KWORC

KANSAS
WORKERS RISK COOPERATIVE
for COUNTIES

Trustee Manual

KWORCC General Administrative Policies

Autopsy Policy

It shall be the policy of KWORCC to require member counties to request that the county or district coroner to conduct an autopsy in the event an employee's death occurs suddenly and the cause of death is not apparent.

Check Writing Policy

It shall be the policy of KWORCC that all administrative checks, wire transfers or other financial institution charges over $5,000.00 shall bear two signatures of KWORCC Officers and/or Administrator.

Claims Settlement Policy

It shall be the policy of KWORCC that settlement of claims and other disbursements from the claims account(s) requiring payment in excess of $10,000 must be approved by the KWORCC Administrator, and settlement of claims and other disbursements from the claims account(s) requiring payment in excess of $20,000 must be approved by the Trustees.

Gift/Gratuity Policy

It shall be the policy of KWORCC for its Board Members and staff not to accept any financial favors or incentives or any other favors of any type from any entity with whom it does business, including discounts, rebates or fees paid for products/services, computer goods/services, seminars/travel expenses, tickets to recreational events and the like. Provided, however, items or services of nominal value (generally valued no more than $50) would not be in violation of this policy

Independent Contractors Policy

It shall be the policy of KWORCC to make membership in the pool conditioned upon requiring all individuals and businesses ("Contractor") who perform any type of service or work for the Member (other than those exclusively supplying goods) to enter a written agreement with the Member which requires the Contractor at all times to maintain workers compensation insurance coverage and to provide the Member written proof of such coverage. The proof of insurance shall be presented to KWORCC at time of payroll audit. In the absence of such proof of insurance or other similar evidence, KWORCC shall have the discretion to include such expenditure in the Member's payroll at the time of audit. Further, if workers compensation benefits are paid by KWORCC to any individual employee or agent working for such Contractor as a result of an on-the-job injury while performing work for a Member, KWORCC shall have the right to charge said Member County the premium on the dollar amount paid for work performed by said Contractor.

Loss Prevention Policy

It shall be the policy of KWORCC to foster workplace safety, loss reduction and risk management. To that end, KWORCC has published a detailed Loss Prevention Manual and has distributed the same to each of its Members. Further, it is KWORCC's policy to conduct on-site safety training seminars and to perform scheduled and unscheduled safety inspections for our Members. KWORCC recognizes that safety in the workplace will help prevent unnecessary injury and death of Member employees and undertakes as part of its mission a continuous promotion of workplace safety.

Member Contributions Policy

It shall be the policy of KWORCC to establish Member contributions (premiums) by complying with NCCI rates as approved or modified by the Kansas Insurance Department, review and modify the Loss Cost Multiplier filing as is in the best interest of the pool and to afford it Members appropriate advanced discounts through a procedure of staff recommendation and Board approval each year. Such Member contributions (premiums) shall be based upon payroll worksheets provided each year by KWORCC Members, subject to a payroll audit following each policy year.

Member Distributions Policy

It shall be the policy of KWORCC to distribute unused premiums and investment income to its Member Counties and former Member Counties as described in this policy, provided KWORCC possesses adequate resources to pay all its obligations and to retain adequate reserves to protect its current Member Counties. Within 180 days following the end of each calendar year, KWORCC staff shall prepare an analysis to determine whether or not adequate resources exist for any such distribution and make a recommendation to the Board of Trustees regarding the amount and manner of any such distribution to Member Counties.

The Board of Trustees, either on its own initiative or upon recommendation by staff, shall develop a formula for each year of distribution of unused premiums and investment income consistent with Kansas law. Such formula may include the return of unused premiums during policy years for which there is little likelihood for further claims (payable only to counties who were Member Counties during that policy year) and may include the return of investment income to current and former Member Counties. Any such formula may take into consideration the amounts paid in premiums by current and former Member Counties, provided the Board will limit its consideration only to premiums that have been subjected to a payroll audit.

A resolution determining the amount of any distribution to Member Counties, whether in the form of unused premiums or investment income, shall be made no later than the first day of August of each year, and distribution of such investment income shall be made no sooner than after the first day of September of that year.

Open Records and Open Meetings Policy

It shall be the policy of KWORCC, as a quasi-governmental body, to be governed by the provisions of the Kansas Open Meetings Act, published in the Kansas Statutes Annotated at Chapter 75-4317, *et seq*. and the Kansas Open Records Act, published in the Kansas Statutes Annotated at Chapter 45-216, *et seq*. Accordingly, KWORCC will follow the provisions of these acts, the full texts of which are incorporated in this policy by reference.

Travel and Expense Reimbursement Policy

It shall be the policy of KWORCC to reimburse employees and members of its Board of Trustees for automobile mileage and meals taken while on the business of KWORCC. Such reimbursement shall be in accordance with the current publication of State of Kansas Department of Administration Division of Accounts and Reports "Employee Travel Expense Reimbursement Summary."

Unclaimed Property Policy

It shall be the policy of KWORCC to follow the Unclaimed Property Statues of the State of Kansas, to wit: The State of Kansas requires that a "holder" of property (checks) presumed abandoned (i.e. checks which remain unclaimed/not cashed for five years) must file a report to the office of State Treasurer. The report must be filed before November 1 of the current year, and it covers checks which become abandoned within the period July 1 through June 30 of the previous fiscal year. The abandoned funds are to be turned over to the Kansas State Treasurer, who serves as Custodian until the money is claimed.

A check shall be issued to Kansas State Treasurer to satisfy the requirements of the Unclaimed Property Act, and sent to the State with the Holder Report Form, by October 20th of the current year. The Holder Report Form and the check(s) must be postmarked and delivered to the State prior to November 1st.

Note that there is no need to file the Holder Report Form and turn over the funds if:

- Individual claim check is under $100
- Less than $250 is reportable in a single year.

Volunteer Workers and Prisoner/Community Service Workers Policy

It shall be the policy of KWORCC to make membership conditioned upon the Member filing a From K-WC-123 to cover all volunteer workers and/or a K-WC-135 to cover all prisoner or community workers who perform services for the Member. It is mandatory under the Kansas Workers Compensation Act that the employer "elect in" such workers so that they are eligible to receive workers compensation benefits and

are limited to workers compensation as their exclusive remedy for on-the-job injuries.

Voting Delegate Policy

It shall be the policy of KWORCC to interpret Kansas statutes and the KWORCC bylaws liberally to afford KWORCC Members the greatest latitude in selecting delegates to represent them at the Annual and any special meetings.

KWORCC GUIDELINES
AND UNDERWRITING STANDARDS
FOR MEMBERSHIP

For the purposes of providing responsible and reasonable guidelines, the Kansas Workers Risk Cooperative for Counties (KWORCC) Board of Trustees may consider the following factors to determine acceptance of new Member Counties or retention of Member Counties in KWORCC's workers compensation insurance pool. The Board reserves the right to consider other factors, and may give any one of the factors listed more or less weight at its sole discretion. Moreover, the following itemization may be changed from time-to-time by the Board.

1. The losses suffered in any given time period, including the seriousness of injuries and the type and quantity of accidents.

2. The County's current "experience modification factor" and other information published by the National Council on Compensation Insurance (NCCI).

3. The County's cooperative spirit and loyalty to KWORCC and the recognition that the pool is a cooperative; this can include such factors as frequency of bidding, bidding procedures and length of membership.

4. Any significant variations from standard county operations. Counties typically operate such departments as road and bridge, administrative offices and refuse departments and often will sponsor a county nursing home or hospital. If the county undertakes non-traditional enterprise which carries an extraordinary risk, this will be taken into consideration.

5. Established workplace safety standards including appointment of a safety coordinator and a safety committee and the conducting of regular safety meetings.

IN ADDITION, the KWORCC Board of Trustees has approved the following guidelines for use by KWORCC staff when determining the rate of advanced discount on premiums for current KWORCC members and prospective new members:

1. The losses suffered in any given time period, including the seriousness of injuries and the type and quantity of accidents.

2. The County's current "experience modification factor" and other information

published by the National Council on Compensation Insurance (NCCI).

3. Willingness to adopt safety and other policies published and recommended by KWORCC and compliance with suggestions made during periodic KWORCC safety inspections.

4. A program which encourages early return to work including a willingness to assign injured workers to modified duty.

5. Established hiring practices which include, where appropriate, such safeguards as employee background checks (credit and criminal history), preemployment physicals, a drug and alcohol testing policy and uniformity of hiring practices in all departments.

6. Established workplace safety standards including appointment of a safety coordinator and a safety committee and the conducting of regular safety meetings.

7. Designated County claims coordinator and specified physicians and clinics for injured employees.

Approved 9/18/03 by 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 22nd 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

KWORCC
Personnel Policies

(As Amended August 21, 2014)

Introduction:

The following personnel policies of Kansas Workers Risk Cooperative for Counties (KWORCC) are adopted herewith and will apply to all new and existing KWORCC employees. These policies are not designed to guarantee employment for a specific duration. Except as may be specified in an employment contract or other agreement, KWORCC employees are employees-at-will, and KWORCC reserves the right to terminate employees at any time, without cause or notice and for any reason except those reasons forbidden by law. No employment contract, promise or commitment concerning employment shall be enforceable unless it is in writing, signed by the President of KWORCC and approved by the KWORCC Board of Trustees.

Definitions:

A **regular employee** is one who is hired to fill a permanent position - one which KWORCC intends to be in existence for an extended period of time. A regular employee must satisfactorily have completed the required introductory training period. Regular employees may be full time or part time.

A **temporary or seasonal employee** is one who works on an irregular basis and, unless specifically granted benefits by KWORCC, shall not be entitled to the benefits described herein. Temporary or seasonal employees may be full time or part time.

A **full time employee** is one who works a minimum of 40 hours per week and may be a regular or temporary employee.

A **part time employee** is one who works an average of 20 or more hours per week and may be a regular or temporary employee.

A non-exempt employee is one who has no supervisory, professional or administrative duties and is not exempt from the application of federal and state wage laws; an **exempt employee** is one who qualifies either as supervisory, professional or administrative and as such is exempt from said wage laws.

Mission Statement:

The mission of KWORCC is to provide first-rate workers compensation insurance coverage to Kansas Counties at the lowest possible cost. It is KWORCC's mission to be

a reliable, stable insurance provider. In fulfilling this mission, KWORCC will provide service-oriented claims adjusting and a program of medical cost containment while honoring each of its Member County's ultimate right to choose which medical service providers to use. Further, KWORCC will provide a program of safety and loss prevention which will include evaluation, training and seminars designed to assist each County in protecting its employees from on-the-job injuries. All such services will be provided in an operation which is owned and managed by its Member Counties and which is available continuously and reliably, irrespective of the status of the economy.

Equal Opportunity and Non-Discrimination:

KWORCC shall offer equal employment opportunity to all persons qualified for employment in any position offered by KWORCC. Employment decisions are based upon merit and ability without regard to race, color, national origin, age, gender, disability, religion or political affiliation. This policy applies to all terms and conditions of employment including, but not limited to, hiring, promotion, termination, lay-off, leaves of absence, compensation and training.

Administration of Personnel Policies:

The Administrator of KWORCC shall have the primary responsibility for administering the provisions of this personnel policy and shall review this policy periodically, taking into consideration KWORCC's mission, the efficiency of KWORCC's administrative office and the general well being of KWORCC and it's employees.

Introductory Training Period:

Each employee of KWORCC will serve an introductory training period of six months, whether as a new employee or a re-hired employee. If an employee is promoted from one position to another, such employee will serve an introductory training period for six months in the new position. The six-month introductory training period shall not be considered by an employee as a contract for six months of employment, and successful completion thereof shall not change the employment-at-will relationship between KWORCC and the employee. Termination by KWORCC of any employee shall be KWORCC's right at any time whether during the introductory training period or otherwise. All employee benefits shall be provided employees during this introductory training period unless otherwise provided herein.

Qualifications:

All applicants for positions with KWORCC shall meet the full qualifications for the position as determined by the Administrator. In the event there is a specific, written set of qualifications, all applicants for such position shall meet those qualifications. If there is neither a written job description nor any written qualifications, the applicant must possess sufficient skills, training, work experience and/or education necessary to perform the services to be performed for KWORCC. KWORCC reserves the right to modify job descriptions from time to time or to change the duties or reassign an employee to different duties whenever KWORCC, in its sole discretion decides to do so.

Ineligibility:

No person shall hold a full-time or part-time position of employment with KWORCC if KWORCC shall also employ such person's parent, step-parent, spouse, former spouse, natural or adopted child, step-child, sister, brother, grandparent, grandchild, mother-in-law, father-in-law or other blood relative of direct lineage or spouse thereof or any other person who, in the opinion of the Administrator, has such a close relationship with the employee that his or her performance as a KWORCC employee is jeopardized. The restrictions contained in this section on ineligibility may be waived by a two-thirds (2/3rds) majority vote of the Board of Directors if circumstances show that such a waiver is in KWORCC's best interest. KWORCC shall not be required to initiate any action which may result in such a waiver and may refuse to consider an application for such a waiver. The KWORCC Board of Trustees may rescind said waiver at any time, and any such waiver shall be reviewed no less frequently than once a year, at which time the Board may elect to revoke, extend, cancel or modify said waiver.

Criminal Convictions:

Applicants for employment by KWORCC must disclose any criminal conviction, other than minor traffic violations, unless the same have been expunged or otherwise annulled pursuant to Kansas or applicable federal law. Neither employees nor applicants for employment, however, shall be required to disclose records of any arrest which did not result in convictions, unless such arrest has resulted in formal criminal charges which are pending as of the date of the application for employment. Upon the adoption of these personnel policies by the KWORCC Board of Trustees, all current employees shall be required to make the same disclosures as applicants for employment within seven days of receipt of these personnel policies.

Performance Appraisal:

An appraisal of an employee's performance on the job may be conducted periodically.
The Administrator's performance appraisal will be conducted by the Board of Trustees of KWORCC. The Administrator shall supervise all other employees and shall conduct their performance appraisals. An employee's performance appraisal will be based upon job responsibilities assigned to the employee and, if a written position description or written qualifications exists, the employee's ability to fulfill the responsibilities set forth therein.

Each employee is expected to meet acceptable levels of competence in performing the employee's job requirements whether spelled out in a written position description or written qualifications or otherwise communicated to the employee. The requirements of an employee's job are described in the position description and in other goals established to help improve the employee's performance as may have been established at the employee's last employee appraisal. If an employee's performance is below KWORCC's accepted standards, KWORCC shall have the option either to terminate the employee or counsel the employee regarding deficiencies in job performance.

Regular, Part-Time Employees:

Regular, part-time employees generally shall be afforded the same employee fringe benefits as full-time employees provided they are eligible. However, in calculating health insurance, compensated leave days and other such benefits, KWORCC shall calculate the ratio that an employee's part-time status bears to full-time status during the current year. KWORCC then shall apply that ratio to the benefit to determine the part-time employee's entitlement thereto.

