

|                            |      |
|----------------------------|------|
| Maturity                   | 5.40 |
| Duration (total portfolio) | 4.30 |
| Avg Credit Quality         | —    |

**Fund Statistics**

|                              |      |
|------------------------------|------|
| Potential Cap Gains Exposure | 5.45 |
| Avg Net Expense Ratio        | 0.48 |
| Avg Gross Expense Ratio      | 0.48 |

© 2010 Morningstar, Inc. All rights reserved. The information, data, analyses and opinions contained herein (1) include the confidential and proprietary information of Morningstar, (2) may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar, (3) may not be copied or redistributed, (4) do not constitute investment advice offered by Morningstar, (5) are provided solely for informational purposes and therefore are not an offer to buy or sell a security, and (6) are not warranted to be correct, complete or accurate. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. This report is supplemental sales literature. If applicable it must be preceded or accompanied by a prospectus, or equivalent, and disclosure statement. Please read the prospectus carefully.



**KWORCC: EQUITY PORTFOLIO**

## Portfolio Snapshot

|                        |                  |
|------------------------|------------------|
| <b>Portfolio Value</b> | <b>Benchmark</b> |
| \$43,940.78            | S&P 500 TR       |

**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 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>

An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. The current yield quotation more closely reflects the current earnings of the money market fund 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 the fund.

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 annuities, additional expenses will be taken in account, including M&E risk charges, fund-level expenses such as management fees and operating fees, and policy-level administration fees, charges such as surrender, contract and sales charges.

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 09-30-2010**

| Standardized Returns (%)             | 7-day Yield | 1Yr          | 5Yr         | 10Yr         | Since Inception | Inception Date | Max Front Load % | Max Back Load % | Net Exp Ratio % | Gross Exp Ratio % |
|--------------------------------------|-------------|--------------|-------------|--------------|-----------------|----------------|------------------|-----------------|-----------------|-------------------|
| Vanguard Small Cap Index Signal      | --          | 15.22        | --          | --           | -0.82           | 12-15-06       | NA               | NA              | 0.14            | 0.14              |
| Dodge & Cox International Stock      | --          | 7.55         | 4.37        | --           | 8.78            | 05-01-01       | NA               | NA              | 0.65            | 0.65              |
| Fidelity Contrafund                  | --          | 14.69        | 3.76        | 3.89         | 12.20           | 05-17-67       | NA               | NA              | 1.02            | 1.02              |
| DFA US Large Cap Value I             | --          | 10.50        | -0.58       | 5.01         | 8.64            | 02-19-93       | NA               | NA              | 0.30            | 0.30              |
| Vanguard 500 Index Signal            | --          | 10.18        | --          | --           | -1.72           | 09-29-06       | NA               | NA              | 0.07            | 0.07              |
| DFA Emerging Markets Value I         | --          | 22.77        | 16.47       | 18.70        | 16.29           | 04-01-98       | NA               | NA              | 0.62            | 0.62              |
| DFA Intl Small Company I             | --          | 11.10        | 4.38        | 9.92         | 6.65            | 09-30-96       | NA               | NA              | 0.57            | 0.57              |
| PIMCO Commodity Real Ret Strat Instl | --          | 20.03        | -0.38       | --           | 10.70           | 06-28-02       | NA               | NA              | 0.79            | 0.89              |
| DFA Real Estate Securities I         | --          | 30.57        | 1.57        | 10.14        | 9.62            | 01-05-93       | NA               | NA              | 0.36            | 0.36              |
| <b>Standard &amp; Poor's 500</b>     | --          | <b>10.16</b> | <b>0.64</b> | <b>-0.43</b> | --              | --             |                  |                 |                 |                   |
| <b>BarCap's Agg Bond Index</b>       | --          | <b>8.16</b>  | <b>6.20</b> | <b>6.41</b>  | --              | --             |                  |                 |                 |                   |
| <b>MSCI EAFE Index Ndrtr_D</b>       | --          | <b>3.27</b>  | <b>1.97</b> | <b>2.56</b>  | --              | --             |                  |                 |                 |                   |
| <b>3 Month T-Bill</b>                | --          | <b>0.12</b>  | <b>2.50</b> | <b>2.43</b>  | --              | --             |                  |                 |                 |                   |

1. Contractual waiver that expires 07/31/2011.

| Returns after Taxes (%)              | on Distribution |       |       |                 |                | on Distribution and Sales of Shares |       |       |                 |  |
|--------------------------------------|-----------------|-------|-------|-----------------|----------------|-------------------------------------|-------|-------|-----------------|--|
|                                      | 1Yr             | 5Yr   | 10Yr  | Since Inception | Inception Date | 1Yr                                 | 5Yr   | 10Yr  | Since Inception |  |
| Vanguard Small Cap Index Signal      | 14.96           | --    | --    | -1.13           | 12-15-06       | 10.04                               | --    | --    | -0.81           |  |
| Dodge & Cox International Stock      | 7.03            | 3.38  | --    | 8.08            | 05-01-01       | 4.89                                | 3.40  | --    | 7.47            |  |
| Fidelity Contrafund                  | 14.50           | 3.02  | 3.27  | 9.55            | 05-17-67       | 9.54                                | 3.12  | 3.19  | 9.37            |  |
| DFA US Large Cap Value I             | 9.79            | -1.43 | 3.74  | 7.19            | 02-19-93       | 6.80                                | -0.84 | 3.74  | 6.95            |  |
| Vanguard 500 Index Signal            | 9.82            | --    | --    | -2.05           | 09-29-06       | 7.07                                | --    | --    | -1.46           |  |
| DFA Emerging Markets Value I         | 21.61           | 14.83 | 17.25 | 14.75           | 04-01-98       | 14.99                               | 13.59 | 16.10 | 13.85           |  |
| DFA Intl Small Company I             | 10.36           | 3.06  | 8.71  | 5.64            | 09-30-96       | 7.15                                | 3.21  | 8.17  | 5.32            |  |
| PIMCO Commodity Real Ret Strat Instl | 15.57           | -5.01 | --    | 6.23            | 06-28-02       | 13.06                               | -3.00 | --    | 6.66            |  |
| DFA Real Estate Securities I         | 29.19           | -0.03 | 8.15  | 7.70            | 01-05-93       | 19.76                               | 0.61  | 7.79  | 7.39            |  |

**Minutes**  
**Meeting, Board of Trustees**  
**Kansas Workers Risk Cooperative for Counties**  
**October 21, 2010 at 1:00 p.m.**  
**Clubhouse Inn**  
**924 SW Henderson Road**  
**Topeka, KS 66615**

The October 2010 meeting of the Board of Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order at 1:11 p.m. at the Clubhouse Inn in Topeka by Board President Jim Wise on Thursday, October 21, 2010. Trustees present included: Jim Wise, Miami County Commissioner, President; Doyle "Hooley" Alcorn, Jewell County Commissioner, Vice-President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; Bonnie Swartz, Gray County Clerk and Ralph D. Unger, Decatur County Commissioner.

