



Board of Trustees

Board Meeting

October 7, 2018

Topeka, Kansas

Shawnee Room, Maner Conference Center

1717 SW Topeka Blvd

5:10 PM

BOARD OF TRUSTEES MEETING KANSAS MUNICIPAL INSURANCE TRUST

5:10 PM*, Sunday, October 7, 2018

Shawnee Room, Maner Conference Center, Topeka, KS

1. Call-To-Order (President Randy Frazer)

OLD BUSINESS

2. Trustee Absences / Quorum Declaration (Frazer)
3. Minutes Approval: Overland Park Trustee Meeting of August 24, 2018
4. Claims Management Report, IF ANY (Miller)
5. Risk Management: Financial Reports (Kifer)
 - a. August 31, 2018 Financials
 - b. August 31, 2018 Cash and Investment Summary (Osenbaugh)

NEW BUSINESS

6. Introduction of Newly-Elected Trustees
7. Recognition of Outgoing Trustees
8. Election of 2018/2019 Officers:
 - a. Treasurer
 - b. Vice President
 - c. President
9. Adjourn

***The meeting will start shortly after the conclusion of the KMIT Annual Meeting, in the same room.**

KANSAS MUNICIPAL INSURANCE TRUST

Board of Trustees Minutes from August 24, 2018

Unapproved

Meeting Convened: Friday, August 24, 2018, at the DoubleTree Hotel, in Overland Park, KS. The meeting was called to order by KMIT President Randy Frazer at 9:02 A.M.

Welcome: Frazer welcomed all.

Members Present: *Board Members Present:* President Randy Frazer (Moundridge), Vice President David Dillner (El Dorado), Past President Tim Hardy (Elkhart), Carey Simons (Pittsburg), Keith Schlaegel (Stockton), Ty Lasher (Bel Aire), Michael Reagle (Garden City), and Greg DuMars (Lindsborg). Two positions are currently vacant. *Staff:* Barbie Kifer (CORnerstone), Kyle Johnston (CORnerstone), Jess Cornejo (CORnerstone), Chris Retter (IMA), Gene Miller (TRISTAR), Andrea Neff (TRISTAR), and Don Osenbaugh (KMIT Pool Administrator). *Guests:* Dorothy Riviere and Taylor Ediger (both with Bardavon).

Trustee Absences/Quorum Declaration: Janie Cox (Haysville) was absent. A quorum was declared by Frazer.

Minutes Approval: The minutes from the McPherson meeting of June 29, 2018 were unanimously approved as written, following a motion by Lasher and a second by Dillner.

Financial Reports:

- a. June 30, 2018 Financials
- b. July 31, 2018 Financials
- c. Second Quarter (6/30) 2018 KID Financial Report
- d. July 31, 2018 Cash/Investments Summary

The motion to approve the above reports was made by Dillner; seconded by Lasher. Approved unanimously.

Reserve Advisory and Settlement Authority: Miller presented the following claims--

1. Claim #18712881 (Abilene)--Reserve Advisory only.
2. Claim #18718001 (El Dorado)--Reserve Advisory only.
3. Claim #18726541 (Dodge City)--Reserve Advisory only.
4. Claim #18728206 (Galena)--Reserve Advisory only.

Miller (and Osenbaugh) also offered some observations about the ongoing court cases concerning the AMA 'Fourth' and 'Sixth' editions (court cases, etc. contained in board packets). Legislative efforts to revert to AMA 4 will likely occur during the 2019 Kansas Session.

Loss Control Activities: Retter reviewed, and offered observations/analysis about, several risk control graphs and charts, and reported that the 2018 evaluations/ratings were nearly complete. Also that the community college visits and rating periods will be in the spring, as those entities renew on July 1.

LCM Review/2019 Rate Setting: Cornejo led this annual discussion of whether or not to adjust KMIT's rate (filed with the KID) for the upcoming year. The Board chose to leave the KMIT LCM (Loss Cost Multiplier) at its current rate of 1.645, unless and until something extraordinary

occurs (such as an unanticipated extreme class code rate change by the KID), for the 2019 renewals. Unanimously approved, following a motion by Hardy and a second by Dillner.

New Members: Independence and Coffeyville Community Colleges were both admitted into the pool on July 1.

Policy #5--*Ad Hoc* Board Members: The Policy was adopted as amended, to call for a two-year (renewable) appointment term. Motion by Dillner; second by Lasher. Unanimous.

Nominating Committee Report: Chairperson Lasher presented the nomination 'slate', which was:

- Position 1—David Dillner (El Dorado)
- Position 3—Andrew Finzen (Goodland)
- Position 6—Jonathan Mitchell (Hoisington)
- Position 7—Hardy Howard (WaKeeney)
- Position 8—Kelly McElroy (Newton)

POET Update: Dorothy Riviere and Taylor Ediger, both of Bardavon, gave a slide presentation, updating progress of the KMIT POET program.

Administrator's Report: Osenbaugh reviewed, and commented upon, the various documents found in the off-agenda section of the packets.

Adjournment: Motion to adjourn by Hardy; second by Schlaegel. Unanimous. Adjourned at 11:46 A.M.

Don Osenbaugh, Pool Administrator (acting as Trustee-Designated Secretary)

KMIT Balance Sheet

August 31, 2018

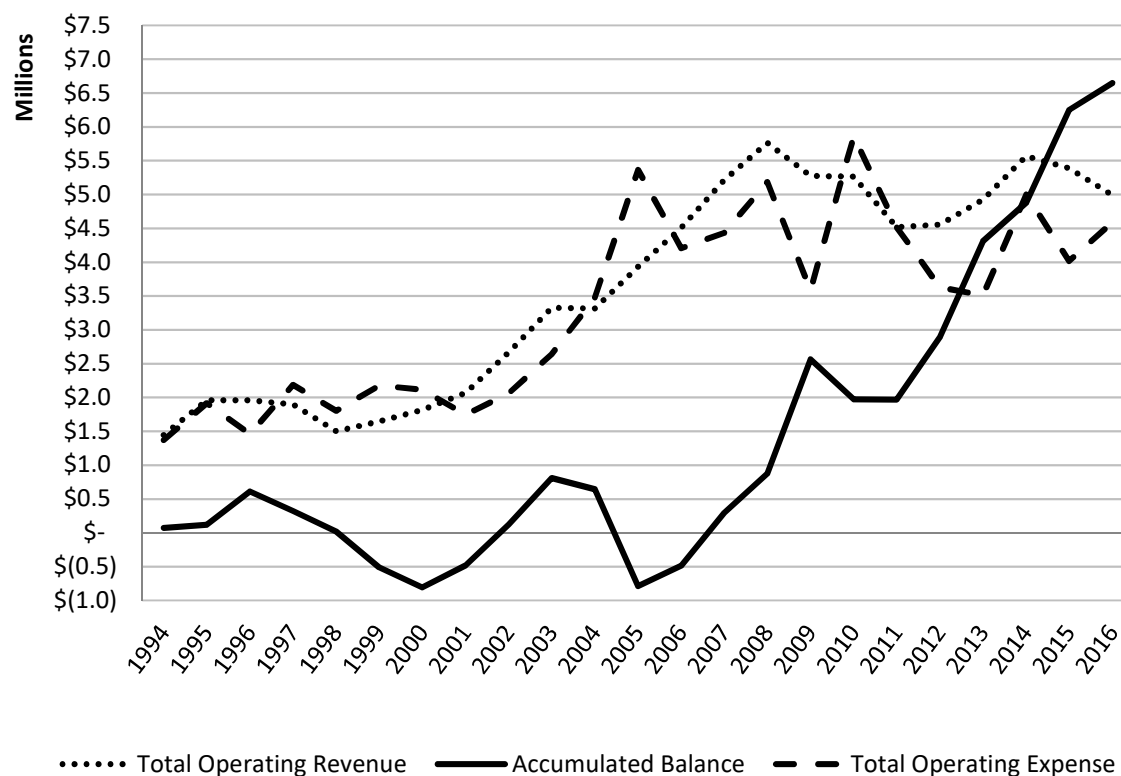
ASSETS

Checking Accounts	\$	421,336
Investments	\$	16,192,516
Accrued Interest	\$	110,209
Accounts Receivable	\$	1,332
Excess Premium Receivable	\$	-
Specific Recoverable	\$	1,329,854
Aggregate Recoverable	\$	7,011
Prepaid Expenses	\$	213,241
Total Assets	\$	18,275,499

LIABILITIES & EQUITY

Accounts Payable	\$	10,039
Excess Premium Payable	\$	-
Reserve for Losses	\$	6,126,249
IBNR Reserve	\$	4,407,512
Deposits on Premium	\$	1,700,520
Accrued Taxes and Assessments	\$	377,596
Total Liabilities	\$	12,621,915
Total Equity	\$	5,653,584
Total Liabilities and Equity	\$	18,275,499