Outside Employment or Business:

If a KWORCC employee has regular or part-time employment or a business prior to the adoption of these personnel policies or, in the event of a new employee, is so engaged prior to accepting employment with KWORCC, the employee shall fully disclose the nature of such outside employment or business. Any current KWORCC employee who decides to accept regular, part-time or full-time employment or other business opportunity shall notify KWORCC in advance of accepting such employment and provide a description of the type of employment or business opportunity in which the employee wishes to engage. KWORCC shall evaluate any such outside employment or business opportunity to determine whether it has a negative effect on the employee's

ability to satisfy job-related requirements at KWORCC or may present a conflict of interest with employment at KWORCC. In the event KWORCC determines such outside employment or business opportunity either has a negative effect on KWORCC or presents a conflict of interest with KWORCC, KWORCC may, in its sole discretion require the employee to abandon such outside employment or business opportunity as a condition to continuing his or her employment with KWORCC.

KWORCC employees shall be prohibited from engaging in any way any outside employment or business at any time such employee is performing services for KWORCC. This includes, without limitation, any time spent by the employee outside the KWORCC office -- whether traveling, lodging or during after hours while such employee is on the road for KWORCC -- unless said employee has written consent of the Administrator or the KWORCC Board of Trustees to conduct such outside employment or business. Moreover, KWORCC's address and telephone number shall not be provided at any time as a means for contacting an employee for outside employment or other projects, whether business-related or not, which are not related to KWORCC in some manner.

Termination of Employment:

All employment relations with KWORCC are employments-at-will unless otherwise set forth in a written contract signed by the President of KWORCC and approved by its Board of Directors. KWORCC reserves the right to terminate any employment relationship at any time, subject to any rights an employee may have under such written agreement.

It shall be the employee's duty immediately to notify the employee's immediate supervisor or his or her designee if said employee shall be unable for any reason to arrive for work at the appointed time and place for work. In the event an employee fails to arrive at the time and place appointed for work by KWORCC, KWORCC will assume such employee has elected to terminate his or her employment.

Failure to return to work on the expiration of an authorized absence (e.g., vacation leave, military leave, sick leave or any other approved leave) shall be assumed to be an election by the employee to terminate employment.

An employee who intends to terminate his or her employment voluntarily shall give a minimum of two-weeks advance notice to KWORCC unless a shorter period of notice is approved by the employee's immediate supervisor.

Any employee who is terminated or who terminates voluntarily shall receive his or her final paycheck at the regular time such paycheck is due. All compensation for unpaid vacation leave shall be included in the final paycheck.

Personnel Records:

KWORCC shall maintain a personnel file on each employee in which all employment records are retained. This file, and all materials in it, shall be the property of KWORCC. Records placed in this file shall include performance evaluations, attendance records, personal data (including emergency telephone numbers) and all other relevant information concerning the employee. It shall be the employee's responsibility to provide necessary information to KWORCC so that personnel records can be kept current including changes in name, address, telephone number, emergency contacts and withholding status. All KWORCC personnel files are confidential.

Periodic Review of KWORCC Personnel Policy:

KWORCC reserves the right to review and amend these personnel policies from time to time. Such amendments shall be made by KWORCC's Board of Trustees. Any federal, state or local law, statute or ordinance which is now or hereafter in conflict with anything provided in these personnel policies shall take precedence over these personnel policies, but only to the extent they are in conflict.

Use of Personal Vehicles:

Whenever a KWORCC employee, other than the Administrator, is required to use his or her personal vehicle for KWORCC business, the employee shall notify KWORCC's Administrator and obtain advance permission. The Administrator shall have the authority to use a personal vehicle on KWORCC business at his or her discretion. All employees shall be paid a mileage allowance equal to that currently authorized by state government and shall be reimbursed for toll charges and parking fees incurred during the authorized use of the employee's personal vehicle. Each employee shall maintain full insurance coverage on his or her private vehicle used for KWORCC business. Such coverages shall include collision, liability, property damage, bodily injury and comprehensive and shall extend to all persons who may be involved in any type of accident, including occupants of said vehicle, with minimum liability limits for personal injury of $100,000 per person, $300,000 per accident and minimum liability coverage for property damage of $50,000 per accident. Such insurance coverage shall not contain restrictions against occasional business use of personal vehicle. Each employee shall provide KWORCC documentation confirming the above requirements.

At no time shall containers with any form of alcoholic beverage be opened in any personal vehicle while it is being used during the conduct of KWORCC business. Alcohol transported in such vehicle must be out of reach of the driver. In addition, no firearm shall be present in any personal vehicle while it is being used during the conduct of KWORCC business. "Firearm" includes a weapon designed to, or may readily be converted to, expel a projectile by action of any explosive; the frame or receiver or muffler or silencer of such weapon; destructive device (e.g. explosive, incendiary or poison gas bomb, grenade, mine, rocket, missile); and machine gun. Provided, however, if an employee is certified and licensed to carry a concealed firearm, the firearm shall be concealed while the employee is using the personal vehicle during the conduct of KWORCC business.

Use of Rented Vehicles:

At no time shall containers with any form of alcoholic beverage be opened in any vehicle owned by or rented on behalf of KWORCC when such vehicle is being used on KWORCC business. Alcohol transported in such vehicle must be out of reach of the driver. In addition, no firearm shall be present in any personal vehicle while it is being used during the conduct of KWORCC business. "Firearm" includes a weapon designed to, or may readily be converted to, expel a projectile by action of any explosive; the frame or receiver or muffler or silencer of such weapon; destructive device (e.g. explosive, incendiary or poison gas bomb, grenade, mine, rocket, missile); and machine gun. Provided, however, if an employee is certified and licensed to carry a concealed firearm, the firearm shall be concealed while the employee is using the KWORCC-provided vehicle during the conduct of KWORCC business.

Use of KWORCC-Owned Vehicles:

Vehicles owned by KWORCC shall be used for KWORCC business. At no time shall containers with any form of alcoholic beverage be opened in any vehicle owned by KWORCC. Alcohol transported in such vehicle must be out of reach of the driver. In addition, no firearm shall be present in any KWORCC-owned vehicle. "Firearm" includes a weapon designed to, or may readily be converted to, expel a projectile by action of any explosive; the frame or receiver or muffler or silencer of such weapon; destructive device (e.g. explosive, incendiary or poison gas bomb, grenade, mine, rocket, missile); and machine gun. Provided, however, if an employee is certified and licensed to carry a concealed firearm, the firearm shall be concealed while the employee is using the KWORCC-owned vehicle.

In the event an employee uses a KWORCC-owned vehicle for personal reasons, such employee shall either 1) be charged that amount currently authorized by state government or charged a periodic amount as is reasonable relative to such personal use; or, 2) the personal use taxable income will be reported on the employee's W-2 and social security tax will be withheld from employee's wages for personal use taxable income each year.

Reimbursement of Expenses:

Authorized expenses incurred by an employee on KWORCC's behalf shall be reimbursed as soon as reasonably possible, but no later than 30 days following receipt of written requests for reimbursement. The employee's written request for reimbursement shall itemize each expenditure by specifying the nature of the expenditure, the purpose therefore and the date the expenditure was incurred. Employee's written request for reimbursement shall be signed by the employee and shall accompany receipts for each expenditure made on KWORCC's behalf.

No reimbursement shall be permitted for alcoholic beverages or other expenses which in KWORCC's opinion, are not directly related to KWORCC business.

Certain KWORCC employees shall be issued credit cards in the name of KWORCC for use for KWORCC business. In no event shall such credit cards be used for any expenses other than legitimate, authorized KWORCC expenses.

Travel:

Travel by KWORCC employees out of town on official business must be authorized in advance by KWORCC's Administrator. Employees traveling by air shall travel in coach class at the lowest, reasonable fare. Whenever practical, every effort must be made to purchase tickets far enough in advance to obtain discount rates. Likewise, travel by automobile, bus or other means of transportation as well as lodging and meals all shall be obtained at the lowest, reasonable rates. Employees will not be reimbursed the costs for personal long distance calls made by them while traveling on behalf of KWORCC, except that employees shall be allowed to make at least one call per day to members of their immediate families and for such other calls to immediate family members which are reasonable and necessary under the circumstances. Authorized personal long-distance calls made at KWORCC's expense shall not exceed 10 minutes in length unless emergency circumstances require a longer conversation.

Disciplinary Actions:

As stated herein, KWORCC employees are employees-at-will unless otherwise set forth in an approved, written contract signed by the President of KWORCC. Nevertheless, KWORCC reserves the right to implement various disciplinary procedures in lieu of termination when certain circumstances arise. KWORCC shall have the authority, but shall not be required, to use the following disciplinary tools in the event a KWORCC employee violates any of these rules or regulations or otherwise merits disciplinary action: KWORCC may either suspend an employee with pay, suspend an employee without pay, reprimand an employee in writing, reprimand an employee orally, reduce an employee's salary or take such other disciplinary action as KWORCC, in its sole discretion, deems appropriate under the circumstances. Any salary reduction may either be for specific time missed or may be a reduction in the employee's salary rate for future employment if, in the discretion of KWORCC's Administrator, the employee is not performing in such a manner as to justify that employee's original annual compensation. The Administrator shall have the authority to administer the foregoing disciplinary actions with regard to all other KWORCC employees; the KWORCC Board of Trustees shall have the authority to administer the foregoing disciplinary actions with regard to the Administrator.

Fidelity Bonds:

KWORCC shall have the authority, at any time, to require employees, at KWORCC's expense, to be covered by a fidelity or other similar bond to protect KWORCC and others against the loss of money or property through theft, forgery, embezzlement or other unauthorized conversion of property belonging to KWORCC. Employees who do not qualify for such bonds at regular rates may, at the sole discretion of KWORCC, be terminated; further, KWORCC reserves the right to reduce the responsibilities, duties and rate of salary of such person in such a manner that a bond is not required for that individual.

Hours of Work:

The normal work week for KWORCC employees will consist of 40 hours, consisting of five, eight-hour days. However, the actual hours of service may vary during the week according to KWORCC's requirements.

Non-exempt employees shall keep a time sheet showing the number of hours worked. At the end of each pay period, the employee shall sign the time sheet and submit it to the employee's supervisor for approval. Falsification of an employee's time sheet or that of another employee shall be grounds for disciplinary action including immediate termination by KWORCC.

Overtime work of all non-exempt personnel shall be paid at the rate of 150 percent of the employee's hourly compensation for each hour an employee works in excess of 40 hours each week, except that KWORCC may compensate for overtime by giving employees paid time off consistent with federal and state wage laws. No overtime pay shall be authorized unless it is approved by the Administrator. It is the general policy of KWORCC to keep overtime pay at an absolute minimum. For purposes of computing overtime pay, KWORCC's work week extends from 12 a.m. Monday through 11:59 p.m. on the following Sunday.

Paid Holidays:

KWORCC shall give its employees leave of absence with pay on the holidays listed below:

New Years Day
Martin Luther King Day
Presidents Day
Memorial Day
Independence Day
Labor Day
The day after Thanksgiving
Thanksgiving Day
Christmas Day
Veteran's Day

If these holidays fall on a weekend, the Administrator shall designate either the Friday before or the Monday after the weekend as the paid holiday.

Worker's Compensation Benefits:

KWORCC shall provide each employee, whether temporary or regular, worker's compensation insurance benefits as required by Kansas law. In the event a work-related injury or illness occurs, all wage-loss benefits are governed by applicable Kansas workers compensation laws. Any employee suffering a work-related injury or illness immediately must report this condition to KWORCC. Failure to make such a report may jeopardize the employee's eligibility for worker's compensation benefits. All employee benefits shall continue for a period of time, not to exceed 90 calendar days, during which the employee is off work due to a work-related injury or illness and is being paid workers compensation benefits, regardless whether the employee is on a temporary total or temporary partial disability status and regardless of whether the employee returns to light duty or returns to work on a temporary, part time basis. After said 90 calendar days, all employee benefits shall be suspended until the employee returns to work. KWORCC employees shall not be required to use accumulated sick leave or vacation time during the time employee is off work due to a temporary disability resulting from a work related injury covered by Kansas workers compensation law. Notwithstanding the foregoing, any such employee who is off work for more than 90 calendar days may use accumulated sick leave or vacation time in order to cause various fringe benefits available through

KWORCC to continue. In the event any such employee who has been off work for more than 90 calendar days returns to work on a part-time basis, said employee shall receive benefits only on the basis of a part-time employee. Inasmuch as temporary employees are not eligible for benefits, the foregoing policy on continuing benefits would not apply to a temporary employee who nevertheless would be covered by Kansas workers compensation law.

Health Insurance Benefits:

KWORCC offers a health insurance program to all regular employees. Enrollment must be completed by the eligible employee as required by the health program. Single person coverage will be at no cost to the employee. Coverage for spouse and dependents will be made available and the cost will be the responsibility of the employee. If employee does not wish to enroll in KWORCC's health insurance program, the employee must provide a waiver on a form acceptable to the health program.

Retirement Benefits:

All regular, full-time and part-time KWORCC employees who work more than 1,000 hours per year for KWORCC automatically become members of the Kansas Public Employees Retirement System (KPERS) after their first year of service and receive the benefits thereof in accordance with state law. Under current law, KPERS members contribute four percent (4%) of their salary through payroll deduction toward the KPERS retirement plan. The employer's contribution to the employee's retirement is determined by KPERS and varies annually.

Any regular, full-time or part-time KWORCC employee who works more than 1,000 hours per year for KWORCC and who directly transfers from another KPERS agency, or who previously worked for a Kansas school district, automatically transfers his or her KPERS membership immediately without a one-year waiting period.

Sick Leave:

Regular, full-time employees shall earn eight hours of accrued, compensated sick leave for each full month of service. Regular, part-time employees shall earn accrued, compensated sick leave in proportion to the time they work during an average work week in the current year.

Paid sick leave may be used by an employee for absences resulting from illness, injury, accident, temporary disability and for appointments with health care professionals including medical doctors, dentists and eye doctors. Temporary disability shall be defined as disability which prevents and employee from performing his or her duties for a

period not to exceed 90 calendar days. Paid sick leave may be used by an employee whenever an employee is required to be absent as a result of similar illness, injury or appointment of a member of the employee's immediate family, including the employee's spouse, natural or adopted child, step-child, sister, brother, parent, grandparent, grandchild, mother-in-law, father-in-law or other blood relative, provided such relative either is domiciled with the employee or is being provided care on a regular basis by the employee; with the consent of the KWORCC Administrator this sick-leave benefit can be extended to non-relatives for whom the employee is providing care on a regular basis.

Any employee who improperly claims sick leave shall be subject to disciplinary action, including loss of pay, suspension, or termination of employment.

For sick leave in excess of three consecutive work days, the KWORCC Administrator may require a signed statement from a health care provider verifying the employee's inability to perform his or her assigned duties due to illness.

