

Iowa Communities Assurance Pool
Board of Directors
Thursday, April 10, 2008

Hyperion Field Club, Johnston, Iowa

Board members present: Jody Smith, Gary Mahannah, Dave Hageman, Pam Ward, Holly Fokkena, Tom Roth, Larry Burger, William Peterson and Alan Kemp. Present from American Risk Pooling Consultants: John Brockschmidt, Bal Capote, Chris Dondzila, and Adam Pakledinaz. Present from Bilbrey Insurance Services: Ken Bilbrey, Val Bilbrey and Kasi Koehler. Present from Public Entity Risk Services of Iowa: Frank Miller. Present from Plante Moran: Kevin Krause.

The meeting was called to order at 9:00 a.m. CST by Mr. Smith, Chairman.

Upon motion by Mr. Roth, second by Mr. Mahannah, the agenda was unanimously approved.

No member/citizen comments were presented.

Mr. Peterson reported David Vestal, ISAC counsel, provided special services in light of the ICAP Board meeting being held at this location.

Upon motion by Mr. Mahannah, second by Ms. Ward, the minutes of the January 10, 2008 meeting were unanimously approved.

Audited Financial Report

Mr. Krause reviewed the ICAP 2007 audited financial report. He discussed the audit process. He reported that no new GASB regulations were presented in 2007 that affected the ICAP audit. He discussed SAS No. 114, which affects the auditors' reporting requirements. He reported that a representation letter would be forwarded later this month.

He reported that Section 1 of the Auditors report included recommendations for strengthening information technology (IT) controls. He added that the audit process was not affected by recommended IT changes.

He reviewed the end-of-year balances for assets/liabilities and earnings/expenses. He reported that contractual expenses were compared to the respective contracts and found no discrepancies.

The ICAP Board of Directors entered Executive Session with Mr. Krause at 9:30 a.m. The Executive Session with Mr. Krause concluded at 9:50 a.m.

Mr. Smith reported that the Board of Directors has requested a separate letter from Plante Moran that addresses the recommendations for strengthening information technology controls.

Upon motion by Mr. Mahannah, second by Mr. Hageman, it was unanimously resolved to authorize American Risk Pooling Consultants to sign the letter of representation

**Iowa Communities Assurance Pool
Board of Directors
Thursday, April 10, 2008**

addressed to Plante & Moran.

New Business

a) ICAP Endorsement Contracts (agenda item moved due to expected departure of Mr. Kemp)

Mr. Smith reported the endorsement contracts with the Iowa League of Cities and the Iowa State Associations of Counties will be reviewed by the Board and legal counsel. He requested input from ICAP Board members, ARPCO, BISI, ILOC and ISAC regarding the contracts, fees and services provided in exchange for the endorsement fees for further discussion at the June, 2008 ICAP board meeting.

Mr. Peterson indicated other endorsement contracts entered into by ISAC specifies services provided by ISAC. He indicated discussions might best continue at the August meeting. Mr. Kemp indicated his agreement with the suggested timeline.

Mr. Roth inquired if the time has arrived for a formal agreement between ICAP and the IMWCA. Mr. Smith indicated the ICAP Board's desire to continue strengthening the ties between ICAP and the IMWCA which, hopefully, will result in benefits to both entities/programs.

Mr. Capote relayed comments regarding members' confusion regarding separate loss control visits and recommendations by ICAP and IMWCA staffs. He also requested that during the contracts with ICAP, Mr. Peterson and Mr. Kemp consider the terms "endorsement" and "sponsorship."

Mr. Bilbrey requested the opportunity for he and Mr. Capote to address the IMWCA Board of Directors during their 2008 strategic planning meeting in June. Mr. Kemp indicated he would forward the request to Jim Dowling, Chairman of the IMWCA Board of Trustees.

Claims Report

Mr. Miller reviewed casualty and property claims with reserves or recent payments of \$100,000 or more.

Mr. Dondzila reported the ARPCO claims staff is monitoring developments in the lawsuit related to Woodbury County's policy on jail strip searches.

Loss Control Report

Mr. Capote reviewed the loss control efforts since the last board meeting. Mr. Peterson reported that David Vestal has received several calls related to employment applications as a result of a loss control communication to ICAP Members.

**Iowa Communities Assurance Pool
Board of Directors
Thursday, April 10, 2008**

Financial Report

Mr. Pakledinaz reviewed the ICAP financial reports as of December 31, 2007 and 2006. Mr. Smith suggested that a further breakout be provided that more specifically identifies the Capitalization Fund.

Investments Report

Mr. Smith reviewed the report provided by Smith Barney representatives to the ICAP Investment Committee at their meeting Wednesday, April 9, 2008.

He reported that Tribune Co bond and the GMAC bonds are not currently within compliance with the investment portfolio constraints. He pointed out that a February, 2008 purchase of Bear Stearns stock was made prior to J.P. Morgan becoming involved in March, 2008. Mr. Mahannah referred to the report of annual rates of return and pointed out the general positive returns as compared to the dynamic index since the involvement of the Swanson Group in 1995.

Marketing / Local Administration Report

Ms. Koehler and Mr. Bilbrey provided information from the Marketing Report as provided in the Board Handbook.

APEEP Highlights

Mr. Mahannah reviewed highlights of the APEEP annual board meeting in February 2008. He referred to the new APEEP handbook.

2009 ICAP Board Meeting Calendar

Upon motion by Ms. Fokkena, second by Ms. Ward, the 2009 ICAP Board meeting schedule was approved as presented. Scheduled 2009 meeting dates are: January 15, February 11-14 (APEEP annual meeting); April 23, June 18, August 13-16; October 14-16. Locations will be reported at the August, 2008 Board meeting.

New Business

a) Website Technology Issues

Ms. Koehler discussed proposed new functionality of the ICAP website, financed by contributions by the Board.

Upon motion by Mr. Roth, second by Mr. Mahannah, it was unanimously resolved to commit \$5,000 annually to assist with enhancements to the ICAP website.

**Iowa Communities Assurance Pool
Board of Directors
Thursday, April 10, 2008**

b) 2008 Election Committee Appointment

Mr. Smith appointed Ms. Fokkena, Mr. Mahannah and Mr. Burger to the 2008 election committee.

d) Next Regular Meeting

Ms. Bilbrey reported that the next board meeting is scheduled for Thursday, June 12, 2008 at the ISAC offices.

The Board entered Executive Session with Chris Dondzila at 1 p.m. The Executive Session with Chris Dondzila concluded at 1:25 p.m.

Mr. Smith adjourned the meeting at 1:50 p.m. CST.

Respectfully submitted,

David Hageman, Secretary

DH/vjb