



**Enduris  
Board of Directors Meeting**

February 18, 2016

Enduris Office  
1610 S. Technology Boulevard, Spokane, WA 99224

*Call to Order: Kim Bedier, Chair, called the meeting to order at 8:30 a.m.*

**ROLL CALL**

Board Members Present: Kim Bedier, Chair; Jeri Sevier, Vice Chair; André Fresco, Board Member; Noel Hardin, Board Member; Patsy Martin, Board Member; and Mark A. Kammers, Executive Director. Greg Brizendine and Vicki Carter were excused.

Others Present: Kevin Wick, Managing Director, PricewaterhouseCoopers; Carl Oswald, Vice President & West Regional Manager, Genesis/General Reinsurance Co.; Amy Lightner, Assistant Vice President, Genesis/General Reinsurance Co.; Shane Heston, Broker, Trask Insurance; Cheryl Duryea, Enduris General Counsel; Rafaela Ortiz, Enduris Chief Operating Officer; Sheryl Brandt, Enduris Chief Risk Officer; and Joy Jelsing, Enduris Administrative Assistant.

Ms. Bedier started the meeting with introductions of Board, staff, and guests.

**ADOPT AGENDA**

Mr. Kammers made a recommendation to move the CEO Year in Review before the CEO Quarterly Update.

**MARTIN/SEVIER moved to adopt the revised agenda as recommended. Motion carried.**

**BOARD CONSENT AGENDA**

**Board Policy GC-2.6** states that the Board will use a Consent Agenda as a means to expedite the disposition of routine matters and to dispose of other items of business it chooses not to discuss. All administrative matters delegated to the CEO that are required to be approved by the Board will be acted upon by the Board via the Consent Agenda. An item may be removed from the Consent Agenda upon approval by a majority of the Board.

## **Board Consent Agenda**

Meeting Minutes – November 18, 2015

**HARDIN/FRESCO moved to approve all items on the Board Consent Agenda. Motion carried.**

## **CEO Consent Agenda**

### Vouchers

- November 2015
- December 2015
- January 2016

**HARDIN/SEVIER moved to approve the CEO Consent Agenda. Motion carried.**

## **ANNUAL PROFESSIONAL REPORTS**

**Board Policy OE-8** states that the CEO shall assure that the Board is fully and adequately informed about matters relating to Board work and significant organizational concern.

Mr. Wick from PricewaterhouseCoopers gave a presentation on Enduris' actuarial review. He reported on the following: 1) estimated cost to settle outstanding claim obligations and projections as of August 31, 2015 is \$7.3 million; 2) summary of net losses and reserves on the total program (liability and property); 3) factors in determining how much to charge Enduris members for the upcoming year; 4) historical net position; 5) evaluating financial health of pools; 6) Enduris' position in meeting the WAC standards for solvency (WAC 200-100-03001); and 7) ceded losses and premium which help users to see the extent to which reinsurance and excess insurance have been used and their cost to the Pool. Mr. Wick commented that Enduris has experienced positive trends for the last 10 years or so and the financial solvency of the Pool passes both state regulatory solvency tests.

Mr. Oswald and Ms. Lightner from Genesis/General Reinsurance Co. gave a State of the Insurance Marketplace presentation, which included: 1) highlights of the insurance industry; 2) property and casualty industry performance; 3) impact of natural catastrophes; 4) data breaches; and 5) El Nino's 2015-16 impacts. In summary, Mr. Oswald provided information on types of claims Genesis/General Reinsurance Co. is experiencing. These include law enforcement, physical and sexual abuse, commercial auto, employment practices, data breach, and property.

*Ms. Bedier recessed the Board meeting at 9:40 a.m. for a break and reconvened the meeting at 9:55 a.m.*

## **OPERATIONAL EXPECTATIONS MONITORING**

Operational Expectations (OE) Policies are operational policies that are carried out by the Administration and change very little year after year. The Board has already approved the policies, the CEO interpretation of each policy, and evidence of compliance – the monitoring reports are provided each year as evidence to the Board that the administration is in compliance with the policies.