Unused sick leave shall be carried forward from year to year for as long as such employee remains employed by KWORCC. In the event of temporary disability of an employee, the employee shall be entitled to his or her accumulated sick leave pay for 90 calendar days or until said employee qualifies and receives payment under a long-term disability policy, whichever occurs first; in no event shall an employee receive long-term disability payments simultaneous with sick leave payments.

Under no condition shall an employee be permitted to draw compensation either on accumulated or future sick leave benefits; sick leave benefits shall be used only for the purposes stated herein. Employees on sick leave shall return to work as soon as medically feasible. Employees shall keep KWORCC informed of the status of their illness so that KWORCC reasonably can anticipate how soon said employee will be returning to work.

A pregnant employee will be required to perform usual and customary job duties unless she presents KWORCC with a doctor's statement that continued work will have adverse consequences. The employee may elect to use her accumulated vacation or sick leave, or to take leave without pay. Pregnancy, child birth or recovery therefrom are considered temporary disabilities and are treated as such under KWORCC's sick leave policy.

In the event an employee has exhausted accrued, compensated sick leave, any additional time off will be charged to such employee's vacation accrual, if available; if no such vacation accrual is available, such additional time off for illness or temporary disability shall be taken without pay. Such sick leave without pay shall be considered the

same as approved sick leave with pay for purposes of benefits provided in this section on sick leave.

Should an employee's approved sick leave which results from illness or temporary disability (except in the event of a pregnancy related absence) result in absence from work for a period of 90 calendar days or less, such employee shall be allowed to return to his or her employment position. All fringe benefits shall continue during such approved sick leave (whether this sick leave is compensated or not) for the first 90 calendar days under the same terms and conditions as if the employee were still at work. Except as provided in the section on workers compensation, in the event sickness or disability results in absence from work for more than 90 calendar days, KWORCC shall consider the future employment status of said employee on an individual basis and may elect to reduce or eliminate the fringe benefits during such period of time exceeding 90 calendar days. Such 90-day period shall be extended to the extent an employee has accumulated sick leave and paid vacation days during such period of illness or disability. In the event of pregnancy, as long as the employee has been off work for medical reasons, and regardless of how long such results in absence from work, said employee shall be reinstated to like position and status upon recovery.

In the event an employee does not take sick leave for a period of nine consecutive months, said employee may take off a paid day of Awellness leave.@

KWORCC's policy on sick leave shall apply to regular, part-time employees in the proportion to the time they work during an average work week in the current year. Termination, whether voluntary or involuntary, terminates the employee's sick leave eligibility.

Long-Term Disability Insurance:

KWORCC shall provide long-term disability insurance coverage for employees who become unable to work due to illness, injury, accident or other physical incapacitation which extends beyond 90 calendar days. Terms and other eligibility requirements will be defined in separate plan documents. KWORCC reserves the right to discontinue or amend this long-term disability benefit as allowed by law.

Vacation Leave:

Regular, full-time employees with fewer than five years of service to KWORCC may accumulate eight hours of vacation per month of service, up to the maximum amount allowed to accumulate as set forth hereinafter. Employees with five years, but less than 10 years of service with KWORCC may earn 10 hours of vacation per month of service, up to the maximum amount allowed to accumulate as set forth hereinafter. Employees with 10 years, but less than 15 years of service with KWORCC may earn 12 hours of vacation per month of service, up to the maximum amount allowed to

accumulate as set forth hereinafter. Employees with 15 years or more of service with KWORCC may earn 14 hours of vacation per month of service, up to the maximum amount allowed to accumulate as set forth hereinafter. Regular, part-time employees shall earn vacation leave in proportion to the time they work during an average work week in the current year, up to the maximum amount allowed to accumulate as set forth hereinafter. If a holiday observed by KWORCC occurs during the employee's vacation, the employee shall be granted another day of vacation at another time, provided it does not exceed the maximum amount allowed to accumulate as set forth hereinafter.

Unless an exception is negotiated in advance of the introductory training period, no employee shall be allowed to take paid vacation time during the first six months of employment or reemployment although accumulation of vacation leave shall be permitted during the introductory training period.

Regular, full-time employees with fewer than five years of service with KWORCC may accumulate up to 18 vacation days (144 hours). Regular, full-time employees with five or more years, but less than 10 years of service with KWORCC may accumulate up to 22 vacation days (176 hours). Regular, full-time employees with 10 or more years, but less than 15 years of service with KWORCC may accumulate up to 26 vacation days (208 hours). Regular, full-time employees with 15 or more years of service with KWORCC may accumulate up to 30 vacation days (240 hours).

Vacation leave with pay must be approved by the Administrator in advance in writing, unless vacation leave is used for unpaid approved sick leave or some other emergency. Approval of vacation time will depend upon the needs of KWORCC at the time application is made. Unless the administrator waives this requirement, employees shall schedule vacation times which require more than 48 hours of vacation leave at least six weeks in advance and at a time compatible with KWORCC's work load.

Upon termination of employment, any employee shall be entitled to compensation for unused, accumulated vacation consistent with KWORCC's policy indicated above.

Vacation benefits will accrue during paid leaves of absence but will not continue to accrue during unpaid leaves of absence.

This policy (including the amount per month of vacation time and the maximum amount allowed for the accumulation of vacation time) shall apply to regular, part-time employees in the proportion to the time they work during an average work week in the current year.

Civil Leave (Jury Duty, Witness Duty or Other Government Service):

Each employee shall be granted a civil leave of absence with pay for jury service and for witness duty if the employee is called to be a witness in a matter during any court

action in which the employee is not involved as the plaintiff, defendant, petitioner or respondent. Civil leave shall be granted for a maximum of five working days per calendar year, provided that for those days KWORCC is paying full compensation, the employee shall pay KWORCC an amount equal to any compensation or fees paid to such employee for such jury or witness duty. The employee shall submit to KWORCC a copy of any summons to jury or witness duty and submit proof of attendance when such duty is complete. All time taken for jury or witness duty in excess of five working days shall be leave without pay unless the employee requests to use vacation leave.

In addition to jury and witness duty, civil leave may, in the discretion of KWORCC's Administrator, include other instances of government duty or service. It shall be the general policy of KWORCC not to compensate employees when participating in court actions which are personal in nature; however, the Administrator shall have the discretion of granting civil leave with pay if, in the opinion of the Administrator, such compensated civil leave is warranted.

Except in the event of jury duty, should an employee's civil leave result in absence from work for a period of 90 calendar days or less, such employee shall be allowed to return to his or her employment position. All fringe benefits shall continue during an approved civil leave during the first 90 calendar days under the same terms and conditions as if the employee were still at work. In the event civil leave results in absence from work for more than 90 calendar days, (in addition to all authorized paid leaves of absence), after exhausting all applicable paid leaves of absences, KWORCC shall consider the future employment status of said employee including possible termination on an individual basis and may elect to reduce or eliminate the fringe benefits during such period of time exceeding 90 calendar days. Notwithstanding any provision in these personnel policies to the contrary, if such leave is for jury duty, the employee shall be reinstated to his or her employment position, regardless of the length of absence from work.

This policy shall apply to regular, part-time employees in the proportion to the time they work during an average work week in the current year.

Any legally-required or other court appearance related to an employee's employment with KWORCC shall not require civil leave of absence, and the time spent on such court appearances relating to KWORCC employment shall be considered as time worked for KWORCC.

Funeral Leave:

In the event of death of immediate family members, regular employees shall be eligible to receive funeral leave with pay for four working days. Immediate family

members shall include parents, spouse, children, brothers, sisters, grand children, grand parents, mothers in law, fathers in law, brother in law and sister in law. Regular employees shall be eligible for one day of paid funeral leave following the death of any other family members. In the event of death of a close friend, co-worker, members of co-worker's immediate family, including the co-worker's spouse, former spouse, natural or adopted child, step-child, sister, brother, parent, grandparent, grandchild, mother-in-law, father-in-law or other blood relative domiciled with the co-worker, regular employees may apply for one day of paid funeral leave which must be approved by KWORCC's Administrator. When an employee provides service in connection with a funeral of a non-family member, such employee shall receive one-half (2) day or four (4) hours paid leave annually. An employee who improperly claims funeral leave shall be subject to disciplinary action including loss of pay, suspension or termination of employment.

This policy shall apply to regular, part-time employees in the proportion to the time they work during an average work week in the current year. KWORCC employees shall not be entitled to more than eight days of paid funeral leave per year without approval of the KWORCC Administrator.

Military Leave:

Any regular employee who enters any branch of the armed services of the United States will be granted a leave of absence without pay for the period of such service required and will be granted reemployment rights and benefits as set forth in state and federal statutes including, but not limited to, The Uniformed Services Employment and Re-Employment Rights Act of 1994 (USERRA, 38 USC 43). Any such military leave will freeze salary and benefits until such employee returns.

Any regular employee who is a member of a federally or state-recognized armed forces reserve component shall be granted military leave, not to exceed 15 working days in any one fiscal year, when called for training by such armed forces reserve component. KWORCC will pay said employee the difference between the employee's daily military pay and the employee's daily regular pay for said military leave, provided the military pay does not exceed the regular pay. The employee will submit military pay stubs to verify the amount of military pay received. Military leave for armed forces reserve training will not affect any other employee benefits which will continue to accumulate.

Leave Without Pay:

Leave without pay may be granted to any employee only after all paid leave days, but not including sick leave, have been used by such employee. Sick leave without pay shall be authorized only for purposes described in these personnel policies. Leave without pay must be approved in advance by the Administrator immediate supervisor.

Whenever possible, any employee requesting unpaid leave should make such request in writing at least six weeks in advance and shall specify the number of days of unpaid leave being requested. During any authorized period of unpaid leave of absence which extends more than 90 calendar days, the employee shall be responsible for making timely employer-provided insurance premium payments for any coverage for which said employee is enrolled during the unpaid leave including any retirement benefits continued on behalf of the employee during such period of leave without pay. KWORCC shall be under no obligation to grant leave without pay except as may be required by state and federal statutes. Leave without pay in excess of 90 calendar days will result in termination of the employee unless the employee and KWORCC otherwise agree or otherwise provided by law.

Confidentiality:

KWORCC Employees have access to information about KWORCC Member Counties, workers compensation claims, vendor lists, software, documents, policies, practices, procedures and otherwise which are strictly confidential and/or proprietary in nature. The responsibility for maintaining these confidences rests with each employee. Violations of confidentiality or intentional misuse of information, software, records or equipment to the detriment of KWORCC by an employee of KWORCC shall be subject to disciplinary action including loss of pay, suspension and/or termination of employment and such violations may subject employee to other legal action.

KWORC
KANSAS WORKERS RISK COOPERATIVE COUNTIES

KWORCC Investment Policy

As of August 23, 2018

I. SCOPE OF THE INVESTMENT POLICY

The Kansas Workers Risk Cooperative for Counties (KWORCC) is a group-funded liability pool, authorized by Kansas law and operating under a Certificate of Authority from the Kansas Insurance Department (KID) dated December 31, 1991. This investment policy reflects the policies, objectives and constraints of KWORCC in fulfilling its fiduciary duty to obtain maximum returns on the funds it holds in trust for its members while maintaining liquidity to pay claims.

II. PURPOSE OF THE INVESTMENT POLICY:

This investment policy is promulgated by KWORCC's Investment Committee ("Investment Committee") under the direction of KWORCC's Board of Trustees to achieve the following objectives:

A. Define and assign the responsibilities of all involved parties;
B. Establish a clear understanding for all involved parties of KWORCC's investment goals and objectives;
C. Offer guidance and limitations to all investment advisors, consultants, managers and custodians, as defined below, regarding KWORCC investments;
D. Ensure KWORCC investments are earning the maximum reasonable returns while maintaining adequate liquidity to pay claims and administrative expenses;
E. Manage KWORCC's portfolio according to prudent standards.

The purpose of this policy is to provide guidelines and state a general philosophy for the management of KWORCC's investments to achieve desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

III. ROLES & RESPONSIBILITIES

It is generally expected that management of KWORCC's investments will involve the cooperative efforts of the Board of Trustees (the Board), the Investment Committee, key internal staff members and outside professionals in various fields of expertise who may be retained by the Board to provide professional services. To provide clarity, a general description of the roles and specific responsibilities of participants is set forth below.

A. BOARD OF TRUSTEES: The Board of Trustees serves as a fiduciary for the investment of KWORCC funds. The Board and the Investment Committee will ensure compliance with the provisions of KSA 40-2a01, et seq. Specifically, after initial review by the Investment Committee, the Board shall review all investments no less frequently than biannually. The Board's action on investments shall be published in the minutes of the Board meeting when such action occurred.

B. INVESTMENT COMMITTEE: The Investment Committee shall be established by the Board to meet periodically with investment advisors and/or managers, review purchases and sales of various investment instruments and ensure all investments are made in compliance with Kansas Statutes, Kansas Insurance Department (KID) regulations, directives and guidelines, and this Investment Policy. All decisions of the Investment Committee shall take the form of recommendations to the Board which shall take final action on any such recommendations.

Subject to final approval by the Board, the Investment Committee shall have the responsibility to select investment consultants and advisors, select investment managers and custodians, monitor and evaluate performance of these investment agents and take all steps necessary to ensure compliance with KWORCC's Investment Policy. In addition, the Investment Committee's duties include:

i. Recommend changes and amendments to KWORCC's Investment Policy;
ii. Recommend strategic asset allocation targets consistent with KWORCC's Investment Policy;
iii. Review and ensure KWORCC's investments are meeting the dual objectives of maximum return while maintaining adequate liquidity to pay claims and administrative expenses;
iv. Meet with investment consultants and advisors and/or managers as frequently as necessary to ensure KWORCC's investment performance meets the objectives set forth in KWORCC's investment Policy.

C. ADMINISTRATOR: KWORCC's Administrator is the Chief Executive Officer of KWORCC's staff who, along with KWORCC's staff, has the duty to administer the affairs of KWORCC's day-to-day operations. These duties include making such decisions as necessary to properly implement KWORCC's Investment Policy.

D. INVESTMENT MANAGER(S): KWORCC will have authority to retain investment managers to manage its fixed income assets and its equities. Investment managers shall have the discretion to purchase or sell the specific securities as necessary and prudent to meet KWORCC's investment objectives in compliance with KWORCC's Investment Policy. An investment manager shall have a fiduciary duty to KWORCC to ensure their actions comply with state and federal law and regulation and the provisions of KWORCC's Investment Policy. Specific responsibilities of the investment managers include:

i. Advise the Investment Committee on the appropriate investment objectives, policies and overall strategy;
ii. Provide discretionary investment management of KWORCC's portfolio, including decisions to buy or sell individual securities, determining the short-term tactical asset allocation of the portfolio within long-term strategic targets;

iii. Prepare, on a timely basis, investment performance reports as requested;
iv. Provide a quarterly valuation of the investment portfolio;
v. Communicate any material changes to the economic outlook for capital markets and any changes to its investment strategy and any other factors that may affect the implementation or achievement of KWORCC's investment objectives;
vi. Inform KWORCC of any qualitative change in the investment management organization, such as changes in portfolio management personnel, ownership structure and investment philosophy.