KMIT Financial Overview



KMIT Profit and Loss

August 31, 2018

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	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	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	\$ 5,519,169	\$ 5,193,427
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	\$ 245,802	\$ 81,601
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	\$ 5,764,971	\$ 5,275,028
	\$ 390,462															
ADMINISTRATION FUND EXPENSE	\$ 477,137	\$ 601,545	\$ 492,669	\$ 527,664	\$ 491,879	\$ 456,714	\$ 450,159	\$ 437,027	\$ 533,041	\$ 649,336	\$ 739,018	\$ 818,662	\$ 906,753	\$ 916,851	\$ 957,455	\$ 952,073
CLAIMS FUND EXPENSE																
Claims Paid Expense	\$ 716,700	\$ 1,049,152	\$ 790,461	\$ 2,073,604	\$ 2,019,181	\$ 1,745,622	\$ 1,448,982	\$ 1,097,496	\$ 1,211,714	\$ 1,874,209	\$ 2,292,310	\$ 3,931,793	\$ 2,610,370	\$ 2,782,991	\$ 3,336,320	\$ 2,034,757
Claims Paid Adjusting Expense	\$ 25,541	\$ 54,345	\$ 46,583	\$ 90,802	\$ 86,516	\$ 144,159	\$ 123,971	\$ 83,220	\$ 129,112	\$ 149,296	\$ 150,415	\$ 246,721	\$ 182,352	\$ 193,778	\$ 238,898	\$ 133,953
Claims Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ 47,373	\$ 49,449	\$ 5,612	\$ -	\$ -	\$ -	\$ 37,702	\$ 124,529	\$ 50,434	\$ 96,341	\$ 71,601	\$ 56,519
Claims Reserves Adjusting Expense	\$ -	\$ -	\$ -	\$ -	\$ 3,853	\$ 3,771	\$ 1,752	\$ -	\$ -	\$ -	\$ 425	\$ 15,692	\$ 16,748	\$ 15,433	\$ 12,120	\$ 20,205
IBNR Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,690	\$ 43,290	\$ 54,791	\$ 61,438	\$ 261,423	\$ 46,499
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	\$ 372,790	\$ 341,935
Specific Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ (163,562)	\$ 48,322	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Specific Recovery Expense	\$ -	\$ -	\$ -	\$ (268,748)	\$ (763,239)	\$ (232,568)	\$ -	\$ -	\$ -	\$ (400,137)	\$ -	\$ (188,126)	\$ -	\$ (53,999)	\$ (66,549)	\$ -
Aggregate Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,011)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Aggregate Recovery Expense	\$ -	\$ -	\$ -	\$ (352,627)	\$ -	\$ (112,699)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Claims Fund Expense	\$ 893,634	\$ 1,313,638	\$ 970,420	\$ 1,660,153	\$ 1,309,579	\$ 1,719,169	\$ 1,667,135	\$ 1,307,883	\$ 1,530,284	\$ 1,990,358	\$ 2,740,976	\$ 4,548,371	\$ 3,299,120	\$ 3,516,711	\$ 4,226,603	\$ 2,633,867
Total Operating Expense	\$ 1,370,771	\$ 1,915,183	\$ 1,463,089	\$ 2,187,817	\$ 1,801,458	\$ 2,175,883	\$ 2,117,294	\$ 1,744,911	\$ 2,063,325	\$ 2,639,694	\$ 3,479,994	\$ 5,367,033	\$ 4,205,873	\$ 4,433,561	\$ 5,184,058	\$ 3,585,940
BALANCES																
KMIT Statutory Fund Balance	\$ 74,486	\$ 43,543	\$ 494,870	\$ (290,597)	\$ (303,101)	\$ (526,816)	\$ (297,908)	\$ 322,439	\$ 606,319	\$ 687,287	\$ (164,278)	\$ (1,432,966)	\$ 301,253	\$ 782,039	\$ 580,913	\$ 1,689,088
Accumulated Balance	\$ 74,486	\$ 118,029	\$ 612,899	\$ 322,302	\$ 19,201	\$ (507,615)	\$ (805,523)	\$ (483,083)	\$ 123,235	\$ 810,522	\$ 646,244	\$ (786,722)	\$ (485,469)	\$ 296,570	\$ 877,483	\$ 2,566,571

KMIT Profit and Loss

August 31, 2018

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2018	Total
	Accrued	Accrued	Accrued	Accrued	Accrued	Accrued	Accrued	Accrued	Accrued	Budget	Accrued
	To Date	To Date	To Date	To Date	To Date	To Date	To Date	To Date	To Date		To Date
REVENUE FUND											
Direct Premium Earned	\$ 5,213,859	\$ 4,442,326	\$ 4,484,533	\$ 4,853,835	\$ 5,460,344	\$ 5,261,044	\$ 4,829,526	\$ 5,007,888	\$ 3,276,160	\$ 4,900,000	\$ 89,240,899
Interest Income	\$ 52,768	\$ 72,925	\$ 70,104	\$ 71,861	\$ 107,601	\$ 128,600	\$ 160,374	\$ 220,606	\$ 193,808	\$ 165,000	\$ 2,960,408
Miscellaneous Income	\$ -	\$ 1,441	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,701
Total Operating Revenue	\$ 5,266,578	\$ 4,516,692	\$ 4,554,637	\$ 4,925,696	\$ 5,567,945	\$ 5,389,644	\$ 4,989,900	\$ 5,228,494	\$ 3,469,968	\$ 5,065,000	\$ 92,212,009
ADMINISTRATION FUND EXPENSE	\$ 1,034,821	\$ 967,690	\$ 933,546	\$ 996,092	\$ 1,069,752	\$ 1,049,388	\$ 1,123,794	\$ 1,209,404	\$ 803,501	\$ 1,230,000	\$ 19,595,972
CLAIMS FUND EXPENSE											
Claims Paid Expense	\$ 3,874,381	\$ 2,736,015	\$ 1,920,451	\$ 1,706,257	\$ 3,250,601	\$ 1,667,289	\$ 1,527,562	\$ 1,627,724	\$ 713,129	\$ -	\$ 50,039,069
Claims Paid Adjusting Expense	\$ 188,430	\$ 148,365	\$ 171,159	\$ 129,206	\$ 142,176	\$ 139,612	\$ 106,025	\$ 109,386	\$ 41,584	\$ -	\$ 3,255,601
Claims Reserve Expense	\$ 223,524	\$ 126,719	\$ 55,685	\$ 27,244	\$ 1,275,937	\$ 123,479	\$ 283,820	\$ 1,257,502	\$ 1,407,579	\$ -	\$ 5,321,047
Claims Reserves Adjusting Expense	\$ 26,547	\$ 3,613	\$ 4,221	\$ 5,481	\$ 68,549	\$ 24,906	\$ 78,414	\$ 206,153	\$ 297,318	\$ -	\$ 805,201
IBNR Reserve Expense	\$ 162,686	\$ 199,023	\$ 218,670	\$ 250,187	\$ 285,640	\$ 557,949	\$ 1,018,813	\$ 1,055,900	\$ 152,514	\$ -	\$ 4,407,512
Excess Work Comp Insurance	\$ 351,375	\$ 336,966	\$ 337,595	\$ 395,128	\$ 432,750	\$ 456,352	\$ 451,042	\$ 476,604	\$ 335,753	\$ 504,000	\$ 7,231,398
Specific Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ (1,214,614)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,329,854)
Specific Recovery Expense	\$ (43)	\$ -	\$ (9,965)	\$ -	\$ (311,814)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,295,186)
Aggregate Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,011)
Aggregate Recovery Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (465,326)
Claims Fund Expense	\$ 4,826,900	\$ 3,550,701	\$ 2,697,816	\$ 2,513,503	\$ 3,929,224	\$ 2,969,587	\$ 3,465,676	\$ 4,733,269	\$ 2,947,876	\$ 504,000	\$ 66,962,452
Total Operating Expense	\$ 5,861,721	\$ 4,518,391	\$ 3,631,362	\$ 3,509,595	\$ 4,998,976	\$ 4,018,975	\$ 4,589,470	\$ 5,942,673	\$ 3,751,377	\$ 1,734,000	\$ 86,558,424
BALANCES											
KMIT Statutory Fund Balance	\$ (595,143)	\$ (1,699)	\$ 923,275	\$ 1,416,100	\$ 568,968	\$ 1,370,669	\$ 400,431	\$ (714,179)	\$ (281,409)	\$ 3,331,000	\$ 5,653,584
Accumulated Balance	\$ 1,971,428	\$ 1,969,729	\$ 2,893,004	\$ 4,309,104	\$ 4,878,072	\$ 6,248,741	\$ 6,649,172	\$ 5,934,993	\$ 5,653,584		

