



Board of Trustees

Board Meeting

October 9, 2016

Overland Park, Kansas

Overland Park Convention Center, Courtyard 1 (Lower Level)

6000 College Boulevard

5:40 PM

BOARD OF TRUSTEES MEETING KANSAS MUNICIPAL INSURANCE TRUST

5:40 PM*, Sunday, October 9, 2016

Overland Park Convention Center, Overland Park, KS

1. Welcome, Introductions and Call To Order (President Tim Hardy)
2. Seating of Newly-Elected Trustee (Hardy)
3. Trustee Absences from Meeting (Hardy)
4. Approval of Minutes, Garden City, August 26, 2016 (Hardy)
5. Financial Reports (Kifer/Osenbaugh)
 - a. 8/31/16 KMIT Financials
 - b. 8/31/16 Cash Summary
6. Reserve Advisory & Settlement Authority, only if necessary (Miller)
7. Consideration of 2018-2020 LKM/KMIT Contract (Hardy)
8. Election of 2016-2017 Officers (Hardy)
 - a. President
 - b. Vice President
 - c. Treasurer
9. Other
10. Adjourn (approximately 6:00 PM)

*Approximate start time; immediately following the KMIT Annual Meeting

KANSAS MUNICIPAL INSURANCE TRUST

Board of Trustees Minutes from August 26, 2016

Unapproved

Meeting Convened: Friday, August 26, at the City Administration Building, in Garden City, KS. The meeting was called to order by KMIT President Tim Hardy at 9:04 AM.

Members Present: *Board Members Present:* President Hardy (Elkhart), Vice President Debbie Price, Treasurer Randy Frazer (Moundridge), Immediate Past President Keith Schlaegel (Stockton), David Dillner (Abilene), Kerry Rozman, Ty Lasher (Bel Aire), Nathan McCommon (Tonganoxie), Michael Reagle (Garden City), Janie Cox (Haysville) and Carey Steirer (Pittsburg). *Staff:* Paul Davis (IMA), Gene Miller (IMA), Deanna Furman (IMA), Barbie Kifer (IMA), Amanda Chamberland (IMA), Renee Rhodes (IMA) and Don Osenbaugh (KMIT Pool Administrator).

Members Absent From Meeting: None.

Minutes: June 24, 2016, Tonganoxie: Motion to approve as written by Dillner; seconded by Rozman. Approved unanimously.

Financial Reports:

- a. June 30, 2016 Financials
- b. July 31, 2016 Financials
- c. Second Quarter 2016 KID Report
- d. July 31, 2016 Cash and Investment Summary

Motion to approve all of the above reports made by McCommon; second by Frazer. Approved unanimously.

Reserve Advisory and Settlement Authority:

Miller reported on the following claims:

1. Claim #2012043180 (Parsons): The settlement request of \$70,000, full and final, was approved unanimously, following a motion by Schlaegel and a second by Dillner.
2. Claim #2015070579 [corrected claim #] (Parsons): Previously approved by Pool Administrator.
3. Claim #2016073990 (Garden City): Reserve Increase Advisory only.
4. Claim #2016074294 (Garden City): Reserve Increase Advisory only.
5. Claim #2016074196 (Newton): Reserve Increase Advisory only.
6. Claim #2016074088 (Goodland): Reserve Increase Advisory only.
7. Claim #2011042000 (Newton): Settlement in the amount of \$105,949.50 had previously been approved (11-0) by the Board via an email vote (on 7/18/16), as per the information in the meeting packet.

Loss Control Activities: Rhodes presented the several updated meeting reports, and stated that the annual risk assessment process was wrapping up, with a completion deadline for 2017 discounts and awards being September 1.

'LCM' (Rate) Review/Determination of 2017 'LCM' (Filed Rate): P. Davis and Osenbaugh led this annual August review and discussion of the financial position of the pool, projection of

next year's premium need, etc., toward determination as to whether or not a new rate needs to be filed with the state. An assumption (based mostly on hearsay) is that the state is going to, once again, lower class code rates, and that the overall rate decrease would likely be in the range of 5% (though individual code rates could/would vary from that). [State rates are expected out within the next month, but have been released, in the past, much later in the fall.] With a 5% decrease in rates, and no off-setting increase in KMIT's 'LCM' (filed rate), the KMIT pool could be putting as much as \$500,000 to \$800,000 'at risk' (ie, reduction of the pool's net worth), depending upon future performance of the pool. Osenbaugh recommended, and the Board voted, to approve NO INCREASE in the filed rate for 2017, for now. The motion by Frazer, seconded by Dillner was to hold the KMIT rate where it is, UNLESS the overall state rate decrease approaches 10%, at which time it would be likely that President Hardy would call a Special Meeting of the Board to reconsider whether or not an increase in the KMIT filed rate for 2017 might be needed. Motion approved unanimously.

CORnerstone (IMA) Contract Renewal for 2017: P. Davis presented the CORnerstone 2017 proposed contract. There were no changes in the contract, except that the fee would be increased by \$20,000 (3.6%), to \$570,000. Price made the motion to approve as presented; seconded by Rozman. Approved unanimously.

KMIT/LKM Contract: Osenbaugh reviewed the contract-for-services proposal received via email (on 8/24) from LKM Executive Director Erik Sartorius. Osenbaugh recommended approval of the proposal, toward acceptance of a finalized contract in the near future. Following discussion, the Board voted to approve the proposal, with the proviso that the annual contract amounts would be a level \$32,500 each year of the three-year contract (2018-2020); following a motion to that effect by Frazer, seconded by Lasher, and upon a unanimous vote (11-0). President Hardy suggested that this item could be addressed at the Board's short meeting following the Annual Meeting (October 9), and that a final contract could be voted upon at that time.

Nomination Committee Report: KMIT Treasurer/Committee Chair Frazer presented the Nomination Committee's 'slate' of candidates (below) to be voted upon by the General Membership at the October Annual Meeting; the report was received and filed:

Position #1 (2 yrs): David Dillner, Abilene

Position #3 (2 yrs): Tim Hardy, Elkhart

Position #6 (2 yrs): Mike Webb, Edwardsville

Position #7 (2 yrs): Kerry Rozman, Clay Center

Position #8 (2 yrs): Keith Schlaegel, Stockton

Position #10 (1 yr): Carey Steier, Pittsburg

Other Business: Osenbaugh gave a brief update on the 'Sweeps' lawsuit, reminded the Board of the Annual Meeting procedures, presented/explained the expanded 2017 Supervisor Seminar series, and reviewed the Board meeting sites for next year.

Adjournment: Motion to adjourn by Dillner; second by Rozman. Unanimous. Adjourned at 11:28 AM.