E. INVESTMENT CONSULTANTS and ADVISORS: KWORCC may hire and retain consultants and advisors as necessary to ensure KWORCC's invested funds are bringing maximum returns while maintaining liquidity adequate to pay claims and administrative expenses. Such consultants or advisors shall not have authority to act independent of the Investment Committee or the Board of Trustees with respect to the purchase and sale of investments. Such consultants and advisors shall be independent of investment companies retained by KWORCC.

F. CUSTODIAN: KWORCC will designate one or more custodians to maintain physical possession of KWORCC's investment assets. The custodian will work directly with KWORCC's investment managers to collect dividends and interest payments, redeem maturing securities and effect receipt and delivery of securities following purchases and sales thereof. The custodian may be required to perform regular accounting of all such assets in the possession of the custodian and the transfer of KWORCC's investments in and out of KWORCC's accounts.

IV. GENERAL INVESTMENT PRINCIPLES

A. Investments shall be made solely in the interest and purposes of KWORCC;
B. Investments shall be invested with the care, skill, prudence and diligence that a prudent person in a similar situation would exercise under the circumstances then prevailing and in the best interest of KWORCC;
C. Investments shall be so diversified as to mitigate the risk of large losses, unless under extraordinary circumstances, it is clearly prudent not to do so;
D. Investment decisions regarding an individual asset or asset subclass should not be made in isolation, but rather in the context of KWORCC's investment portfolio as a whole and as part of an overall investment strategy;
E. Cash is to be employed productively by investment in short term cash equivalents to provide safety, liquidity and return.
F. No KWORCC funds which are reserved either for claims incurred but not reported (IBNR), unpaid claims or overhead expenses shall be invested in equities.
G. Fixed income investments shall be in individual fixed income securities, explicitly investment grade or, if not rated by a nationally recognized statistical rating organization of sufficient and comparable quality.

H. Investments shall be limited to investments permitted by Kansas Statutes and KID regulations, directives and guidelines and KWORCC's Investment Policy.

I. The Administrator, or his or her designee, shall be the point of contact for Investment managers, consultants and/or advisors and shall have the authority to make such administrative decisions as necessary to ensure full compliance with this Investment Policy. The Administrator shall report to the Board of Trustees on a regular basis, no less frequently than the Board's regularly-scheduled board meetings. It shall be the responsibility of the Administrator or his or her designee to approve any actions with respect to investments which may be construed to be exceptions to normal policy and procedures, provided that in each instance, any such exception shall be brought to the Board for consideration and ratification.

J. KWORCC shall not accept financial favors or incentives (except nominal-valued items, i.e., valued at no more than $100). Such unacceptable incentives include, without limitation:

   i. Discounts or rebates on fees paid for other products or services or other special consideration received by or purchased by KWORCC, KWORCC Board Members, KWORCC employees, other agents of KWORCC or any family members from those same institutions or third parties;

   ii. Discounts or rebates on computer goods or services received by or purchased by KWORCC, KWORCC Board Members, KWORCC employees, other agents of KWORCC or any of their family members from those same institutions or third parties;

   iii. Travel or accommodation expenses for KWORCC, KWORCC Board Members, KWORCC employees, other agents of KWORCC or any of their family members in connection with programs offered or sponsored by those same institutions or third parties and

   iv. Tickets, travel or accommodation to recreation or entertainment events for KWORCC, KWORCC Board Members, KWORCC employees, other agents of KWORCC or any of their family members offered or sponsored by those same institutions or third parties.

V. INVESTMENT GUIDELINES

A. Allowable Investments/Security Types

   i. Cash Equivalents
      - Treasury Bills
      - Money Market Mutual Funds
      - Repurchase Agreements
      - FDIC Insured Deposits

   ii. Fixed Income Securities
      - U.S. Government and Agency Securities
      - Mortgage Backed Securities – only Government-Issued
      - FDIC Insured Certificates of Deposit
      - Municipal Bonds

   iii. Equity Securities
      - Equity mutual funds

- Mutual funds and/or exchange-traded funds with daily liquidity that invest in Real Estate Investment Trusts

VI. INVESTMENT OBJECTIVES

KWORCC's investment strategy has the following objectives:

1. Emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income;
2. Maintain compliance with Kansas statutes and KID regulations, directives and guidelines, and KWORCC's Investment Policy, with respect to all KWORCC investments;
3. Keep all available funds invested and earning interest;
4. Provide for liquidity needs;
5. Assure that the maturity distributions of its investments are reasonably matched to its liabilities;
6. Maximize yield from the investment portfolio without compromising the overall quality and liquidity.

VII. ASSET ALLOCATION GUIDELINES

A. Unless specifically authorized by Board of Trustees, no more than 5% of KWORCC's admitted assets, as shown by KWORCC's last quarterly filing with KID, should be invested in any individual investment, unless such investment is an obligation of the U.S. government, state government or local government.

B. Unless specifically authorized by Board of Trustees, investment managers shall adhere to the following asset class guidelines

   i. Equities – The equity portfolio will be diversified by market capitalization (large, mid and small cap) and may include diversification by global geography (U.S., developed international and emerging markets).

   ii. Equities – No more than 30% of the market value of KWORCC's equities portfolio shall be invested in any one investment company.

   iii. Repurchase agreement(s) between KWORCC and any financial institution shall include the following provisions:

      1. The collateral must have a market value of at least 102% of the purchase price paid by issuer for such securities under such agreement;
      2. The financial institution is not permitted to substitute other securities for those subject to such agreement and must keep KWORCC's securities segregated always;
      3. In the event of default by such financial institution to repurchase the securities at the terms contained in the repurchase agreement, title to the securities will be deemed to have passed immediately to KWORCC without recourse;
      4. No more than 10% of KWORCC's admitted assets as shown by most recent quarterly KID filing shall be allowed to be invested in any such repurchase agreement.

VIII. LIQUIDITY

The administrator or his or her designee periodically will provide the investment managers with an estimate of any expected liquidity needs.

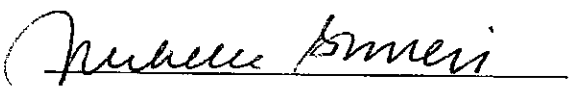
IX. INVESTMENT POLICY REVIEW

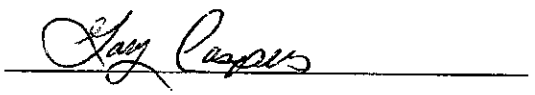
A. To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations established in this statement of investment policy, Administrator will periodically review this Investment Policy and make recommendations to the Investment Committee.

B. Investment Committee may submit amendments to this Investment Policy for consideration by the Board of Trustees. Amendments may be adopted by majority vote of the Board of Trustees.

X. APPROVAL AND EFFECTIVE DATE

This Investment Policy Statement was approved and shall be effective as of August 23, 2018.

President of the Board: 

Investment Committee Chair: 

Amended and Restated, Effective November 15, 2010
BYLAWS AND INTERLOCAL COOPERATION AGREEMENT
FOR THE
KANSAS WORKERS RISK COOPERATIVE FOR COUNTIES

In consideration of the mutual covenants contained herein, this Interlocal Cooperation Agreement is made and entered into by and among Kansas counties which execute this Agreement and become members of the Kansas Workers Risk Cooperative for Counties ("KWORCC"), each of which hereby agrees to abide by the terms and conditions of this Agreement and all actions taken pursuant to this Agreement.

ARTICLE 1. Authority.

1.1 The Kansas Municipal Group-Funded Pool Act, K.S.A. 12-2616, et seq., as amended, the Interlocal Cooperation Act, K.S.A. 12-2901, et seq., as amended, and the Kansas Tort Claims Act, K.S.A. 75-6101, et seq., as amended, authorized this Agreement and the powers commonly held and to be jointly exercised by Kansas counties which become members of the Cooperative.

ARTICLE 2. Definitions.

As used in this Agreement, the following terms shall have the meaning hereinafter set out:

2.1 Act. The Kansas Municipal Group-Funded Pool Act, K.S.A. 12-2616, et seq., as amended.

2.2 Administrator. Administrator of the Cooperative, who shall serve as its chief operating officer.

2.3 Agreement. The Bylaws and Interlocal Cooperation Agreement for KWORCC.

2.4 Board of Trustees or Board. The Board of Trustees of the Cooperative.

2.5 Bylaws. The Bylaws and Interlocal Cooperation Agreement for KWORCC.

2.6 Contributions. Amounts paid by members to receive the benefits of the Cooperative.

2.7 Member. Any Kansas county or Agency, authority, institution or other instrumentality thereof which enters into this Agreement and becomes a Member of the Cooperative.

2.8 Cooperative. The Kansas Workers Risk Cooperative for Counties sometimes referred to as and intended to be a pool.

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

2.10 Trustee. A person serving on the Board of Trustees who is an elected county official and whose county is a Member of the Cooperative.

2.11 Deficit Fund Year. A policy year in which the benefits to injured workers and claims and administrative expenses exceed the premiums paid.

ARTICLE 3. Purposes.

3.1 The purposes of this agreement are to:

a. Maintain a group-funded Cooperative to fund through joint self-insurance, excess insurance, or other lawful manner, obligations imposed upon employers under the Workers' Compensation Act as set forth by K.S.A. 44-574 and any of the acts contained in article 5 or 5a of Chapter 44 of the Kansas Statutes Annotated and amendments thereto, and to do any act authorized by law or as determined by the Board, with the powers set forth in this Agreement; and

b. Provide, through the Cooperative, certain claims and risk management services related to the liabilities for workers compensation, and assist Members in reducing and preventing such losses due to workers compensation claims and injuries.

ARTICLE 4. Existence of Cooperative.

4.1 KWORCC is a separate legal public entity, constituting an interlocal governmental agency as provided by law. The Cooperative shall continue in effect until dissolved in accordance with this Agreement.

4.2 The Cooperative is formed, financed, organized, and shall operate in accordance with the provisions of this Agreement. This Agreement constitutes the bylaws of the Cooperative or pool.

4.3 The Cooperative may sue and be sued.

4.4 In accordance with the provisions of the Interlocal Cooperation Act, this Agreement shall be submitted to the Attorney General to determine whether it is in proper form and compatible with the laws of Kansas, and to such other state officers encompassed by this Agreement, as may be required by the Interlocal Cooperation Act or other laws of this state, and to the Commissioner of Insurance as part of the application and certification process to establish a Group-Funded Pool under the Act. Any county which enters into this Agreement shall cause to be filed a copy of this Agreement with the Register of Deeds for the Member county and with the Secretary of State, in accordance with the provisions of K.S.A. 12-2905, and amendments thereto.

4.5 This Agreement may be amended and shall continue in effect until the Cooperative is dissolved, as provided herein.

4.6 This Agreement does not establish an insurance company, nor shall the benefits or obligations of KWORCC constitute a policy of insurance coverage.

4.7 This Agreement shall constitute a qualified group-funded pool under the Kansas Municipal Group-Funded Pool Act, K.S.A. 12-2616, et seq., as amended, thereto which shall be subrogated to the rights and duties under the Workers' Compensation Act of the Employer so far as appropriate, including the immunities provided by K.S.A. 44-501 and amendments thereto.

ARTICLE 5. Members.

5.1 Membership in the Cooperative is limited to Members which properly enter into this Agreement and which meet qualifying insurance standards as established by the Board of Trustees.

5.2 Counties, including counties which have previously withdrawn or been expelled by the Cooperative, may be admitted to the Cooperative only upon approval by the Board of Trustees and subject to the conditions set out in this Agreement and such additional conditions as the Board of Trustees may from time to time require.

ARTICLE 6. Board of Trustees.

6.1 The Board of Trustees shall be composed of seven persons, each of whom shall be an elected county official of a different Member county it being understood that regardless of how many Members are in a Kansas County, only one elected official designated by that County's Board of Commissioners may sit on the Board of Trustees to represent that County. In order to achieve geographic balance throughout the state, one Trustee shall be elected from each of the following regional districts and one Trustee shall be elected at large. Trustees on the Board shall be elected by all voting representatives at the annual meeting except when the Board of Trustees fills a vacancy as provided at Section 6.5. Only nominees who reside in a regional district shall be eligible to fill the Trustee position for that regional district, and nominees for the at large position may reside in any of the regional districts. Trustees shall be elected by a plurality of the votes of the Members present in person at the annual meeting of the Members.

Northeast District: Atchison, Brown, Doniphan, Douglas, Jackson, Jefferson, Johnson, Leavenworth, Lyon, Marshall, Nemaha, Osage, Pottawatomie, Riley, Shawnee, Wabaunsee, Wyandotte;

Southeast District: Allen, Anderson, Bourbon, Chautauqua, Cherokee, Coffey, Crawford, Elk, Franklin, Greenwood, Labette, Linn, Miami, Montgomery, Neosho, Wilson, Woodson;

North Central District: Chase, Clay, Cloud, Dickinson, Ellsworth, Geary, Jewell, Lincoln, Marion, McPherson, Mitchell, Morris, Ottawa, Republic, Saline, Washington;

South Central District: Barber, Barton, Butler, Comanche, Cowley, Edwards, Harper, Harvey, Kingman, Kiowa, Pawnee, Pratt, Reno, Rice, Rush, Sedgwick, Stafford, Sumner;

Northwest District: Cheyenne, Decatur, Ellis, Gove, Graham, Logan, Norton, Osborne, Phillips, Rawlins, Rooks, Russell, Sheridan, Sherman, Smith, Thomas, Trego, Wallace; and

Southwest District: Clark, Finney, Ford, Grant, Gray, Greeley, Hamilton, Haskell, Hodgeman, Kearny, Lane, Meade, Morton, Ness, Scott, Seward, Stanton, Stevens, Wichita

6.2 Elected Trustees shall assume office on January 1 of the next calendar year following their election. Appointed Trustees, which will be appointed to fill a vacancy only, shall assume office at the first Board meeting held following their appointment.

6.3 Terms of the Trustees shall be two-year overlapping terms or until their successors are elected.

6.4 A vacancy shall occur on the Board when a Trustee:

a. Submits a written resignation to the Board.

b. Dies.

c. Ceases to be an elected official of a Member county.

d. Fails to attend three consecutive regularly scheduled meetings of the Board by telephone or in person.

e. Is removed by the Members pursuant to Article 10.

f. Is convicted of any felony or any Class A misdemeanor or Class B misdemeanor.

6.5 Any vacancy in the position of an elected Trustee will be filled by a majority vote of the Board's remaining Trustees until the next annual meeting of the Membership, at which time the Membership shall elect a person to fill the vacancy for the unexpired term.

6.6 To the extend permitted by law, Trustees may be reimbursed for expenses incurred in the performance of their duties, as authorized by the Board.

6.7 No Trustee may be an owner, officer or employee of any service agent or representative as provided in K.S.A. 12-2627, and amendments thereto. Each Trustee must be a resident of Kansas and be an elected county official of a Member county.