KMIT Admin Expenses

August 31, 2018

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
	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	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	\$ 88,532
Directors and Officers Insurance	\$ -	\$ 489	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,367	\$ 18,542
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	\$ 26,155
Bank Fees	\$ 1,249	\$ 4,735	\$ 579	\$ 658	\$ 263	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,638
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	\$ 135,867
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	\$ 54,139
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	\$ 3,409
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	\$ 32,770
KID State Audit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
KDOL Annual Assessment Fee	\$ 9,073	\$ 15,053	\$ 12,410	\$ 42,620	\$ 40,430	\$ 46,402	\$ 39,446	\$ 30,885	\$ 34,311	\$ 39,671	\$ 57,449	\$ 75,030	\$ 79,800	\$ 81,262	\$ 91,774
Sub Total	\$ 95,360	\$ 77,466	\$ 56,281	\$ 105,257	\$ 89,363	\$ 81,066	\$ 72,078	\$ 55,599	\$ 69,799	\$ 94,418	\$ 137,599	\$ 204,739	\$ 167,205	\$ 164,652	\$ 182,091
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	\$ 13,127
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	\$ 13,000
Risk Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000	\$ 40,000	\$ 50,000	\$ 50,000	\$ 60,000	\$ 70,000
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	\$ 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	\$ 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	\$ 220,000
Payroll Audits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,088	\$ 9,840	\$ 12,042	\$ -	\$ 14,562	\$ 15,684	\$ 18,370
Rating Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Crime	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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	\$ 639,497
Administration Fund Expense	\$ 477,137	\$ 601,545	\$ 492,669	\$ 527,664	\$ 491,879	\$ 456,714	\$ 450,159	\$ 437,027	\$ 533,041	\$ 649,336	\$ 739,018	\$ 818,662	\$ 906,753	\$ 916,851	\$ 957,455

KMIT Admin Expenses

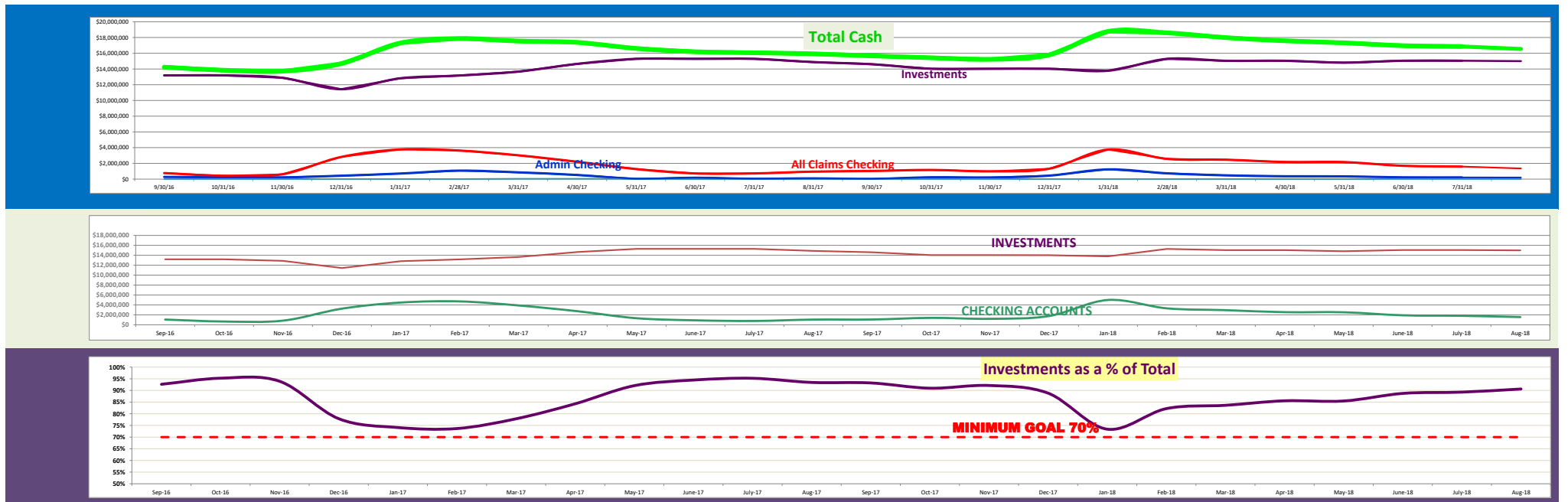
August 31, 2018

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2018	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	Accrued To Date	Budget	Accrued To Date
GENERAL EXPENSES												
Agent Commissions	\$ 94,214	\$ 93,637	\$ 82,860	\$ 96,481	\$ 102,636	\$ 97,189	\$ 97,505	\$ 90,158	\$ 104,978	\$ 65,529	\$ 102,000	\$ 1,373,707
Directors and Officers Insurance	\$ 15,857	\$ 15,942	\$ 16,038	\$ 16,488	\$ 17,224	\$ 15,956	\$ 15,667	\$ 15,970	\$ 15,939	\$ 10,626	\$ 16,000	\$ 195,105
Meetings/Travel	\$ -	\$ -	\$ 829	\$ 4,881	\$ 19,334	\$ 29,749	\$ 19,897	\$ 22,638	\$ 20,165	\$ 11,433	\$ 23,000	\$ 143,546
Contingencies/Miscellaneous	\$ 34,318	\$ 2,657	\$ 1,708	\$ 3,175	\$ 3,623	\$ 4,385	\$ 3,884	\$ 2,594	\$ (2,597)	\$ 4,559	\$ 6,000	\$ 361,371
Bank Fees	\$ 2,758	\$ 9,239	\$ 5,776	\$ 4,159	\$ 7,528	\$ 4,460	\$ 5,998	\$ 6,333	\$ 7,391	\$ 4,740	\$ 6,000	\$ 68,505
Write Off	\$ -	\$ -	\$ (104)	\$ -	\$ -	\$ -	\$ -	\$ 464	\$ -	\$ -	\$ -	\$ 360
LKM Clearing	\$ -	\$ -	\$ 60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60
Marketing	\$ -	\$ -	\$ -	\$ 439	\$ 452	\$ 161	\$ 34	\$ 502	\$ -	\$ -	\$ 1,000	\$ 1,588
Office Supplies	\$ -	\$ -	\$ -	\$ 1,112	\$ 1,830	\$ 3,732	\$ 4,485	\$ 6,176	\$ 9,399	\$ 2,432	\$ 9,000	\$ 29,165
Sub Total	\$ 147,147	\$ 121,475	\$ 107,167	\$ 126,735	\$ 152,627	\$ 155,632	\$ 147,469	\$ 144,835	\$ 155,276	\$ 99,321	\$ 163,000	\$ 2,173,408
REGULATORY												
Kansas Insurance Dept (KID) Premium Tax	\$ 48,525	\$ 49,030	\$ 40,919	\$ 43,445	\$ 44,349	\$ 51,057	\$ 47,827	\$ 46,830	\$ 48,793	\$ 22,108	\$ 50,000	\$ 826,482
KID Pool Assessment	\$ 3,476	\$ 3,500	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,701
KID Workers Compensation Assessment	\$ 28,363	\$ 57,704	\$ 65,962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 671,063
KID State Audit	\$ -	\$ -	\$ 12,652	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,652
KDOL Annual Assessment Fee	\$ 59,587	\$ 103,374	\$ 39,163	\$ 83,234	\$ 84,997	\$ 131,222	\$ 81,630	\$ 98,358	\$ 166,207	\$ 56,540	\$ 200,000	\$ 1,599,929
Sub Total	\$ 139,951	\$ 213,608	\$ 161,696	\$ 126,679	\$ 129,346	\$ 182,279	\$ 129,457	\$ 145,187	\$ 215,001	\$ 78,647	\$ 250,000	\$ 3,174,826
CONTRACTURAL												
Financial Audit	\$ 18,608	\$ 31,565	\$ 12,023	\$ 11,738	\$ 11,904	\$ 15,803	\$ 13,803	\$ 12,000	\$ 13,165	\$ 13,124	\$ 27,000	\$ 330,363
Actuarial	\$ 13,750	\$ 14,000	\$ 14,000	\$ 14,250	\$ 14,250	\$ 15,000	\$ 14,500	\$ 15,000	\$ 15,000	\$ -	\$ 15,000	\$ 246,395
Risk Management	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 170,000	\$ 170,000	\$ 170,000	\$ 190,000	\$ 205,000	\$ 168,560	\$ 210,700	\$ 1,663,560
Risk Control	\$ 145,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 150,000	\$ 150,000	\$ 155,000	\$ 155,000	\$ 155,000	\$ 127,440	\$ 159,300	\$ 2,826,513
Claims Adjusting	\$ 175,000	\$ 195,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 205,000	\$ 205,000	\$ 210,000	\$ 173,040	\$ 216,500	\$ 4,259,299
Risk Analysis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,671	\$ 14,651	\$ 27,647	\$ 12,113	\$ 22,045	\$ 15,000	\$ 86,127
POET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,425	\$ 10,513	\$ 20,138	\$ 16,200	\$ 15,000	\$ 54,275
Pool Admin Services	\$ 225,000	\$ 225,000	\$ 230,000	\$ 230,004	\$ 75,600	\$ 81,900	\$ 98,560	\$ 99,360	\$ 102,240	\$ 70,080	\$ 105,000	\$ 4,030,760
Payroll Audits	\$ 17,617	\$ 19,173	\$ 19,000	\$ 16,318	\$ 16,000	\$ 20,143	\$ 19,923	\$ 19,954	\$ 20,772	\$ -	\$ 21,000	\$ 249,485
Rating Services	\$ -	\$ -	\$ 22,650	\$ 6,636	\$ 18,702	\$ 10,887	\$ 754	\$ 27,105	\$ 11,595	\$ 72	\$ -	\$ 98,401
Crime	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 348	\$ 929	\$ -	\$ 1,277
Web Hosting	\$ -	\$ -	\$ 1,155	\$ 1,187	\$ 2,663	\$ 3,439	\$ 2,846	\$ 2,193	\$ 3,758	\$ 1,544	\$ -	\$ 18,784
Endorsement Fee	\$ -	\$ -	\$ -	\$ -	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 32,500	\$ 32,500	\$ 382,500
Sub Total	\$ 664,975	\$ 699,738	\$ 698,827	\$ 680,133	\$ 714,119	\$ 731,842	\$ 772,461	\$ 833,772	\$ 839,128	\$ 625,533	\$ 817,000	\$ 14,247,738
Administration Fund Expense	\$ 952,073	\$ 1,034,821	\$ 967,690	\$ 933,546	\$ 996,092	\$ 1,069,752	\$ 1,049,388	\$ 1,123,794	\$ 1,209,404	\$ 803,501	\$ 1,230,000	\$ 19,595,972