KANSAS MUNICIPAL INSURANCE TRUST

Board of Trustees Minutes from June 24, 2016

Approved in Garden City, on August 26, 2016

Meeting Convened: Friday, June 24, 2016 at Village Park, Tonganoxie, KS. The meeting was called to order by KMIT President Tim Hardy at 9:03 AM. Tonganoxie Mayor Jason K. Ward welcomed the group to his city.

Members Present: *Board Members Present:* President Hardy (Elkhart), Treasurer Randy Frazer (Moundridge), Immediate Past President Keith Schlaegel (Stockton), David Dillner (Abilene), Kerry Rozman, Ty Lasher (Bel Aire), Nathan McCommon (Tonganoxie), and Carey Steirer (Pittsburg). *Staff:* Paul Davis (IMA), Jess Cornejo (IMA), Gene Miller (IMA), Deanna Furman (IMA), Barbie Kifer (IMA), Amanda Chamberland (IMA), Chris Retter (IMA) and Don Osenbaugh (KMIT Pool Administrator). *Guest:* Skyler Fairchild (Summers, Spencer and Co.).

Members Absent From Meeting: Vice President Debbie Price (Marysville), Janie Cox (Haysville), and Michael Reagle (Garden City).

Minutes: April 29, 2016, Abilene: Motion to approve as written by Dillner; seconded by Rozman. Approved unanimously.

Financial Reports:

- a. April 30, 2016 Financials
- b. May 31, 2016 Financials
- c. Fourth Quarter 2015 KID Report, Amended
- d. First Quarter 2016 KID Report
- e. May 31, 2016 Cash and Investment Summary

Motion to approve all of the above reports made by Dillner; second by McCommon. Approved unanimously.

2016 Milliman Actuary Report: Cornejo reviewed the report and led the discussion. Motion to receive and file by Dillner, seconded by Frazer. Motion unanimously approved.

2014/2015 Summers, Spencer and Co. Financial Audit: Presented by Skyler Fairchild of SS&C (on behalf of KMIT's primary auditor, Stuart Bach [SS&C]). Fairchild reviewed the report, and noted no major issues of any kind. Motion to receive and file by Rozman, seconded by Dillner. Motion approved unanimously.

Reserve Advisory and Settlement Authority:

Miller reported on the following claims:

1. Claim #2013046988 (Haysville). Settlement authority approved up to an amount of \$22,444.03, upon a motion by Frazer; second by Dillner. Unanimous.
2. Claim #2012042862 (Girard). Settlement authority approved up to an amount of \$26,145.47, upon a motion by Dillner; second by Lasher. Unanimous.
3. Claim #2014069540 (Bonner Springs). Reserve increase advisory only.
4. Claim #2014069973 (Fredonia). Reserve increase advisory only.
5. Claim #2015071269 (Garden City). Reserve increase advisory only.
6. Claim #2016073932 (Peabody). Reserve increase advisory only.

7. Claim #2015070906 (Independence). Reserve increase advisory only.
8. Claim #2016073580 (Newton). Reserve increase advisory only.

Loss Control Report: Retter reported that the annual assessments are "96-98% complete", and also briefly reviewed the monthly reports.

Formal Appointment of 2016 Nominating Committee: President Hardy (by policy) appointed Treasurer Frazer as chair. He also appointed Lasher and Dillner to round out the committee, which will also serve as a Standing Committee until June 2017.

The KMIT Brand: Osenbaugh gave a presentation concerning the ongoing need to keep the KMIT brand, both in terms of what KMIT stands for and in terms of the visual brand, foremost, as we move into the future, and overviewed some of the steps being taken to enhance the brand and to meet those branding goals.

KMIT/LKM Contract: Osenbaugh suggested some ideas, and led a discussion about what the next contract with the League might look like. Osenbaugh will meet with LKM E.D. Erik Sartorius between now and the next board meeting, and, hopefully, bring back a draft. The current contract expires on 12/31/17. Key elements of the next contract are expected to include: an endorsement fee to be paid to LKM by KMIT; KMIT's major sponsorship of the LKM annual conference; specific fees for detailed miscellaneous League services and products; and, a term not to exceed three years. Osenbaugh's recommendation, and the general consensus of the Board, is that the overall contract amount, now \$70,000, will become significantly lower.

Other Business: Osenbaugh gave an update on the 'Sweeps' lawsuit, and also reviewed the annual (third year) June 'Mod Alert' Project, in which KMIT staff identifies those cities who may see a substantial increase in their mod for next year, so that those cities can budget accordingly. Osenbaugh made 25 phone calls to cities which were identified by staff as likely to see a 10% or greater increase in their 2017 mods, and, thus, an approximate similar increase in their premium.

Adjournment: Motion to adjourn by Dillner; second by Rozman. Unanimous. Adjourned at 12:20 PM.