ARTICLE 7. Board of Trustees Officers, Meetings and Procedures.

7.1 The officers of the Board shall be: president, vice-president, secretary and controller. The Board shall establish the powers and duties of each officer, consistent with this Agreement. The vice-president may exercise the powers of the president in the absence of the president. Officers shall be elected by and from among the Trustees, at the first Board meeting of each calendar year.

7.2 The Board shall fix the date, time and place of regular meetings, which may be held without further notice. Special meetings may be called by the president, or by any four (4) members of the Board, by written notice mailed at least ten days in advance to all Trustees or by waiver of notice executed by all Trustees.

7.3 Four (4) Trustees shall constitute a quorum to do business. All acts of the Board shall require a quorum and a majority vote of the Trustees present, except when a different vote is required by this Agreement.

7.4 The Board shall adopt all such procedures as it deems necessary or desirable for the conduct of its business.

7.5 One or more or all Trustees may participate in any meeting of the Board by means of a conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence at the meeting.

ARTICLE 8. Powers and Duties of the Cooperative and the Board.

8.1 The Cooperative shall have all powers necessary or desirable to achieve its purposes. The Board may exercise all powers of the Cooperative except those powers reserved to the Members, and all powers necessary and proper for its operation and implementation of this Agreement, subject to the limits of this Agreement and the Workers' Compensation Act. The Board is responsible for all operations of the Cooperative.

8.2 Subject to the limits of the Act, the powers of the Board shall include, but not be limited to, the power to:

a. Delegate, by resolution adopted at a meeting of the Trustees and specifically defined in the written minutes of the Trustees' meetings, authority for specific functions to the Administrator, but only to the extent permitted by the Act.

b. Establish Member contributions, pursuant to guidelines adopted by the Board from time to time.

c. Serve as the policyholder of any group policies or plans.

d. Determine the methods of claim administration and payment; provide for claim experience for the Members collectively or separately as provided by law; and establish claim procedures and conditions to be met prior to the payment or defense of a claim all as permitted and subject to law.

e. Jointly self-insure or obtain excess insurance (specific or aggregate), or any combination thereof, or otherwise provide for the funding of coverage provided by or through the Cooperative as the Board deems appropriate.

f. Establish the duties of the Administrator.

g. Provide for the administration of the monies received, for the manner of payments to be received, and for payment of all expense of the Cooperative; establish standards for the accountability of all receipts and disbursements of the Cooperative; and establish procedures for safekeeping, handling and investing such monies received or paid.

h. Make investments in accordance with K.S.A. 12-2622 and amendments thereto.

i. Acquire, lease, hold and dispose of personal property as provided by law.

j. Acquire, hold and dispose of real property, including but not limited to leases and rental, only upon a majority of the membership obtained by ballot, election, polling or otherwise, which approval may be solicited and/or obtained by mail or at the annual meeting; provided, however, the Board may lease office facilities as are reasonable and necessary for the conduct of business without membership approval.

k. Exercise the full power and authority of any Member of the Cooperative when requested, in writing, to do so by the Member's governing body.

l. Provide for necessary activities to accomplish the purposes of this Agreement and of the Cooperative.

m. Do any act permitted by law and not in conflict with this Agreement.

n. Provide for an independent audit of claim handling procedures, payments and overall operations of the Cooperative, at such time as the Board may determine.

o. Establish loss reduction, prevention and risk management policies, procedures, educational programs and requirements for Members of the Cooperative.

p. Adopt and adjust the coverage provided through the Cooperative in concurrence with any affected excess insurers.

q. Enter into contracts as necessary or appropriate for the operation of the Cooperative.

r. Appoint committees from time to time, as the Board considers appropriate. Each committee shall consist of one or more designated Trustees. Any such committee so appointed shall have the authority only to investigate and report its findings and recommendations to the Board, unless otherwise specifically provided in a resolution of the Board, but no such committee shall have the power or authority to (I) amend the Bylaws, (ii) declare a dividend or refund to the Members, or (iii) recommend the dissolution of KWORCC to the Members.

s. Approve attorneys or firms of attorneys to represent Members in claims covered by or through the Cooperative.

t. Obtain the services of agents, attorneys, brokers, consultants, employees and service providers as necessary or appropriate for the operation for the Cooperative.

8.3 Subject to limits of the Act, the Board shall:

a. Perform all duties required by the Act.

b. Obtain and provide to Members annually an audit of the finances of the Cooperative performed by an independent Certified Public Accountant.

c. Provide to Members quarterly financial statements to account for income, expenses, assets and liabilities of the Cooperative.

d. Provide for an annual actuarial review of the Cooperative.

e. Adopt a budget annually and report the budget to the Members.

f. Require that fidelity bonds be in effect for the Administrator, claims service provider and its employees, and every other person having access to monies of the Cooperative.

8.4 The Trustees shall not borrow from or extend credit to any individual or entity.

8.5 The Trustees shall be subject to the provisions of K.S.A. 1994 Supp. 75-4301a, et seq., as may be amended, which require the filing of statements of substantial interest and other ethical compliance.

ARTICLE 9. Financing.

9.1 All monies contributed to the Cooperative, and earnings thereon, shall be held in the name of and for the benefit of the Cooperative.

9.2 The Board shall establish Member contributions pursuant to guidelines established by the Board from time to time consistent with the Act. The contributions may include an annual contribution and any additional contributions which the Board deems necessary or appropriate to protect the financial condition of the Cooperative.

9.3 A member shall only be responsible for additional contributions to the Cooperative which relate to claims arising out of occurrences during and expenses relating to years in which the county is a member of the Cooperative.

9.4 Any refund of surplus monies shall be consistent with the Act and with policies adopted by the Board of Trustees.

9.5 The Board may determine supplemental contributions to be made by members of the Cooperative based upon experience modification factors, payroll audits or other similar consideration as needed to protect the financial condition of the Cooperative.

9.6 In lieu of determining that supplemental contributions be made by Members, the Board may establish special reserve funds, reduce or eliminate a Deficit Fund Year or pay certain administrative expenses by doing any of the following:

a. Transfer authorized surplus funds from another policy year;
b. Transfer funds from a special reserve fund; or,
c. Any alternate option approved by the Kansas Insurance Department.

ARTICLE 10. Members' Powers and Meetings.

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

a. Elect Trustees pursuant to Article 6.

b. Remove any elected or appointed Trustee from the Board by a two-thirds vote of the Members present at a meeting.

c. Dissolve the Cooperative by a two-thirds vote of the Members present at a meeting. Written notice of any proposed dissolution of the Cooperative shall be provided to each Member at least thirty days in advance of the vote thereon.

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

10.2 Members shall meet at least once annually at such time and place, within the State of Kansas, as shall be designated from time to time by the Board and stated in the Notice of meeting. Special meetings may be called by the Board or pursuant to a procedure to be established by the Board, and shall be called upon written request executed by at least thirty percent (30%) of the Members.

a. Notice of any Membership meeting shall be mailed by the Administrator to each Member at least fifteen days in advance, which notice shall state the place, date and hour of the meeting, and in the case of a special meeting, the purpose(s) thereof. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the Member at the Member's address as it appears on the records of KWORCC. Attendance by a Member at a meeting shall constitute a waiver of notice of such meeting, except where the Member attends a meeting for the express purpose of objecting, at the beginning at the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

b. The president of the Board shall preside at the meeting.

c. Fifty percent (50%) of the Members shall constitute a quorum to do business.

d. Proxy voting shall not be allowed.

e. Each Member shall be entitled to one vote, to be cast by its representative, or, in the absence of its representative, by an alternate representative approved by the Member in writing, and whose credentials are satisfactory to the Board pursuant to guidelines established by the Board and published to the Members.

f. In the event a meeting is called with proper notice and a quorum is not present, but at lease twenty-five percent (25%) of the Members are present, the Members present may conduct the meeting and take action to elect Trustees pursuant to Article 6 and other such action necessary for the conduct of business by the Pool, but not actions listed in Article 10 that require a two-thirds vote. Any action at said meeting will require approval by 75% of Members present at the meeting and such action will be subject to ratification, as follows: (i) Notification of such action will be sent to all Members by certified mail within 30 days after such meeting and (ii) No more than 35% of such Members file a written objection to action taken. In order for an objection to be valid, it must be received by the Cooperative's administrative staff within 45 calendar days from the date the notice is mailed, and each objection must be certified by the Member County's clerk as having been approved by majority vote of Commissioners.

ARTICLE 11. Obligations of Members.

11.1 Members shall have the obligation to:

a. Pay promptly all contributions and other payments to the Cooperative at such times and in such amounts as shall be established in accordance with this Agreement, including any interest and penalties for late payment as may be required by a policy adopted by the Board.

b. Designate in writing a representative and one or more alternate representatives for the Members' meetings. Each representative and alternate representative must be an elected County official and must be appointed as a KWORCC representative or alternate representative for a term of not less than one (1) year by majority vote of the county commissioners of the Member to be the Member's official representative for the purposes of the Cooperative. An alternate representative may exercise all the powers of a representative during a Member meeting, in the absence of the representative.

c. Allow the Cooperative and its Administrator, agents, contractors, employees and officers reasonable access to all facilities of the Member and all records required for the administration of the Cooperative and implementation of this Agreement.

d. Cooperate fully with the Cooperative's attorneys and Administrator, and any other agent, contractor, employee or officer of the Cooperative, in activities relating to its purposes and powers.

e. Provide information requested by the Cooperative, its Administrator and any other agent, contractor, employee or officer of the Cooperative, as reasonably required for administration and operation of the Cooperative.

f. Notwithstanding the provisions of K.S.A. 19-247, 19-702 and 19-723, and amendments thereto, allow the Cooperative, and attorneys and other designated by it, to represent the Member in the investigation, settlement and litigation of any claim within the scope of loss protection furnished by or through the Cooperative.

g. Follow the claims, loss reduction and prevention, and risk management policies and procedures established by the Board.

h. Report to the Cooperative, in the form and within the time required by the Board, all incidents or occurrences which could reasonably be expected to result in the Cooperative being required to consider a claim.

i. Report to the Cooperative, in the form and within the time required by the Board, the addition of new programs and facilities or the significant reduction or expansion of existing programs and facilities or other acts.

11.2 It shall be the express obligation of every member of the Cooperative to comply with the Workers' Compensation laws of the State of Kansas and such laws shall govern the duties of employers and the liabilities to employees of the Members of the Cooperative.

ARTICLE 12. Withdrawal of Members.

12.1 Any Member may withdraw from the Cooperative, effective on the anniversary date subsequent to written notice of withdrawal provided to the Board, by resolution of the Member's governing body. The written notice of such withdrawal must be provided to the Board no later than sixty (60) days prior to the anniversary date of the Cooperative.

12.2 A withdrawn Member shall lose all voting rights upon withdrawal. Any claim of title or interest to any asset of the Cooperative, and any continuing obligation of the Cooperative to the Member or of the Member to the Cooperative, after the Member's withdrawal, shall be consistent with this agreement, any policy adopted by the Board and the Act.

12.3 In accordance with K.S.A. 12-2626(c) and amendments thereto, individual Members of the Cooperative may elect to terminate their participation in the Cooperative or be subject to cancellation of membership in the Cooperative in accordance with the Bylaws of the Cooperative. On termination or cancellation of Member of the Cooperative, the Cooperative shall notify the Division of Workers' Compensation within ten (10) days and shall maintain coverage of each canceled or terminating

Member for thirty (30) days after notice to the division or until the division gives notice that the canceled or terminating Member has procured Workers' compensation and employer's liability insurance, whichever occurs first.

ARTICLE 13. Expulsion of Members.

13.1 A Member that fails to make a contribution or any other payment due the Cooperative shall be automatically expelled from the Cooperative on the sixtieth day following the due date, unless otherwise determined by the Board.

13.2 A Member may be expelled for failure to carry out any other obligation of the Member, subject to the following:

a. The Member shall receive notice from the Board of the alleged failure and shall receive a demand from the Board to cure the alleged failure, within thirty (30) days of receipt of said notice and demand along with notice that expulsion could result if the failure is not so cured.

b. The Member may request a hearing before and decision by the Members on the expulsion. The request shall be made in writing to the Board at least five days before the end of the period given by the Board to cure the alleged failure. At such hearing, the Board shall present the case for expulsion and the affected Member may present its case. The Member proposed to be expelled shall not be counted in determining the number of votes required, nor shall the representative of such Member be entitled to vote on the expulsion.

c. If no request is received pursuant to subparagraph b. of this paragraph 13.2, and if the failure is not cured within the time required by the Board's notice or any extension of such time as the Board may grant, the Board may expel the Member. The Member may request a hearing before the Board on the proposed expulsion in lieu of a hearing before the Members. The request shall be made in writing and received by the Board at least five days before the end of the period given by the Board to cure the alleged failure, and shall be granted if so made.

d. The Board shall provide the Member at least ten days prior written notice of the time and place of any requested hearing as the Board or Members, as applicable, may set.

13.3 Expulsion shall be in addition to any other remedy which may exist.

13.4 An expelled Member shall lose all voting rights upon expulsion. Any claim of title or interest to any asset of the Cooperative, and any continuing obligation of the Cooperative to the Member or of the Member to the Cooperative, after the Member's expulsion, shall be as determined consistent with the Agreement, any policy adopted by the Board and the Act.

13.5 Expulsion does not relieve the expelled Member of the contribution obligations incurred and due and owing prior to or at the time of expulsion.

ARTICLE 14. Dissolution and disposition of property.

14.1 The Cooperative may be dissolved by the Members as provided in Article 10. In the event of dissolution of the Cooperative, the assets of the Cooperative not used or needed for the purposes of the Cooperative, as determined by the Board, shall be distributed exclusively to counties which are Members of the Cooperative prior to dissolution to be used for one or more public purposes.

14.2 Upon partial or complete dissolution of the Cooperative by the Members in accordance with Article 10, the Trustees shall determine, consistent with this Agreement, all other matters relating to the disposition of property and dissolution of the Cooperative, by a two-thirds vote of all Trustees.

14.3 The Board shall serve as Trustees for the disposition of property or funds, payment of obligations, dissolution and winding up of the affairs of the Cooperative.

ARTICLE 15. Liability of the Board, officers and employees.

15.1 No Trustee, officer or employee of the Cooperative shall be personally liable for any acts performed or omitted in good faith nor for any debts or other liabilities, actual or contingent, of the Cooperative or upon contracts or engagements on its behalf. The Cooperative shall defend and indemnify the Trustees, officers and employees against any and all expense, including attorney fees and liability expenses sustained by them or any of them in connection with any suit or suits which may be threatened or brought against them involving or pertaining to any of their acts or duties performed or omitted in good faith. The Cooperative may purchase public official's liability, errors or omissions or other insurance providing similar coverage for the Trustees, officers and employees of the Cooperative. Nothing herein shall be deemed to prevent compromises of any such litigation where the compromise is deemed advisable in order to prevent greater expense or cost in the defense or prosecution of such litigation.