Staff participating included Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator and Staff Counsel; Mr. Carl Eyman, Deputy Administrator and Loss Prevention Specialist; Mr. Philip J. Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Nicole Jarboe-Paxson, Executive Assistant and Media Director.

Insurance Management Associates (IMA) appeared by Mr. Gene Miller, Ms. Marla Dipman and Ms. Susan May. Also present was Mr. Sam Cargnel of Centric Actuarial Solutions, LLC.

President Wise addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish offered corrections to the Board Packet, including a correction to the September 9, 2010 minutes. He also recommended an addition to the Agenda of "2a, Excuse Ms. Garcia for County Business." Mr. Unger moved to approve the agenda as amended. Ms. Garret seconded the motion, which CARRIED unanimously.

President Wise called for a motion to excuse Ms. Garcia for county business. Ms. Swartz's motion was seconded by Mr. Unger. The motion CARRIED unanimously.

President Wise addressed Agenda Item No. 3, "Consideration of Minutes of Meeting of September 9, 2010." Mr. Unger moved to approve the minutes with the change mentioned by Mr. Parrish. Ms. Swartz seconded the motion, which CARRIED unanimously.

President Wise addressed Agenda Item No. 4, "Administrator's Report." Mr. Parrish addressed Agenda Item No. 4a, "Checks Requiring Board Approval and Ratification of Wire Transfers." He itemized the electronic transfers of funds and the checks requiring approval. Mr. Alcorn moved to ratify the transfers and approve the checks as presented. Ms. Buttron seconded the motion, which CARRIED unanimously.

Mr. Parrish asked Mr. Cargnel to address Agenda Item No. 4b, "Actuarial Report: Centric Presentation." Mr. Cargnel reported that the loss pick for 2010 has not changed; the year has played out as expected. He also explained that there were no modifications to prior estimates for prior years. Mr. Cargnel then reviewed ultimate loss projections for 2011 and asked for and responded to questions. President Wise thanked Mr. Cargnel for his report.

Mr. Parrish then addressed Agenda Item No. 4c, "GTrust Equities Strategy Presentation." He stated GTrust met with the Investment Committee just prior to the Board Meeting. Mr. Parrish gave a brief summary of the equity investment strategy proposed by GTrust and the recommended timing for implementing the strategy. He stated that the Investment Committee report would provide further details.

Mr. Parrish then asked Mr. Eyman to address Agenda Item No. 4d, "Local GovU Online Training." Mr. Eyman explained how GovU works and the types of classes offered by the program. There is a \$3,000 set up fee plus a deposit of \$7,000 for the courses. The list price on most of the courses is \$10, but KCAMP negotiated a \$6 price per course per person, and KWORCC has been offered the courses at that lower price. KCAMP is discussing allowing KWORCC to "piggyback" on their system to enable current users to access the KWORCC training without requiring additional codes. Mr. Eyman has invited a GovU representative to the December Board meeting to discuss the program further.

Next, Mr. Parrish called the Board's attention to Agenda Item No. 4e "Loss Cost Multiplier Discussion." Mr. Parrish reviewed the current loss cost multiplier filing and pointed out that with known information, the current multipliers are not high enough to generate adequate premiums to fund the 2011 budget. Next, he provided samples of single and two-tiered filings that would result in sufficient 2011 premiums. He explained that when the Kansas Insurance Department (KID) publishes the 2011 rates and underwriting has been completed, specific recommendations for both tiered and non-tiered 2011 filing will be furnished to the Board for consideration and approval. Several Trustees expressed a preference for a tiered filing because it rewards good loss experience.

Under Agenda Item No. 4f, "Personnel Committee Report," Mr. Parrish reported that the Personnel Committee met by teleconference. The Committee reviewed articles concerning cost of living and studies conducted on salary increases for 2011. The Committee also looked at the results of a survey of various counties with regard to 2011 pay increases. The final recommendation of the committee was to recommend a 2% cost of living allowance (COLA) in 2011 for the staff. Mr. Alcorn moved to approve the recommendation of the Committee, Ms. Swartz seconded the motion. Ms. Swartz, Ms. Garrett and Mr. Alcorn voted to approve the motion; Messrs. Unger and Wise and Ms. Buttron voted against the motion. The motion did not CARRY.

Next, Mr. Parrish addressed Agenda, Item No. 4g, "Budget 2011." He presented two versions of the proposed budget. The first version assumed all existing accounts would renew, and the second version adjusted for non-renewals. Both budgets included the 2% COLA that had been recommended by the Personnel Committee. Mr. Parrish asked for and responded to questions. Mr. Unger moved to approve both versions of the budget depending on account renewals. Ms. Swartz seconded the motion, which CARRIED unanimously.

Mr. Parrish then presented a draft of a recommended all-terrain vehicle (ATV) operating policy under Agenda Item No. 4h. Mr. Eyman briefly explained the policy. Ms. Swartz moved to recommend the ATV policy to member counties. Ms. Buttron seconded the motion, which CARRIED unanimously.

Mr. Parrish then asked Ms. Bird to Address Agenda Item No. 4i, "Annual Meeting Update." Ms. Bird reported on the location of the annual meeting and asked for volunteers to complete the vendor booth schedule. She also presented the nominees for the trustee positions and indicated that 40 counties have returned delegate forms – a good indication that a quorum will attend. She provided additional details and answered questions.

As the last item on the Administrator's Report, Mr. Parrish addressed Agenda Item No. 4j, "*Bergstrom* Letter to Legislators." The consensus of the Board was to wait until after the election to send the letters. The Board asked that the *Bergstrom* decision be discussed at the KWORCC Annual Meeting, with a request to the members to assist in contacting legislators to correct the imbalance that results from the decision.

President Wise declared a short break in the meeting at 2:44 p.m. The meeting resumed at 2:56 p.m.

President Wise then proceeded to Agenda Item No. 5, "Marketing Report." Mr. Eyman discussed marketing activities for several counties.

President Wise addressed Agenda Item No. 6, "Financial Report." Mr. Alexander discussed in detail the financial statements he prepared for September 2010. Ms. Swartz moved to receive and file the reports as presented. Ms. Garrett seconded the motion, which CARRIED unanimously.

