



**Enduris
Board of Directors Meeting**

August 18, 2016

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

Call to Order: Kim Bedier, Chair, called the meeting to order at 8:33 a.m.

ROLL CALL

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

Others Present: 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 and staff.

ADOPT AGENDA

HARDIN/CARTER moved to adopt the agenda as recommended. Motion carried.

ELECTION – COUNTING OF BALLOTS

Board Policy GC-3.15 states that the Board will ratify the annual Board election results.

Ms. Sevier, Chair of the Board Development Committee, delivered the Board of Directors' election ballots to Ms. Scharff, Enduris' Director of Finance. In accordance with WAC 200-100-02023, Ms. Scharff, along with Suzanne Heath, Financial Services Coordinator, will open and count the ballots, and tabulate the results, which will be reported later in the meeting. The physical ballots are on file at the Enduris office.

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 – May 19, 2016

MARTIN/SEVIER moved to approve all items on the Board Consent Agenda. Motion carried.

CEO Consent Agenda

Vouchers

- May 2016
- June 2016
- July 2016

FRESCO/MARTIN moved to approve the CEO Consent Agenda. Motion carried.

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.

The 2016 PRIMA Annual Conference was held June 4-7, 2016 in Atlanta, GA. As the only Enduris attendee, Ms. Ortiz gave a brief conference overview.

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.

New Hire (Underwriting/Risk Management Analyst)

The Administration explained the extensive interview process in hiring Joe Davis. He has expertise in both underwriting and risk management loss control, and the Administration is very pleased with his willingness to embrace the pooling business.

Investment Strategies

Mr. Kammers informed the Board that a meeting with the Washington State pools' CEOs will be scheduled to discuss 1) the possibility of forming an "investment pool" of the pools within the state in the hopes of gaining a better rate of return, and 2) the possibility of introducing legislation to "bolster" pools to be separate from the insurance laws (as a result of the Washington Counties Risk Pool case). Furthermore, Mr. Kammers stated the possibility of hiring a lobbyist for the legislative effort will also be discussed at the meeting.

Office Building Update

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

Land Purchase Design Update

Mr. Kammers reported that the berm project to control excess surface storm runoff surrounding the building property is complete.

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

Ms. Ortiz attended the GEM Board meeting in July and reported that GEM incurred several large claims, therefore, Enduris must write off approximately \$400,000 in PY 2016. In addition, GEM retained a consulting firm to conduct a member survey regarding members' surplus initial investment into GEM, and it is expected the survey results will be presented at the next meeting in October.

Aspen Group

Because Ms. Sevier will not be at the February 2017 Board meeting, Mr. Kammers suggested that the Aspen Group governance training (originally scheduled in conjunction with the February 2017 Board meeting) be rescheduled to the day before the August 2017 Board meeting. It was agreed that an August training works best for everyone.

Washington Fire Chiefs Association Partnership Update

Mr. Kammers provided an update of the training partnership agreement with the Washington Fire Chiefs Association.

Washington Association of Sewer and Water Districts (WASWD) Update

Mr. Kammers reported that WASWD recently hired Jim Kuntz as their new executive director replacing Blair Burroughs.

Information System Software Update

Ms. Ortiz said the staff spent a tremendous amount of work producing an RFP and she informed the Board of its timetable. It was also noted that the recent claims audit report reaffirmed the need of a new data management software system to address efficiency in the operations.

AGRiP Fall Educational Forum

Mr. Kammers advised the Board of AGRiP's Fall Educational Forum in Denver, CO, from October 2-5, 2016.

Board Contacts

Mr. Kammers indicated that in the past, Board members would welcome new Enduris members with a telephone call. This Board policy was discontinued in PY 2013. Following discussion, the Board, by consensus, feels it is a good idea to bring back the communication between the Board and new members, as well as with any current members that might benefit with a telephone call from a Board member.

CEO Quarterly Update

Mr. Kammers presented the CEO quarterly status report for the 3rd 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, Spokane County Investment Pool, financial comparisons, budget quarterly trend, and net assets projections.

