

**Iowa Communities Assurance Pool
Board of Directors
Thursday, June 18, 2009**

Iowa State Association of Counties, Des Moines, Iowa

Board members present: Jody Smith, Gary Mahannah, Dave Hageman, Pam Ward, Holly Fokkena, Tom Roth, Larry Burger, and Tim Kirgan (for Alan Kemp). Board members absent: Bill Peterson and Alan Kemp. Present from American Risk Pooling Consultants: John Brockschmidt, J.T. Babish, Bal Capote, Michele Chandler and Vanessa Fults. Present from Bilbrey Insurance Services: Ken Bilbrey, Val Bilbrey and Kasi Koehler. Present from Public Entity Risk Services of Iowa: Frank Miller.

The meeting was called to order at 9:02 a.m. CST by Mr. Smith, Chairman.

Mr. Smith indicated the order of business as noted in the agenda required changes and, as such, approval of the agenda was not necessary. Mr. Smith's recommendation was approved by consensus of the Board.

No member/citizen comments were brought forward.

Upon motion by Mr. Mahannah, second by Ms. Fokkena, the minutes of the April 23, 2009 board meeting were unanimously approved as submitted.

APEEP Update

Mr. Mahannah reported the APEEP Board of Directors plans to adopt a Stewardship Report as a governance tool for the Claims Audit Committee.

He also reported the APEEP Board is considering changes in the property program. These include increasing the individual pool's retention attachment points.

ARPCO Staffing

Mr. Brockschmidt introduced J.T. Babish, APRCO Vice President.

Claims Report

Mr. Miller reviewed new and active claims with reserves or recent payments of \$100,000 or more. Discussion ensued regarding loss control and coverage issues related to claims from law enforcement operations.

Ms. Fults reported on several recent meetings and related claims. Mr. Smith thanked Ms. Fults for her efforts, as well as Travelers in adjusting the 2008 property claims.

ARPCO Staffing

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Mr. Brockschmidt outlined ARPCO staffing changes and additions during recent months and provided an update organizational chart.

Financial Report / CRF Review

Mr. Brockschmidt discussed a new investment allocation procedure, whereas current year investment income will be allocated between the casualty and property funds on a prorated basis related to the respective fund balances at December 31 of the previous year. He outlined the effect of the new procedure on the current fund balances and reviewed ICAP financial statements as of March 31, 2009 with comparisons to 2008. He reported 2009 claim counts through May are 20% less than the same periods in 2007 and 2008.

The relationship between FEMA and property coverage providers at the time of a claim was discussed.

Upon motion by Mr. Roth, second by Mr. Burger, it was unanimously resolved to adopt the new investment allocation procedure as outlined: "Beginning on January 1, 2009, invested assets, investment income (net of fees), realized gains/losses and change in unrealized gains/losses will be allocated between property and casualty for financial presentation purposes. This allocation will be proportional to the prior year end fund balances and will remain in effect for the subsequent calendar year. The purpose of this procedure is for property and casualty to proportionally share in the investment results of the pool and is in no way intended to effect actual investment policy or performance.

Loss Control Report

Ms. Chandler reviewed the loss control report as provided in the Board handbook. She discussed Members' special requests for loss control information and training as well as Members' use of online materials and free online training.

Mr. Smith inquired if Webster County's request for training resulted from a recent claim. Ms. Chandler will provide a response to the Board.

Ms. Ward reported the Iowa DOT discontinued the ability to print drivers' records. She also indicated that lobbying efforts are being made to allow printing of the reports.

Investment Report

Mr. Smith reviewed the Investment Report provided by Smith Barney at the Investment Committee meeting on June 17, 2009. He noted the ratings for three bonds (The Tribune and Co., The General Motors Acceptance Corp., and The Knight Ridder) remain out of compliance. The Committee recommends the bonds be held.

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Mr. Smith also reported that, due to the recent payment of a number of claims, several of the investment duration categories are out of compliance but the situation will be corrected with July 1 cash infusions.

Marketing / BISI Administration Report

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

Mr. Burger reported he attended a recent meeting of the Union County Board of Supervisors, during which local agent Dennis Carter presented a positive report about ICAP. Mr. Smith commented he met Bruce Kelley, CEO of Employers Mutual, during his recent trip to the May 2009 APEEP meeting.

Legislative Issues

Mr. Brice Oakley (Avenson, Oakley and Cope) discussed the recent Iowa legislative session and reported no issues were raised that may affect ICAP. He also reported the next session will deal with budget issues, compounded by election concerns.

Unfinished Business

a) Investment Income Allocation

This issue was addressed during the financial presentation.

New Business

a) CAFR

Mr. Capote reported ICAP has received twelve consecutive awards for the ICAP Comprehensive Annual Financial Reports (CARF) from the Governmental Finance Officers Association (GFOA). A request for another similar recognition of the 2008 ICAP financial has been submitted.

b) Demotech Report

Mr. Capote reported a request has been submitted for a report of the ICAP financial condition as of December 31, 2009 from Demotech.

c) IMWCA Anniversary

Mr. Capote reported the loss ratio for the IMWCA coverage provided by ICAP is 113%. He discussed underwriting concerns and indicated the ICAP coverage document is not intended to respond to the errors and omission exposure of a

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workers' compensation claims operation. He reported discussions will be held with Alan Kemp shortly so the IMWCA can find replacement coverage prior to their September 2009 anniversary.

d) 2010 Joint ICAP/IMWCA Meeting

Mr. Smith reported the IMWCA Board of Directors has suggested a joint meeting of the ICAP and IMWCA Boards of Directors be held June 17, 2010.

e) August 2009 Board Meeting

Ms. Bilbrey provided a brief outline of the itinerary of the August 2009 ICAP Board meeting and distributed related information.

f) Association of Iowa Fairs

Mr. Capote reported an endorsement agreement is being drafted for consideration by the Association of Iowa Fairs (AIF). A proposal will be presented at the next ICAP Board meeting.

Mr. Smith adjourned the meeting at 11:57 a.m. CST.

Respectfully submitted,

David Hageman, Secretary

DH/vjb