



**Enduris
Board of Directors Meeting**

February 22, 2018

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

Call to Order: Jeri Sevier, Chair, called the meeting to order at 8:30 a.m.

ROLL CALL

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

Others Present: James Marta, Managing Partner, James Marta & Company LLP; Marilyn Kelley, Consultant with Alliant Public Entity Group; Nick Scharff, Fire Chief, Spokane County FPD #10; Cheryl Duryea, Enduris General Counsel; Rafaela Ortiz, Enduris Chief Operating Officer; Sheryl Brandt, Enduris Chief Risk Officer; and Joy Jelsing, Enduris Administrative Assistant.

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

ADOPT AGENDA

MARTIN/FRESCO moved to adopt the agenda as presented. 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 16, 2017

BRIZENDINE/MARTIN moved to approve all items on the Board Consent Agenda. Motion carried. BEDIER abstained.

CEO Consent Agenda

Vouchers

- November 2017
- December 2017
- January 2018

BRIZENDINE/HARDIN moved to approve all items on the CEO Consent Agenda. Motion carried.

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 Greg Brizendine reported that he reviewed the CEO Succession Plan and has no changes to recommend.

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 2019 CEO evaluation)

Mr. Fresco is impressed with the well-thought-out details of the succession plan.

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 provided 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 provided the monitoring report for Policy OE-7 with supporting evidence of compliance for the policies.

HARDIN/BEDIER moved to accept the monitoring reports for policies OE-2, OE-3, and OE-7 for Policy Year 2017 as evidence of being in compliance. Motion carried.

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 2019 CEO evaluation)

Ms. Martin appreciates the staff's work on all three monitoring reports; they are paying attention to the policies on a regular basis and reporting it to the Board.

UNDERWRITING PROJECT

Board Policy OE-8.3 states that the CEO will 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.

Board Policy OE-8.4 states that the CEO will inform the Board of changes substantially affecting the organization's financial condition.

Board Policy OE-8.5 states that the CEO will assure that the Board has adequate information from a variety of internal and external viewpoints to assure informed Board decisions.

Policy Year 2017 was highly unusual for claim activity due to the severe record-breaking winter storms that produced unprecedented destruction of collapsed roofs, flooding, broken pipes and severe wind damage across the state, leaving Enduris with a loss of income of over \$3 million for the policy year. Due to the significant reduction in Net Unrestricted Assets (cash) for the year, Enduris retained Marilyn Kelley to conduct an underwriting project to analyze members' rates and make recommendations to fully fund the actuary's ultimate loss projections and increase the members' fund balance.

Ms. Kelley presented her analysis and recommendations that included increasing rates to meet the future funding recommendations provided by the actuary.

Ms. Sevier recessed the Board meeting at 9:55 a.m. for a break and reconvened the meeting at 10:09 a.m.

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 stated that there was no activity since the last Board meeting.

State Risk Manager

Mr. Kammers reported that Shannon Stuber will be scheduling an onsite review soon and report on it at the next Board meeting.

Government Entities Mutual, Inc. (GEM) Board Meeting Update

Ms. Ortiz wasn't able to attend GEM's strategic planning meeting in February; however, she received a meeting recap and provided the following highlights:

- GEM developed a new vision to be the preferred strategic risk partner for public entity

- pools
- GEM will continue to pursue the goal to grow membership with marketing support
- GEM will identify group purchasing options for members

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, 2017.

Comprehensive Annual Financial Report (CAFR)

Mr. Kammers reported that we are waiting for the sign off from the state auditor on the CAFR and then it will be submitted to the Government Financial Officers Association.

PRIMA 2018 Annual Conference

Mr. Kammers notified the Board of PRIMA's 2018 Annual Conference in Indianapolis, IN, from June 3-6, 2018, which they are welcome to attend.

Member Cancellation

Mr. Kammers explained the termination of a small water district due to non-payment of contribution. A member's termination for non-payment of contribution does not require Board approval according to the Master Agreement.

Behavioral Health Organization (BHO) Update

Mr. Kammers and Ms. Brandt provided an update on Enduris' BHO members. Enduris will continue to insure BHO members who are or will be providing direct medical services as long as they obtain medical malpractice coverage from another insurer to transfer the risk.

Legislative Updates

Mr. Kammers provided an update regarding proposed legislation to RCW 48-62 as it relates to the Pilotage Commission and their efforts to get legislation to allow pools to provide insurance coverage to state boards and commissions.

Ms. Brandt provided an update on proposed revisions to House Bill 2489 regarding the State of Washington Department of Health providing an open prescription for Narcan, and the role the health districts may have. One health district has considered working with a local pharmacy to provide Narcan, but this may not be necessary if HB 2489 passes. Ms. Brandt and Ms. Duryea have been working with the State Health Officer to strengthen the HB language that will provide sufficient protection from liability exposures for the local health districts.

Member Communication Plan

Mr. Kammers provided the member communication plan regarding the rate increase for PY 2019. Discussion followed with concern about members' budgets that are already determined and does not include the rate increase above the usual COLA increase. There was also discussion about the possibility of providing members with anticipated ranges of rate increases for the next two years or more. Mr. Kammers stated that the new actuary will provide claim estimates that will be based on the latest claim data from PY 2018 and will be used in applying rates for PY 2020 and beyond. The Administration believes the current estimates by the actuary are exceptionally high and are based on severe winter storm losses in PY 2017 and this possibly is not a developing trend and more of an outlier.