Mr. Alexander then discussed in detail the third quarterly financial report for 2010 he prepared for filing with the KID. Ms. Swartz moved to approve filing the report with the KID. Ms. Buttron seconded the motion, which CARRIED unanimously.

Mr. Alexander presented the check register. Mr. Unger moved to approve check Nos. 13897 through 13952 and the direct debits. Ms. Swartz seconded the motion, which CARRIED unanimously.

Next, Mr. Alexander reviewed a report showing the value of KWORCC's equity investments as of October 13, 2010.

President Wise proceeded to Agenda Item No. 7, "Claims Report – IMA." Addressing Agenda Item No. 7a, "Select Claims Review," Ms. May and Mr. Miller reported on claims and answered questions. Mr. Unger moved to deny claim number 201039930. Mr. Alcorn seconded the motion, which CARRIED unanimously.

Mr. Miller then addressed Agenda Item No. 7b, "Logicomp Bill Review Report." For the period beginning January 1, 2010 through September 30, 2010, Mr. Miller reported the amount billed totals \$2,903,179. The actual paid amount totals \$1,487,338 resulting in a net savings of \$1,415,841 after fees are paid. This is more than 49% of the amount billed for this 9-month period.

Ms. Dipman reviewed a proposed sample letter advising of claim settlement that would be sent to KWORCC members. Mr. Unger moved to approve the letter. Ms. Garret seconded the motion which CARRIED unanimously.

Ms. Dipman then explained the "Policy Year Performance Review" under Agenda Item No. 7c. This analytical review generated by IMA shows KWORCC's claim history for policy years 2007 through 2010. The documents consist of graphs which compare the actual paid and incurred losses to the estimated paid and incurred losses and show the actuarial projections. She noted these charts show the status as of the end of September, 2010 and should not be considered as a guarantee of either good or poor ultimate loss performance.

President Wise called upon Messrs. Eyman and Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Eyman reviewed calendars for September, October and November for the loss-prevention staff. He stated that they had finished visiting all of the county commissions for KWORCC counties earlier this month.

President Wise addressed Agenda Item No. 9, "Legal Report." Mr. Parrish stated there was no legal report.

Next, President Wise addressed Agenda Item No. 10, "Committee Reports." The Personnel Committee report was given during the Administrator's report. Speaking as chair of the Investment Committee, Mr. Unger reported that the committee heard from Mr. Thompson in his role as KWORCC's fixed asset manager at Country Club Bank. Mr. Thompson suggested general obligation municipal bonds (GO bonds) backed by the full taxing authority of the issuer and essential purpose revenue bonds (paid by subscriber user fees and backed by the full taxing authority of the issuer) are safe and sound investments for the pool which is, by statute, allowed to own such securities. He further stated that the incremental yield pick up over US government and agency securities is substantial. Further, in this historically low yield environment, he recommended Build America Bonds (BABs) as reasonable securities to boost portfolio yield without taking on undue credit risk. Mr. Thompson notes that GO municipal bonds and essential purpose revenue bonds (i.e., city water, sewer, electric) enjoy a history with infinitesimal default rates. He suggested a

portfolio limit of 50% of total portfolio par value and a maturity limit of 10 years maximum, with five years being ideal. Further, he suggest that these bonds be rated A or better; however, he would also purchase non-rated bonds if key financial ratios are in place.

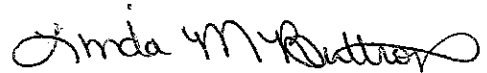
Mr. Unger reported that the Investment Committee also met with GTrust, who provide a specific strategy for equity investments, which were published in the Board packet and previously addressed by Mr. Parrish.

Mr. Unger reported that the Investment Committee recommended to the Board of Trustees to allow Mr. Thompson the latitude to invest in GO bonds and BABs, not to exceed 50% of fixed income portfolio holdings, and that the KWORCC Investment Policy be amended to include these investments, as allowed by Kansas statutes. Mr. Unger moved to adopt this recommendation. Ms. Swartz seconded the motion, which CARRIED unanimously. The Investment Committee also recommended that KWORCC follow the equity investment strategy of GTrust, with current equity holdings liquidated and the funds transmitted to GTrust prior to November 1, 2010. Mr. Unger moved to adopt this recommendation. Ms. Garrett seconded the motion, which CARRIED unanimously.

President Wise then addressed Agenda Item No. 11, "Other Business." There was no other business to bring before the Board.

There being nothing further before the Board, Ms. Swartz moved to adjourn at 4:00 p.m. Mr. Unger seconded the motion, which CARRIED unanimously.

The KWORCC Board of Trustees approved the foregoing minutes on the 16<sup>th</sup> day of December, 2010.



Linda Buttron, Secretary  
KWORCC Board of Trustees

# NON-CORPORATE RESOLUTION FORM

## I. IDENTIFICATION OF QUALIFIED INTERMEDIARY / WITHHOLDING ENTITY

LEGAL NAME OF ORGANIZATION: Kansas Workers Risk Cooperative for Counties  
TYPE OF ORGANIZATION: Workers Compensation Insurance Pool for County Government  
ACCOUNT NUMBER (IF ASSIGNED):

Be it resolved that each of the following has been duly elected or appointed and is now legally holding the title set opposite his/her name.

|  |                                      |
|--|--------------------------------------|
| <u>Michelle Garrett</u><br>(Name of Authorized Person) | <u>Controller/Trustee</u><br>(Title) |
| <u>James W. Parrish</u><br>(Name of Authorized Person) | <u>Administrator</u><br>(Title)      |
| _____  | _____                                |
| (Name of Authorized Person)                            | (Title)                              |

## II. CERTIFICATION

I, Linda M. Buttron, Secretary of  
(Name of Title of Officer or Partner signing this Non-Corporate Resolution)

Kansas Workers Risk Cooperative for Counties hereby certify that said organization is duly and legally  
(Name of Organization)

organized and existing and that a quorum of the Board of Trustees  
(Name of Governing Body of Organization)  
of said Organization attended a meeting duly held on the 21st day of October, 2010

at which the following resolutions were duly adopted, and that such resolutions are in full force and effect on this date and do not conflict with the Bylaws of said organization.  
(Name of Governing Rules)

I further certify that I have the authority to execute this Non-Corporate Resolution on behalf of said Organization, and that the Board of Trustees of the Organization which took the action called for by the  
(Name of Governing Body of Organization)  
resolutions annexed hereto has the power to take such action.