KMIT Balance Sheet

August 31, 2016

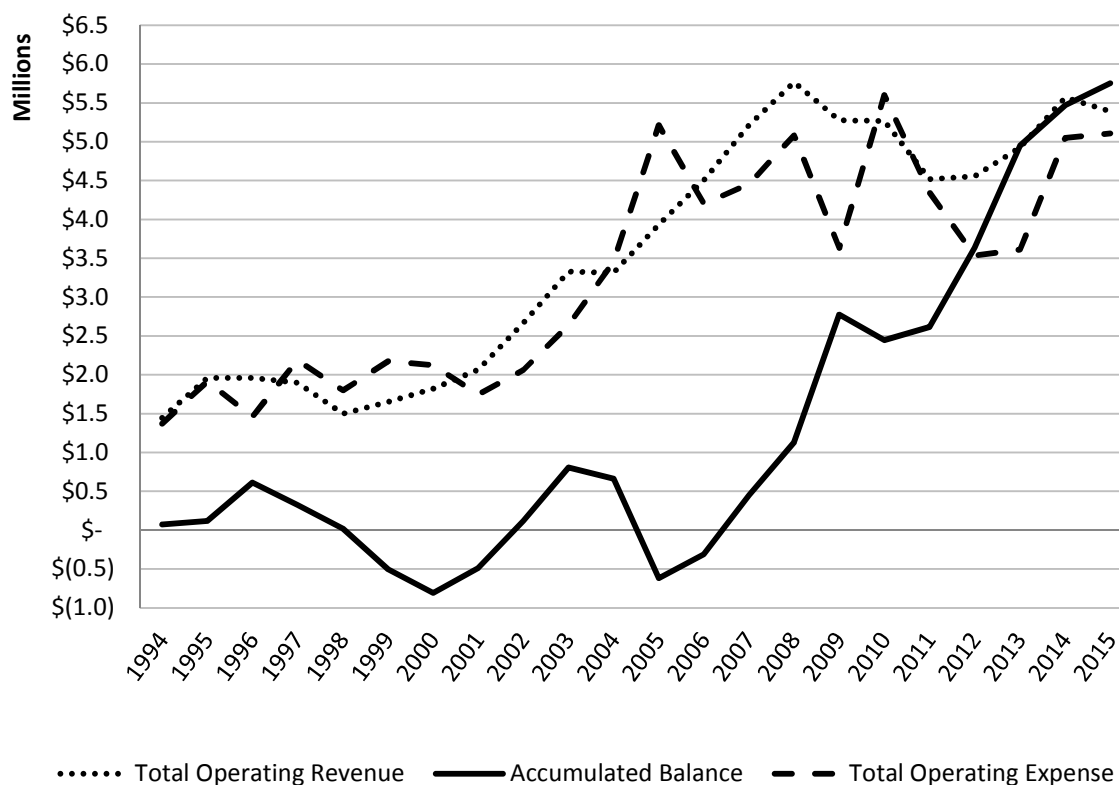
ASSETS

Checking Accounts	\$	374,534
Investments	\$	14,114,570
Accrued Interest	\$	138,047
Accounts Receivable	\$	3,415
Excess Premium Receivable	\$	22,030
Specific Recoverable	\$	365,960
Aggregate Recoverable	\$	8,559
Prepaid Expenses	\$	199,102
Total Assets	\$	15,226,218

LIABILITIES & EQUITY

Accounts Payable	\$	-
Excess Premium Payable	\$	-
Reserve for Losses	\$	3,045,393
IBNR Reserve	\$	4,500,968
Deposits on Premium	\$	1,720,863
Accrued Taxes and Assessments	\$	393,966
Total Liabilities	\$	9,661,190
Total Equity	\$	5,565,028
Total Liabilities and Equity	\$	15,226,218

KMIT Financial Overview



KMIT Profit and Loss

August 31, 2016

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
	Closed	Closed	Closed	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date
REVENUE FUND														
Direct Premium Earned	\$ 1,422,582	\$ 1,885,501	\$ 1,843,047	\$ 1,754,515	\$ 1,377,722	\$ 1,552,110	\$ 1,689,773	\$ 1,965,656	\$ 2,616,641	\$ 3,274,489	\$ 3,256,648	\$ 3,837,793	\$ 4,272,140	\$ 4,950,171
Interest Income	\$ 22,675	\$ 73,225	\$ 114,912	\$ 142,705	\$ 116,190	\$ 96,882	\$ 129,613	\$ 101,694	\$ 50,668	\$ 52,492	\$ 59,068	\$ 96,274	\$ 234,986	\$ 263,024
Miscellaneous Income	\$ -	\$ -	\$ -	\$ -	\$ 4,445	\$ 75	\$ -	\$ -	\$ 2,335	\$ -	\$ -	\$ -	\$ -	\$ 2,405
Total Operating Revenue	\$ 1,445,257	\$ 1,958,726	\$ 1,957,959	\$ 1,897,220	\$ 1,498,357	\$ 1,649,067	\$ 1,819,386	\$ 2,067,350	\$ 2,669,644	\$ 3,326,981	\$ 3,315,716	\$ 3,934,067	\$ 4,507,126	\$ 5,215,600
		\$ 390,462												
ADMINISTRATION FUND EXPENSE	\$ 477,137	\$ 601,545	\$ 492,669	\$ 527,664	\$ 490,167	\$ 454,724	\$ 450,843	\$ 437,018	\$ 533,041	\$ 649,336	\$ 739,288	\$ 816,032	\$ 908,854	\$ 918,395
CLAIMS FUND EXPENSE														
Claims Paid Expense	\$ 716,700	\$ 1,049,152	\$ 790,125	\$ 2,073,604	\$ 1,957,552	\$ 1,689,337	\$ 1,442,347	\$ 1,097,087	\$ 1,211,714	\$ 1,874,209	\$ 2,274,350	\$ 3,826,688	\$ 2,585,327	\$ 2,726,885
Claims Paid Adjusting Expense	\$ 25,541	\$ 54,345	\$ 46,505	\$ 90,802	\$ 84,743	\$ 143,366	\$ 123,332	\$ 83,206	\$ 129,112	\$ 149,296	\$ 149,865	\$ 236,838	\$ 178,935	\$ 191,655
Claims Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ 109,002	\$ 42,716	\$ 14,748	\$ -	\$ -	\$ -	\$ 61,163	\$ 63,252	\$ 53,300	\$ 155,165
Claims Reserves Adjusting Expense	\$ -	\$ -	\$ -	\$ -	\$ 5,855	\$ 4,335	\$ 382	\$ -	\$ -	\$ -	\$ 1,814	\$ 7,990	\$ 11,475	\$ 11,887
IBNR Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,915	\$ -	\$ -	\$ -	\$ 11,778	\$ 78,257	\$ 76,136	\$ 30,582
Excess Work Comp Insurance	\$ 151,393	\$ 210,142	\$ 133,376	\$ 117,122	\$ 79,456	\$ 80,124	\$ 86,819	\$ 127,168	\$ 189,458	\$ 366,991	\$ 221,435	\$ 374,472	\$ 384,425	\$ 420,728
Specific Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ (217,957)	\$ 59,669	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Specific Recovery Expense	\$ -	\$ -	\$ -	\$ (268,748)	\$ (708,844)	\$ (179,625)	\$ -	\$ -	\$ -	\$ (400,137)	\$ -	\$ (188,126)	\$ -	\$ -
Aggregate Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,559)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Aggregate Recovery Expense	\$ -	\$ -	\$ -	\$ (352,627)	\$ -	\$ (112,699)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Claims Fund Expense	\$ 893,634	\$ 1,313,638	\$ 970,007	\$ 1,660,153	\$ 1,309,807	\$ 1,718,664	\$ 1,675,542	\$ 1,307,461	\$ 1,530,284	\$ 1,990,358	\$ 2,720,404	\$ 4,399,372	\$ 3,289,598	\$ 3,536,903
Total Operating Expense	\$ 1,370,771	\$ 1,915,183	\$ 1,462,676	\$ 2,187,817	\$ 1,799,974	\$ 2,173,388	\$ 2,126,385	\$ 1,744,478	\$ 2,063,325	\$ 2,639,694	\$ 3,459,692	\$ 5,215,404	\$ 4,198,452	\$ 4,455,298
BALANCES														
KMIT Statutory Fund Balance	\$ 74,486	\$ 43,543	\$ 495,283	\$ (290,597)	\$ (301,616)	\$ (524,321)	\$ (306,999)	\$ 322,872	\$ 606,319	\$ 687,287	\$ (143,976)	\$ (1,281,337)	\$ 308,674	\$ 760,302
Accumulated Balance	\$ 74,486	\$ 118,029	\$ 613,312	\$ 322,715	\$ 21,099	\$ (503,223)	\$ (810,221)	\$ (487,350)	\$ 118,969	\$ 806,256	\$ 662,279	\$ (619,058)	\$ (310,383)	\$ 449,919