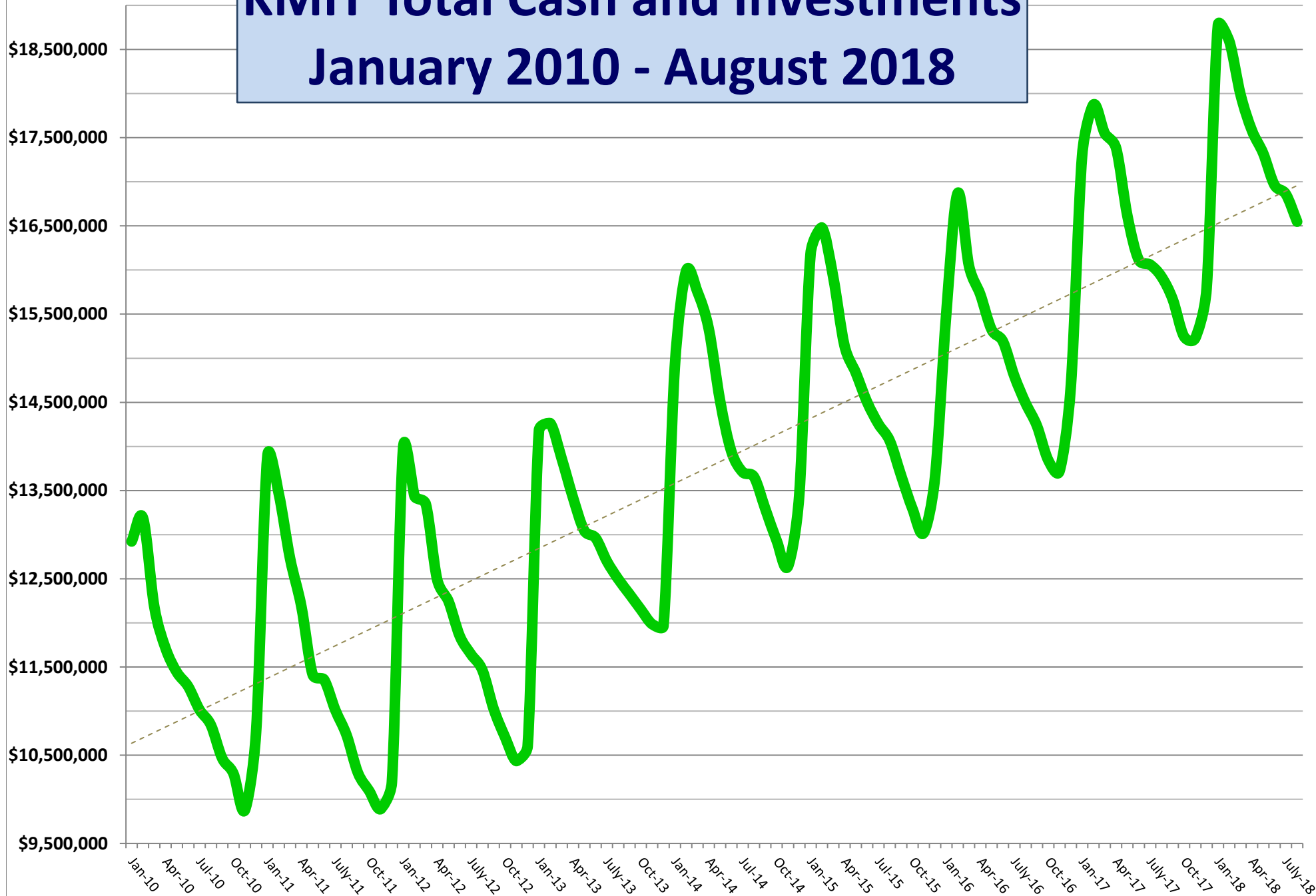
KMIT Cash/Investment Summary

August 31, 2016--July 31, 2018

	9/30/16	10/31/16	11/30/16	12/31/16	1/31/17	2/28/17	3/31/17	4/30/17	5/31/17	6/30/17	7/31/17	8/31/17	9/30/17	10/31/17	11/30/17	12/31/17	1/31/18	2/28/18	3/31/18	4/30/18	5/31/18	6/30/18	7/31/18	8/31/18
KMIT Admin Fund																								
Admin Account (CORnerstone)	283,967	234,079	219,697	430,948	708,262	1,076,226	859,998	525,561	43,165	175,479	41,756	94,380	25,971	230,390	208,808	443,016	1,237,217	734,337	479,954	361,759	351,489	220,252	216,049	201,076
Admin Checking	283,967	234,079	219,697	430,948	708,262	1,076,226	859,998	525,561	43,165	175,479	41,756	94,380	25,971	230,390	208,808	443,016	1,237,217	734,337	479,954	361,759	351,489	220,252	216,049	201,076
KMIT Claims Fund																								
Claims Account (CORnerstone)	566,173	372,993	539,135	2,566,118	3,609,069	3,356,821	2,765,303	1,909,755	884,370	647,100	252,911	681,320	866,691	988,013	792,603	1,070,206	3,588,666	2,452,059	2,227,550	1,972,942	1,978,378	1,561,469	1,584,416	1,180,787
Claims Checking Acc't (TRISTAR)	199,161	52,523	77,000	252,457	162,189	274,153	262,147	296,457	393,557	75,262	475,262	271,193	171,316	176,942	198,612	250,559	169,273	122,596	237,228	205,299	187,183	130,636	8,397	171,989
Claims Checking	765,335	425,515	616,135	2,818,574	3,771,258	3,630,973	3,027,450	2,206,212	1,277,928	722,362	728,173	952,513	1,038,007	1,164,955	991,215	1,320,765	3,757,939	2,574,655	2,464,778	2,178,241	2,165,561	1,692,105	1,592,813	1,352,776
INVESTMENTS																								
All Investments	13,186,000	13,186,000	12,883,596	11,433,000	12,818,000	13,168,000	13,662,000	14,650,000	15,292,000	15,292,000	15,292,000	14,880,000	14,605,000	14,029,000	14,027,920	14,026,823	13,778,823	15,286,800	15,042,978	15,042,978	14,806,000	15,051,000	15,052,000	14,994,028
TOTAL CASH	14,235,302	13,845,595	13,719,428	14,682,522	17,297,520	17,875,199	17,549,448	17,381,774	16,613,093	16,189,841	16,061,929	15,926,893	15,668,978	15,424,345	15,227,943	15,790,604	18,773,979	18,595,792	17,987,710	17,582,978	17,323,050	16,963,358	16,860,862	16,547,880
	9/30/16	10/31/16	11/30/16	12/31/16	1/31/17	2/28/17	3/31/17	4/30/17	5/31/17	6/30/17	7/31/17	8/31/17	9/30/17	10/31/17	11/30/17	12/31/17	1/31/18	2/28/18	3/31/18	4/30/18	5/31/18	6/30/18	7/31/18	8/31/18



KMIT Total Cash and Investments January 2010 - August 2018



Non-Agenda Information and Background Material

KANSAS MUNICIPAL INSURANCE TRUST

Board of Trustees Minutes from June 29, 2018

Approved in Overland Park (DoubleTree Hotel), on August 24, 2018

Meeting Convened: Friday, April 29, 2018, at the KMU Headquarters/Training Facility, in McPherson, KS. The meeting was called to order by KMIT Vice President David Dillner at 9:18 A.M.

Welcome: Dillner welcomed all.

Resignations: Previous KMIT Trustees Kerry Rozman (Clay Center) and Michael Webb (Edwardsville) had both submitted their immediate resignations from the KMIT Board since the last board meeting. Both resignations were accepted unanimously, following a motion by Cox and a second by Simons.