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 commented that Mr. Kammers runs an amazing organization; it is well respected. She appreciates Mr. Kammers comments in wanting to make sure that Enduris' credibility is maintained at a very high standard and she supports that.

Mr. Fresco expressed his gratefulness for Mr. Kammers' realist view of the world financially, for Mr. Kammers optimism about what will happen, and for both the positive projections and the upcoming concerns that he has. Mr. Kammers is very forward about where he thinks this organization is, which makes it easy for Mr. Fresco and all the Board to make decisions in terms of supporting the organization. Mr. Kammers always gives the foundation that the Board needs to make decisions.

Ms. Bedier recessed the Board meeting at 10:07 a.m. for a break and reconvened the meeting at 10:33 a.m.

EXECUTIVE SESSION

Ms. Bedier convened in Executive Session at 10:35 a.m. for 20 minutes to review the status of open claims. She reconvened in Open Session at 10:55 a.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 #115-104 has been settled in the amount of \$565,000.

MARTIN/SEVIER moved to authorize payment of up to \$565,000 for Claim 115-104, which accounts for \$550,000 in indemnity exposure and \$15,000 in adjustment expenses. Motion carried.

Claim #115-167-1 has been settled in the amount of \$437,000.

CARTER/MARTIN moved to authorize payment of up to \$437,000 for Claim 115-167-1, which accounts for \$425,000 in indemnity exposure and \$12,000 in engineering expenses. Motion carried.

Election of Directors for PY 2017

Board Policy GC-3.15 states that the Board will ratify the annual Board election results.

Ms. Sevier announced the following results that Ms. Scharff counted and tallied:

Total ballots counted: 159

Results:

Position #1 – Noel Hardin: 158 votes

Position #3 – Patsy Martin: 158 votes

Position #4 – Kim Bedier: 156 votes

BRIZENDINE/CARTER moved to ratify the results of the Enduris election of directors for Policy Year 2017 with 158 votes for Noel Hardin, 158 votes for Patsy Martin, and 156 votes for Kim Bedier. Motion carried.

Election of Board Officers for PY 2017

Board Policy GC-4 states that the officers of the Board are those listed in the Board Governing Policies. Their duties are those assigned by this policy, and others required by law.

In accordance with Article IV, Section 1 of the Enduris By-Laws, the Board of Directors shall select from among themselves a Chair, Vice-Chair, Secretary/Treasurer to serve for a term of two years beginning the next fiscal year.

Ms. Bedier stated that we are in the middle of a term that expires next year, so she will continue as chair, Ms. Sevier as vice-chair, and Mr. Brizendine as secretary/treasurer.

Board Development Committee Appointments for PY 2017

Board Policy GC-4.6 states that the Chair will appoint members of all Board committees with the ratification of the full Board. **Board Policy GC-4.9** states that the Vice Chair will serve as Chair of the Board Development Committee, unless there is a conflict of interest. **Board Policy GC-5** states that three members are appointed by the Chair and ratified by the Board.

Vice Chair Sevier will serve as chair of the Board Development Committee (BDC), and Chair Bedier appointed Mr. Brizendine and Mr. Hardin as committee members. Ms. Bedier advised the Board that Ms. Martin will fill in as chair of the BDC should there be a conflict of interest during the one-year term.

CARTER/SEVIER moved to ratify the Board Development Committee as appointed by the Board Chair for Policy Year 2017. Motion carried.

Claims Audit Report

Board Policy GC-3.7 states that the Board will review and accept the annual audit report of the independent claims auditor.

Craig Bowlus of Aon Risk Insurance Services conducted an annual independent claims audit for the pool on July 5-8, 2016. Mr. Kammers provided the audit report to the Board, as evidence of compliance for several Board policies, and highlighted the report's summary that "from a claims handling standpoint, Enduris remains a well-managed government risk pooling entity, but that it is now experiencing some growing pains that should be dealt with. Principal among these is the need to upgrade the risk management information system, which should address many of the issues raised in this report."