As outlined in the Annual Work Plan, OE-2 CEO Succession, OE-3 Treatment of Members, and OE-7 Asset Protection are monitored by the Board at the February Board meeting.

#### OE-2: CEO Succession

**Board Policy OE-2** states that the CEO shall prepare the organization for the loss of the CEO on a short-term or long-term basis.

Board Policy GC-4.11 states that one of the roles of the vice chair is to "review and update the Succession Plan and present to the Board annually."

Vice Chair Ms. Sevier reported that she reviewed the CEO Succession Plan and recommended to delete 1.B.3. in Policy OE-2.2, which states "The CEO will prepare and maintain electronic and hard copy files containing current resumes for the CEO and the management team."

**SEVIER/MARTIN moved to revise the current CEO Succession Plan by taking out 1.B.3 (in Policy OE-2.2). Motion carried.**

**SEVIER/MARTIN moved to accept the monitoring report for Policy OE-2 for PY 2015 as evidence of being in compliance. Motion carried.**

#### OE-3 Treatment of Members

**Board Policy OE-3** states that the CEO shall maintain an organizational culture that treats members with high professional standards and respect, dignity and courtesy.

Mr. Kammers presented the monitoring report for Policy OE-3 with supporting evidence of compliance of the policy.

#### OE-7 Asset Protection

**Board Policy OE-7** states that the CEO will assure that all organizational assets are adequately protected, properly maintained, appropriately used and not placed at undue risk.

Mr. Kammers presented the monitoring report for Policy OE-7 with supporting evidence of compliance for the policies.

**SEVIER/FRESCO moved to accept the monitoring reports for policies OE-3 and OE-7 for Policy Year 2015 as evidence of being in compliance. Motion carried.**

### **CEO REPORT**

**Board Policy OE-8** states that the CEO shall assure that the Board is fully and adequately informed about matters relating to Board work and significant organizational concern.

#### Office Building Update

Mr. Kammers informed the Board that we have not received any new interest in the vacant office space. We are on hold on further discussions with the potential tenant we had previously been working with. In addition, Mr. Kammers amended the timeframe in which we can expect to get a return on our investment once the office space is leased.

#### Land Purchase Update

Mr. Kammers informed the Board that the purchase of the 10-foot-wide section of land that adjoins the property line has been finalized. An engineer will provide design options with the most cost effective way to control excess surface rain storm runoff.

#### Government Entities Mutual, Inc. (GEM) Updates

Mr. Kammers reported on the recent GEM Board meeting in Clearwater, FL., including discussions on surplus earnings and return on equity. Mr. Kammers met GEM's new CEO, Andrew Halsall, and has confidence that Mr. Halsall will do well with the issues that GEM faces.

#### Annual Report to the State Auditor's Office

Mr. Kammers furnished the annual financial report that Enduris submitted to the State Auditor's Office for fiscal year ended August 31, 2015. He also summarized the State Auditor's recent audit of Enduris.

#### Risk Pool Leadership Development Program

Ms. Ortiz indicated that succession planning is one of the major concerns of the pooling industry. For this reason, several Washington pools, including Enduris, developed a training program for staff to learn how to become leaders in their pool. Ms. Ortiz gave a brief overview of the Risk Pool Leadership Development Program. Enduris will participate on the steering committee for the program.

#### Washington Fire Chiefs Association – Educational Partnership

Broker Jeff Griffin of WHA Insurance approached Enduris with an education partnership proposal between the Washington Fire Chiefs Association and Enduris. The Board was furnished with a copy of the proposal and Ms. Ortiz explained that this program will provide opportunities to solidify relationships with current members as well as show prospects the value add service of these trainings. Shane Heston with Trask Insurance of Moses Lake will assist with this project and he stated that the trainings will be targeted at key decision-makers – fire chiefs and commissioners.

#### PRIMA 2016 Annual Conference

Mr. Kammers advised the Board of PRIMA's 2016 Annual Conference in Atlanta, GA, from June 5-8, 2016.

#### HighTail Security

At the November 2015 Board meeting, Mr. Brizendine inquired about the security of sending the Board packet through HighTail. Mr. Kammers provided the Board with a document explaining the security of HighTail's file sharing software.