Members Present: *Board Members Present:* Vice President David Dillner (El Dorado), Past President Tim Hardy (Elkhart), Janie Cox (Haysville), Carey Simons (Pittsburg), Keith Schlaegel (Stockton) and Ty Lasher (Bel Aire). *Staff:* Barbie Kifer (CORnerstone), Kyle Johnston (CORnerstone), Jess Cornejo (CORnerstone), Gene Miller (TRISTAR), and Don Osenbaugh (KMIT Pool Administrator).

Trustee Absences/Quorum Declaration: President Randy Fraser (Moundridge), Michael Reagle (Garden City) and Greg DuMars (Lindsborg) were absent. A (minimum) quorum was declared by Dillner.

Minutes Approval: The minutes from the Garden City meeting of April 29, 2018 were unanimously approved as written, following a motion by Schlaegel and a second by Hardy.

Financial Reports:

- a. April 30, 2018 Financials
- b. May 31, 2018 Financials
- c. Fourth Quarter (12/31) 2017 'Audited' KID Financial Report
- d. First Quarter (3/31) 2018 'Revised' KID Financial Report
- e. May 31, 2018 Cash/Investments Summary

The motion to approve the above reports was made by Schlaegel; seconded by Cox. Approved unanimously.

Annual Actuary Report Review/Analysis: Cornejo presented the annual actuary report (as prepared by Mindy Steichen, Milliman), and gave an interpretive analysis. Motion to receive/file by Lasher; second by Schlaegel. Unanimously approved.

Annual Financial Audit: Stuart Bach (Summer, Spencer & Co.) presented the annual (2016/2017) financial audit. There were no irregularities noted. The KMIT net worth on 12/31/17 was \$5,981,447 (compared to \$5,975,000 on 12/31/16). Motion to receive/file by Hardy; second by Cox. Unanimously approved.

Reserve Advisory and Settlement Authority: Miller presented the following claims--

1. Claim #2016075317 (Neodesha)--Recommendation by Miller to attempt to settle for \$20,000 approved unanimously, following a motion by Hardy and a second by Schlaegel.

2. Claim #2016073948 (Edwardsville)--Recommendation by Miller to attempt to settle in the amount of \$21,768 approved unanimously, following a motion by Schlaegel and a second by Lasher.

3. Claim #2016074253 (Kinsley)--Reserve Advisory only.

4. Claim #18721899 (Stafford)--Reserve Advisory only.

5. Claim #18717866 (Benton)--Reserve Advisory only.

6. Claim #18709621 (Augusta)--Reserve Advisory only.

7. Claim #18722113 (Wellington)--Reserve Advisory only.

8. Claim #18715936 (Reading)--Reserve Advisory only.

Osenbaugh also advised that there has been a recent Kansas court ruling that certain parts of the AMA Six work comp medical guidelines book are unconstitutional. (Miller explained what the guidebook is, and how it is used by work comp doctors to determine ratings. It is thick and detailed, suffice to say.) It is unclear what the next legal step might be, but it may be expected that the 2019 Kansas Legislature will at least consider reverting back to the AMA Four, which was used by KS until several years ago. The State Legislature controls which updates to adopt. AMA Six is considered to be more conservative (against claimants) in a number of ways, and has been criticized by claimant attorneys since its inception.

Loss Control Activities: Rhodes being unable to attend due to illness, Cornejo gave a brief update.

New Members: Coffeyville Community College and Independence Community College will become the first two 'non-city' members ever accepted into KMIT on July 1, 2018.

KMIT staff has been notified that Grainfield will be leaving the pool on August 1.

Policy #5--Ad Hoc Board Members: Osenbaugh presented a draft of a proposed policy which would add 'Ad Hoc' (non-voting) board members from the community colleges coming into KMIT. The draft policy was discussed, with any final decision coming at the August meeting in Overland Park.

Nominating Committee: On behalf of President Frazer, VP Dillner appointed this year's Nominating Committee, comprised of Lasher (Chair), Cox and DuMars. There will be four vacant positions to fill. (Dillner has agreed to stand for another 2-year term.) Motion to approve the appointments made by Hardy; second by Schlaegel, and approved unanimously.

Other Business: Osenbaugh gave a brief update concerning a number of issues related to the operation of KMIT. Among those items:

1. KMIT did quote the Buhler USD (KMIT's first quote for a K-12 school district), through an agent in Hutchinson, and that quote was not accepted;

2. The August 24 Trustee meeting will be in Overland Park, at the IMA offices in Corporate Woods.

Adjournment: Motion to adjourn by Schlaegel; second by Hardy. Unanimous. Adjourned at 11:59 A.M.


Don Osenbaugh, Pool Administrator (acting as Trustee-Designated Secretary)

2019 KMIT Trustee Meeting Schedule

Friday, February 22--Lindsborg

Friday, April 26--Pittsburg¹

Friday, June 28--McPherson²

Friday, August 23--El Dorado²

Sunday, October 6--Overland Park (immediately after annual meeting)

Friday, December 6--Moundridge

¹Supervisor Seminar in Independence on Thursday, April 25

²Supervisor Seminar in same city the day before

2019 KMIT Supervisor Seminar Schedule

Thursday, April 25, Independence

Thursday, June 27, McPherson

Thursday, August 22, El Dorado

Great Bend (TBD--mid-September)

Council Grove (TBD--mid-September)

Belleville (TBD--mid-September)

KMIT Glossary

Work Comp Terms/Acronyms

ALJ. Administrative Law Judge. Claims term. ALJs hear work comp claim cases when there is a settlement disagreement. The ruling of an ALJ carries, basically, the same weight as does a District Court Judge in civil and criminal cases, and can be appealed to a higher court.

AWW. Average Weekly Wage. Claims term. The gross wages of the employee earned during the 26 calendar weeks immediately preceding the date of injury

Cash Balance. The actual cash on hand (checking and investments) at any given point in time. Typically, Cash Balance far exceeds Net Worth (often over a 4:1 ratio)

'Division' (also 'DWC'). Workers Compensation Division, Kansas Department of Labor. The KDOL-DWC regulates all *non-insurance* aspects of work comp (safety, volunteers, etc.).

Equity, Total. See Net Worth.

Excess Insurance. Excess Coverage. Excess Insurance is a layer of insurance that pays for a loss only after all other applicable insurance has been exhausted. For KMIT, the fund currently pays the first \$750,000 of every occurrence, and then, after that has been exhausted, the excess insurance carrier (currently Safety National [SNCC]) pays for the remainder of the covered loss.

Experience Modifier. See MOD.

Hard Market. Business term. When the private market (insurance industry) for work comp is expensive, and work comp insurance may actually be dropped as a product by most companies in many cases.

'Hardening' Market. Business term. When the private insurance market pricing is pricing higher than it has been for work comp insurance, and the trend seems to be in that same direction.

IBNR. Incurred But Not Reported. Financial/Accounting term. IBNR reflects the total amount owed by the insurer to all valid claimants who have had a covered loss, but have not yet reported it, or a major turn of events in a current reported claim. IBNR is a mathematical estimate set by an actuary. Insurers track IBNR by policy periods (in KMIT, annually by calendar year). The characteristics of IBNR makes it look more like a reserve or provision for the particular types of losses not reported, hence gives a better estimation of profits for the insurer's current business period.

IME. Independent Medical Exam (or Examiner). Claims term. A medical exam provided by an independent physician, and usually ordered by a judge when there is a significant difference in opinions of two separate treating physicians.

Indemnity. Claims term. One of the two benefits provided under Worker's Compensation (the other is the payment of approved medical costs associated with a work-related injury). This benefit compensates the injured employee for loss of wages due to the work-related accident.

KID. Kansas Insurance Department. Regulates all *insurance* aspects of work comp.

'LCM'. Loss Cost Multiplier. Also known as 'Filed Rate'. Pricing term. The 'cost of doing business' rate filed with the Kansas Insurance Department (KID) by each insurance company and pool doing business in Kansas. (KMIT's 2014 LCM will be filed as 1.40.)

MMI. Maximum Medical Improvement. Claims term. The injured worker has 'plateaued' in medical care and no further medical treatment will provide any improvement in his medical status.

'MOD'. Experience Modifier. Pricing term. Experience Modifier is a factor used to make adjustments of annual premium based on insured's previous loss experience. Usually three years of loss experience are used to determine the experience modifier for a workers' compensation policy. The three-year period typically includes not the immediate past year, but the three prior.

NCCI. National Council for Compensation Insurance. All work comp claims costs and reserves data are continuously fed to NCCI (by KMIT and all other KS carriers and pools, and by most other states, as well). NCCI computes the loss rates, and establishes the ongoing Mods for each individual client (city), and also calculates class code loss rates for the use by the regulatory agencies (in KS, that is KID).

Net Worth. (AKA: Total Equity or Fund Balance) Accounting term. The total of all assets less all current and future liabilities, including Reserve and IBNR.

PPD. Permanently Partially Disabled. Claims term. Able to work, but will have some permanent limitation(s).

PPI. Permanent Partial Impairment. Claims term. A rating provided by the treating physician which is the extent, expressed as a percentage, of the loss of use of the injured body part and based on the 4th edition of the AMA guides.