## III. SIGNATURE

SIGNATURE: Linda M. Buttron DATE: October 22, 2010  
TITLE: Secretary



**IV. RESOLUTIONS**

**Certified Copy Of Certain Resolutions by the Governing Body of Said Organization Whereby the Establishment and Maintenance of Accounts Have Been Authorized.**

RESOLVED –

**FIRST:** That the named Authorized Persons of this organization or James W. Parrish or Michelle Garrett be and they hereby are, and each of them is, authorized and empowered, for and on behalf of this organization (herein called the "Organization"), to establish and maintain one or more accounts with Country Club Financial Services/Pershing (herein called the "Brokers") and Pershing LLC, its successors or assigns, and for the purpose of purchasing, investing in, or otherwise acquiring, selling, possessing, transferring, exchanging, pledging, or otherwise disposing of or realizing upon, and generally dealing in and with;

**(a) THIS PARAGRAPH PERMITS CASH TRANSACTIONS IN SECURITIES**

any and all forms of securities including, but not by way of limitation, shares, stocks, options, stock options, stock index options, foreign currency options and debt instrument options, bonds, debentures, notes, scrip, participation certificates, rights to subscribe, warrants, certificates of deposit, mortgages, chooses in action, evidence of indebtedness, commercial paper, certificates of indebtedness and certificates of interest of any and every kind and nature whatsoever, secured or unsecured, whether represented by trust, participating and/or other certificates or otherwise;

**(b) THIS PARAGRAPH PERMITS CASH AND MARGIN TRANSACTIONS IN SECURITIES**

any and all forms of securities including, but not by way of limitation, shares, stocks, options, stock options, stock index options, foreign currency options and debt instrument options, bonds, debentures, notes, scrip, participation certificates, rights to subscribe, warrants, certificates of deposit, mortgages, chooses in action, evidence of indebtedness, commercial paper, certificates of indebtedness and certificates of interest of any and every kind and nature whatsoever, secured or unsecured, whether represented by trust, participating and/or other certificates or otherwise; and margin transactions, including short sales;

**(c) THIS PARAGRAPH PERMITS THE ESTABLISHMENT AND MAINTENANCE OF AN ASSET MANAGEMENT ACCOUNT**

the creation of a debit card and checkwriting, from which account funds are directly spent, the responsibility for which is entirely that of the Organization, such that checkwriting and debit card privileges will be limited to the following persons designated by the Organization:

|              |             |
|--------------|-------------|
| _____        | _____       |
| (Print Name) | (Signature) |
| _____        | _____       |
| (Print Name) | (Signature) |
| _____        | _____       |
| (Print Name) | (Signature) |

The fullest authority at all times with respect to any such commitment or with respect to any transaction deemed by any of the said Authorized Persons and/or agents to be proper in connection therewith is hereby conferred, including authority (without limiting the generality of the foregoing) to give written or oral instructions to the Brokers with respect to said transactions; to bind and obligate the Organization to and for the carrying out of any contract, arrangement, or transaction, which shall be entered into by any such Authorized Persons and/or drafts drawn upon the funds of the Organization such sums as may be necessary in connection with any of the said accounts to deposit funds with the Brokers; to deliver securities and/or contracts to the Brokers; to order the transfer or delivery thereof to any other person whatsoever, and/or to order the transfer record of any securities, or contracts, or titles, to any name selected by any of the said Authorized Persons or agents; to affix the Organization's seal to any documents or agreements, or otherwise; to endorse any securities and/or contracts in order to pass title thereto; to direct the sale or exercise of any rights with respect to any securities; to sign for the Organization all releases, powers of attorney and/or other documents in connection with any such account, and to agree to any terms or conditions to control any such account; to direct the Brokers to surrender any securities to the proper agent or party for the purpose of effecting any exchange or conversion, or for the purpose of deposit with any protective or similar committee, or otherwise; to accept delivery of any securities, to borrow money and securities, if applicable, and to secure repayment thereof with the property of the Organization; to appoint any other person or persons to do any and all things which any and all things which any of the said Authorized Persons and/or agents is hereby empowered to do, and generally to do and take all action necessary in connection with the account, or considered desirable by such Authorized Persons and/or agents with respect thereto.

**SECOND:** That the Brokers may deal with any and all of the persons directly or indirectly by the foregoing resolution empowered, as though they were dealing with the Organization directly, except as provided in paragraph FIRST, sub-section (c).

**THIRD:** That the person signing this Non-corporate Resolution on behalf of the Organization be and hereby is authorized, empowered and directed to certify to the Brokers:

- (a) a true copy of these resolutions;
- (b) specimen signatures of each and every person by these resolutions empowered;
- (c) a certificate (which, if required by brokers, shall be supported by an opinion of the general counsel of the Organization, or other counsel satisfactory to the Brokers) that the Organization is duly organized and existing, that its governing rules empower it to transact the business by these resolutions defined, and that no limitation has been imposed upon such powers by the governing rules of the Organization or otherwise.

**FOURTH:** That the Brokers may rely upon the certified copy of the resolutions, specimen signatures, and certificate, as continuing fully effective unless and until the Brokers shall receive due written notice of change or rescission, and the dispatch or receipt of any other form of notice shall not constitute a waiver of this provision. nor shall the fact that any person hereby empowered ceases to be an Authorized Person of the Organization or becomes an Authorized Person under some title, in any way affect the powers hereby conferred, but the failure to supply any specimen signature shall not invalidate any transaction where the party authorizing the same has been actually empowered thereto by or in conformity with these resolutions.

**FIFTH:** That in the event of any change in the office of powers of persons hereby empowered, an Authorized Person shall certify such changes to the Brokers in writing in the manner herein above provided, which notification, when received, shall be adequate both to terminate the powers of the persons therefore authorized, and to empower the persons thereby substituted.

**SIXTH:** That the Authorized Persons of the Organization be, and hereby is, authorized and empowered to countersign items as aforesaid, except as provided in paragraph FIRST, sub-section (c).

**SEVENTH:** That the foregoing resolutions and the certificates actually furnished to the Brokers by the Authorized Person of pursuant thereto, be and they hereby are made irrevocable until written notice of the revocation thereof shall have been received by the Brokers.

I, Linda M. Buttron, 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 16<sup>th</sup> day of December, 2010 at which a quorum was present:

## ***RESOLUTION #2010-98***


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

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

WHEREAS, KWORCC has invested in certain United States instruments during the period July 1, 2010 through November 30, 2010, which have been reviewed by the Board of Trustees. 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 1, 2010 through November 30, 2010, 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 16<sup>th</sup> day of December, 2010.