KMIT Profit and Loss

August 31, 2016

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2016	Total
	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Budget	Accrued To Date
REVENUE FUND											
Direct Premium Earned	\$ 5,519,169	\$ 5,193,427	\$ 5,213,859	\$ 4,442,326	\$ 4,484,533	\$ 4,853,835	\$ 5,460,344	\$ 5,261,044	\$ 3,437,065	\$ 5,320,000	\$ 79,564,390
Interest Income	\$ 245,802	\$ 81,601	\$ 52,768	\$ 72,925	\$ 70,104	\$ 71,861	\$ 107,601	\$ 128,600	\$ 105,349	\$ 125,000	\$ 2,490,968
Miscellaneous Income	\$ -	\$ -	\$ -	\$ 1,441	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,701
Total Operating Revenue	\$ 5,764,971	\$ 5,275,028	\$ 5,266,578	\$ 4,516,692	\$ 4,554,637	\$ 4,925,696	\$ 5,567,945	\$ 5,389,644	\$ 3,542,414	\$ 5,445,000	\$ 82,066,059
ADMINISTRATION FUND EXPENSE	\$ 954,551	\$ 956,285	\$ 1,027,403	\$ 965,184	\$ 933,043	\$ 1,005,634	\$ 1,081,904	\$ 1,107,971	\$ 852,223	\$ 1,210,000	\$ 17,380,911
CLAIMS FUND EXPENSE											
Claims Paid Expense	\$ 3,308,533	\$ 2,026,372	\$ 3,735,175	\$ 2,612,452	\$ 1,789,183	\$ 1,602,283	\$ 2,952,562	\$ 1,470,597	\$ 479,264	\$ -	\$ 45,291,496
Claims Paid Adjusting Expense	\$ 234,443	\$ 129,658	\$ 183,755	\$ 143,577	\$ 161,735	\$ 118,965	\$ 111,621	\$ 90,358	\$ 18,766	\$ -	\$ 2,880,421
Claims Reserve Expense	\$ 140,134	\$ 18,887	\$ 168,998	\$ 257,072	\$ 169,710	\$ 88,120	\$ 399,398	\$ 359,026	\$ 699,369	\$ -	\$ 2,800,062
Claims Reserves Adjusting Expense	\$ 8,218	\$ 1,736	\$ 10,778	\$ 8,383	\$ 18,731	\$ 9,209	\$ 42,156	\$ 57,194	\$ 45,189	\$ -	\$ 245,332
IBNR Reserve Expense	\$ 63,066	\$ 156,669	\$ 121,562	\$ 23,618	\$ 133,720	\$ 391,387	\$ 522,027	\$ 1,565,755	\$ 1,318,495	\$ -	\$ 4,500,968
Excess Work Comp Insurance	\$ 372,790	\$ 341,935	\$ 351,375	\$ 336,966	\$ 337,595	\$ 395,128	\$ 432,750	\$ 456,352	\$ 316,460	\$ 480,000	\$ 6,284,460
Specific Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (207,672)	\$ -	\$ -	\$ -	\$ (365,960)
Specific Recovery Expense	\$ -	\$ -	\$ -	\$ -	\$ (9,965)	\$ -	\$ (287,328)	\$ -	\$ -	\$ -	\$ (2,042,771)
Aggregate Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,559)
Aggregate Recovery Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (465,326)
Claims Fund Expense	\$ 4,127,183	\$ 2,675,257	\$ 4,571,644	\$ 3,382,069	\$ 2,600,710	\$ 2,605,092	\$ 3,965,514	\$ 3,999,284	\$ 2,877,543	\$ 480,000	\$ 59,120,121
Total Operating Expense	\$ 5,081,734	\$ 3,631,542	\$ 5,599,047	\$ 4,347,253	\$ 3,533,753	\$ 3,610,726	\$ 5,047,418	\$ 5,107,255	\$ 3,729,767	\$ 1,690,000	\$ 76,501,032
BALANCES											
KMIT Statutory Fund Balance	\$ 683,237	\$ 1,643,486	\$ (332,469)	\$ 169,439	\$ 1,020,884	\$ 1,314,970	\$ 520,527	\$ 282,389	\$ (187,353)	\$ 3,755,000	\$ 5,565,028
Accumulated Balance	\$ 1,133,156	\$ 2,776,642	\$ 2,444,173	\$ 2,613,612	\$ 3,634,496	\$ 4,949,465	\$ 5,469,992	\$ 5,752,381	\$ 5,565,028		