Ms. Ortiz indicated that the Board will make decisions later in the meeting during Action Items that will put the Administration in a better position to address a long-range plan.

Information System Software Update

Ms. Ortiz noted that the claims portion of Origami is fully implemented and we are making progress on the policy side. She gave high praise and credit to Alric Balka, Enduris' information systems coordinator, for spearheading the implementation. Mr. Balka showed the Board some Excel reports that look at trends, loss control, etc. Ms. Brandt indicated that webinars will be developed for members on how to use the member portal. Member renewal will also be done through Origami.

Staffing Update

Mr. Kammers reminded the Board that we will not fill the member services director position this year. Instead, Shellie Klink, marketing coordinator, will take on that responsibility. Mr. Kammers announced that an offer has been made for the open position of director of finance.

CEO Quarterly Update

Mr. Kammers presented the CEO quarterly status report for the 1st Quarter of PY 2018. Trends over time are neutral and trending positive. The report included updates on membership growth, new and upcoming members, member training, claims opened, claims reported, budget quarterly trend, Spokane County Investment Pool investment, financial comparisons, claim development year to date, and priorities for PY 2018.

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 2019 CEO evaluation)

Ms. Martin appreciated the Administration contracting with Jim Marta and Marylin Kelley to analyze Enduris' data and provide recommendations to increase stability of the Pool moving forward. The new software program will also help Enduris better manage claims more efficiently, produce more meaningful data for risk management and analysis, and be more efficient in its daily operations.

There was discussion regarding strategies in communicating future rate increases to the membership.

EXECUTIVE SESSION

Ms. Sevier convened in Executive Session at 12:05 p.m. for 1 hour to review the status of open claims. (Mr. Fresco stepped out during Yakima Health District's claim discussion.)

At 1:05 p.m., Ms. Sevier requested that only the Board and General Counsel remain in Executive Session to discuss the executive director's evaluation for 10 minutes. She reconvened in Open Session at 1:15 p.m.

Ms. Sevier suggested that the Executive Director Evaluation and Board Governing Policies Waiver be moved to the May Board meeting due to today's time constraints.

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 #117-059 has been settled and presented to the Board.

MARTIN/FRESCO moved to authorize payment for up to \$326,000 for Claim 117-059. Motion carried.

Claim #117-095-1 has been settled and presented to the Board.

FRESCO/BEDIER moved to authorize payment for up to \$471,500 for Claim 117-095-1. Motion carried.

AGRiP Recertification and Board Resolution

Board Policy OE-1.2 states that the CEO shall assure that the organization meets the AGRiP and GFOA recognition standards.

The AGRiP Recognition for Enduris expires May 11, 2018. AGRiP requires a resolution from the Enduris Board or a copy of the approved minutes from a Board meeting indicating that the application was reviewed and approved by the Executive Committee or the Board of Directors. The most expedient process is for the Board to adopt a resolution at the February Board meeting.

BEDIER/MARTIN moved to approve Enduris Resolution 18.01 seeking AGRiP recognition for 2018, 2019, and 2020. Motion carried.

Contract for Actuarial Services

Board Policy GC-3.14 states that the Board will contract independently with an actuary to provide the Board with an annual reserve analysis and an annual liability rating study.

PricewaterhouseCoopers LLP terminated its contract with Enduris effective November 17, 2017, requiring Enduris to put out an RFP for actuarial services. The RFP was written in November, distributed in December, and a written recommendation was presented at the February 22, 2018 Board meeting.

The proposals received for actuarial services were provided to the Board. Ms. Ortiz reported that we received six proposals. The review committee scored the proposals with the best score going to Aon. The Administration recommended that the Board select Aon for actuarial services.

MARTIN/FRESCO moved to execute the actuarial contract commencing February 22, 2018 for seven years with Aon as recommended by the Executive Director. Motion carried.

Approval of Policy Year 2019 Budget

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

Mr. Marta presented three options for the PY 2019 proposed budget and explained the impact of each option. The options ranged from an approximate 10% rate increase to a high of 22.31% increase. Budgetary considerations are to meet the primary and secondary asset tests to meet the established WAC and to fund future budgets at the 80% confidence level or above for the long-term financial strength and resilience of the Pool.

MARTIN/HARDIN moved to approve a budget of \$14,765,209, which represents an approximate 10% increase across the Board for all lines for Policy Year 2019 as proposed by the Executive Director. 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. Marta provided the financial reports for November 2017. The total assets were \$31,318,538 and the total members' net assets were \$9,536,115.

The December 31, 2017 Spokane County Treasurer's Report was also provided, which included the Rate of Return on Investments.

HARDIN/FRESCO moved to accept the financial statements of November 30, 2017 as presented by the Contracted Director of Finance. Motion carried.

EXECUTIVE SESSION

Mr. Kammers requested an Executive Session at 2:00 p.m. for 10 minutes with only the Board, General Counsel, and the Executive Director to discuss the executive director's evaluation. Ms. Sevier reconvened in Open Session at 2:10 p.m.

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.

Time ran out so there was no debrief.

ADJOURNMENT

Ms. Sevier adjourned the Board meeting at 2:10 p.m.



Jeri Sevier, 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.