  
Linda M. Buttron, Secretary

InTrader (trdhist ) 12/03/10

For Trades Executed At: Country Club Bank

Trade History Report  
Country Club Bank

| Select Fields   | From Value | To Value   | Seq. | Totals |
|-----------------|------------|------------|------|--------|
| Entity          | 144        | 144        |      | n      |
| Customer Nbr.   | 300121     | 300121     |      | n      |
| Cusip Nbr.      |            |            |      | n      |
| Security ID     |            |            |      | n      |
| Portfolio ID    |            |            |      | n      |
| Salesperson     |            |            |      | n      |
| Enter Date      |            |            |      | n      |
| Trade Date      | 07/01/2010 | 11/30/2010 |      | n      |
| Settle Date     |            |            |      | n      |
| Bank Eligible   |            | ZZ         |      | n      |
| Purch/Sale/Both |            |            |      | b      |
| Int/Mat/Both    |            |            |      | n      |
| Fed Funds       |            |            |      | n      |
| Repo Agmnts     |            |            |      | n      |

For Trades Executed At: Country Club Bank Country Club Bank

| Ticket Nbr | Cust S/N      | Sec Descrip 1          | Sec Descrip 2                | Sec Descrip 3 | Port ID     | Deal ID     | Reg Type/Id | Apr By   | Apr Date   | Dt Enter     | Factor        | Face         | Prin |
|------------|---------------|------------------------|------------------------------|---------------|-------------|-------------|-------------|----------|------------|--------------|---------------|--------------|------|
| Cust Nbr   | Sec Descrip 1 | Sec Descrip 2          | Sec Descrip 3                | Port ID       | Deal ID     | Reg Type/Id | Apr By      | Apr Date | Dt Enter   | Factor       | Face          | Prin         |      |
| Security   | Sec Descrip 2 | Sec Descrip 3          | Port ID                      | Deal ID       | Reg Type/Id | Apr By      | Apr Date    | Dt Enter | Factor     | Face         | Prin          |              |      |
| Port ID    | Sec Descrip 3 | Port ID                | Deal ID                      | Reg Type/Id   | Apr By      | Apr Date    | Dt Enter    | Factor   | Face       | Prin         |               |              |      |
| Deal ID    | Port ID       | Deal ID                | Reg Type/Id                  | Apr By        | Apr Date    | Dt Enter    | Factor      | Face     | Prin       |              |               |              |      |
| Broker     | Port ID       | Deal ID                | Apr By                       | Apr Date      | Dt Enter    | Factor      | Face        | Prin     |            |              |               |              |      |
| Comm Basis | Port ID       | Deal ID                | Apr Date                     | Dt Enter      | Factor      | Face        | Prin        |          |            |              |               |              |      |
|            | Port ID       | Deal ID                | Dt Enter                     | Factor        | Face        | Prin        |             |          |            |              |               |              |      |
|            | Port ID       | Deal ID                | Factor                       | Face          | Prin        |             |             |          |            |              |               |              |      |
|            | Port ID       | Deal ID                | Face                         | Prin          |             |             |             |          |            |              |               |              |      |
|            | Port ID       | Deal ID                | Prin                         |               |             |             |             |          |            |              |               |              |      |
|            | Port ID       | Deal ID                | Interest                     |               |             |             |             |          |            |              |               |              |      |
|            | Port ID       | Deal ID                | Fees                         |               |             |             |             |          |            |              |               |              |      |
|            | Port ID       | Deal ID                | Withholding                  |               |             |             |             |          |            |              |               |              |      |
|            | Port ID       | Deal ID                | Penalty                      |               |             |             |             |          |            |              |               |              |      |
|            | Port ID       | Deal ID                | Total Amt                    |               |             |             |             |          |            |              |               |              |      |
| 379001466  | 300121        | KWORCC (302)           | FEDERAL HOME LOAN BANK DN    |               |             | E/*         |             |          | 07/13/2010 | 1.0000000000 | 1,000,000.00  | 1,000,000.00 |      |
| 3133852X7  |               | FHBDN 7/28/10          |                              |               |             | -000        |             |          | 07/13/2010 | Sale         | 1,000,000.00  | 999,937.50   |      |
| 033-disc   |               | //                     |                              |               |             | 07/28/2010  | n-07/13/10  | 09       | 07/13/2010 | ped144       | 99,99375      | .00          |      |
|            |               |                        |                              |               |             | ccf/ccf     | n-07/13/10  | na       | 09         | BCT          | 99,993750000  | .00          |      |
|            |               |                        |                              |               |             |             | c/ski       | na       | na         | BCT          | .1500000      | .00          |      |
|            |               |                        |                              |               |             |             |             |          |            |              | 2.0000000     | 999,937.50   |      |
| 379001514  | 300121        | KWORCC (302)           | FMMA 2.0 STEP UP 3.0 1/27/12 |               |             | E/*         |             |          | 07/27/2010 | 1.0000000000 | 1,000,000.00  | 1,000,000.00 |      |
| 3136FM4G6  |               | QTRLY CALL BEG 7/27/11 |                              |               |             | 100.000     |             |          | 07/27/2010 | Sale         | 1,000,000.00  | 1,000,000.00 |      |
| 032-agcy   |               | MULTI STEP             |                              |               |             | 07/27/2020  | n-07/28/10  | 09       | 07/28/2010 | ped144       | 100.00        | 55.56        |      |
|            |               | Aaa/AAA/               |                              |               |             | VAR         | n-07/28/10  | na       | 09         | BCT          | 100.000000000 | .00          |      |
|            |               |                        |                              |               |             | ccf/ccf     | n-07/28/10  | na       | na         | BCT          | 2.0000000     | .00          |      |
|            |               |                        |                              |               |             |             | c/ski       | na       | na         |              | 2.0000000     | 1,000,055.56 |      |
| 311081002  | 300121        | KWORCC (302)           | FANNIE MAE                   |               |             | E/*         |             |          | 09/02/2010 | 1.0000000000 | 2,000,000.00  | 2,000,000.00 |      |
| 3136FPHQ3  |               | ONE TIME CALL 9/21/11  |                              |               |             | 100.000     |             |          | 09/02/2010 | Sale         | 2,000,000.00  | 2,000,000.00 |      |
| 011-APP    |               | Aaa/AAA/               |                              |               |             | 06/21/2017  | n-09/24/10  | 09       | 09/24/2010 | skm144       | 100.00        | 400.00       |      |
|            |               |                        |                              |               |             | 2.4         | n-09/24/10  | na       | 09         | BCT          | 100.000000000 | .00          |      |
|            |               |                        |                              |               |             | ccf/ccf     | n-09/24/10  | na       | na         | BCT          | 2.4000000     | .00          |      |
|            |               |                        |                              |               |             |             | c/ski       | na       | na         |              | 2.4000000     | 2,000,400.00 |      |
| 311081376  | 300121        | KWORCC (302)           | FANNIE MAE                   |               |             | E/*         |             |          | 09/10/2010 | 1.0000000000 | 500,000.00    | 500,000.00   |      |
| 3136FPUP3  |               | ONE TIME CALL 9/28/11  |                              |               |             | 100.000     |             |          | 09/10/2010 | Sale         | 500,000.00    | 500,000.00   |      |
| 032-AGCY   |               | Aaa/AAA/               |                              |               |             | 03/28/2016  | n-09/28/10  | 09       | 09/28/2010 | skm144       | 100.00        | .00          |      |
|            |               |                        |                              |               |             | 2.0         | n-09/28/10  | na       | 09         | BCT          | 100.000000000 | .00          |      |
|            |               |                        |                              |               |             | ccf/ccf     | n-09/28/10  | na       | na         | BCT          | 2.0000000     | .00          |      |
|            |               |                        |                              |               |             |             | c/ski       | na       | na         |              | 2.0000000     | 500,000.00   |      |
| 379001823  | 300121        | KWORCC (302)           | FEDERAL HOME LOAN BANK       |               |             | E/*         |             |          | 10/06/2010 | 1.0000000000 | 400,000.00    | 400,000.00   |      |
| 313371AG1  |               | ONE TIME CALL 10/19/11 |                              |               |             | 100.000     |             |          | 10/06/2010 | Sale         | 400,000.00    | 400,000.00   |      |
| 011-app    |               | Aaa/AAA/               |                              |               |             | 10/19/2016  | n-10/19/10  | 09       | 10/19/2010 | ped144       | 100.00        | .00          |      |
|            |               |                        |                              |               |             | 2.0         | n-10/19/10  | na       | 09         | BCT          | 100.000000000 | .00          |      |
|            |               |                        |                              |               |             | ccf/ccf     | n-10/19/10  | na       | na         | BCT          | 2.0000000     | .00          |      |
|            |               |                        |                              |               |             |             | c/ski       | na       | na         |              | 2.0000000     | 400,000.00   |      |