KMIT Admin Expenses

August 31, 2016

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
	Closed	Closed	Closed	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date
GENERAL EXPENSES														
Agent Commissions	\$ -	\$ -	\$ -	\$ -	\$ 969	\$ 4,919	\$ 5,239	\$ 12,669	\$ 33,803	\$ 44,060	\$ 43,231	\$ 61,486	\$ 75,650	\$ 77,961
Directors and Officers Insurance	\$ -	\$ 489	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,367
Meetings/Travel	\$ -	\$ 6,971	\$ 976	\$ 5,318	\$ 1,206	\$ -	\$ 149	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contingencies/Miscellaneous	\$ -	\$ 8,984	\$ 2,596	\$ 3,913	\$ 5,357	\$ 11,585	\$ 6,020	\$ 18,223	\$ 26,103	\$ 28,939	\$ 41,820	\$ 23,173	\$ 66,332	\$ 33,865
Bank Fees	\$ 1,249	\$ 4,735	\$ 579	\$ 658	\$ 263	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Write Off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LKM Clearing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub Total	\$ 1,249	\$ 21,179	\$ 4,151	\$ 9,889	\$ 7,795	\$ 16,504	\$ 11,408	\$ 30,892	\$ 59,906	\$ 72,999	\$ 85,051	\$ 84,659	\$ 141,982	\$ 132,193
REGULATORY														
Kansas Insurance Dept (KID) Premium Tax	\$ 12,847	\$ 18,402	\$ 13,177	\$ 10,823	\$ 13,893	\$ 18,215	\$ 19,568	\$ 18,564	\$ 24,377	\$ 29,017	\$ 30,168	\$ 34,004	\$ 40,212	\$ 46,194
KID Pool Assessment	\$ 9,407	\$ -	\$ 5,372	\$ 3,470	\$ 3,798	\$ 1,855	\$ 2,693	\$ 4,355	\$ 3,341	\$ 5,983	\$ 2,844	\$ 3,900	\$ -	\$ 4,300
KID Workers Compensation Assessment	\$ 64,034	\$ 44,011	\$ 25,322	\$ 48,345	\$ 31,243	\$ 14,594	\$ 10,372	\$ 1,795	\$ 7,770	\$ 19,748	\$ 47,137	\$ 91,805	\$ 47,193	\$ 32,896
KID State Audit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
KDOL Annual Assessment Fee	\$ 9,073	\$ 15,053	\$ 12,410	\$ 42,620	\$ 38,717	\$ 44,413	\$ 40,130	\$ 30,875	\$ 34,311	\$ 39,671	\$ 57,720	\$ 72,400	\$ 81,901	\$ 82,807
Sub Total	\$ 95,360	\$ 77,466	\$ 56,281	\$ 105,257	\$ 87,651	\$ 79,077	\$ 72,763	\$ 55,589	\$ 69,799	\$ 94,418	\$ 137,869	\$ 202,109	\$ 169,306	\$ 166,196
CONTRACTURAL														
Financial Audit	\$ 4,603	\$ -	\$ 6,639	\$ 32,625	\$ 12,292	\$ 8,288	\$ 10,973	\$ 8,474	\$ 9,600	\$ 9,806	\$ 10,465	\$ 10,264	\$ 33,013	\$ 6,462
Actuarial	\$ -	\$ -	\$ 2,855	\$ 5,000	\$ 25,033	\$ 5,859	\$ 5,703	\$ 7,062	\$ 6,148	\$ 6,272	\$ 7,862	\$ 9,000	\$ 9,991	\$ 12,860
Risk Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000	\$ 40,000	\$ 50,000	\$ 50,000	\$ 60,000
Risk Control	\$ -	\$ -	\$ 82,500	\$ 99,073	\$ 87,000	\$ 80,000	\$ 80,000	\$ 85,000	\$ 92,500	\$ 105,000	\$ 113,000	\$ 120,000	\$ 130,000	\$ 140,000
Claims Adjusting	\$ 298,447	\$ 312,500	\$ 194,842	\$ 105,470	\$ 100,000	\$ 105,000	\$ 110,000	\$ 110,000	\$ 125,000	\$ 135,000	\$ 140,000	\$ 140,000	\$ 150,000	\$ 165,000
Risk Analysis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
POET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pool Admin Services	\$ 77,478	\$ 190,400	\$ 145,400	\$ 170,350	\$ 170,396	\$ 159,996	\$ 159,996	\$ 140,000	\$ 160,000	\$ 176,000	\$ 193,000	\$ 200,000	\$ 210,000	\$ 220,000
Payroll Audits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,088	\$ 9,840	\$ 12,042	\$ -	\$ 14,562	\$ 15,684
Rating Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Web Hosting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Endorsement Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub Total	\$ 380,528	\$ 502,900	\$ 432,236	\$ 412,518	\$ 394,721	\$ 359,144	\$ 366,672	\$ 350,536	\$ 403,336	\$ 481,918	\$ 516,368	\$ 529,264	\$ 597,566	\$ 620,006
Administration Fund Expense	\$ 477,137	\$ 601,545	\$ 492,669	\$ 527,664	\$ 490,167	\$ 454,724	\$ 450,843	\$ 437,018	\$ 533,041	\$ 649,336	\$ 739,288	\$ 816,032	\$ 908,854	\$ 918,395

