



**Enduris  
Board of Directors Meeting**

November 20, 2013

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

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

**ROLL CALL**

Board Members Present: Noel Hardin, Chair; Kim Bedier, Secretary/Treasurer; Vicki Carter, Board Member; Mike Millikin, Board Member; Rick Mockler, Board Member; Jeri Sevier, Board Member; and Mark A. Kammers, Executive Director. Dick Gormley was excused.

Others Present: Troy Wilson, Chief Financial Officer, Greater Columbia Behavioral Health; Kevin Wick, Managing Director, PricewaterhouseCoopers; Doug Wozniak, Sr. Vice President, Alliant Insurance Services; Cheryl Duryea, Enduris General Counsel; Rafaela Ortiz, Enduris Chief Operating Officer; Sheryl Brandt, Enduris Chief Risk Officer; Marc Antonietti, Enduris Claims Analyst; Lynn Scharff, Enduris Director of Finance; and Joy Jelsing, Enduris Administrative Assistant.

Mr. Hardin started the meeting with introductions of Board, staff and guests.

**ADOPT AGENDA**

Mr. Hardin made a recommendation to amend the agenda by pulling the OEs from the Consent Agenda and adding the OEs as well as the Rs under "Discussion/Action Items".

**MOCKLER/MILLIKIN moved to adopt the Agenda as amended. Motion carried.**

After further discussion, Mr. Hardin recommended to amend the agenda again by adding Vision Statement based on yesterday's workshop discussion, and to add Member Linkage under "Discussion/Action Items".

**CARTER/SEVIER moved to adopt the Agenda as amended. 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

August 21, 2013

**CARTER/MOCKLER moved to approve the Consent Agenda, which includes the Board Meeting Minutes of August 21. Motion carried.**

### **CEO Consent Agenda**

#### Vouchers

August 2013 voucher numbers 206257 through 206259 amounting to \$3,576,856.40

September 2013 amounting to \$1,793,000.31

October 2013 amounting to \$746,154.75

#### Closed Claims for Policy Year 2013

At year-end, closed claims for Policy Year 2013 are presented to the Board for review of all claim activity for the year and to formally act upon the closed files for the fiscal year.

**MOCKLER/SEVIER moved to approve all items on the CEO Consent Agenda. Motion carried.**

## **STATE OF THE MARKET PRESENTATION**

Mr. Wick from PricewaterhouseCoopers gave a presentation on the Enduris Actuarial Review of Losses and Reserves based on data as of August 31, 2013. He reported on the following: 1) estimated outstanding claim obligations; 2) summary of losses and reserves on the liability program, property program, and total program; 3) ceded losses and premium which explains the extent to which reinsurance and excess insurance have been used and their cost to the pool; 4) historical gross ultimate loss estimates; 5) historical net position; 6) Enduris' position in meeting the WAC standards for solvency (WAC 200-100-03001); and 7) two distinct pooling business models that have emerged – funding minimums versus funding targets.

Mr. Wozniak from Alliant Insurance Services gave a State of the Insurance Market presentation, which included: 1) property and casualty industry performance; 2) impact of natural and catastrophe losses; 3) change in commercial rate renewals by lines; and 4) reasons for optimism and causes for concern in the property insurance market. In summary, Mr. Wozniak reported that the property insurance market outlook is not doing badly, but it is not great either.

*Mr. Hardin recessed the Board meeting at 9:37 a.m. for a break and reconvened the meeting at 9:52 a.m.*

## **BOARD'S REPORT**

**Board Policy GC-2.2** states that the Board is responsible for its own performance, and commits itself to continuous improvement. The Board will assure that its directors are provided with training and professional support necessary to govern effectively, including ethics training. After attending conferences or events, directors will report back to the Board at the next quarterly meeting about what they have learned.

Ms. Bedier, Mr. Gormley, Mr. Millikin, Mr. Mockler and Ms. Sevier attended AGRIP's Governance & Leadership Conference in San Antonio, TX, from October 6-9, 2013. They reported on their value in attending the conference.

## **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/Vacant Office Space Update

Mr. Kammers reported that we received an inquiry in early October from a government agency to lease the vacant office space. We are waiting to hear if the agency still has an interest.

### Claims Satisfaction Survey for PY 2013

The results from the Claims Satisfaction Survey for Policy Year 2013 were presented to the Board. In PY 2012, Desautel-Hege was hired to review and revise the claims survey and process.

Mr. Kammers indicated that the revised survey was successful in obtaining a higher percentage of responses. In all areas surveyed, members' satisfaction increased over the previous year. Ms. Ortiz commended Enduris Claims Analyst Marc Antonietti for his outstanding professional work in processing claims. He has received glowing reviews from our members.

### Washington Risk Pool Advisory Council (WRAC) Update

Mr. Kammers reported that the State Risk Manager is continuing her efforts to revise the WACs and it could possibly be passed within six months.

### Government Entities Mutual (GEM) Update

The GEM October Board Meeting Recap was provided to the Board. GEM discovered an error in the 2013 profit/loss distribution to member pools. The correct numbers will not be available until early December.

