

Iowa Communities Assurance Pool
Board of Directors
Thursday, June 17, 2010

Iowa State Association of Counties, Des Moines, Iowa

Board members present: Jody Smith, Gary Mahannah, Dave Hageman, Holly Fokkena, Tom Roth, Larry Burger, Pam Ward and Bill Peterson. Board Members Absent: Alan Kemp. Present from American Risk Pooling Consultants: John Brockschmidt, J.T. Babish, Chris Dondzila and Michele Chandler. Present from York Risk Services Group: John Stanzi. Present from Public Entity Risk Services of Iowa: Frank Miller. Present from Bilbrey Insurance Services: Ken Bilbrey, Kasi Koehler and Megan Roth. Present from Ahlers-Cooney Law Firm: Elizabeth Grob (10:55 - 11:30 a.m.).

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

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

No member or citizen comments were brought forward.

Upon motion by Mr. Hageman, second by Mr. Burger, the minutes of the April 15, 2010 board meeting were unanimously approved.

Claims Report

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

Financial Report

Mr. Brockschmidt reviewed the ICAP financials included in the Board handbook and analyzed first quarter results. He highlighted claim totals through May, indicating incurred property claims have increased roughly \$1 million, while casualty claims were approximately \$500,000 lower than reported in the previous year. Overall revenue has remained relatively stable, as have the CRF and property fund balances.

Due to settled claims and reserve changes at APEEP, the actual budget of \$600,000 came in lower than anticipated and the re-estimated 2010 budget was comparable to a breakeven.

Loss Control Report

Ms. Chandler reviewed the loss control report as provided in the Board handbook and announced approximately 100 Member visits took place in April and May of this year.

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She provided an overview of special requests that have been received and detailed select exposures that have increased the need for loss control resources. Ms. Chandler elaborated on Loss Control's provision of resources, including hands-on and online training. She indicated usage of these resources has increased steadily over the last several months.

Mr. Babish provided additional insight related to ICAP-IMWCA joint loss control efforts. Mr. Smith requested access to ICAP's loss control resources be offered to the IMWCA Board of Directors in an attempt to strengthen joint loss control efforts between the two organizations.

Investment Report

Mr. Smith reviewed the Investment Report provided in the Board handbook. He discussed current standings of the bonds for the Tribune Company, GMAC and Knight Ridder. He acknowledged one has increased slightly since the last report, while the other two have dropped slightly. Mr. Smith commented the Committee is satisfied with the 2010 results to date and, at Mr. Stanzi's inquiry, stated the Pool will continue to hold the Tribune Company Bond.

Per a recommendation from Graystone Consulting, the Investment Committee has elected to move select funds to a more global focus in order to further diversify the Pool's assets. Mr. Smith acknowledged ICAP currently has several fund managers indicating his preference that the number not be significantly increased.

Mr. Smith recognized investment duration categories that are currently out of compliance but are expected to be brought back to the desired level within the next couple of weeks due to an influx of cash from anniversaries.

Marketing / BISI Administration Report

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

Unfinished Business

d) Legal Review/Update (agenda item moved to accommodate availability of Ms. Grob)

Ms. Grob provided a legal analysis of the Gift Law as it related to the ICAP Board of Directors and reviewed her opinion with the Board. Discussion ensued and Ms. Grob answered various questions from the Board.

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a) Unallocated Endorsement Fees

Ms. Roth presented an update on the ICAP webinar series, as approved at the April Board meeting. She provided a time line for production and overview of the topics to be featured in the webinars. Discussion ensued and it was unanimously resolved that BISI will continue moving forward per the materials presented.

b) CRF Update

Ms. Chandler provided an overview of the Budgetary and Cumulative Reserve Funds (CRF) and discussed the Board's 2006 decision related to surplus funds.

Mr. Brockschmidt presented a five-year analysis of ICAP's Casualty, Property and Cumulative Reserve Funds and highlighted the effect of the 2006 CRF decision on overall fund balances.

Mr. Stanzi explained various surplus adequacy evaluation tools and reviewed 10 key financial ratios falling into three categories of capitalization, profitability and liquidity. Mr. Stanzi reviewed the ratios which showed that ICAP meets and exceeds the financial benchmarks most readily applicable to public entity pools. He commended the Pool on its liquidity results and commented on the positive trends and stability in ICAP's financial results.

Ms. Chandler reviewed the current status of the CRF and pointed out future CRF considerations for Board discussion and deliberation.

At Mr. Mahannah's inquiry, Ms. Chandler and Mr. Brockschmidt reviewed details of the 2006 CRF decision and the corresponding provisions in the IRMA.

Mr. Smith requested this conversation be continued at the August Board Meeting and, if necessary, again at the October meeting. Discussion ensued and it was resolved to have ARPCO and BISI provide additional information to facilitate Board discussion at the August meeting.

c) Intent for Re-Election

Mr. Smith and Ms. Ward expressed their willingness to seek re-election to the Board for four year terms.

e) IMWCA Update

Mr. Babish reviewed previous meetings with IMWCA Loss Control. He indicated that the pools continue to discuss defensive driving training and expressed ARPCO's desire to engage in a joint loss control initiative on this or other topics of interest relevant to the membership of both programs.

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f) 2011 Board Meeting Calendar

Ms. Roth provided an update on the 2011 Board meeting schedule, as requested at the April meeting. Mr. Mahannah moved to remain with the initially scheduled meeting date of January 13, 2011, due to a high volume of meetings in the weeks before and after. Ms. Ward seconded and the motion was unanimously approved.

New Business

a) 2009 C.A.F.R.

Upon motion by Mr. Roth, second by Mr. Burger, it was unanimously approved to move forward with the 2009 C.A.F.R.

b) Services Analysis (Demotech)

Mr. Hageman provided an overview of Demotech's history with ICAP and discussed the many ways in which the Pool may benefit from an updated review. He presented a time line for completion of this process, which has an estimated cost of \$12,000-\$14,000, and requested the Board's approval to move forward.

Upon motion by Mr. Mahannah, second by Ms. Ward, it was unanimously approved to engage Demotech to update its prior review of the Pool.

c) APEEP Update

Mr. Mahannah reviewed the APEEP Highlights provided in the Board handbook. He indicated Plante Moran's audit report of APEEP is of particular relevance to the Board and commended Chris Dondzila and his staff for contributing to APEEP's largely decreased claim count, which currently sits at 21 claims.

d) Next Regular Meeting

Ms. Roth reported the next regularly scheduled ICAP Board Meeting will be held August 11-13 at the Arrowwood Resort and Conference Center in Okoboji, Iowa.

Mr. Brockschmidt proposed an amended scheduled for the October Board meeting and suggested attendees arrive in Southfield Thursday evening, October 14, and plan to meet the full day Friday, October 15.

Mr. Smith adjourned the meeting at 1:24 p.m. CST.

Respectfully submitted,

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Dave A. Hageman

Dave Hageman, Secretary

DH/mmr