KMIT Admin Expenses

August 31, 2016

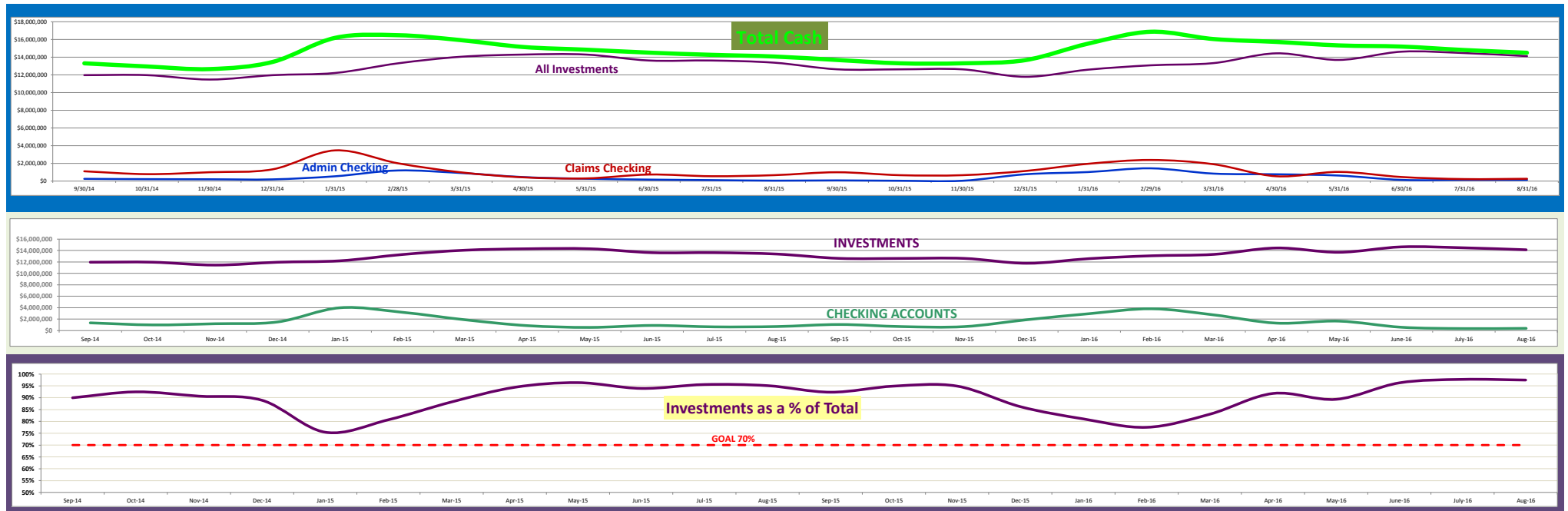
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2016	Total
	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Budget	Accrued To Date
GENERAL EXPENSES											
Agent Commissions	\$ 88,532	\$ 94,214	\$ 93,637	\$ 82,860	\$ 96,481	\$ 102,636	\$ 97,189	\$ 97,505	\$ 56,128	\$ 100,000	\$ 1,169,169
Directors and Officers Insurance	\$ 18,542	\$ 15,857	\$ 15,942	\$ 16,038	\$ 16,488	\$ 17,224	\$ 15,956	\$ 15,667	\$ 10,647	\$ 18,000	\$ 163,216
Meetings/Travel	\$ -	\$ -	\$ -	\$ 829	\$ 4,881	\$ 19,334	\$ 29,749	\$ 19,897	\$ 7,789	\$ 20,000	\$ 97,098
Contingencies/Miscellaneous	\$ 26,155	\$ 34,318	\$ 2,657	\$ 1,708	\$ 3,175	\$ 3,623	\$ 4,385	\$ 3,884	\$ 1,876	\$ 6,000	\$ 358,691
Bank Fees	\$ 2,638	\$ 2,758	\$ 9,239	\$ 5,776	\$ 4,159	\$ 7,528	\$ 4,460	\$ 5,998	\$ 3,348	\$ 8,000	\$ 53,389
Write Off	\$ -	\$ -	\$ -	\$ (104)	\$ -	\$ -	\$ -	\$ -	\$ 4	\$ -	\$ (100)
LKM Clearing	\$ -	\$ -	\$ -	\$ 60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60
Marketing	\$ -	\$ -	\$ -	\$ -	\$ 439	\$ 452	\$ 161	\$ 34	\$ 502	\$ 1,000	\$ 1,588
Office Supplies	\$ -	\$ -	\$ -	\$ -	\$ 1,112	\$ 1,830	\$ 3,732	\$ 4,485	\$ 2,806	\$ 5,000	\$ 13,964
Sub Total	\$ 135,867	\$ 147,147	\$ 121,475	\$ 107,167	\$ 126,735	\$ 152,627	\$ 155,632	\$ 147,469	\$ 83,100	\$ 158,000	\$ 1,857,077
REGULATORY											
Kansas Insurance Dept (KID) Premium Tax	\$ 54,139	\$ 48,525	\$ 49,030	\$ 40,919	\$ 43,445	\$ 44,349	\$ 51,057	\$ 47,827	\$ 23,393	\$ 50,000	\$ 732,145
KID Pool Assessment	\$ 3,409	\$ 3,476	\$ 3,500	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,701
KID Workers Compensation Assessment	\$ 32,770	\$ 28,363	\$ 57,704	\$ 65,962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 671,063
KID State Audit	\$ -	\$ -	\$ -	\$ 12,652	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,652
KDOL Annual Assessment Fee	\$ 88,870	\$ 63,798	\$ 95,957	\$ 36,657	\$ 82,731	\$ 94,538	\$ 143,374	\$ 140,214	\$ 89,808	\$ 200,000	\$ 1,438,046
Sub Total	\$ 179,187	\$ 144,162	\$ 206,191	\$ 159,190	\$ 126,176	\$ 138,888	\$ 194,431	\$ 188,040	\$ 113,201	\$ 250,000	\$ 2,918,607
CONTRACTURAL											
Financial Audit	\$ 13,127	\$ 18,608	\$ 31,565	\$ 12,023	\$ 11,738	\$ 11,904	\$ 15,803	\$ 13,803	\$ -	\$ 21,000	\$ 292,075
Actuarial	\$ 13,000	\$ 13,750	\$ 14,000	\$ 14,000	\$ 14,250	\$ 14,250	\$ 15,000	\$ 14,500	\$ -	\$ 15,000	\$ 216,395
Risk Management	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 170,000	\$ 170,000	\$ 170,000	\$ 171,000	\$ 170,000	\$ 1,271,000
Risk Control	\$ 140,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 150,000	\$ 150,000	\$ 155,000	\$ 139,500	\$ 155,000	\$ 2,528,573
Claims Adjusting	\$ 165,000	\$ 175,000	\$ 195,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 205,000	\$ 184,500	\$ 205,000	\$ 3,855,759
Risk Analysis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,671	\$ 14,651	\$ 18,352	\$ 25,000	\$ 42,674
POET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,425	\$ 6,463	\$ 19,000	\$ 13,888
Pool Admin Services	\$ 220,000	\$ 225,000	\$ 225,000	\$ 230,000	\$ 230,004	\$ 75,600	\$ 81,900	\$ 98,560	\$ 101,240	\$ 100,000	\$ 3,860,320
Payroll Audits	\$ 18,370	\$ 17,617	\$ 19,173	\$ 19,000	\$ 16,318	\$ 16,000	\$ 20,143	\$ 19,923	\$ 454	\$ 22,000	\$ 209,212
Rating Services	\$ -	\$ -	\$ -	\$ 22,650	\$ 6,636	\$ 18,702	\$ 10,887	\$ 754	\$ 15,459	\$ -	\$ 75,088
Web Hosting	\$ -	\$ -	\$ -	\$ 1,155	\$ 1,187	\$ 2,663	\$ 3,439	\$ 2,846	\$ 1,455	\$ -	\$ 12,744
Endorsement Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,000	\$ 70,000	\$ 70,000	\$ 17,500	\$ 70,000	\$ 227,500
Sub Total	\$ 639,497	\$ 664,975	\$ 699,738	\$ 698,827	\$ 680,133	\$ 714,119	\$ 731,842	\$ 772,461	\$ 655,922	\$ 802,000	\$ 12,605,228
Administration Fund Expense	\$ 954,551	\$ 956,285	\$ 1,027,403	\$ 965,184	\$ 933,043	\$ 1,005,634	\$ 1,081,904	\$ 1,107,971	\$ 852,223	\$ 1,210,000	\$ 17,380,911