15.2 No amendment to or repeal of this Article 15 shall apply to or have any effect on the liability or alleged liability of any Trustee, officer or employee of the Cooperative for or with respect to any acts or omissions of such Trustee, officer or employee occurring prior to the date when such provision becomes effective.

ARTICLE 16. General provisions.

16.1 This document constitutes a contract among those counties which become Members of the Cooperative. The terms of this contract may be enforced in court by the Cooperative or by any of its Members.

16.2 Except as provided in this Agreement and to the extent of the financial contributions to the Cooperative agreed to herein or such additional obligations as may come about through amendments to this Agreement, no Member agrees or contracts herein to be held responsible for any claims made against any other Member. The contracting parties intend in the creation of the Cooperative to establish an organization to operate only within the scope herein set out and have not herein created as between Member and Member any relationship of partnership, surety, indemnification or responsibility for the debts of or claims against any other Member, except that, to the extent required by the Act, all Members of the Cooperative shall be jointly liable for the payment of claims to the extent of the assets of the Cooperative.

16.3 The withdrawal or expulsion of a Member does not relieve it from liability for additional contributions determined by the Board in accordance with Article 9.

16.4 The laws of Kansas shall govern the interpretation and performance of this Agreement.

16.5 In the event that any portion of this Agreement is held invalid or unenforceable, such invalidity and unenforceability shall not affect other portions, and this Agreement is expressly declared to be severable.

16.6 This Agreement does not relieve any Member of any obligation or responsibility imposed upon it by law except to the extent that actual and timely performance thereof by the Cooperative satisfies such obligation or responsibility.

16.7 All monies received by the Cooperative are public funds, including earned interest, derived from its Members which are counties within the State of Kansas.

16.8 Neither this agreement nor any action of the Board of County Commissioners in adopting this Agreement is intended to nor do they waive, nor shall they be construed as waiving, any immunity or limitation on liability provided to the Members or their officers or employees by any law, including but not limited to any such immunity or limitation appearing in the Kansas Tort Claims Act, and amendments thereto. In particular, neither this Agreement no any action of any board of county commissioners in adopting this agreement is intended to nor do they provide for coverage in excess of the limitation on liability within the meaning of K.S.A. 75-6111, and amendments thereto. In addition, the laws regarding Workers' Compensation and the benefits to the employer are reserved and shall not be deemed to have been waived by the entry of the board of county commissioners of any county in entering into this agreement

16.9 The provisions of this Agreement and of the other documents referred to herein, and the assets of the Cooperative, are for the benefit of the Members of the Cooperative only, and no other person or entities shall have any rights or interest in this Agreement or in any of the other documents referred to herein or in any such assets,

as a third party beneficiary or otherwise. The assets of the Cooperative shall not be subject to attachment, garnishment or any equitable proceedings.

16.10 It is the intention of the Members that the Cooperative that any income of the Cooperative not be subject to taxation, and the Members shall cooperate in such respects, including amending this Agreement as reasonably necessary to establish and maintain the nontaxable status of the Cooperative.

16.11 Except as permitted in this Agreement, and amendments hereto, neither the Board nor any other person or entity is authorized to incur liabilities or obligations or enter into contracts on behalf of the members.

16.12 To the extent permitted by any applicable excess insurance, if the Board or its authorized representative and a Member disagree on whether a loss is covered through the Cooperative or on the amount of a covered loss, the Board or its authorized representative or the Member may request that the disagreement be submitted to binding arbitration as follows:

a. Unless otherwise agreed by the Board or its authorized representative and the Member, three persons shall be selected for the arbitration panel, one by the Board or its authorized representative, one by the Member and one by the two so selected to act as umpire to decide the items upon which the other two disagree. If the two so selected fail for 15 days to agree upon the umpire, the entire dispute of coverage shall be submitted to the American Arbitration Association for arbitration pursuant to their standard rules and regulations.

b. The decision of the panel, or the American Arbitration Association, as the case may be, shall be binding on the Board or its authorized representative and the Member, and may be filed and otherwise acted upon pursuant to the Kansas Uniform Arbitration Act, as may be amended.

c. The Cooperative shall pay the fees and expenses of the panelist selected by the Board or its authorized representative, the Member shall pay the fee and expenses of the panelist selected by it and the fees and expenses of the umpire shall be shared equally by the Cooperative and the Member.

16.13 In the event of the payment of any loss by the Cooperative under this Agreement, the Cooperative shall be subrogated to the extent of such payments to all the rights for the Member against any other person or entity legally responsible for damages for such loss as allowed by law, and in such event the Member agrees to render all reasonable assistance to affect recovery.

16.14 The provisions of the Act are hereby adopted by reference as a part of this Agreement, and any provision of this Agreement in conflict with the Act shall be inapplicable.

16.15 This agreement may be executed in counterparts. The original of each executed Agreement shall be filed with the Cooperative.

In witness whereof, the parties hereto have entered into this Agreement by the execution of this signature page, which shall be attached to and be a part of this Agreement.

Executed by _____County, Kansas, pursuant to Resolution No. _____, said Resolution having been adopted on the _____ day of _____, 20____.

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST

By: _____

Print Name: _____

Title: _____

Date: _____

Kansas Statutes

Kansas Group-Funded Pool Act

12-2616. Name and citation of act; application of 40-2209 and 40-2215. (a) K.S.A. 12-2616 through 12-2629, and amendments thereto, shall be known and may be cited as the Kansas municipal group-funded pool act. (b) The provisions of K.S.A. 40-2209 and 40-2215, and amendments thereto, shall apply to municipal groupfunded pools and all contracts issued under the municipal group-funded pool act and amendments thereto. History: L. 1987, ch. 74, § 1; L. 1991, ch. 134, § 4; July 1.

12-2617. Authorization of municipalities to pool liabilities; pools not deemed insurance and not subject to regulation except as enumerated. Five or more municipalities as defined in K.S.A. 75-6102, and amendments thereto, may enter into agreements to pool their liabilities for Kansas fire, marine, inland marine and allied lines, as defined in K.S.A. 40-901, and amendments thereto, casualty, surety and fidelity lines as defined in K.S.A. 40-1102, and amendments thereto, including workers' compensation and employers' liability, group sickness and accidents, as defined in K.S.A. 40-2209, and amendments thereto, and life insurance, as regulated in K.S.A. 40-433, and amendments thereto. Such arrangements shall be known as group-funded pools, which shall not be deemed to be insurance or insurance companies and shall not be subject to the provisions of chapter 40 of the Kansas Statutes Annotated, except as otherwise provided herein.

12-2618. Certificate of authority to operate pool; application; hearing upon denial of application. Application for a certificate of authority to operate a pool shall be made to the commissioner of insurance not less than 60 days prior to the proposed inception date of the pool. The application shall include the following:

(a) A copy of the bylaws of the proposed pool, a copy of the articles of incorporation, if any, and a copy of all agreements and rules of the proposed pool. If any of the bylaws, articles of incorporation, agreements or rules are changed, the pool shall notify the commissioner within 30 days after such change.

(b) Designation of the initial board of trustees and administrator. When there is a change in the membership of the board of trustees or change of administrator, the pool shall notify the commissioner within 30 days after such change.

(c) The address where the books and records of the pool will be maintained at all times. If this address is changed, the pool shall notify the commissioner within 30 days after such change.

(d) Evidence that the annual Kansas gross premium of the pool will be not less than $250,000 for each of the categories described in subparagraphs (1) through (4) of this subsection: (1) All property insurance under article 9 of chapter 40 of the Kansas Statutes Annotated except motor vehicle physical damage; (2) motor vehicle liability and physical damage insurance; (3) workers' compensation and employers' liability insurance; (4) all casualty insurance under article 11 of chapter 40 of the Kansas Statutes Annotated except insurance under categories (2) and (3) above; (5) group sickness and accident insurance if at the date of issue the annual gross premium for such coverage will be not less than $1,000,000; and (6) group life insurance if at the date of issue the coverage will insure at least 60% of the eligible participants or the total number of persons covered will exceed 600. The pool shall notify the commissioner within 30 days if the minimum premium qualification or participation requirement is less than that specified in this subsection for any of the above categories of insurance.

(e) An agreement binding the group and each member thereof to comply with the provisions of the workers compensation act if such coverage is to be provided by the pool. For all lines of coverage, all members of the pool shall be jointly liable for the payment of claims to the extent of the assets of the pool.

(f) A copy of the procedures adopted by the pool to provide services with respect to underwriting matters and, with respect to the categories identified in subsection (d)(1) through (4), safety engineering.

(g) A copy of the procedures adopted by the pool to provide claims adjusting and accumulation of income and expense and loss data.

(h) A confirmation that specific and aggregate excess insurance provided by an insurance company holding a Kansas certificate of authority or reinsurance approved by the commissioner is or will be in effect concurrent with the assumption of risk by the pool, as selected by the board of trustees of the pool, or adequate surplus funds as approved by the commissioner, in the pool. The pool shall notify the commissioner within 30 days of any change in the specific or aggregate excess insurance or reinsurance carried by the pool. For the purposes hereof, "surplus funds" shall mean retained earnings of the pool after reserves have been established for all known and incurred but not reported losses of the pool and after all other liabilities of the pool, including unearned premium reserves, have been deducted from total assets. The term "adequate surplus funds" shall mean the amount necessary for the pool to fund its self-insured obligations.

(i) After evaluating the application the commissioner shall notify the applicant if the plan submitted is inadequate, fully explaining to the applicant what additional requirements must be met. If the application is denied, the applicant shall have 10 days to make an application for hearing by the commissioner after the denial notice is received. A record shall be made of such hearing, and the cost thereof shall be assessed against the applicant requesting the hearing.

(j) Any other relevant factors the commissioner may deem necessary.

12-2619. Irrevocable consent for service of process on commissioner of insurance. Every groupfunded pool applying for authority to operate a pool in this state, as a condition precedent to obtaining such authority, shall file in the insurance department a written irrevocable consent, that any action may be commenced against such pool in the proper court of any county in this state in which the cause of action shall arise or in which the plaintiff may reside by the service of process on the commissioner of insurance of this state, and stipulating and agreeing that such service shall be taken and held in all courts to be as valid and binding as if due service had been made upon the trustees or the administrator of such pool. The consent shall be executed by the board of trustees and shall be accompanied by a duly certified copy of the resolution passed by the trustees to execute such consent.

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) Whenever the commissioner shall deem it necessary the commissioner may make, or direct to be made, an examination of the affairs and the financial condition of any pool. Each pool shall submit a certified independent audited financial statement no later than 150 days after the end of the fiscal year. The financial statement shall include outstanding reserves for

claims and for claims incurred but not reported. Each pool shall file reports as to income, expenses and loss data at such times and in such manner as the commissioner shall require. Any pool which does not use rates developed by an approved rating organization shall file with the commissioner an actuarial certification that such rates are actuarially sound. Whenever it appears to the commissioner from such examination or other satisfactory evidence that the ability to pay current and future claims of any such pool is impaired, or that it is doing business in violation of any of the laws of this state, or that its affairs are in an unsound condition so as to endanger its ability to pay or cause to be paid claims in the amount, manner and time due, the commissioner shall, before filing such report or making the same public, grant such pool upon reasonable notice a hearing, and, if on such hearing the report be confirmed, the commissioner may require any of the actions allowed under K.S.A. 40-222b, and amendments thereto, or suspend the certificate of authority for such pool until its ability to pay current and future claims shall have been fully restored and the laws of the state fully complied with. The commissioner may, if there is an unreasonable delay in restoring the ability to pay claims of such pool and in complying with the law or if rehabilitation or corrective action taken under K.S.A. 40-222b, and amendments thereto, is unsuccessful, revoke the certificate of authority of such pool to do business in this state. Upon revoking any such certificate the commissioner shall communicate the fact to the attorney general, whose duty it shall be to commence and prosecute an action in the proper court to dissolve such pool or to enjoin the same from doing or transacting business in this state. The commissioner of insurance may call a hearing under K.S.A. 40-222b, and amendments thereto, and the provisions thereof shall apply to group-funded pools. (c) On an annual basis, or within 30 days of any change thereto, each pool shall supply to the commissioner the name and qualifications of the designated administrator of the pools and the terms of the specific and aggregate excess insurance contracts of the pool.

12-2621. Premium contributions, determination, deposit and use; refunds. (a) With respect to the categories of coverage described in subparagraphs (d)(1) through (4) of K.S.A. 12-2618, and amendments thereto, premium contributions to the pool shall be based upon appropriate manual classification and rates, plus or minus applicable experience credits or debits, and minus any advance discount approved by the trustees, not to exceed 25% of manual premium. The pool shall use rules, classifications and rates as promulgated by an approved rating organization for workers compensation if the pool has been in operation for less than five years. Such rates shall be the prospective loss costs, as authorized in K.S.A. 40-955, and amendments thereto, plus expenses necessary to administer the pool. For purposes of subsection (b), the prospective loss costs shall be presumed to be the 70% required to be deposited in the claims fund. If the pool has been in operation for more than five years, the board of trustees may determine such rates and discounts as approved by the commissioner. Premium contributions to the pool for all other lines of insurance shall be based on rates filed by a licensed rating organization or on rates of certain companies filing rates with the commissioner and approved by the commissioner for the pool. In lieu of the foregoing, the board of trustees may determine such classification, rates and discounts as approved by the commissioner.

Premium contributions to any pool providing life insurance or any pool providing group sickness and accident insurance as described in K.S.A. 12-2617, and amendments thereto, shall be based on sound actuarial principles.

(b) An amount equal to at least 70% of the annual premium shall be maintained in a designated depository for the purpose of paying claims in a claims fund account. If so approved by the commissioner of insurance, the annual

premium to be designated to such depository may be determined to be the net amount of premium after all or a portion of the specific and aggregate excess insurance premium costs have been paid. This shall be called the claims fund account. If the pool has been in operation for more than five years the commissioner may authorize allocation of a different amount to the claims fund account, if solvency of the pool would not be endangered. The remaining annual premium shall be placed into a designated depository for the payment of taxes, fees and administrative and other operational costs in an administrative fund account.

(c) Any moneys for a fund year in excess of the amount necessary to fulfill all obligations of the pool for that fund year, including any obligation to retain adequate surplus funds, as defined by subsection (h) of K.S.A. 12-2618, and amendments thereto, in lieu of specific and aggregate excess insurance, may be declared to be refundable by the trustees not less than 12 months after the end of the fund year. Any such refund shall be paid only to those members who remained participants in the pool for an entire year. Payment of previously earned refunds shall not be contingent on continued membership in the pool.

12-2622. Same; investments. The trustees shall not utilize any of the contributions collected as premiums for any purpose unrelated to the pool. Moneys not needed for current obligations may be invested by the trustees. Such investments shall be limited to investments permitted by K.S.A. 12-1677b and 75-4209, and amendments thereto, except that a pool which has been in existence for at least five years shall be permitted to invest in any of the securities or other investments permitted by article 2a of chapter 40 of the Kansas Statutes Annotated.

