

Iowa Communities Assurance Pool
Board of Directors
October 3, 2008

Hotel Baronette, Novi, Michigan

Board members present: Jody Smith, Gary Mahannah, Dave Hageman, Tom Roth, Pam Ward, Holly Fokkena, Bill Peterson and Alan Kemp. Absent: Larry Burger. Present from American Risk Pooling Consultants: John Brockschmidt, Cindy Dieck, Bal Capote, Chris Dondzila, William Weaver, Adam Pakledinaz, George Piskos, Lori Dolan, Michele Chandler-Kalzinski, Kristin Smolek, Vanessa Fults. Present from York, Inc.: Tom MacArthur, John Stanzi. 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 9 a.m. CST by Mr. Smith, Chairman.

Upon motion by Ms. Fokkena, second by Ms. Ward, the agenda was unanimously approved.

No member/citizen comments were brought forward.

Mr. Brockschmidt introduced Mr. MacArthur and Mr. Stanzi, York Insurance Group Services, Inc. Mr. MacArthur discussed York's business philosophy and the relationship between York and ARPCO. Mr. Smith stated the board's confidence in ARPCO/partners and expressed positive expectations for the new relationship.

Upon motion by Mr. Mahannah, second by Ms. Ward, the minutes of the August 6-7, 2008 meeting were unanimously approved.

Claim Report

Mr. Dondzila, Mr. Piskos, Ms. Dolan, Ms. Smolek and Ms. Chandler- Kalzinski reviewed unresolved or recently received casualty claims with payments or reserves of \$100,000 or more. Ms. Fults discussed processing and settlement of property losses due to extreme 2008 spring and summer weather conditions. She reported that she will be personally delivering settlement check. Mr. Smith complimented the ARPCO staff and their claims partners (PERSI and Travelers) for their handling of those property claims.

Financial Report / 2009 Member Distribution

Mr. Pakledinaz reviewed the financial reports as of June 30, 2008 including claims development.

He reviewed the projected 2009 casualty and property budget projections. He discussed casualty and property claims development as related to increased ICAP and APEEP claims retentions. He outlined a proposal for Member contribution distributions for both casualty and property lines of coverage and supporting information, proposing a total \$1,650,000 budgetary distribution with \$650,000 coming from the casualty side and \$1,000,000 from property. Discussion followed. Mr. Smith requested consideration of

**Iowa Communities Assurance Pool
Board of Directors
October 3, 2008**

moving some of the property “surplus” to another designated surplus fund. Consensus was expressed for the overall proposed distribution amount proposed by Mr. Pakledinaz.

Upon a motion by Mr. Mahannah, second by Mr. Hageman, to return to Pool membership, in 2009, the casualty budgetary & property surplus distribution recommended by the ARPCO staff specifically 5% of the annual casualty contribution, approximately \$650,000, for vested casualty members and \$1,000,000 distribution from property operations to members that participate in the ICAP property program was unanimously approved.

Mr. Smith proposed that 10% of the property surplus 2008 yearend balance be moved to the overall surplus fund. Mr. Brockschmidt expressed concerns considering 2008 property losses and property market projections.

Upon a motion by Mr. Roth, second by Mr. Mahannah, it was unanimously resolved to transfer, when practical, 10% of the December 31, 2008 property balance to the surplus or capitalization fund wholly contained in the property fund column of the Pools Fund Balance Components.

Ms. Dieck reviewed the 2008 loss control budget and the proposed 2009 budget. She explained the circumstances that can significantly affect expenses – special Member requests and the number of new member visits.

Upon a motion by Mr. Mahannah, second by Ms. Fokkena, it was unanimously resolved to approve the proposed 2009 casualty budget including the already determined casualty distribution and loss control amounts.

Upon a motion by Mr. Roth, second by Mr. Mahannah, it was unanimously resolved to acknowledge the ARPCO staff property budget projections for 2009.

Mr. Smith complimented ARPCO staff for their preparation of the financial reports and proposed budget.

Loss Control Report

Ms. Dieck reported about recent loss control activities. She reviewed results of the Board-approved free online loss control training. She reported that four Members have taken 19 courses to date in 2008. She requested board approval to continue ICAP underwriting of the cost of online training with a limited per Member.

Upon a motion by Mr. Roth, second by Ms. Ward, it was unanimously resolved to continue underwriting the cost of online training in 2009 under the same conditions as was approved for 2008.

Mr. Mahannah requested loss control consideration and support be given to recent move by local governments to allow golf cart use on public streets. Ms. Dieck agreed to review recent research and to disseminate that information.

**Iowa Communities Assurance Pool
Board of Directors
October 3, 2008**

Investment Report

Mr. Smith reviewed investment results as of September 30, 2008.

Marketing / BISI Administration Report

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

Unfinished Business

a) Member Termination – IRMA Interpretation

Mr. Capote reviewed the August 2008 board meeting discussion regarding the IRMA withdrawal provision. He provided three proposals for review by the ICAP Board to provide direction to the administrator for interpreting the calculation of the following year's casualty budget for a withdrawing member. Discussion followed and Mr. Capote addressed several Board member inquiries. Additional language was suggested.

Upon motion by Ms. Fokkena, second by Ms. Ward, it was unanimously resolved to adopt the following interpretation for the calculation of the casualty following year's casualty budget.

“With respect to members that terminate, the Board directs the administrator to interpret the calculation of the following year's casualty budget as follows: The member's following year's casualty budget shall be based on the expiring casualty contribution or the most current year casualty contribution whichever is less. If the withdrawing member does not choose to provide the necessary anniversary information then the calculation shall be based on the known or expiring casualty contribution.”

b) Endorsement Agreements

Mr. Capote reviewed proposed contracts relating to ISAC and ILOC endorsements of ICAP. Ms. Ward pointed out a grammatical error in the proposed documents.

Upon motion by Mr. Mahannah, second by Ms. Ward, both proposed agreements were unanimously approved subject to confirmation by ICAP, ISAC and ILC Counsel of the final staff agreed-to language.

c) 2008 Election Status

Mr. Mahannah reviewed the status of the 2008 election process, reporting that the Board Election Policy has been added to the website for Member review.

**Iowa Communities Assurance Pool
Board of Directors
October 3, 2008**

d) 2009 Board Meeting Schedule

Ms. Bilbrey reviewed dates and locations of 2009 Board meetings.

Mr. Smith noted that the next meeting (January 15, 2009) will be held at the West Des Moines City Hall.

The meeting was adjourned by Chairman Smith at 1:30 p.m. CST.

Respectfully submitted,

David Hageman, Secretary

DH/vjb