### Board Vacancy

Mr. Kammers announced that there is a board vacancy after the November Board meeting due to Mr. Millikin's retirement from Lewis County Water Sewer District #6 as commissioner.

**MOCKLER/SEVIER moved that we request the Board Development Committee do a review of the membership data in terms of what that looks like and our current board makeup, then do a search for appropriate candidates to fill the rest of Mike's term. Motion carried.**

### CEO Year in Review

Because this is the Enduris Annual Members and Board Meeting, the Executive Director gave the "Year in Review" presentation for Policy Year 2013. The organization had another favorable year in meeting its targeted goals, both operationally and financially. The Administration made reasonable progress toward the Results established by the Board and added over \$1 million in surplus to members' equity.

*Mr. Hardin recessed the Board meeting at 11:10 a.m. for a break and reconvened the meeting at 11:23 a.m.*

## **DISCUSSION/ACTION ITEMS**

### Operational Expectations Policy OE-1: Global Operational Expectation – Monitoring Report Presentation

**Board Policy OE-1** states that the CEO shall not cause, allow, or fail to take reasonable measures to prevent any practice, activity, decision or organizational condition that is unlawful, unethical, unsafe, disrespectful, and imprudent, in violation of Board policy or endangers the Pool's viability, credibility or public image.

**BEDIER/SEVIER moved to accept the monitoring report for OE-1 for Policy Year 2013 as evidence of being in compliance. Discussion followed. Ms. Bedier asked for the motion to be amended by recognizing that Enduris has been awarded the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report since 2006. Motion carried.**

### Operational Expectations Policy OE-5: Financial Planning – Monitoring Report Presentation

**Board Policy OE-5** states that the CEO shall develop and maintain a financial plan that is related directly to the Board's Results priorities and Operational Expectations goals, minimizes the dependency upon the forces of the excess or reinsurance markets, and that avoids long-term fiscal jeopardy to the organization.

**MOCKLER/BEDIER moved to accept the monitoring report for OE-5 for Policy Year 2013 as evidence of being in compliance. Discussion followed. Mr. Mockler asked for the motion to be amended by noting the difficulty of the 18-month timeframe when projecting budgets and rate setting. Motion carried.**

### Operational Expectations Policy OE-6: Financial Administration – Monitoring Report Presentation

**Board Policy OE-6** states that the CEO shall not cause or allow any financial activity or condition that materially deviates from the budget adopted by the Board; cause or allow any fiscal condition that is inconsistent with achieving the Board's Results or meeting any Operational Expectations goals; or place the long-term financial health of the Pool in jeopardy.

**BEDIER/CARTER moved to accept the monitoring report for OE-6 for Policy Year 2013 as evidence of being in compliance. Motion carried.**

Operational Expectations Policy OE-9: Coverage – Monitoring Report Presentation

**Board Policy OE-9** states that the CEO will assure the availability of coverage that best meets members' needs in the most cost-efficient manner.

**MOCKLER/SEVIER moved to accept the monitoring report for OE-9 for Policy Year 2013 as evidence of being in compliance. Motion carried.**

Board Policy Results R-2: Rates – Monitoring Report Presentation

**Board Policy R-2** states that members have the advantage of competitive, stable, and understandable rates.

**MOCKLER/MILLKIN moved to accept the monitoring report for R-2 for Policy Year 2013 as evidence reasonable progress has been achieved. Motion carried.**

Discussion followed regarding the five-year member survey.

**MOCKLER/SEVIER moved to request staff to revisit the five-year survey document based on the comments and conversations of today and yesterday and bring it back to the Board at the February meeting. Motion carried.**

Discussion followed regarding the targets for Board Policy R-1 and R-2.

**CARTER/MOCKLER moved to form an ad hoc committee comprised of Ms. Sevier and Ms. Bedier to look at the results as we specified from yesterday and bring it back to the Board in February for review. Motion carried.**

Board Policy Results R-1: Mega Result: Stability and Confidence – Monitoring Report Presentation

**Board Policy R-1** states that members have long-term protection from property and liability loss through the long-term viability and financial stability of Enduris.

**CARTER/MILLIKIN moved to approve that reasonable progress has been made in R-1 for Policy Year 2013. Motion carried.**

Discussion followed regarding growth of membership versus member retention. The ad hoc committee's focus will include member retention.

*Mr. Hardin recessed the Board meeting at 12:02 p.m. for lunch and reconvened the meeting at 12:30 p.m.*

Vision Statement

**Board Policy GC-2** states that the Board will govern lawfully with primary emphasis on Results for member entities; encourage full exploration of diverse viewpoints; act with integrity as ethical leaders; focus on governance matters rather than administrative issues; observe clear separation of Board and CEO roles; make all official decisions by formal vote of the Board; and govern with long-term vision.

The Board discussed reviewing the long-term vision for Enduris. Mr. Kammers offered to retain a local facilitator to spend a half-day guiding the Board in creating a Vision Statement. The Board decided to tentatively schedule May 20, 2014. Ms. Ortiz will confirm this date with the facilitator and report back at the February meeting.