12-2623. Group-funded pools fee fund; payment of operating expenditures; expenses of administration; assessments; deposit of remittances. The expense of state supervision of the group-funded pools shall be financed in the following manner:

(a) There is hereby created in the state treasury a fund to be called the group-funded pools fee fund. All amounts which are required to be paid from the group-funded pools fee fund for the operating expenditures incident to the supervision of the group-funded pools shall be paid from the group-funded pools fee fund. The commissioner of insurance shall be responsible for administering the group-funded pools fee fund and all payments from the fund shall be upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the commissioner of insurance or a person or persons designated by the commissioner.

(b) The commissioner of insurance shall estimate as soon as practical after January 1 of each year the expenses necessary for the supervision of the group-funded pools for the fiscal year beginning on July 1 thereafter. Not later than June 1 of each year, the commissioner of insurance shall notify all such group-funded pools of the amount of each assessment imposed under this subsection on such group-funded pools and the same shall be due and payable to the commissioner on the July 1 following.

(c) The commissioner of insurance shall remit all moneys received by or for such remittance to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the group-funded pools fee fund.

12-2624. Gross premium tax, rate, payment; deductions for cancellations and dividends. In addition to the fees required to be paid in K.S.A. 12-2622, and amendments thereto, and as a condition precedent to the continuation of the certificate of authority provided in this act, all group-funded pools shall pay no later than 90 days after the end of each fiscal year a tax upon the annual Kansas gross premium collected by the pool at the rate of 1% per annum applied to the collective premium relating to all Kansas members of the pool for the preceding fiscal year. In the computation of the tax, all pools shall be entitled to deduct any annual Kansas gross premiums returned on account of cancellation or dividends returned to members of such pools or expenditures used for the purchase of specific and aggregate excess insurance, as provided in subsection (h) of K.S.A. 12-2618, and amendments thereto.

12-2625. Pools subject to additional assessments and certain provisions of chapter 40 of Kansas Statutes Annotated; workers compensation exception. (a) Each pool shall be assessed annually as provided by K.S.A. 44-566a and 74-713, and amendments thereto.

(b) Each proposed and authorized pool and each person representing such proposed or authorized pool shall be subject to the provisions of article 24 of chapter 40 of the Kansas Statutes Annotated.

(c) Each pool shall be subject to the provisions of K.S.A. 40-246b to 40-246e, inclusive, and amendments thereto.

(d) Whenever a pool is available providing workers compensation coverage to a statewide group of municipalities, the premium on workers compensation coverage written on municipalities eligible to become members of such pool by an insurer shall not be considered in the determination of any assessments levied by the Kansas workers compensation plan established pursuant to K.S.A. 40-2109, and amendments thereto.

12-2626. Application for membership in pool; written notice; approval; termination or cancellation of participation. (a) After the inception date of the group-funded pool, prospective new members of the pool shall submit an application for membership to the board of trustees or its administrator. The trustees may approve the application for membership pursuant to the bylaws of the pool.

(b) Before the time that membership in a group funded pool is granted, the applicant for such membership shall be provided a written notice stating that: (1) The group funded pool is not an insurance company subject to the general laws and rules and regulations relating to insurance companies; and (2) the group funded pool is subject to separate regulation by the Kansas insurance department as authorized by state statute and cannot commence or continue operations without a certificate of authority. Such authorization does not constitute an endorsement or recommendation of the coverage provided.

(c) Individual members may elect to terminate their participation in a pool or be subject to cancellation by the pool pursuant to the bylaws of the pool. On termination or cancellation of a workers' compensation member, the pool shall notify the division of workers' compensation within 10 days and shall maintain coverage of each cancelled or terminating member for 30 days after notice to such division or until such division gives notice that the cancelled or terminating member has procured workers' compensation and employers' liability insurance, whichever occurs first.

12-2627. Board of trustees of pool, qualifications, duties; administrator, bond; audits; credit transactions; delegation of authority from board to administrator. To ensure the financial stability of the operations of each group-funded pool, the board of trustees of each pool is responsible for all operations of the pool. The board of trustees shall consist of not less than three persons selected according to the bylaws of the pool for stated terms of office to direct the administration of a pool, and whose duties include approving applications by new members of the pool. The majority of the trustees must be a member of the governing body or an officer or employee of members of the pool, but a trustee may not be an owner, officer or employee of any service agent or representative. All trustees shall be residents of this state unless the pool was formed on or before January 1, 1990, in which event the number of Kansas resident trustees of the pool must be that percentage of all trustees of the pool that equals the percentage of the number of Kansas lives covered by the pool with respect to all lives covered by the pool on the last day of the prior fiscal year of the operation of the pool. The board of trustees of each fund shall take all necessary precautions to safeguard the assets of the fund, including all of the following:

(a) Designate an administrator to administer the financial affairs of the pool who shall furnish a fidelity bond to the pool in an amount determined by the trustees to protect the pool against the misappropriation or misuse of any moneys or securities. The administrator shall file evidence of the bond with the commissioner. The bond shall be one of the conditions required for approval of the establishment and continued operation of a pool. Any administrator so designated shall be a resident of Kansas if an individual or shall be authorized to do business in Kansas if a corporation.

(b) Retain control of all moneys collected or disbursed from the pool and segregate all moneys into a claims fund account and an administrative fund account. All administrative costs and other disbursements shall be made from the administrative fund account. The trustees may establish a revolving fund for use by the authorized service agent which is replenished from time to time from the claims fund account. The service agent and its employees shall be covered by a fidelity bond, with the pool as obligee, in an amount sufficient to protect all moneys placed in the revolving fund.

(c) Audit the accounts and records of the pool annually or at any time as required. The commissioner shall prescribe the type of audits and a uniform accounting system for use by pool and service agents to determine the ability of the pool to pay current and future claims.

(d) The trustees shall not extend credit to individual members for any purpose.

(e) The board of trustees shall not borrow any moneys from the pool or in the name of the pool without advising the commissioner of the nature and purpose of the loan.

(f) The board of trustees may delegate authority for specific functions to the administrator of the pool. The functions which the board may delegate include such matters as contracting with a service agent, determining the premium chargeable to and refunds payable to members, investing surplus moneys and approving applications for membership. The board of trustees shall specifically define all authority it delegates in the written minutes of the trustees' meetings. Any delegation of authority shall not be effective without a formal resolution passed by the trustees.

12-2628. Licensing of persons or agencies soliciting insurance business for pool. Any person or agency soliciting for a proposed or authorized group-funded pool shall hold a current license authorizing such person to sell each line of insurance offered for sale. Any person licensed for the kinds of insurance offered by the pool shall be deemed to be certified by a company for the kinds of insurance permitted by the pool.

12-2629. Commissioner of insurance to provide advice and counsel to local governments. The commissioner of insurance shall make such recommendations as deemed advisable to assist Kansas local governments in the effective, efficient and fiscally sound operation of any proposed group-funded pool. Within the time and resources available, the department of insurance shall provide advice and counsel to any group-funded pool.

12-2630. Allowing municipalities in Douglas, Johnson, Leavenworth, Miami and Wyandotte counties to pool with municipalities outside of state. Notwithstanding the provisions of K.S.A. 12-2616 through 12-2629, and amendments thereto, any municipalities as defined in K.S.A. 75-6102, and amendments thereto, located in and including Douglas, Johnson, Leavenworth, Miami and Wyandotte counties, may qualify to enter into agreements to pool their sickness and accident related liabilities in accordance with K.S.A 12-2617 et seq., and amendments thereto, with municipalities located in other states if such a pool was formed on or before January 1, 1990. Any investments held by such pool shall be held in an entity described in K.S.A. 12-2622, and amendments thereto. In the event the law or laws of any other state in which a member of the pool is located are inconsistent with or contrary to any provision of K.S.A. 12-2617 through 12-2626, 12-2628 and 12-2629, and amendments thereto, the law of the state with the more stringent requirement shall apply.

Interlocal Cooperation Act

12-2901. Purpose of act. It is the purpose of this act to permit local governmental units to make the most efficient use of their powers by enabling them to cooperate with other localities, persons, associations and corporations on a basis of mutual advantage and thereby to provide services and facilities in a manner and pursuant to forms of governmental organization that will accord best with geographic, economic, population and other factors influencing the needs and development of local communities.

12-2902. Short title. This act may be cited as the interlocal cooperation act.

12-2903. Definitions. As used in the interlocal cooperation act:

(a) "Public agency" means:

(1) Any county, township, city, school district, library district, road district, drainage district, sewer district, water district or fire district;

(2) any entity created pursuant to K.S.A. 12-2901 et seq. or chapter 72 of the Kansas Statutes Annotated, and amendments thereto;

(3) any other municipal corporation, quasi-municipal corporation or political subdivision of this state or of any other state which is not specified in paragraphs (1) and (2);

(4) any state officer; and

(5) any agency or instrumentality of this state or any other state or of the United States.

(b) "State" means a state of the United States and the District of Columbia.

(c) "Private agency" means an individual, firm, association or corporation.

(d) "State officer" shall mean the governor, attorney general, secretary of state, state treasurer and insurance commissioner of the state of Kansas.

(e) "Native American Indian tribes" shall mean federally-recognized Native American Indian tribes.

(f) "Gaming compact" shall mean a gaming compact as defined by K.S.A. 46-2301, and amendments thereto.

12-2904. Interlocal agreements by public agencies; specifications; approval of attorney general, exceptions. (a) Subject to the limitations of subsection (g), any power or powers, privileges or authority exercised or capable of exercise by a public agency of this state including but not limited to those functions relating to economic development, public improvements, public utilities, police protection, public security, public safety and emergency preparedness, including but not limited to, intelligence, antiterrorism and disaster recovery, libraries, data processing services, educational services, building and related inspection services, flood control and storm water drainage, weather modification, sewage disposal, refuse disposal, park and recreational programs and facilities, ambulance service, fire protection, the Kansas tort claims act or claims for civil rights violations, may be exercised and enjoyed jointly with any other public agency of this state or with any private agency, and jointly with any public agency of any

other state or of the United States to the extent that the laws of such other state or of the United States permit such joint exercise or enjoyment. Any agency of the state government when acting jointly with any public or private agency may exercise and enjoy all of the powers, privileges and authority conferred by this act upon a public agency.

(b) Any public agency may enter into agreements with one or more public or private agencies for joint or cooperative action pursuant to the provisions of this act. Appropriate action by ordinance, resolution or otherwise pursuant to law of the governing bodies of the participating public agencies shall be necessary before any such agreement may enter into force.

(c) Any public agency may enter into agreements with Native American Indian tribes for joint or cooperative actions. Such agreements shall be considered to be an interlocal agreement and shall be subject to the procedures and limitations of the interlocal cooperation act.

The provisions of this subsection shall not be construed as authorizing a public agency to enter into a gaming compact pursuant to the interlocal cooperation act.

(d) Any such agreement shall specify the following:

(1) Its duration.

(2) The precise organization, composition and nature of any separate legal or administrative entity created thereby together with the powers delegated thereto.

(3) Its purpose or purposes.

(4) The manner of financing the joint or cooperative undertaking and of establishing and maintaining a budget therefor.

(5) The permissible method or methods to be employed in accomplishing the partial or complete termination of the agreement and for disposing of property upon such partial or complete termination.

(6) Any other necessary and proper matters.

(e) In addition to the requirements of subsection (d), if the agreement does not establish a separate legal entity to conduct the joint or cooperative undertaking, the agreement also shall contain the following:

(1) Provision for an administrator or a joint board or one of the participating public agencies to be responsible for administering the joint or cooperative undertaking. In the case of a joint board public agencies party to the agreement shall be represented.

(2) The manner of acquiring, holding and disposing of real and personal property used in the joint or cooperative undertaking.

(f) No agreement made pursuant to this act shall relieve any public agency of any obligation or responsibility imposed upon it by law except that to the extent of actual and timely performance thereof by a joint board or other legal or administrative entity created by an agreement made hereunder, such performance may be offered in satisfaction of the obligation or responsibility.

(g) Every agreement made hereunder, except: (1) Agreements between two or more public agencies establishing a council or other organization of local governments for the study of common problems of an area or region and for the promotion of intergovernmental cooperation; and (2) agreements entered into regarding joint or cooperative action

that are subject to the oversight and regulation of a Kansas regulatory agency, prior to and as a condition precedent to its entry into force, shall be submitted to the attorney general who shall determine whether the agreement is in proper form and compatible with the laws of this state. The attorney general shall approve any agreement submitted hereunder unless the attorney general shall find that it does not meet the conditions set forth herein and shall detail in writing addressed to the governing bodies of the public and private agencies concerned the specific respects in which the proposed agreement fails to meet the requirements of law. Failure to disapprove an agreement submitted hereunder within 90 days of its submission shall constitute approval thereof.

12-2904a. Same; powers and duration of separate legal entities created thereby; certain functions prohibited. (a) Any interlocal agreement entered into under the provisions of K.S.A. 12-2901 et seq., and amendments thereto, may authorize the creation of a separate legal entity to conduct the joint or cooperative action provided for in the agreement. Such separate legal entity shall constitute a body corporate and politic, and shall have, in addition to any other powers reasonably necessary to the exercise of its function under the agreement, the following powers to:

(1) Sue and be sued in its corporate name;

(2) take and hold any property, real or personal, in fee simple or otherwise;

(3) sell, lease, lend or otherwise transfer any property or interest in property owned by it;

(4) make contracts; and

(5) have and use a corporate seal.

Any such separate legal entity shall not constitute a municipality within the meaning of K.S.A. 10-1101, and amendments thereto, or a political subdivision of the state under any provision of the law of this state establishing limits on bonded indebtedness.

(b) In addition to its other powers, any separate legal entity referred to in this section shall be authorized, subject to any limitations imposed by contract, to issue bonds, notes or other evidence of indebtedness, in its own name, on behalf of the public agencies that are or become parties to the agreement creating the separate legal entity for those purposes for which such public agencies are authorized pursuant to the constitution and laws of this state to issue bonds, notes or other evidence of indebtedness. Such bonds, notes or other indebtedness may be payable from or secured by any property, interest or income of the separate legal entity, from whatever source derived, but shall not constitute a charge against or indebtedness of any public agency on behalf of which such bonds, notes or other indebtedness are issued. In issuing such bonds, notes or other indebtedness, the separate legal entity shall act as the constituted authority of the public agencies on behalf of which such bonds, notes or other indebtedness are issued, and the interest on such bonds, notes or other indebtedness shall be exempt from taxation under the laws of this state. Nothing in this act shall be construed to authorize any separate legal entity to issue or sell bonds, notes or other evidence of indebtedness, or use the proceeds thereof, to purchase, condemn, or otherwise acquire a utility plant or distribution system owned or operated by a regulated public utility as defined by K.S.A. 66-104 and amendments thereto.