PTD. Permanently Totally Disabled. Claims term. Unable to return to work on a permanent basis.

Reserve. Claims and Accounting term. Claims Term. An estimate of the total cost of the claim based on experience and current exposure to include medical, indemnity, and other expenses. This is a dollar amount that is set on the claim and can change as the status of the claim changes.

Reserve Advisory. Claims Term. Claim summary report presented at the KMIT Board Meeting by the adjuster that provides information on a claim which has exceeded \$25,000 in reserves.

Retention. A dollar amount specified in a insurance policy that must be paid by the insured before the insurance policy will respond to a loss. Currently, KMIT is directly accountable for a 'retention' amount of the first \$300,000 on each incident. The excess carrier would pick up the cost of the claim for anything above the \$300,000.

RUE. Right Upper Extremity. Claims term.

Settlement. Claims Term. An agreement between the injured employee and the employer/insurance carrier that concludes the claim and usually includes a lump sum payment. A settlement can be full and final which closes out ALL issues or a settlement can be a joint award that gives the injured worker rights to future benefits.

Soft Market. Business term. When prices are very low in the private market for work comp. In a very soft market, private carriers sometimes have actually sold work comp at an underwriting loss.

'Softening' Market. Business term. When the private insurance market is pricing lower than recently for work comp insurance, and that trend is expected to continue.

Subrogation. Claims term. The right to file a lien and/or lawsuit against a third party who was responsible for the accident, in order to recover expenses paid on the workers' compensation claim.

TTD. Temporary Total Disability. Claims term. Unable to return to work on a temporary basis.

TPD. Temporary Partial Disability. Claims term. Able to return to work, but with temporary restrictions.



Operating Policies

Manual

Last Revised August 2018

PREFACE

From time to time, the KMIT Board of Trustees may adopt an operational policy which falls short of the need to be incorporated into the KMIT Bylaws, but, for the sake of posterity and consistency, requires permanent documentation beyond simply a motion in the minutes.

The purpose/intent of the **Operating Policy Manual** is provide a collection point for operating policies adopted by the Board, and to label and index those policies for future reference.

LISTING

Title	General Subject	Adoption Date
1. Agent Commission	Agent	August 21, 2009
2. Agent-of-Record Procedure	Agent	August 21, 2009
3. Cash Management and Investing	Cash/Invest	Revised 2/21/14
4. Nomination and Replacement of Trustees	Board	April 27, 2012
5. <i>Ad Hoc</i> (Non-Voting) Trustee Position	Board	August 24, 2018

OPERATING POLICY #1

General Subject: Agent

Title of Policy: Agent Commission

Date of Adoption: August 21, 2009

This procedure outlines how commissions will be paid and invoiced to Agents.

1. KMIT will pay a standard commission of 5% to its Agents. Agents or Member-Cities may request that an Agent be written at 0% commission.
2. The Agent or Member will pay KMIT the annual contribution shown on the KMIT quote.
3. KMIT will pay to the Agent 5% of the Member-City's annual contribution.
4. Any endorsement/cancellation made during the program period will affect the Agent's commissions accordingly. If the endorsement requires additional contribution, KMIT will pay the Agent additional commission after the additional contribution has been submitted by the Member-City or Agent. If the endorsement/cancellation requires return contribution the Agent will be invoiced for the return commission.
5. After the end of the program period, a payroll audit will be conducted and an audited contribution will be calculated. If the audit requires additional contribution, KMIT will pay the Agent additional commission after the additional contribution has been submitted by the Member-City or Agent. If the audit requires return contribution, the Agent will be invoiced for the return commission.

Exhibit 1 – Sample Agent of Record Letter

[To be copied on Member's Letterhead]

DATE

AGENT/BROKER'S LETTER OF AUTHORIZATION

RE: Policy Number(s):
Line of Business: Workers Compensation
Term:
Effective Date of Appointment:

To Whom It May Concern:

We hereby appoint **[Applicable Agency]** as our exclusive agent/broker of record in all matters relating to workers compensation coverage for our city. The appointment of **[Applicable Agency]** rescinds all previous appointments and authority contained therein, and shall remain in full force until canceled in writing.

All underwriters are hereby authorized to negotiate directly with **[Applicable Agency]** effective immediately. Our representatives are authorized to negotiate with Kansas Municipal Insurance Trust as respects changes in existing coverage and in changing, increasing or canceling insurance as may be necessary.

You are authorized to furnish our representatives with all information they may request as it pertains to our insurance contracts, rates, rating schedules, retentions and all other financial data they may wish to obtain for their study of our present and future requirements in connection with our insurance program. We request that you do not communicate such information to anyone else.

This appointment is made with the understanding **[Applicable Agency]** is not responsible for losses arising out of uninsured or improperly insured areas of our coverage for a period of time sufficient for them to make a review and recommendations concerning our present program and implement the placement of any new coverage or changes we may authorize.

This appointment remains in effect until rescinded in writing by *****Member*****.

Sincerely,

OPERATING POLICY #2

General Subject: Agent

Title of Policy: Agent-of-Record Procedure

Adoption Date: August 21, 2009

This procedure outlines the steps to be followed when a request is made from a Member-City to change the Agent for the City.

1. KMIT must receive Agent-of-Record on the Member-City's letterhead. Exhibit 1 is a sample Agent-of-Record letter that may be used.
2. After receipt of the letter, KMIT will notify the incumbent Agent of the letter and will allow 10 days to obtain a rescinding letter from the Member-City.
3. After 10 days and no rescinding letter, the new Agent will be required to submit new applications and other information as deemed necessary by KMIT.

OPERATING POLICY #3

General Subject: Cash Management and Investing

Title of Policy: Cash Management/Investment Policy

REVISION DATE: February 21, 2014

(original date: 11feb11)

This policy establishes parameters for managing the cash flow needs of the pool, and for maximizing investment returns.

1. The Pool Administrator is responsible for cash management and investing.
2. At all times, all available cash, including all funds contained within claims and/or administration accounts, will be managed in such a way as to meet the “70/30” (a minimum of 70% for claims; a maximum of 30% for administration) regulatory requirement of the Kansas Insurance Department.
3. The Pool Administrator will consult frequently with KMIT’s investment advisor (currently Commerce Bank), and will meet, at a minimum, annually (in January whenever possible) *in-person* with the investment advisor, in order to update the investment strategy for the upcoming year.
4. No less than 70% of the total amount of cash (in all accounts, combined) will be invested at the time of the last business day of every month.
5. The formal ‘KMIT Investment Policy’ (attached) shall be approved by the Board of Trustees, and reviewed by the Board on an annual basis.
6. The Pool Administrator shall present a current ‘Cash Management/Investment Summary’ report at each Board meeting.

KANSAS MUNICIPAL INSURANCE TRUST INVESTMENT POLICY

I. POLICY STATEMENT: Kansas Municipal Insurance Trust (KMIT). Has adopted this investment policy in order to provide formal guidelines for the investment of funds. It is KMIT policy to invest funds in a manner that will guarantee the maximum security of those funds while providing adequate liquidity to meet the cash flow requirements of the Pool.

II. OBJECTIVES: The primary objectives of the policy, in order of priority, is:

- A. Safety. Safety of principal is the foremost objective of the policy. Investments must be made in a manner that insures the preservation of capital.
- B. Liquidity. Invested funds will remain sufficiently liquid to enable the Pool to meet all operating requirements that might be reasonably anticipated. Liquidity must be assured by maintaining staggered levels of maturity dates of the funds invested.
- C. Return on Investment. The funds must be invested so as to provide reasonable a rate of return given the aforementioned safety and liquidity objectives.

III. RESPONSIBILITIES AND CONTROLS:

- A. Board of Trustees. The Board of Trustees must approve the investment policy as well as any changes that may be made in the policy from time to time. Material changes to the policy must be first approved by the Board before they may be implemented. The Board of Trustees will review the policy each year.
- B. Pool Administrator. The Pool Administrator is charged with the general oversight and administration of the policy. Day-to-day investment activities management may be delegated by the Pool Administrator.
- C. The Pool at no time will borrow funds from an institution in order to use such funds for speculative purposes.
- D. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the KMIT investment program, or could impair the ability to make impartial decisions.

IV. INVESTMENT GUIDELINES:

- A. Authorized Financial Institutions. All financial institutions who desire to become qualified for investment transactions must supply audited financial statements and certify having read and understood the Pool's investment policy. A review of the financial condition of qualified financial institutions will be conducted each year.