Ms. Brandt addressed the Board's questions on a couple of recommendations from the report, including the use of an outside general adjuster, and the need to do more data mining of EPL incidents and claims.

MARTIN/FRESCO moved to formally recognize the receipt of the 2016 Property and Casualty Claims Audit conducted on July 5-8, 2016 by AON Risk Insurance Services. Motion carried.

PwC Reserve Analysis and Liability Rating Study

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 Enduris Board contracts with PricewaterhouseCoopers (PwC) to conduct an annual liability rating study. Mr. Kammers provided the Board with PwC's Reserve Analysis and Liability Rating Study for PY 2017 and stated that PwC has agreed with the Administration to propose a 1.9% increase in liability rates for all group types.

SEVIER/BRIZENDINE moved to formally recognize the receipt of PricewaterhouseCoopers' Reserve Analysis and Liability Rating Study for Policy Year 2017. Motion carried.

Approval of Enduris Rating and Underwriting Policy for Policy Year 2017

Board Policy GC-3.10 states that the Board will evaluate and approve member rates annually based on claims history, actuarial reports, and staff recommendations.

Mr. Kammers provided the Board with the draft Rating and Underwriting Policy for PY 2017 and noted that the PwC's liability rate study is incorporated into this policy. When the Board adopted the budget for PY 2017, they approved a 1.9% rate increase for all lines of coverage with a 1% Marshall-Swift increase for real estate values, contents, mobile equipment, and replacement cost vehicles. These budget decisions were incorporated into the Enduris Rating and Underwriting Policy. Mr. Kammers noted that the other policy changes are not substantive but rather to add some clarity on some of the language.

FRESCO/MARTIN moved to approve the Enduris Rating and Underwriting Policy for Policy Year 2017. Motion carried.

Approval of Enduris Memorandum of Coverage (MOC) for Policy Year 2017

Board Policy GC-3.11 states that the Board will evaluate and approve coverages, including any changes to the Memorandum of Coverage (MOC).

Mr. Kammers explained and recommended two changes to the MOC as follows:

- Addendum for Deductibles/Co-Pays: The Administration proposed to expand coverage for Members by applying the Member's chosen deductible or the co-pay to a loss regardless of the sub-limit in the APIP declaration page. This includes the deductibles for Property, Crime, Pollution, Flood, Earthquake, Liability, Cyber and Employment Practices Liability.
- Clarification to the Liability Exclusion #38 to specifically separate Public Records Act from Open Public Meetings Act claims.

SEVIER/FRESCO moved to approve the PY2017 Memorandum of Coverage as presented by the Executive Director. Motion carried.

Property Coverage Renewal for Policy Year 2017

Board Policy GC-3.8 states that the Board will approve levels of self-insured retention (SIR) and the level and providers of re-insurance and blanket coverage.

Mr. Kammers provided the Board with Alliant Insurance Services property coverage renewal to Enduris. For PY 2017, Alliant Property Insurance Program (APIP) offered the same continuing coverage as PY 2016 with approximately a 2% decrease for non-HPR and a 2% decrease for HPR.

SEVIER/MARTIN moved to approve the property coverage renewal for Policy Year 2017 with APIP using the existing \$250,000 Self-Insured Retention for both HPR and Non HPR property classifications. Motion carried.

Liability Coverage Renewal for Policy Year 2017

Board Policy GC-3.8 states that the Board will approve levels of Self-Insured Retention (SIR) and the level and providers of reinsurance and blanket coverage.

Mr. Kammers showed the Board an illustration of Enduris' PY 2017 liability coverage structure and announced that Genesis/GEM has agreed to renew with a 2% COLA rate increase and Great American with a 3% decrease over PY 2016.

MARTIN/SEVIER moved to accept the liability coverage renewal for Policy Year 2017 using the existing \$1 million SIR with Genesis and GEM using an 80/20 quota share arrangement for the first layer of \$10 million in coverage and Great American Insurance for a second layer of \$10 million for a total of \$20 million in liability coverage. Motion carried.