Report Totals Par: 4,900,000.00

Prin: 4,899,937.50  
Int: 455.56  
Total: 4,900,393.06

**Minutes**  
**Meeting, Investment Committee**  
**Kansas Worker Risk Cooperative for Counties**  
**Clubhouse Inn - Conference Room**  
**924 SW Henderson Rd., Topeka KS 66615**  
**December 16, 2010**

On Thursday, December 16, 2010 at 1:00 PM the Investment Committee of Kansas Workers Risk Cooperative for Counties ("KWORCC") met at the Clubhouse Inn, Topeka, Kansas. The meeting was called to order by Committee Chair, Ralph D. Unger. Committee Members participating included: Ralph D. Unger, Decatur County Commissioner; Michelle Garrett, Morris County Clerk and Jim Wise, Miami County Commissioner. Also present was KWORCC Administrator, Jim Parrish.

Chairman Unger called the meeting to order at 1:04 PM. Mr. Wise moved to approve the Agenda and to approve the minutes as corrected. Ms. Garrett seconded the motion which CARRIED unanimously.

Next, the Committee took up KWORCC Resolution 2010-98 with attached itemization of investment purchases made in United States Government securities from the period July 1, 2010 through November 30, 2010. Upon review, the Committee determined that the transactions were in accordance with KWORCC Investment Policy and K.S.A. 40-2a01. Ms. Garrett moved to recommend that the KWORCC Board of Trustees adopt KWORCC Resolution 2010-98. Mr. Wise seconded the motion which CARRIED unanimously.

Next, Chairman Unger addressed KWORCC's equity investments as placed by KWORCC's new equity investment advisor, GTrust Financial Partners. Mr. Parrish explained the strategy that had been prepared by GTrust and approved by the Board when GTrust was selected. Then, Mr. Parrish reviewed the equity investments made by GTrust. He explained that KWORCC funds totaling \$1,941,775.75 were delivered to GTrust by Security Benefit by wire transfer on October 27, 2010. He explained that the cash transferred was invested in accordance with the directives of the KWORCC Trustees in various mutual funds which had been described by GTrust in its proposal to KWORCC. The KWORCC Trustees had asked that one-third of the funds would be invested immediately upon receipt, one-third would be invested within one month and the balance of the funds would be invested within two months. As of the date of this meeting, two of the aforementioned investments had been completed. The initial investment in the amount of \$647,165 was made on or about November 1, 2010 in the following funds according to the percentages listed below:

|     |                            |
|-----|----------------------------|
| 15% | Vanguard 500 Index Fund    |
| 10% | Federal Contrafund         |
| 20% | DFA Large Cap Value        |
| 15% | Vanguard Small Cap Index   |
| 4%  | PIMCO Commodity Real Rtn   |
| 15% | Dodge & Cox International  |
| 12% | DFA Emerging Markets       |
| 5%  | DFA International Small Co |

The second investment of approximately \$647,100 was made December 3, 2010 invested in the same funds. The funds were rebalanced to have the amount invested reflect the proper allocation. It is GTrust's intention to make the final investment within the next 20 days in keeping with the directive of the Trustees. Mr. Parrish pointed out that a significant market rise occurred at the time of the second installment which benefited the investments made in the first installment; the second installment of investments were being made as that market rise was taking place.

Mr. Parrish then called attention to the monthly portfolio update prepared by GTrust. He explained that this update was similar to that which was prepared by Country Club Bank when equities were invested at Security Benefit. Mr. Unger stated that he would like to receive a monthly portfolio update at least once a month, preferably on the first business day of the month or whenever the receipt of that monthly installment is most convenient for KWORCC Accountant Richard Alexander to use in preparing KWORCC's monthly financial statements. Mr. Unger requested that an additional report should be issued to Trustees if there is a significant shift in the value of KWORCC's equity investments. After discussion, it was determined that a shift increasing the value of KWORCC's equities or decreasing that value of 10% or more would justify the delivery of a special report to Trustees. Mr. Unger pointed out that Mr. Alexander should be consulted to see which day receipt of the monthly portfolio update would be most advantageous to him.