- B. **Maturity Distribution.** The portfolio will be invested in obligations with different maturities based on the cash flow requirements of the Pool at different times of the fiscal year.
- C. **Invested Securities.** No less than 70% of the assets will be invested in securities as detailed in the policy unless unexpected cash outflows arise.
- D. **Types of Securities.** The following types of securities may be held in the Kansas Municipal Insurance Trust investment portfolio per article 2a of chapter 40 of the Kansas Statutes Annotated:
1. United States Treasury Securities. Obligations of the United States government for which the full faith and credit of the United States are pledged for the payment of principal and interest.
 2. United States Agency Securities. Obligations issued and directly guaranteed by an agency of the United States Government.
 3. Repurchase Agreements. Contractual agreements between Kansas Municipal Insurance Trust and commercial banks or primary government securities dealers. The purchaser in a repurchase agreement (Repo.) enters into a contractual agreement to purchase US Treasury and government agency securities while simultaneously agreeing to resell the securities at predetermined dates and prices. Only independently secured repurchase agreements allowed.
 4. Certificates of Deposit. Instruments issued by financial institutions which state that specified sums have been deposited for specified *periods* of time and specified rates of interest.
 5. State, District of Columbia, Territorial, and Municipalities. A debt security issued by a state, municipality, or county, in order to finance its capital expenditures. General Obligation (backed by the full taxing authority of the issuer) and essential purpose revenue bonds (paid by subscriber user fees and backed by the full taxing authority of the issuer).
 6. Corporate Bonds (or other evidences of indebtedness). Investment grade per rating from S&P or Moody's. A debt obligation of issued by a corporation. "A" rated or better from S&P OR Moody's.
 7. Mortgage related securities. A debt instrument with a pool of real estate loans as the underlying collateral. The mortgage payments of the individual real estate assets are used to pay interest and principal on the bonds. Investment grade per rating from S&P or Moody's.
 8. Anything else relating to article 2a of chapter 40 of the Kansas Statutes Annotated must be approved by the Board of Trustees.

- V. **DIVERSIFICATION:** The Pool will diversify the investment portfolio in order to minimize losses due to market price changes and risks by:
- A. Limiting investments to avoid over concentration of assets with any one issuer, business sector or special class of securities.
 - B. Limiting investments in securities that have higher credit risks.
 - C. Investing in securities that have varying maturities in order to meet day to day cash flow requirements.
- VI. **REPORTING:** The Pool Administrator will prepare, or cause to be prepared, monthly and other periodic reports showing analysis of the status of the current investment portfolio, and shall present such reports to the Board of Trustees on a regular basis. Each institution shall provide a holdings report and transaction summary monthly. The reports will include:
- A. Listing of individual securities held at the end of the reporting period.
 - B. Realized and unrealized gains and losses of each investment.
 - D. Return on the investment portfolio for the reporting period.
 - E. Listing of investments by maturity date.
 - F. Percentage of contribution of each investment type to the total portfolio.
 - G. Investment Rating

OPERATING POLICY #4

General Subject: Board Member Replacement

Title of Policy: Nomination and Appointment of Trustees

Adoption Date: April 27, 2012

This policy establishes and formalizes the process for appointing and selecting new Trustees, during both the annual 'nomination' period (leading up to the KMIT Annual Meeting) and in the event of the need of a 'mid-year' replacement due to the resignation (or other vacancy-resulting action) of a current Trustee. General 'qualification' criteria are also established via this policy.

A. Nomination Process.

Given that terms of all eleven Trustee members are for two-years (except when filling a vacancy), normally five or six Board positions become 'open' each year, and are voted upon at the KMIT Annual Meeting, in October.

1. At each Board of Trustees June meeting, the sitting President shall name a **Nominating Committee**. The purpose of the Committee is to identify a '**slate**' of candidates to be voted on by the general membership of KMIT at the KMIT Annual Meeting the following October.
2. The Nominating Committee shall consist of the current Treasurer (who shall serve as chair) and two additional current Trustees.
3. The Nominating Committee shall be considered a **standing committee** until a new committee is appointed by the next President in June of the following year. Any vacancy on the standing committee shall be filled by appointment of the current President (at the time of the opening). At least one member of the standing committee must be a member of the current 'Executive Committee' (President, Vice President, Treasurer or Past President).
4. The annual 'slate' brought forth by the Nominating Committee shall consist of any previously-elected Trustee whose term (one- or

two-years) will expire in the coming October, and who has not previously been elected to three full two-year terms (thus being term-limited); and/or any Trustee who was appointed to assume a vacant position during the past year (since the previous October election); and/or any elected or appointed official of any KMIT member city.

5. The Committee shall meet (telephone conferencing is acceptable) during the period between the June and August board meetings, to determine a 'slate'. The 'slate' shall be presented to the Board at the August meeting, and shall appear on the ballot at the upcoming Annual Meeting. There is no 'confirmation' vote by the Board.

B. 'Mid-Year' Replacement Appointments:

If a Trustee position comes open (for any reason) during the timeframe of October of one year (Annual Meeting) and the following May 1, the replacement process shall take place (excepting in highly unusual situations). In the event that a Trustee vacancy occurs on or after May 1, the vacated position shall remain open until the KMIT Annual Meeting (October) of that same year.

1. When the vacancy occurs, the President may ask the **Standing Nominating Committee** to meet as soon as possible, and to bring forth a recommended replacement appointee at the next Board meeting.
2. The Nominating Committee is expected to reach out to the membership to determine possible interest in serving on the Board, while keeping in mind the **General 'Qualification' Criteria** (below).
3. The Chair of the Nominating Committee shall inform the President of its replacement choice, and the President will notify the Board at least three days prior to a formal appointment. [Obviously, a potential appointee's need to get local 'clearance' must also be considered by the President.]
4. The replacement appointee may be asked by the President to take his/her seat at the next meeting, and be formally appointed at that time.

The President is expected to appoint the person who has been recommended by the Standing Nominating Committee. There is no 'confirmation' vote

C. General 'Qualifying' Criteria.

When choosing a candidate for nomination or appointment to the Board, the Nominating Committee will consider any number of criteria or 'variables'; among those are:

1. **Region.** One of the goals of KMIT is to represent cities from each of the various 'regions' (and 'sub-regions') of the state. It is understood that some areas of the state contain larger numbers of KMIT cities, and may be consistently represented by more Board positions than other areas.
2. **Position.** One of the goals of the KMIT Board is to include the somewhat different perspectives of the several different management/policy-level positions in cities, especially City Managers, City Clerks and Elected Officials, but also possibly including HR Directors, Finance Directors, and the like.
3. **Strategic.** There are often 'strategic' reasons for having a certain city represented on the Board.
4. **Quality/Personal Attributes.** Obviously, the committee must attempt to put forth the 'best' (thoughtful, experienced, committed to KMIT, etc.) people available on the Board.
5. **Other/Intangible.** It may go without saying that sometimes an individual of very high quality/stature and/or someone has requested a spot on the Board, and would bring special qualities and/or unique perspectives may become available to serve, and may be selected to be nominated or appointed, whether or not that person meets all of the 'normal' criteria.

OPERATING POLICY #5

General Subject: Board

Title of Policy: *Ad Hoc* (Non-Voting) Trustee Position

Adoption Date: August 24, 2018

This policy establishes one *Ad Hoc* (non-voting) position specifically for the purpose of adding a Community College representative to the Board of Trustees. This *Ad Hoc* position on the Board of Trustees would carry full board status, except that the *Ad Hoc* member-position will not have a vote.

Background: From the beginning of KMIT (January 1, 1994), and through December 31, 2017, the KMIT By-Laws limited membership in the pool to a municipality (city) which was also a member of the League of Kansas Municipalities (LKM). The 'LKM' membership, and 'city' requirement, changed with the adoption of updated By-Laws in the fall of 2017, which became effective January 1, 2018, and which now allows for membership by any 'municipality' (as defined by statute) in Kansas.

In the spring of 2018, KMIT offered membership to several community colleges, which did result in the addition of two community colleges to the pool; which then became the first *non-city* members of KMIT (other than the LKM).

Purpose: This change allows the Board to learn to better understand how community colleges operate, especially with regards to worker injury risk and finance, while also presenting an opportunity for community colleges to have a voice in KMIT policy, and in the overall management of the pool.

Process: This special *Ad Hoc* position will be appointed by the KMIT President, with consent of the Board, and shall be for a term of two years, which may be renewed by the then current President.

Future: It could be anticipated that a future By-Laws change would add a provision for the purpose of making a *non-city* position on the Board of Trustees a permanent feature of KMIT.

Don Osenbaugh

From: SIMONS, CAREY <carey.simons@pittks.org>
Sent: Monday, September 24, 2018 9:14 AM
To: 'dosenbaugh@cox.net'
Subject: Board Resignation

Hi Don,

Hope you're doing well!

I have accepted a position with another company here in Pittsburg and my last day with the City will be October 5th. Unfortunately this time, I will have to most definitely resign from my position as a board member with KMIT.

Thank you for allowing me to serve! I have learned so much from you and the rest of the board members and I will deeply miss seeing all of you!