#### Information System Software Update

The Administration provided an update on replacing Enduris' information system platform, including expected costs and hiring a consultant to assist with the process.

#### Ethics Policies Reminder

Mr. Kammers reminded the Board to send in their district's ethics policies that might be used in Mr. Purdy's ethics training at the May 2016 Board meeting.

#### Driver Record Monitoring Services

Several new member fire districts expressed their desire to get access to driver abstracts. Ms. Brandt reported that she is working out details of a pilot program starting out with a few of our member districts and, if successful, will be rolled out to the membership at a nominal cost.

#### Risk Management Video

Ms. Brandt described the Enduris risk management video project, which will enhance training to our membership. The videos are two- to three-minutes long focusing on employment issues, contracts, and other trending topics. Alliant Insurance Services has provided Enduris with a

scholarship to help with the cost of the project. The videos will be available on the Enduris website. The Board viewed one of the videos that featured Ms. Brandt.

#### CEO Year in Review for Policy Year 2015

Mr. Kammers gave the "Year in Review" presentation for PY 2015 by providing a summation of operations and finances. Enduris had another positive year in meeting its targeted goals. The Administration made reasonable progress toward the Results established by the Board and added surplus of \$815,686 to members' equity for a total of \$13,693,137. Mr. Kammers identified strategies used to ensure the success of Enduris.

#### CEO Quarterly Update

Mr. Kammers presented the CEO quarterly status report for the 1st Quarter of PY 2016, which are positive and on target with projections. The report included updates on membership growth, member training, claims opened, claims reported, budget quarterly trend, Spokane County Investment Pool, and financial comparisons.

Board Comments (comments made by Board members that are reflected in today's minutes will be transferred to the CEO evaluation form for the February 2017 CEO evaluation)

Ms. Martin supports the organization's positive direction. She appreciates the efforts to assist a new member district with management issues as well as educating the member on claim handling/risk management practices.

*Ms. Bedier recessed the Board meeting at 11:50 a.m. for lunch and reconvened the meeting at 12:30 p.m.*

#### **EXECUTIVE SESSION**

*Ms. Bedier convened in Executive Session at 12:30 p.m. for 20 minutes to review the status of open claims. She reconvened in Open Session at 12:50 p.m.*

#### **DISCUSSION/ACTION ITEMS**

##### Claim Payment Approvals

**Board Policy OE-6.11** states that the CEO will settle any claim of \$300,000 or less in indemnity per claimant without authorization by the Board. Claims over \$300,000 are brought to the Board for authorization.

Claim #113-183 has been settled in the amount of \$472,956.75.

**MARTIN/FRESCO moved to authorize payment of up to \$472,956.75 for Claim 113-183. Motion carried.**

##### Financial Statements

**Board Policy OE-8.3** states that the CEO shall provide for the Board in a timely manner information about trends, facts and other information relevant to the Board's work and the health of the Pool.

Mr. Kammers provided the Income Statement, Balance Sheet, and Budget Comparison for November 30, 2015, December 31, 2015, and January 31, 2016. He presented an overview of the January 31, 2016 financial statement showing total assets of \$28,737,885.25 and total members'

net assets (surplus) of \$13,901,837.61. He also provided the Board with the December 31, 2015 Spokane County Treasurer's Report, which included the Rate of Return on Investments.

**SEVIER/HARDIN moved to accept the financial statement of 11/30/15, 12/31/15 and 1/31/16 as presented by the Executive Director. Motion carried.**

Approval of Policy Year 2017 Budget

**Board Policy GC-3.9** states that the Board will adopt and monitor annual budgets.

Mr. Kammers stated that the purpose of the budget is to determine rates for the next policy year and to monitor expenses. He presented an overview of the PY 2017 proposed budget, including a review of anticipated revenue and expenditures. The proposed budget for PY 2017 is \$824,000 more than the PY 2016 budget. To keep pace with inflation, the PY 2017 budget projected a 1.9% rate increase for liability and property coverage, and a 1.0% inflationary increase based on Marshall & Swift for property values.