Thereupon Mr. Parrish reviewed an e-mail communication from Mr. Chris Thompson of Country Club Bank indicating that he was successful in completing KWORCC's first purchase of municipal bonds. These bonds are City of Olathe Kansas Revenue Build America Bonds (BAB) rated A to AA and are available at 4.75% with a maturity date of 2021. Thereupon Mr. Parrish called attention to the proposed amendment to the investment policy allowing for investment in certain municipal bonds. He noted that the new language set forth in the Trustee agenda packet for December, was added to the specific guidelines enumerated on page two of the investment policy. After reading the proposed language in context with paragraph three of those specific guidelines, Mr. Parrish noted that he believed that additional language should be added to indicate that KWORCC's investment advisor has analyzed these municipal bonds thoroughly and conducted appropriate "due diligence" prior to purchasing these investments on behalf of KWORCC. Mr. Unger pointed out that there was duplicative language in paragraph three and at least one typographical error that also should be corrected.

Chairman Unger asked for consensus that the current Investment Policy continue in use until the next KWORCC meeting and that final approval of revised Investment Policy language would be tabled for final approval at the January, 2011 KWORCC Board of Trustee meeting.

There being no further business to come before the Committee Mr. Wise moved to adjourn. Ms. Garrett seconded the motion which CARRIED unanimously at 1:54 PM.

THE FOREGOING MINUTES of the Investment Committee of Kansas Workers Risk Cooperative for Counties were executed by the Chair of that Committee on March 17, 2011.

  
\_\_\_\_\_  
Jim Wise, Chair  
KWORCC Investment Committee

**Minutes**  
**Meeting, Board of Trustees**  
**Kansas Workers Risk Cooperative for Counties**  
**December 16, 2010 at 2:00 p.m.**  
**Clubhouse Inn**  
**924 SW Henderson Road**  
**Topeka, KS 66615**

The December 2010 meeting of the Board of Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order at 2:03 p.m. at the Clubhouse Inn in Topeka by Board President Jim Wise on Thursday, December 16, 2010. Trustees present included: Jim Wise, Miami County Commissioner, President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; Bonnie Swartz, Gray County Clerk and Ralph D. Unger, Decatur County Commissioner.

Staff participating included Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator and Staff Counsel; Mr. Carl Eyman, Deputy Administrator and Loss Prevention Specialist; Mr. Philip J. Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Nicole Jarboe-Paxson, Executive Assistant and Media Director.

Insurance Management Associates (IMA) appeared by Mr. Gene Miller, Mr. Paul Davis and Ms. Susan May. Also present was Ms. Sharilyn Cromer of Local GovU.

President Wise addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish offered corrections to the Board Packet and recommended the addition of Agenda Item No 2b. "Excuse Frances Garcia, Reno County Commissioner for personal reasons." Mr. Parrish asked that the word "medical" be replaced with "personal" on the title of Agenda Item No 2a. Finally, Mr. Parrish recommended the addition of Agenda Item No 4k, "Trade Publication Article Regarding the Kansas Employers Workers Compensation Fund." Ms. Swartz moved to approve the agenda as amended. Ms. Buttron seconded the motion, which CARRIED unanimously.

President Wise called for a motion to excuse Mr. Alcorn and Ms. Garcia for personal reasons. Ms. Swartz so moved. The motion was seconded by Mr. Unger and CARRIED unanimously.

President Wise addressed Agenda Item No. 3, "Consideration of Minutes of Meeting of October 21, 2010." Mr. Unger moved to approve the minutes as presented. Ms. Buttron seconded the motion, which CARRIED unanimously.

President Wise addressed Agenda Item No. 4, "Administrator's Report." Mr. Parrish first discussed Agenda Item No. 4a, "Checks Requiring Board Approval and Ratification of Electronic Transfer of Funds." He itemized the electronic transfer of funds and explained that there were no checks to approve. Ms. Buttron moved to ratify the transfers as presented. Ms. Swartz seconded the motion, which CARRIED unanimously.

Next, Mr. Parrish asked Ms. Cromer to address Agenda Item No. 4b, "Online Training with Local Gov U." Ms. Cromer reviewed the company history and explained that the training is designed for employees of local governments. She explained that the courses are written in 30-minute modules and are available in both auditory and written format. There are a few courses written in Spanish as well as English. There are checkpoints throughout the course to reinforce what has been covered. At the end of each course there is a quiz with eight to 15 questions which are a mix of true/false and multiple choice questions. Questions are presented in a different sequence for each test given, and the time an individual



spends on the training is tracked to make sure that the user studied the materials and didn't just go directly to the quiz. From an administrative standpoint, the human resources director (or other person responsible for personnel issues) can see who is doing the training, how long the person is taking, how many times the person has attempted the test and if the person passed. GovU can create a portal page, linked to KWORCC's website and create a reporting site for KWORCC. Ms. Cromer discussed the costs of subscribing to this safety educational program and the cost when an employee takes a course. She pointed out that the course charge only applies when an employee takes the course and passes the test. She stated that it would take approximately two weeks to install the system and make it available to KWORCC member counties. Ms. Cromer asked for and responded to questions.

As to Agenda Item No. 4c, Mr. Parrish explained that Ms. Garcia could not be present for the meeting; he displayed the item selected to thank Ms. Garcia for her service to the KWORCC Board. He stated Mr. Rippee or Mr. Eyman will deliver the item with KWORCC's gratitude and well-wishes.

Next, Mr. Parrish asked Ms. Bird to address Agenda Item No. 4d, "Contract Renewals." Ms. Bird presented the contract renewals with IMA, Parrish Management Corporation and Jayhawk Tower Partners for approval by the Board of Trustees. Ms. Bird detailed the terms and changes incorporated in the renewal contracts. She said the proposed expenditures incorporated in these agreements were approved when the Trustees adopted the 2011 budget in October. Ms. Bird recommended that the Board approve the contracts as presented. Ms. Swartz moved to approve the contracts as presented by staff counsel. Ms. Garrett seconded the motion, which CARRIED unanimously.

Mr. Parrish then addressed Agenda Item No. 4e, "Loss Cost Multiplier Filing." Mr. Parrish presented the staff's recommendations for the two-tiered Loss Cost Multiplier (LCM) filing. He explained that the 2010 filing included an LCM of 1.46 for counties with experience modification factor of up to and including 1.20 and an LCM of 1.56 for those counties with an experience modification factor of greater than 1.20. In order to fund the budget adopted for 2011, the LCM rates need to be increased to 1.58 for counties with experience modification factor of 1.20 or lower and 1.68 for counties with experience modification factor of greater than 1.20. Mr. Unger moved to adopt the LCM filing as recommended by KWORCC Staff. Ms. Buttrou seconded the motion, which CARRIED unanimously.