Carey

Carey Simons
Pittsburg Parks & Recreation
P: (620) 231-8310
F: (620) 230-5636



KMIT Trustee Terms, 2001 - Present

pos	Name	City	Title	Appointed	Elect 1	Elect 2	Elect 3	Elect 4	term limit date	End Date
1	Gary Meagher	Lindsborg	City Administrator	Jun-98						Aug-98
1	Ron Pickman	Goodland	City Manager	N/A	Oct-98	Oct-00	Oct-02			Oct-04
1	Cheryl Beatty [3]	Eudora	City Manager	N/A	Oct-04	Oct-06	Oct-08			Apr-09
1	Herb Llewellyn	El Dorado	City Manager	Jun-09	Oct-09 ¹	Oct-10	Oct-12			Oct-14
1	David Dillner	El Dorado⁵	City Manager	N/A	Oct-14	Oct-16	Oct-18		Oct-20	
2	Nancy Calkins	Ft. Scott	City Clerk	N/A	Oct-00					May-01
2	Keith DeHaven	Sedgwick	Mayor	Jun-01	Oct-01	Oct-03	Oct-05			Jun-07
2	Sasha Stiles	Andover	City Administrator	N/A	Oct-07	Oct-09	Oct-11			Oct-13
2	Kathy Axelson	Rose Hill	City Administrator	N/A	Oct-13					Mar-14
2	Randy Frazer	Moundridge	City Adm/City Clerk	May-14	Oct-14¹	Oct-15	Oct-17	Oct-19	Oct-21	
3	Cherise Tieben	Dodge City	HR Director	Jun-99	Oct-00					Oct-01
3	Larry Kenton	Dodge City	Risk Mgr	Oct-01 ²	Oct-01 ²					Apr-02
3	Howard Partington	Great Bend	City Administrator	Apr-02	Oct-02	Oct-04	Oct-06			Oct-08
3	Jane Longmeyer	Dodge City	HR Officer	N/A	Oct-08					Dec-08
3	Daron Hall	Ulysses	City Administrator	Jun-09	Oct-09 ¹	Oct-10				Mar-12
3	Tim Hardy	Elkhart	City Administrator	Jun-12	Oct-12	Oct-14	Oct-16		Oct-18	
4	Mark Arbuthnot	Abilene	City Manager	?	?					Oct-01
4	Carol Eddington	Oswego	Deputy City Clerk	N/A	Oct-01	Oct-03	Oct-05			Oct-07
4	Bobby Busch	Neodesha	City Clerk	N/A	Oct-07	Oct-09	Oct-11			Oct-13
4	Tim Vandall	Ellsworth	City Administrator	N/A	Oct-13					May-15
4	Janie Cox	Haysville	City Clerk	N/A	Oct-15	Oct-17	Oct-19		Oct-21	
5	Paul Sasse	Independence	City Manager	?	?					Oct-01
5	Cheryl Lanoue	Concordia	City Clerk	N/A	Oct-01	Oct-03	Oct-05			Aug-06
5	Sharon Brown	Clay Center	Mayor	N/A	Oct-06 ¹	Oct-07	Oct-09			Apr-11
5	Debbie Price	Marysville	City Clerk	Apr-10	Oct-11	Oct-13	Oct-15			Oct-17
5	Greg DuMars	Lindsborg	City Administrator	N/A	Oct-17	Oct-19	Oct-21		Oct-23	
6	Jane Henry	Derby	Environ/Safety Dir	N/A	Oct-96	Oct-98				May-00
6	Shawne Boyd	Derby	HR Coord	?-00	Oct-00					Oct-02
6	David Alfaro	Augusta	Assist. City Mgr.	N/A	Oct-02	Oct-04				Apr-06
6	Steve Archer	Arkansas City	City Manager	Apr-06	Oct-06	Oct-08	Oct-10			Dec-10
6	Debra Mootz	Roeland Park	City Clerk/DOF	Dec-10	Oct-11 ¹	Oct-12				Aug-14
6	Nathan McCommon	Tonganoxie	City Manager	N/A	Oct-14					Oct-16
6	Mike Webb	Edwardsville	City Manager	N/A	Oct-16					May-18
6	VACANT				Oct-18	Oct-20	Oct-22		Oct-24	
7	Max Mize	Kingman	Mayor	N/A	Oct-96	Oct-98	Oct-00			Apr-01
7	Gary Hobbie	Russell	City Manager	Jun-01	Oct-01 ¹	Oct-02	Oct-04	Oct-06		Oct-07
7	Larry Paine	Hillsboro	City Administrator	N/A	Oct-07 ¹	Oct-08	Oct-10	Oct-12		Oct-14
7	Kerry Rozman	Clay Center	City Clerk	N/A	Oct-14	Oct-16				June-18
7	VACANT				Oct-18	Oct-20	Oct-22		Oct-24	
8	Ted Stolfus	Bonner Spgs	Mayor	May-97	Oct-99					Apr-01
8	Nancy Calkins	Mission	City Clerk	Jun-01	Oct-01 ⁴	Oct-02				Oct-04
8	Ty Lasher	Cheney	City Administrator	N/A	Oct-04	Oct-06				Jun-07
8	Toby Dougherty	Hays	City Manager	Jun-07	Oct-07 ¹	Oct-08	Oct-10			Oct-11
8	Keith Schlaegel	Stockton	City Manager	N/A	Oct-11¹	Oct-12	Oct-14	Oct-16	Oct-18	
9	Carl Myers	Wellington	City Manager	Jul-97	Oct-97	Oct-99				Oct-01
9	Rhonda Schuetz	Hiawatha	City Clerk	N/A	Oct-01	Oct-03				Sep-04
9	Lana McPherson	De Soto	City Clerk	N/A	Oct-04 ¹	Oct-05	Oct-07	Oct-09		Oct-11
9	Clausie Smith	Bonner Spgs	Mayor	N/A	Oct-11					Apr-13
9	Fred Gress	Parsons	City Manager	Apr-13	Oct-13					Aug-14
9	Ty Lasher	Bel Aire	City Manager	N/A	Oct-14¹	Oct-15	Oct-17	Oct-19	Oct-21	
10	Tim Richards	Newton	Commissioner	Jul-97	Oct-97					Apr-99
10	Willis Heck	Newton	Mayor	May-99	Oct-99	Oct-01				Oct-03
10	Linda Jones	Osage City	City Clerk	N/A	Oct-03	Oct-05	Oct-07			Oct-09
10	Doug Gerber	Goodland	City Manager	Oct-09	Oct-11	Oct-13				Apr-14
10	Megan Fry	Pittsburg	HR Director	Mar-14	Oct-14 ¹					Jan-15
10	Jay Byers	Pittsburg	Assist. City Mgr.	Mar-15	Oct-15					Mar-16
10	Carey Simons	Pittsburg	Rec Dept	Mar-16	Oct-17	Oct-17				Sep-18
11	VACANT									
11	Jim Beadle	De Soto	Mayor	Jan-94	?					Jan-97
11	Kelly DeMeritt	Atchison	Assist. City Mgr	May-97	Oct-97	Oct-99	Oct-01			Oct-03
11	Bill Powers	Ulysses	City Administrator	N/A	Oct-03					Jan-04
11	Bud Newberry [2]	Derby	City Planner	Jan-04	Oct-04	Oct-05	Oct-07			Oct-09
11	Mac Manning	Peabody	City Adm/Clerk	Oct-09	Oct-11					Dec-12
11	Michelle Stegman	Garden City	HR Director	Jan-13	Oct-13					Apr-15
11	Michael Reagel	Garden City	Police Captain	May-15	Oct-15	Oct-17			Oct-19	

¹ One-year term

² Appointed to Board while at Elkhart; moved on to Ulysses in June '04; moved on to Derby in Dec '07

³ First elected to the Board while in Kingman; moved on to Eudora in July '05

⁴ First elected to the Board while in Ft. Scott; moved on to Mission in ?

Kansas Municipal Insurance Trust

2250 N. Rock Rd. Ste 118-PMB302 Wichita, KS 67226



2017/2018 Board of Trustees

Randy Frazer
President
Moundridge

David Dillner
Vice President
El Dorado

VACANT

Tim Hardy
Past President
Elkhart

Keith Schlaegel
Stockton

Michael Reagle
Garden City

Ty Lasher
Bel Aire

Janie Cox
Haysville

Carey Simons
Pittsburg

VACANT

Greg DuMars
Lindsborg

Jeff Morris
Ad Hoc Position
Coffeyville CC

Don Osenbaugh
Pool Administrator

Jeff Morris
Vice President for Operations and Finance
Coffeyville Community College
400 W 11th St.
Coffeyville, KS 67337

September 20, 2018

Jeff,

The purpose of this letter is to officially appoint you to an *Ad Hoc* position on the KMIT Board of Trustees. The position carries all the duties and responsibilities of a full Trustee position, except that it is a non-voting position.

This appointment is for a two-year term which expires in December 2020. A re-appointment for another two-year term would be considered by the KMIT President at that time.

The new *Ad Hoc* position was created by the Board, via KMIT Operating Policy #5, at its meeting on August 24, 2018, and reflects the desire of the Board to have a community college presence on the Board, as KMIT moves into a new era; one which now permits membership by any municipality in Kansas (no longer limited just to member cities of the LKM).

Thank you for agreeing to take on this new and important role in the KMIT organization. We very much look forward to having you on our Board.

Randy Frazer
2017/2018 KMIT President