**SEVIER/MARTIN moved to approve a budget of \$11,194,000 for Policy Year 2017 as proposed by the Executive Director. Motion carried.**

Approval of 401(a) Plan

**Board Policy OE-7.7** states that the CEO may not unnecessarily expose the Pool, the Board or staff to legal liability.

Mr. Kammers stated that Enduris does not participate in the Social Security system. In lieu of Social Security, Enduris established a 401(a) Plan in June 2003 for its employees. The employer and employee contributions that normally would have gone to Social Security are instead directed to the 401(a) Plan.

Because of newly adopted IRS regulations, ICMA Retirement Corporation, administrator of the Enduris 401(a) Plan, is requiring a restatement of the existing plan.

**MARTIN/SEVIER moved to execute the adoption agreement for the Enduris 401(a) Plan that is required to continue its qualified status. Motion carried.**

State Risk Manager's Audit

**Board Policy GC-3.6** states that the Board will review and accept the annual report of the State Auditor and any reviews conducted by the Washington Office of Risk Management-Local Government Self-Insurance Program.

As indicated in the PY 2016 Annual Work Plan, the State Risk Manager's Report is scheduled for the February Board meeting. Mr. Kammers reported that the onsite review of Enduris by Shannon Stuber, Program Administrator for the Local Government Self-Insurance Program, has not been scheduled at this time.

Executive Director Annual Performance Evaluation

**Board Policy B/CR-5** states that the Board considers CEO performance to be identical to organizational performance. Organizational accomplishment of the Board's Results policies and operation according to the values expressed in the Board's Operational Expectations policies will be considered successful CEO performance. These two components define the CEO's job responsibilities, and are the basis for the CEO's performance evaluation.

Ms. Sevier stated she appreciates the compilation of the Board's comments throughout the year, which helped in the evaluation process. She read the following statement that will be included in the annual performance evaluation form: "Under Mark's leadership, Enduris' overall financial position improved during the FY 2015 with a 6.3% increase in net position from prior year. Enduris continues to meet the solvency standards and Enduris has outperformed compared to budget contributing 8.3% of revenue to net position and finally, Enduris had 99.8% membership retention and added 17 new members. These results speak highly to Mark's leadership and CEO performance."

Ms. Martin feels that Enduris is an amazing, well-run organization, and is impressed with what she has seen as a new Board member.

**SEVIER/FRESCO moved that since all ten Operational Expectations and all four Results policies were achieved successfully we approve an incentive pay of 10% of the CEO base salary. Motion carried.**

Mr. Kammers thanked the Board for their generosity and kind words, and reminded the Board that because this is a team effort, he also allocates the same 10% incentive pay to all employees of Enduris.

#### **DEBRIEF BY BOARD**

**Board Policy GC-2.4** states that as a means to assure continuous improvement, the Board regularly and systematically will monitor all policies, and will assess the quality of each meeting by debriefing the meeting following its conclusion.

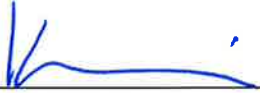
The Board provided comments and an assessment of the meeting, some of which included:

- Several Board members were impressed with the outstanding relationships that Enduris has built with its broker, reinsurer, and actuary. The Board also recognizes the value in building these relationships at the various conferences.
- Ms. Bedier thanked Ms. Sevier for stepping in to help with her duties when she was absent.
- Board members appreciated the opportunity to attend the upcoming AGRiP conference in Nashville.
- Mr. Fresco feels that many of our members do not realize how much Enduris has done on their behalf.
- Ms. Duryea repeated a compliment from Mr. Wick who said that Enduris is one of the best pools not only in Washington State, but nationwide as well.

#### **ADJOURNMENT**

*Ms. Bedier adjourned the Board meeting at 1:50 p.m.*

**SEVIER/MARTIN moved to adjourn the Board meeting. Motion carried.**



---

**Kim Bedier, Chair**

---

The Enduris Board meeting minutes are intended to be a reasonable summary of the Board's deliberations and action. The minutes are not a verbatim record of everything said at the meeting. The minutes include all actions taken by the Board.