

**Iowa Communities Assurance Pool
Board of Directors
August 6-7, 2008**

The Abbey Hotel, Bettendorf, Iowa

Board members present: Jody Smith, Gary Mahannah, Dave Hageman, Pam Ward, Holly Fokkena, Larry Burger, Bill Peterson and Alan Kemp. Absent: Tom Roth. Former Board members present: Richard Hansen and Marvin Ford. Present from American Risk Pooling Consultants: John Brockschmidt, Bal Capote, Chris Dondzila and William Weaver. Present from York, Inc.: Rick Taketa. Present from Bilbrey Insurance Services: Ken Bilbrey, Val Bilbrey and Kasi Koehler. Present from Public Entity Risk Services: Frank Miller

The meeting was called to order at 2 p.m. CST by Mr. Smith, Chairman.

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

No member/citizen comments were brought forward.

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

Introduction of Rick Taketa

Mr. Brockschmidt introduced Rick Taketa, Division President, York Risk Management Associates, L.L.C. and reviewed the recent purchase of ARPCO by York. Mr. Brockschmidt explained that ARPCO staff remain intact and will be moving to a new office location this fall.

Mr. Taketa described York's commitment to ARPCO and its pools. He outlined the organization's history and its business platforms. He reported that with ARPCO, York services over 4,000 public entities and has a presence in 32 states, making it perhaps the largest provider in the nation.

At Mr. Hansen's inquiry, Mr. Taketa reported that approximately 700-800 York employees provide claims and loss control services to public entities, which represents approximately 40% of the company's total business. He outlined York's short-term and long-term goals for ARPCO.

Mr. Smith indicated his appreciation of the efforts by York and ARPCO staff to keep the ICAP board apprised during the acquisition. He stressed the importance of keeping ARPCO staff intact. He thanked Mr. Taketa for his attendance today.

Financial Report

Mr. Weaver reviewed the ICAP financial report dated June 30, 2008.

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Claims Report

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

He reported that the 2008 winter, spring and summer weather patterns (tornados, floods) have caused record claims counts - Member property claims as well as sewer backup claims and automobile damage claims due to street/road potholes. Mr. Dondzila commended the claims investigation teamwork by PERSI, ARPCO and Travelers.

Loss Control Report

Mr. Capote reviewed the loss control report as of June 30, 2008. He reported the annual goal is 446 member visits and, to date of the report, 233 visits have been completed.

Marketing / BISI Administration Report

Mr. Bilbrey and Ms. Koehler reviewed the Marketing Report as provided in the Board handbook.

Unfinished Business

a) ICAP Endorsement Contracts

Mr. Smith reported that the Iowa State Association of Counties agreement has been reviewed by ICAP counsel, Elizabeth Grob. She awaits the proposed agreement from Iowa League of Cities. This issue will be included on the October, 2008 ICAP board meeting agenda.

b) IRMA Amendment

Mr. Capote reviewed proposed changes to Article X of the Iowa Risk Management Agreement (IRMA). He reported that after discussions with ICAP counsel, ARPCO is recommending that no changes be made despite Ms. Grob's recommendations for language change. Mr. Smith indicated his opinion that at least one of Ms. Grob's recommendations be adopted. Mr. Mahannah agreed with Mr. Smith. Several questions from board member developed.

Mr. Burger suggested that should a similar issue arise, changes to the IRMA could be adopted in the future. Ms. Fokkena suggested that a business practice be established whereby withdrawal calculations be made using both the expiring contribution and new contribution. The resulting refund would be that that favors the withdrawing member.

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Upon motion by Mr. Mahannah, second by Ms. Fokkena, it was unanimously resolved to direct staff to develop proposed resolution language for consideration at the October, 2008 board meeting.

Mr. Smith recessed the meeting at 4:45 p.m. CST.

The meeting reconvened Thursday, August 7, 2008 at 9:05 a.m. CST.

Investment Report

Keith Swanson and Robert Chleborad, CITI Smith Barney, joined the meeting. Mr. Swanson discussed the current overall investment, economic, credit and housing conditions as well as possibilities for each in the near future.

Mr. Chleborad reviewed the ICAP investment report as of July 31, 2008. He discussed the investment policy compliance issues:

- 1) The 0-3 year maturity distribution is slightly underweight the guideline (18.18% vs 20%). As the cash from the transfer account is moved over for the July Account Current, this will be corrected.
- 2) The three bonds that are below the BB range continue to be held:
 - a) The Tribune and Co. bond is rated CCC
 - b) The General Motors Acceptance Corp. bond was downgraded to B-.
 - c) The Knight Ridder bond is rated B+
- 3) All other constraints are being met.

He outlined recommendations being presented to the ICAP Investment Committee.

Unfinished Business (cont.)

c) 2008 Election Status and Election Policy Review

Mr. Mahannah reported three nominations have been received: Mr. Roth and Mr. Hageman for re-election and Ms. _____, _____.

He discussed Ms. ___ nomination, which was presented by an entity other than her own entity. He outlined possible language change to the Election Policy. Ms. Fokkena indicated the nominator's concern was that he did not understand the nomination/election procedure. Ms. Bilbrey reported that the Election Policy has not been distributed to ICAP members but that the nomination letter and the ICAP Update provide information that is less detailed than the Policy.

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d) 2009 Board Meeting Locations

Ms. Bilbrey discussed proposed meeting locations for the August 2009 meeting. Board member consensus indicated preference of Traverse City or Harbor Springs.

New Business

a) Next Regular Meeting – October 2008

Mr. Brockschmidt outlined itinerary plans for the October Board meeting and provided a questionnaire for attendees to be returned to ARPCO.

Respectfully submitted,

David Hageman, Secretary

DH/vjb