#### February Board Meeting Date Change

**Board Policy GC-6** states that the Board will follow an annual work plan that includes continued monitoring and review of all policies and activities to improve Board performance.

The Board decided to revise the work plan and reschedule the February 19, 2014 meeting date to enable Ms. Bedier to be present since she is on the ad hoc committee that will be reporting to the Board at the February meeting.

**CARTER/SEVIER moved to change the February meeting to February 6, 2014. Motion carried.**

#### Member Linkage

**Board Policy GC-3** states that the Board's job is to represent, lead and serve the members and to govern the organization by establishing expectations for organizational results, expectations for quality operational performance, and monitoring actual performance against those expectations.

The Board discussed initiating dialogue with members and whether there was a need for an ad hoc committee to identify ways to interact directly with members. The Board expressed interest in joining staff on member visits when schedules allow.

#### State Risk Manager's Report

**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.

Shannon Stuber, Program Administrator for the Local Government Self-Insurance Program, performed her on-site review of Enduris on August 15, 2013. No exceptions were noted and no recommendations were made as a result of Ms. Stuber's review. The written report issued November 5, 2013 was provided to the Board and is posted to the Local Government Self-Insurance Program's website as well as the Enduris website.

**BEDIER/MOCKLER moved to accept the 8/31/12 Report of the State Risk Manager's Review of Enduris. 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 an overview of the Income Statement, Balance Sheet, and Budget Comparison. He presented the policy year-end August 31, 2013 Financial Statement with total assets of \$29,618,709.08 and total members' net assets (surplus) of \$13,496,319.01. Expenses and

Revenues to date are within budget. He also provided the Board with the 9/30/13 Spokane County Treasurer's Report, which included the Rate of Return on Investments.

Mr. Kammers continued with an overview of the October 31, 2013 Financial Statement with total assets of \$27,469,696.16 and total members' net assets (surplus) of \$13,476,206.15. Expenses and Revenues to date are within budget.

**CARTER/SEVIER moved to approve the financial statements as of 08/31/13, 09/30/13, and 10/31/13 as presented by the Executive Director. Motion carried.**

#### Reserve Analysis Report

**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.

The Board of Directors hires PricewaterhouseCoopers (PwC) to conduct a reserve analysis at the end of the policy year. Mr. Kammers provided the Board with the results of the study dated August 31, 2013.

**BEDIER/CARTER moved that we formally recognize we have received the 2013 Reserve Analysis Report conducted by PricewaterhouseCoopers as presented. Motion carried.**

#### Debrief Aspen Workshop

**Board Policy GC-2.2** states that the Board is responsible for its own performance, and commits itself to continuous improvement. The Board will assure that its directors are provided with training and professional support necessary to govern effectively, including ethics training. After attending conferences or events, directors will report back to the Board at the next quarterly meeting about what they have learned.

At the May 22, 2013 Board meeting, the Board approved to hire Randy Quinn and Linda Dawson from Aspen Group to conduct a workshop on November 19, 2013 to review the governance model and address specific issues the Board has identified for discussion.

During the workshop, the Board reviewed the Results policies and targets, the CEO evaluation's process and summary form, and discussed member linkage (Board's relationship with members).

#### Approval of Board Policy Revisions for Policy Year 2014

**Board Policy GC-2.8** states that the Board, by majority vote, may revise or amend its policies at any time.

There are no revisions to the Board policies at this time as the newly formed ad hoc committee will review the Results policies, including its targets, and bring back recommendations for the Board's review at the February meeting.

## **EXECUTIVE SESSION**

*Mr. Hardin convened in Executive Session at 12:57 p.m. to review the status of open claims. He expected to reconvene in Open Session at 1:45 p.m.*

At 1:45 p.m., Mr. Hardin announced an extension of the Executive Session to 1:55 p.m. The Executive Session was adjourned at 1:55 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 in this section, 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 were:

- Ms. Carter warned of contract liability language that the conservation districts are dealing with more often. Contract agreements vary widely according to their terms and in many instances give rise to conflicting opinions as to the extent of the assumed liability, which in many cases may be quite beyond reason.
- Consensus was that yesterday's workshop and today's meeting were very productive. Several noteworthy conclusions were:
  - ✓ The Board should keep in mind that we are a high functioning board.
  - ✓ The Board got some direction on the changes that they might make to be more efficient.
  - ✓ The Board will consider having the Aspen Group return periodically (every three or so years).
- The attendance and presentations by Doug Wozniak and Kevin Wick are very much appreciated.

### **GOOD OF THE ORDER**

Mr. Kammers presented a card and plaque from the Board and staff to Mr. Millikin, who is retiring from the Board after today's meeting.

Mr. Millikin said he learned a tremendous amount and was able to take that knowledge back to his district and hopefully it benefited the district's customers by being a more efficient board member. He extended his gratitude to the staff and said he will miss everyone's friendship.

### **ADJOURNMENT**

*Mr. Hardin adjourned the Board meeting at 2:03 p.m.*

 FOR Noel Hardin  
**Noel Hardin, Chair**

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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.