KMIT Cash/Investment Summary

September 30, 2014--August 31, 2016

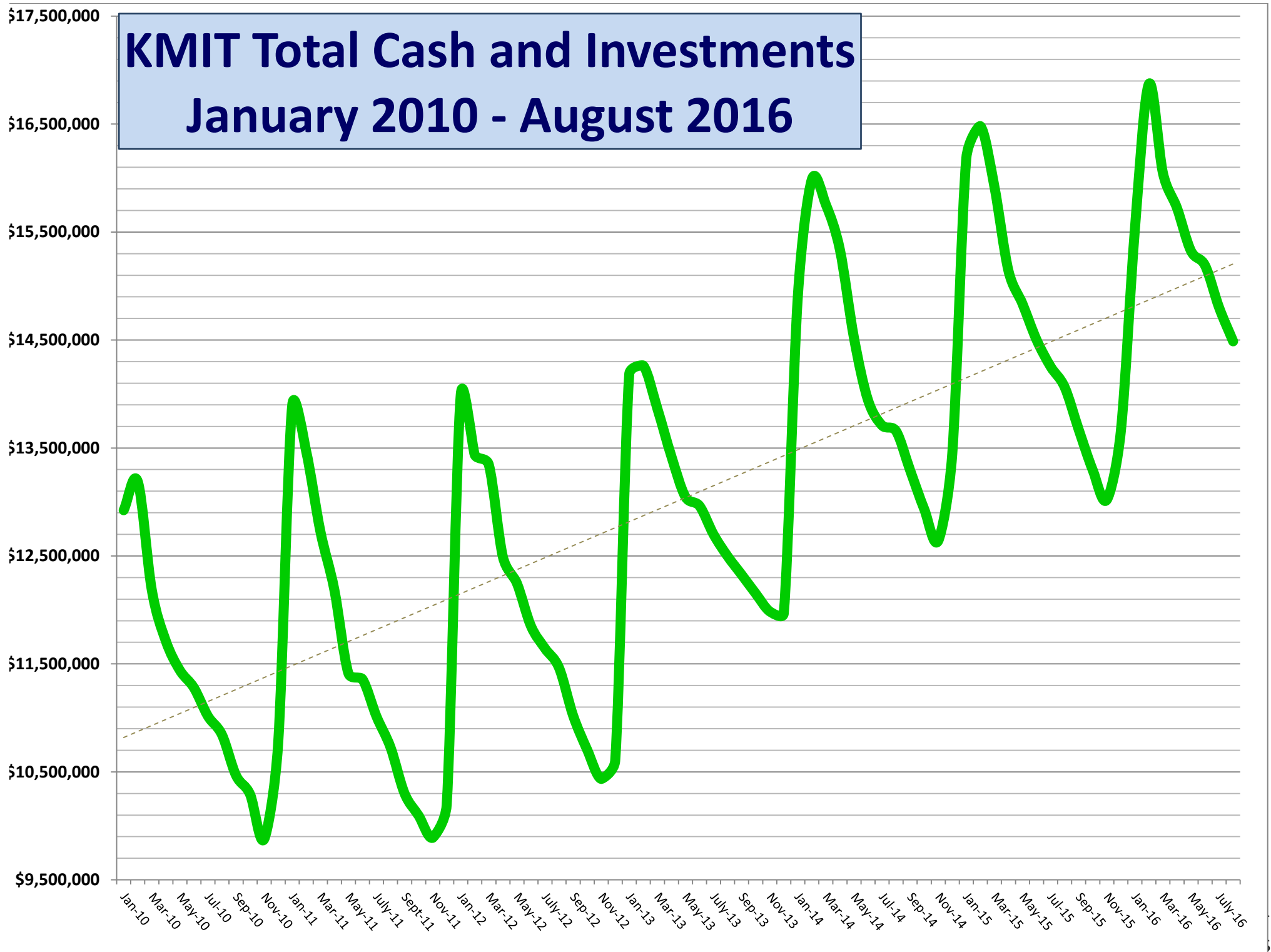
	9/30/14	10/31/14	11/30/14	12/31/14	1/31/15	2/28/15	3/31/15	4/30/15	5/31/15	6/30/15	7/31/15	8/31/15	9/30/15	10/31/15	11/30/15	12/31/15	1/31/16	2/29/16	3/31/16	4/30/16	5/31/16	6/30/16	7/31/16	8/31/16
KMIT Admin Fund (KAF)																								
Admin Account	242,279	206,707	194,692	183,238	531,389	1,187,182	902,626	438,126	252,742	157,676	99,363	38,155	66,032	26,315	26,316	756,379	1,007,808	1,429,800	834,738	758,995	614,962	123,160	124,460	123,096
Admin Checking	242,279	206,707	194,692	183,238	531,389	1,187,182	902,626	438,126	252,742	157,676	99,363	38,155	66,032	26,315	26,316	756,379	1,007,808	1,429,800	834,738	758,995	614,962	123,160	124,460	123,096
KMIT Claims Fund (KCF)																								
Claims Account	1,020,291	697,396	883,270	1,116,733	3,422,911	1,892,656	876,616	370,486	85,164	617,158	292,834	437,404	927,412	620,803	620,803	916,848	1,873,340	2,184,922	1,739,923	333,513	953,807	125,202	125,000	122,295
TPA Claims Check Book (at IMA)	74,164	74,390	105,878	194,855	26,993	105,088	101,161	42,536	206,337	110,386	244,843	219,388	58,669	35,387	35,387	210,174	63,920	184,669	152,171	200,914	71,336	321,905	89,682	127,454
Claims Checking	1,094,455	771,786	989,148	1,311,588	3,449,905	1,997,744	977,777	413,022	291,500	727,544	537,677	656,792	986,081	656,190	656,190	1,127,022	1,937,260	2,369,591	1,892,094	534,427	1,025,144	447,107	214,682	249,748

INVESTMENTS																								
All Investments	11,955,606	11,955,606	11,455,606	11,951,607	12,201,606	13,296,000	14,041,000	14,291,000	14,291,000	13,617,000	13,617,000	13,369,000	12,619,000	12,613,000	12,613,000	11,767,000	12,573,000	13,071,000	13,320,000	14,430,000	13,684,000	14,620,050	14,461,287	14,114,571
TOTAL CASH	13,292,340	12,934,099	12,639,446	13,446,433	16,182,900	16,480,926	15,921,403	15,142,148	14,835,243	14,502,220	14,254,040	14,063,947	13,671,112	13,295,505	13,295,506	13,650,401	15,518,067	16,870,392	16,046,832	15,723,422	15,324,105	15,190,317	14,800,429	14,487,415
	9/30/14	10/31/14	11/30/14	12/31/14	1/31/15	2/28/15	3/31/15	4/30/15	5/31/15	6/30/15	7/31/15	8/31/15	9/30/15	10/31/15	11/30/15	12/31/15	1/31/16	2/29/16	3/31/16	4/30/16	5/31/16	6/30/16	7/31/16	8/31/16



KMIT Total Cash and Investments

January 2010 - August 2016



MEMO

TO: KMIT Board of Trustees

FROM: Don Osenbaugh, KMIT Pool Administrator 

DATE: October 5, 2016

RE: KMIT-LKM 2018-2010 Agreement (for services)

The attached Agreement, between KMIT and the League, is recommended for your approval by President Hardy and me.

This agreement was drafted by the League, following the preliminary approval (subject to some minor revision) of the substantive matter (remuneration and other details) by the KMIT Board in Garden City in August.

President Hardy and I asked for, and received, some revisions to the first draft of this agreement offered up by the League, over the past week or so. Tim and I are each now very satisfied that this 'final' version meets the needs and wants of KMIT, and both of us believe that this is a very good agreement for KMIT.

AGREEMENT

THIS AGREEMENT made and entered into by and between the League of Kansas Municipalities ("the League") and the Kansas Municipal Insurance Trust ("KMIT"), the day and year shown below.