(c) The duration of any separate legal entity referred to in this section may be perpetual or as otherwise provided in the agreement under which it was created; however, any property owned or held by such separate legal entity shall become the property of the public agencies that are parties to such agreement, according to the terms of that agreement or as otherwise determined according to equitable principles, if and when at any time no bond, note or other indebtedness of the authority is not currently outstanding and unpaid. No property of such separate legal entity shall inure to the benefit of any private individual, corporation or association other than for fair value received.

(d) No such separate legal entity shall operate or administer any arrangement or program under which any two or more municipalities, as defined in K.S.A. 75-6102, and amendments thereto, have agreed to pool their liabilities incurred as a result of negligent or wrongful act or omission of their employees or any other liabilities or losses incurred by such municipalities regardless of the cause thereof.

12-2905. Same; filing; status; damage or liability actions. Prior to its entry into force, an agreement made pursuant to this act shall be filed with the register of deeds of the county where such political subdivision or agency of the state government is located and with the secretary of state. In the event that an agreement entered into pursuant to this act is between or among one or more public agencies of this state and one or more public agencies of another state or of the United States, said agreement shall have the status of an interstate compact, but in any case or controversy involving performance or interpretation thereof or liability thereunder, the public agencies party thereto shall be real parties in interest and the state may maintain an action to recoup or otherwise make itself whole for any damages or liability which it may incur by reason of being joined as a party therein. Such action shall be maintainable against any public or private agency or agencies whose default, failure of performance, or other conduct caused or contributed to the incurring of damage or liability by the state.

12-2906. Same; additional approval of certain agreements; insurance-pooling agreements. In the event that an agreement made pursuant to this act shall deal in whole or in part with the provisions of services or facilities with regard to which an officer or agency of the state government has constitutional or statutory powers of control, the agreement shall, as a condition precedent to its entry into force, be submitted to the state officer or agency having such power of control and shall be approved or disapproved by the state officer or agency as to all matters within such officer's or agency's jurisdiction in the same manner and subject to the same requirements governing the action of the attorney general pursuant to K.S.A. 12-2904(f), and amendments thereto. This requirement of submission and approval shall be in addition to and not in substitution for the requirement of submission to and approval by the attorney general.

Any agreement to participate in a group-funded pool or any other insurance-pooling arrangement shall be subject to the provisions of K.S.A. 12-2616 to 12-2629.

12-2907. Same; funds; property, personnel and service. Any public agency entering into an agreement pursuant to this act may appropriate funds and may sell, lease, give, or otherwise supply the administrative joint board or other legal administrative entity created to operate the joint or cooperative undertaking by providing such personnel or services therefor as may be within its legal power to furnish: Provided, That the board of county commissioners of any county having a population of not less than forty-two thousand (42,000) nor more than fifty-eight thousand (58,000) with a total assessed taxable tangible valuation of more than eighty million dollars ($80,000,000) may use the money heretofore or hereafter collected from tax levies made under the authority of K.S.A. 19-1569 and 19-

1570, or acts amendatory thereof to pay the county's share of the cost to provide for the acquisition of building sites and parking areas, design, construction, furnishing, and equipping of a combined unit of courthouse, city hall, jail and parking facilities in cooperation with the city which is the county seat of such county.

12-2908. Contracts between certain municipalities. (a) When used in this act, "municipality" means a city, county, township, school district, library district, road district, water district, drainage district, sewer district, fire district, park and recreation district, recreation commission, any other political or taxing subdivision of the state or instrumentality thereof, or any other authority, commission, agency, quasi-municipal corporation created under the laws of the state.

(b) Any municipality may contract with any municipality to perform any governmental service, activity or undertaking which each contracting municipality is authorized by law to perform. The contract shall be authorized by the governing body of the municipality and shall state the purpose of the contract and the powers and duties of the parties thereunder.

(c) A contract entered into pursuant to this section shall not be regarded as an interlocal agreement under the provisions of K.S.A. 12-2901 et seq., and amendments thereto.

12-2909. Same; enforcement of city ordinances by sheriff; sheriff's approval. (a) The board of county commissioners of any county and the governing body of any city located within the county may enter into a contract providing for the enforcement of the city's ordinances by the sheriff of the county or other officers of the sheriff's department. Any contract entered into pursuant to this section shall be submitted to and approved by the county sheriff. Failure of the sheriff to approve a contract within 30 days of its submission shall constitute disapproval thereof. All monetary consideration paid by a city to a county as part of the contract shall be expended by the county solely for law enforcement purposes. The sheriff and any officers of the sheriff's department assigned responsibility for enforcing a city's ordinances under the contract shall be designated therein and shall have all the powers of any other police officer of the city by virtue of the existence of the contract.

(b) A contract entered into pursuant to this section shall not be regarded as an interlocal agreement under the provisions of K.S.A. 12-2901 *et seq.*, and amendments thereto.

12-2910. Interlocal agreements; community colleges; validation of agreements. Any interlocal agreement entered into by the board of trustees of a community college in accordance with the provisions of the interlocal cooperation act prior to the effective date of this act is hereby authorized and validated and shall be deemed to have been entered into under the authority of law.

Corporate Statutes (meant to be helpful)

17-6002. Articles of incorporation; contents. ... (b) ... may also contain ...:

(8) a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director: (A) For any breach of the director's duty of loyalty to the corporation or its stockholders; (B) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (C) under the provisions of K.S.A. 17-6424, and amendments thereto; or (D) for any transaction from which the director derived an improper personal benefit. No such provision shall eliminate or limit the liability of a director for any act or omission occurring prior to the date when such provision becomes effective. All references in this subsection to a director also shall be deemed to refer to such other person or persons, if any, who, pursuant to a provision of the articles of incorporation in accordance with K.S.A. 17-6301(a), and amendments thereto, exercise or perform any of the powers or duties otherwise conferred or imposed upon the board of directors by this code.

17-6301. Board of directors; powers; number; qualifications, terms and quorum; committees; classes of directors; reliance upon records and information provided; action of board without meeting; compensation; removal of director. (a) The business and affairs of every corporation organized under this code shall be managed by or under the direction of a board of directors, except as may be otherwise provided in this code or in the articles of incorporation. If any such provision is made in the articles of incorporation, the powers and duties conferred or imposed upon the board of directors by this code shall be exercised or performed to such extent and by such person or persons as shall be provided in the articles of incorporation. (b) The board of directors of a corporation shall consist of one or more members, each of whom shall be a natural person. The number of directors shall be fixed by, or in the manner provided in, the bylaws, unless the articles of incorporation fixes the number of directors, in which case a change in the number of directors shall be made only by amendment of the articles. Directors need not be stockholders unless so required by the articles of incorporation or the bylaws. The articles of incorporation or bylaws may prescribe other qualifications for directors. Each director shall hold office until such director's successor is elected and qualified or until such director's earlier resignation or removal. Any director may resign at any time upon notice given in writing or by electronic transmission to the corporation. A resignation is effective when the resignation is delivered unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events. A resignation which is conditioned upon the director failing to receive a specified vote for reelection as a director may provide that it is irrevocable. A majority of the total number of directors shall constitute a quorum for the transaction of business unless the articles of incorporation or the bylaws require a greater number. Unless the articles of incorporation provide otherwise, the bylaws may provide that a number less than a majority shall constitute a quorum which in no case shall be less than 1/3 of the total number of directors except that when a board of one director is authorized under this section, then one director shall constitute a quorum. The vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors unless the articles of incorporation or the bylaws shall require a vote of a greater number. (c) (1) All corporations incorporated prior to July 1, 2004, shall be governed by subsection (c)(2), except that any such corporation may by a resolution adopted by a majority of the whole board elect to be governed by subsection (c)(3), in which case subsection (c)(2) shall not apply to such corporation. All corporations incorporated on or after July 1, 2004, shall be governed by subsection (c)(3). (2) The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The board may designate one

or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. The bylaws may provide that in the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not the member or members present constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the board of directors, or in the bylaws of the corporation, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it, but no such committee shall have the power or authority in reference to: (A) Amending the articles of incorporation, except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the board of directors as provided in K.S.A. 17-6401, and amendments thereto, fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the corporation or fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series; (B) adopting an agreement of merger or consolidation pursuant to K.S.A. 17-6701 or 17-6702, and amendments thereto, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution, or amending the bylaws of the corporation; or (C) unless the resolution, bylaws or articles of incorporation expressly so provides, no such committee shall have the power or authority to declare a dividend, to authorize the issuance of stock or to adopt a certificate of ownership and merger pursuant to K.S.A. 17-6703, and amendments thereto. (3) The board of directors may designate one or more committees, each committee to consist of one or more of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. The bylaws may provide that in the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the board of directors, or in the bylaws of the corporation, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it, but no such committee shall have the power or authority in reference to the following matters: (A) Approving or adopting, or recommending to the stockholders, any action or matter, other than the election or removal of directors, expressly required by this code to be submitted to stockholders for approval; or (B) adopting, amending or repealing any bylaw of the corporation. (4) Unless otherwise provided in the articles of incorporation, the bylaws or the resolution of the board of directors designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee. (d) The directors of any corporation organized under this code may be divided into one, two or three classes by the articles of incorporation or by an initial bylaw, or by a bylaw adopted by a vote of the stockholders; the term of office of those of the first

class to expire at the first annual meeting held after such classification becomes effective; of the second class one year thereafter; of the third class two years thereafter; and at each annual election held after such classification becomes effective, directors shall be chosen for a full term, as the case may be, to succeed those whose terms expire. The articles of incorporation or bylaw provision dividing the directors into classes may authorize the board of directors to assign members of the board already in office to such classes at the time such classification becomes effective. The articles of incorporation may confer upon holders of any class or series of stock the right to elect one or more directors who shall serve for such term, and have such voting powers as shall be stated in the articles of incorporation. The terms of office and voting powers of the directors elected separately by the holders of any class or series of stock may be greater than or less than those of any other director or class of directors. In addition, the articles of incorporation may confer upon one or more directors, whether or not elected separately by the holders of any class or series of stock, voting powers greater than or less than those of other directors. Any such provision conferring greater or lesser voting power shall apply to voting in any committee or subcommittee, unless otherwise provided in the articles of incorporation or bylaws. If the articles of incorporation provide that one or more directors shall have more or less than one vote per director on any matter, every reference in this code to a majority or other proportion of the directors shall refer to a majority or other proportion of the votes of the directors. (e) A member of the board of directors, or a member of any committee designated by the board of directors, shall, in the performance of such member's duties, be fully protected in relying in good faith upon the records of the corporation and upon such information, opinions, reports or statements presented to the corporation by any of the corporation's officers or employees, or committees of the board of directors, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the corporation. (f) Unless otherwise restricted by the articles of incorporation or bylaws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting if all members of the board or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form. Any person, whether or not then a director, may provide, whether through instruction to an agent or otherwise, that a consent to action will be effective at a future time, including a time determined upon the happening of an event, no later than 60 days after such instruction is given or such provision is made and such consent shall be deemed to have been given for purposes of this subsection at such effective time so long as such person is then a director and did not revoke the consent prior to such time. Any such consent shall be revocable prior to its becoming effective. (g) Unless otherwise restricted by the articles of incorporation or bylaws, the board of directors of any corporation organized under this code may hold its meetings, and have an office or offices, outside of this state. (h) Unless otherwise restricted by the articles of incorporation or bylaws, the board of directors shall have the authority to fix the compensation of directors. (i) Unless otherwise restricted by the articles of incorporation or bylaws, members of the board of directors of any corporation, or any committee designated by the board, may participate in a meeting of such board, or committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this subsection shall constitute presence in person at the meeting. (j) The articles of incorporation of any nonstock

corporation may provide that less than 1/3 of the members of the governing body may constitute a quorum thereof and may otherwise provide that the business and affairs of the corporation shall be managed in a manner different from that provided in this section. Except as may be otherwise provided by the articles of incorporation, this section shall apply to such a corporation, and when so applied, all references to: (1) The board of directors, to members thereof and to stockholders shall be deemed to refer to the governing body of the corporation, the members thereof and the members of the corporation, respectively; and (2) stock, capital stock or shares thereof shall be deemed to refer to memberships of a nonprofit nonstock corporation and to membership interests of any other nonstock corporation. (k) Any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors, except as follows: (1) Unless the articles of incorporation otherwise provides, in the case of a corporation whose board is classified as provided in subsection (d), stockholders may effect such removal only for cause; or (2) in the case of a corporation having cumulative voting, if less than the entire board is to be removed, no director may be removed without cause if the votes cast against such director's removal would be sufficient to elect such director if then cumulatively voted at an election of the entire board of directors, or, if there be classes of directors, at an election of the class of directors of which such director is a part. Whenever the holders of any class or series are entitled to elect one or more directors by the articles of incorporation, this subsection shall apply, in respect to the removal without cause of a director or directors so elected, to the vote of the holders of the outstanding shares of that class or series and not to the vote of the outstanding shares as a whole.

17-6305. Indemnification of officers, directors, employees and agents; advancement of expenses; insurance; definitions; district court jurisdiction. (a) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the corporation, by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorney fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the person's conduct was unlawful.

(b) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation.

partnership, joint venture, trust or other enterprise against expenses, including attorney fees, actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the district court or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the district court or such other court shall deem proper.

(c) To the extent that a present or former director or officer of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b), or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses, including attorney fees, actually and reasonably incurred by such person in connection therewith.

(d) Any indemnification under subsections (a) and (b), unless ordered by a court, shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because the person has met the applicable standard of conduct set forth in subsections (a) and (b). Such determination shall be made, with respect to a person who is a director or officer of the corporation at the time of such determination: (1) By a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum; (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum; (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion; or (4) by the stockholders.

(e) Expenses, including attorney fees, incurred by an officer or director of the corporation in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation as authorized in this section. Such expenses, including attorney fees, incurred by former directors and officers or other employees and agents of the corporation or by persons serving at the request of the corporation as directors, officers, employees or agents of another corporation, partnership, joint venture, trust or other enterprise may be so paid upon such terms and conditions, if any, as the corporation deems appropriate.

(f) The indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of this section shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office. A right to indemnification or to advancement of expenses arising under a provision of the articles of incorporation or a bylaw shall not be eliminated or impaired by an amendment to the articles of incorporation or the bylaws after the occurrence of the act or omission that is the subject of the civil, criminal, administrative or investigative action, suit or proceeding for which indemnification or advancement of expenses is sought, unless the provision in effect at the

time of such act or omission explicitly authorizes such elimination or impairment after such action or omission has occurred.

(g) A corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under this section.

(h) For purposes of this section, references to "the corporation" shall include, in addition to the resulting corporation, any constituent corporation, including any constituent of a constituent, absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this section with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued.

(i) For purposes of this section, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this section.

(j) The indemnification and advancement of expenses provided by, or granted pursuant to, this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(k) The district court is hereby vested with jurisdiction to hear and determine all actions for advancement of expenses or indemnification brought under this section or under any bylaw, agreement, vote of stockholders or disinterested directors, or otherwise. The district court may summarily determine a corporation's obligation to advance expenses, including attorney fees.