Next, Mr. Parrish addressed Agenda Item No. 4f, "Amended Investment Policy." Mr. Parrish requested this be discussed at Item No. 10 during the report of the Investment Committee. President Wise concurred.

Ms. Bird then addressed Agenda Item No. 4g, "Schedule 2011 KWORCC Board Meetings." After discussion, the following dates were chosen for KWORCC Board meetings in 2011: January 20<sup>th</sup>, February 17<sup>th</sup>, March 17<sup>th</sup>, April 28<sup>th</sup>, May 19<sup>th</sup>, June 16<sup>th</sup>, July 21<sup>st</sup>, August 18<sup>th</sup>, September 22<sup>nd</sup>, October 27<sup>th</sup>, November 14<sup>th</sup> (Annual Meeting) and December 15<sup>th</sup>. The January meeting for 2012 will be held January 19, 2012. Mr. Unger moved to approve the dates, noting that all of the meetings which occur during daylight savings time will begin at 1:00 p.m. and the other meetings will begin at 2:00 p.m. Ms. Buttrou seconded the motion, which CARRIED unanimously.

Mr. Parrish then addressed Agenda Item No. 4h, "2011 Premiums Approval." Mr. Parrish presented a worksheet itemizing data and proposed 2011 premiums for each member. After discussion, Ms. Buttrou moved to approve the premiums as presented. Ms. Swartz seconded the motion, which CARRIED unanimously.

Mr. Parrish mentioned that Mr. Miller needed to leave early, so President Wise proceeded to Agenda Item No. 7, "Claims Report – IMA." Addressing Agenda Item No. 7a, "Select Claims Review," Ms. May and Mr. Miller reported on claims and answered questions. Ms. May requested approval of a

pending settlement. Ms. Swartz moved to approve claim number 2008035743. Ms. Garrett seconded the motion, which CARRIED unanimously.

Ms. May then addressed Agenda Item No. 7b, "Logicomp Bill Review Report." For the period beginning January 1, 2010 through November 30, 2010, Mr. Miller reported the amount billed totals \$3,742,141. The actual paid amount totals \$1,949,582 resulting in a net savings of \$1,792,558 after fees are paid. This is more than 48% of the amount billed for this 11-month period.

Mr. Davis then explained the "Policy Year Performance Review" under Agenda Item No. 7c. This analytical review generated by IMA shows KWORCC's claim history for policy years 2007 through 2010. The documents consist of graphs which compare the actual paid and incurred losses to the estimated paid and incurred losses and show the actuarial projections. He noted these charts show the status as of the end of November, 2010 and should not be considered as a guarantee of either good or poor ultimate loss performance.

President Wise declared a break in the meeting at 3:48 p.m. The meeting resumed at 4:01 p.m.

Ms. Bird then presented information on the 2011 PRIMA National conference under Agenda Item No 4i. Ms. Bird reported that the conference would be held Sunday June 5, 2011 through Wednesday June 8, 2011 in Portland, Oregon. Mr. Wise, Ms. Buttron and Mr. Unger said they would attend. Ms. Swartz and Ms. Garrett would not be attending. Ms. Bird stated she would book flights and hotels for June 4, 2011 arrival and June 9, 2011 return.

Under Agenda Item No. 4j, Mr. Parrish addressed the vacant Trustee position. The Trustees discussed possible replacements noting that any elected official of a member county within the South Central District would be eligible. After further discussion, Mr. Unger moved that a letter be sent to all member counties informing them that Ms. Garcia's position will be vacant as of January 1 and that the Trustees will be appointing a new Trustee to fill the position in accordance with the bylaws. He said the letter should encourage member counties to submit nominations of elected officials from the South Central District by January 14, 2011 for consideration by the Board. Ms. Garrett seconded the motion, which CARRIED unanimously.

Mr. Eyman reported on Agenda Item No. 4k, "Trade Publication Article Concerning the Kansas Employers Workers Compensation Fund." Mr. Eyman stated that an insurance industry publication reported that the Kansas Insurance Department (KID) is requiring a workers compensation insurance pool known as "Kansas Employers Workers Compensation Fund" to assess its members. The article implies that this additional cash is needed because of the *Bergstrom* decision. He also pointed out that the source of the article is a publication of insurance carriers which compete with pools. After discussion, it was concluded that KWORCC is in a very strong financial position with strong, conservative reserving practices which would protect its member counties from such an action being required by KID.

President Wise then proceeded to Agenda Item No. 5, "Marketing Report." Mr. Eyman discussed marketing activities for several counties.

President Wise addressed Agenda Item No. 6, "Financial Report." Mr. Alexander discussed in detail the financial statements he prepared for October and November 2010. Ms. Swartz moved to receive and file the reports as presented. Ms. Buttron seconded the motion, which CARRIED unanimously.

Mr. Alexander presented the check register. Ms. Swartz moved to approve check Nos. 13953 through 14032 and the direct debits. Mr. Unger seconded the motion, which CARRIED unanimously.

Next, Mr. Alexander reviewed a report showing the value of KWORCC's equity investments as of November 30, 2010 and December 14, 2010.

President Wise called upon Messrs. Eyman and Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Eyman reviewed November, December and January calendars for the loss-prevention staff.

President Wise addressed Agenda Item No. 9, "Legal Report." Mr. Parrish stated there was no legal report.

Next, President Wise addressed Agenda Item No. 10, "Committee Reports." Mr. Unger reported that the Investment Committee met prior to the Board Meeting and recommends the Board adopt resolution #2010-98. Mr. Unger moved that the Board follow the committee's recommendation; Ms. Swartz seconded the motion, which CARRIED unanimously. He stated the committee discussed revisions to the investment policy. The committee recommended that KWORCC use the draft of the new investment policy until the January Board Meeting when a revised policy will be presented. The revisions will include grammatical corrections and a due diligence provision concerning municipal bond investments. Mr. Unger moved to adopt the committee recommendation to use the current draft until the January meeting when a modified version will be available for final adoption. Ms. Garrett seconded the motion, which CARRIED unanimously.

President Wise then addressed Agenda Item No. 11, "Other Business." There was no other business to bring before the Board.

There being nothing further before the Board, Ms. Swartz moved to adjourn at 5:05 p.m. Mr. Unger seconded the motion, which CARRIED unanimously.

The KWORCC Board of Trustees approved the foregoing minutes on the 20<sup>th</sup> day of January, 2011.

  
Bonnie Swartz, Secretary  
KWORCC Board of Trustees