WHEREAS, the League and KMIT have previously entered into an original Memorandum of Understanding ("MOU") dated June 8, 2012; and,

WHEREAS, said original MOU expires at 12:01 AM on January 1, 2018; and,

WHEREAS, the parties desire to create a new agreement effective for a period of three years;

NOW, THEREFORE, the parties agree as follows:

1. **TERM; FUTURE EXTENSTIONS.** This agreement is for a period of three years from 12:01 AM, January 1, 2018 through 12:01 AM, January 1, 2021. Upon termination, neither party shall be obligated to make any payments or provide any services to the other until, and unless, the agreement is extended in writing upon the terms and conditions agreed to by the parties and executed by all parties. Provided, that all extensions or proposed modifications or amendments shall be submitted, in writing, by the requesting party to the other party at least 18 months in advance of the termination of the termination date.
2. **ASSIGNMENT.** This Agreement shall not be assigned by either party. Nothing in this Agreement shall confer upon any person, party or other legal entity, other than the parties hereto, any rights or remedies under or by reason of this Agreement.
3. **ANTI-DISCRIMINATION CLAUSE.** The parties agree:
 - a. To comply with the Kansas Act Against Discrimination (K.S.A. 44-1001, *et seq.*) and the Kansas Age Discrimination in Employment Act (K.S.A. 44-1111, *et seq.*) and the applicable provisions of the Americans with Disabilities Act (ADA) (42 U.S.C. 12101, *et seq.*) and to not discriminate against any person because of race, religion, color, sex, disability, national origin or ancestry, or age in the admission of access to or treatment of employment in, its programs or activities;
 - b. To include in all solicitations or advertisements for employees the phrase "equal opportunity employer";
 - c. To comply with the reporting requirements set out in K.S.A. 44-1031 and 44-1116;
 - d. To include those provisions in every subcontract or purchase order so that they are binding upon such subcontractor or vendor;
 - e. That a failure to comply with the reporting requirements contained in (c), above, or if either party is found guilty of any violation of such acts by the Kansas Human Rights Commission, such violation shall constitute a breach of contract;

- f. If the contracting agency determines that either party has violated applicable provisions of the ADA, that violation shall constitute a breach of contract; and,
 - g. If a breach occurs under either (e) or (f), this Agreement may be cancelled, terminated or suspended in whole or in part by either party.
- 4. **Entire Agreement; Severability.** This Agreement represents the entire understanding and agreement of the parties. It supersedes all prior negotiations between the parties and cannot be amended, modified or supplemented except by the specific written agreement of all parties. In the event that one or more of the provisions contained in the Agreement or any application thereof shall be invalid, illegal, or unenforceable in any respect, the validity, legality, or enforceability of the remaining provisions of the Agreement and any other application thereof shall not in any way be affected or impaired thereby.
- 5. **Jurisdiction.** This Agreement shall be governed by and construed in accordance with the laws of the State of Kansas applicable to contracts made in this state.
- 6. **KMIT OBLIGATIONS.** In consideration of the benefits, services and amenities to be furnished hereunder, KMIT agrees as follows:
 - a. To pay total compensation to the League of \$97,500.
 - b. Said sum to be paid in three equal annual installments of \$32,500.
 - c. The first installment shall be due and payable on or before January 20, 2018, with a like payment due each January 20th thereafter during the term of this Agreement.
 - d. Such payments shall be due and payable whether or not the League has invoiced KMIT.
- 7. **LEAGUE OBLIGATIONS.** In consideration of the payments to be received hereunder, the League agrees as follows:
 - a. To authorize KMIT to use the current League logo on KMIT stationery, brochures, business cards, the KMIT website, and other KMIT materials. The League will furnish KMIT any revisions that it makes to its logo during the term of this Agreement.
 - b. To designate KMIT as a Member Business Alliance (MBA) participant at the "Signature+" level. The benefits and amenities to be received by KMIT under such designation are set forth in the attached Exhibit "A", which is incorporated herein by reference.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed

by their duly authorized representatives on the date and year shown below.

Kansas Municipal Insurance Trust

League of Kansas Municipalities

By: _____

By: _____

Tim Hardy
President

Erik Sartorius
Executive Director

Date: _____

Date: _____

Exhibit "A"

The following sets forth the benefits and amenities to be extended to the Kansas Municipal Insurance Trust (KMIT) by the League of Kansas Municipalities (the League) under the designation as a Municipal Business Alliance at the "Signature+" level for the years of 2018, 2019, and 2020.

Signature + Level Exclusive Benefits

- a) 'Endorsed' partner of the League of Kansas Municipalities, which will continue to be indicated on all KMIT advertisements.
- b) KMIT will be recognized at League events throughout the year as an 'Endorsed' Municipal Business Alliance partner of the League.

Annual Conference

- a) KMIT would be deemed a "Title Sponsor" of the League Annual Conference.
- b) The League will provide a sponsor banner with the KMIT logo to be prominently displayed at the conference for additional recognition.
- c) KMIT will be recognized as "Title Sponsor" in the conference vendor/sponsor guide, as well as in pre-general session videos.
- d) In conjunction with the League's Annual Conference, KMIT will be provided suitable space to hold the KMIT annual meeting at no charge. KMIT will remain responsible for any food/beverage, or A/V services.
- e) The League will include the KMIT logo on all registrant badges for KMIT member cities.
- f) KMIT will receive two, full conference registrations for the League's Annual Conference.
- g) KMIT will be provided a vendor booth for member outreach and business development purposes. KMIT will notify the League by July 1 of each year if it intends to utilize the opportunity for a booth.

Advertising

- a) KMIT will receive a full-page advertisement in six issues of the *Kansas Government Journal*. The ad will be placed on the inside front or inside back cover four times per year.
- b) KMIT will be provided a Professional Services advertisement in the back of the *Kansas Government Journal*.
- c) KMIT is listed in the Business Links section of the League website, as well as in the Products & Services Guide listing in the printed *Directory of Kansas Public Officials*.
- d) KMIT receives a full-page advertisement in the *Directory of Kansas Public Officials*.

Publications

- a) KMIT will receive three subscriptions to the *Kansas Government Journal*.
- b) KMIT will receive four copies of the *Directory of Kansas Public Officials*.
- c) KMIT will receive a subscription to League News & Legislative Alerts.
- d) KMIT will also be able to purchase any other League produced publication at the member rate.

Expertise & Outreach

- a) KMIT will be afforded the opportunity to have representatives provide expertise to League members, staff, and governing body. This may include, but is not limited to:
 - Content publication in the *Kansas Government Journal*,

- Opportunities to conduct webinars, provide in-person Municipal Training Institute classes, or lead a session at the League's Annual Conference.
- b) KMIT would be invited to have representatives join the League Governing Body at a dinner prior to one of their governing body meetings. Time would be afforded to KMIT to provide an update and comments to the governing body.

2017 KMIT Board of Trustees Meeting Schedule ^[1]

Friday, February 24, Moundridge

Friday, April 28, Marysville*

Friday, June 23, Pittsburg*

Friday, August 25, McPherson (at KMU Training Center)*

Sunday, **September 17**, Wichita (following KMIT Annual Meeting)

Friday, December 15, Haysville

*a KMIT Supervisor Seminar session will take place in the same (or a nearby) city in the afternoon of the previous day

[1] REVISED 1Sept16