Approval of Legal Counsel Contract for Policy Year 2017

Board Policy GC-3.13 states that the Board will contract independently with legal counsel to support the Board in its work.

The Enduris Board contracts annually with the law firm of Cheryl Duryea, PLLC for general legal counsel services. Mr. Kammers recommended a 1.9% COLA increase to the PY 2017 contract.

MARTIN/CARTER moved to renew the contract with Cheryl Duryea, PLLC for general counsel services for Policy Year 2017 in the amount of \$36,070. Motion carried.

Approval of Work Plan for Policy Year 2017

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.

Ms. Sevier recommended that the Aspen Group governance training be moved from February 2017 to August 2017, as earlier discussed.

SEVIER/CARTER moved to approve the Board Work Plan as amended for Policy Year 2017. Motion carried.

Approval of 2017 Meeting Calendar

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.

August is the month to set Board meeting dates for the next year. All meetings for 2017 will be held at the Enduris office in Spokane.

SEVIER/FRESCO moved to approve meeting dates of February 16, May 25, August 17, and November 16 for 2017. Motion carried.

Financial Statements

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 Goal or meeting any Operational Expectations goals; or place the long-term financial health of the Pool in jeopardy.

Mr. Kammers provided the Income Statement, Balance Sheet, and Budget Comparison for May 31, 2016, June 30, 2016, and July 31, 2016. He presented an overview of the July 31, 2016 financial statement showing total assets of \$30,849,028.50 and total members' net assets (surplus) of \$13,493,849.14. He also provided the Board with the June 30, 2016 Spokane County Treasurer's Report, which included the Rate of Return on Investments.

BRIZENDINE/SEVIER moved to accept the financial statement of 5/31/16, 6/30/16, and 7/31/16 as presented by the Executive Director. Motion carried.

Ms. Carter left the meeting at 11:37 a.m.

Potential New Members

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.

The Board terminated the Port of Walla Walla's membership in September 2011. Last year, the Port of Walla Walla had a change of leadership and the Port recently asked Enduris to rejoin the pool. Mr. Kammers reported that after meeting the Port's elected officials and staff on multiple occasions, the Administration recommends the Board approve membership effective September 1, 2016 based on conditions of a Memorandum of Understanding between Enduris and the Port of Walla Walla.

Following questions by the Board, Mr. Kammers and Ms. Brandt assured the Board that allowing the Port of Walla Walla to rejoin is a win-win situation.

MARTIN/FRESCO moved to approve Port of Walla Walla rejoining Enduris effective September 1, 2016, with the condition that the Memorandum of Understanding that has been prepared between Enduris and the Port of Walla Walla be executed, as recommended by the Executive Director. Motion carried.

Ms. Bedier recessed the Board meeting at 11:48 a.m. for lunch and reconvened the meeting at 11:54 a.m.

BOARD SELF-ASSESSMENT

Board Policy GC-2.3 states that the Board will carry out a summative self-assessment with full, honest and timely participation by all directors. The assessment will include evaluation of the Board as a whole, based on Governance Culture (GC) and Board-CEO Relations (BCR) policies. Board assessment of progress on Results and the CEO's summative evaluation will drive targets for the following year.

As outlined in the Annual Work Plan, the Board self-assessment is scheduled in August.

The Board reviewed its comments on the GC and BCR policies that they provided prior to the meeting thus completed its self-assessment. The Board questioned the self-assessment's purpose and value. In conclusion, it was suggested to address this policy with the Aspen Group at the governance training in November 2017.

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 an assessment of the meeting with the following comments:

- The Board appreciates the staff's work to make the meetings efficient.
- Mr. Fresco thanked everyone for agreeing and practicing the principle that we are here to serve the membership as a whole and not just the agency that we represent.
- The electronic devices used at the meeting were well-received. The staff will research how the Board can make notes on the board packet's electronic document that are provided to them prior to the meeting, and then have the notes uploaded to the devices the Board uses at meetings.
- Ms. Bedier offered her recommendation of Ann Macfarlane, who provides training of "Jurassic Parliament" in mastering board meetings using Robert's Rules.
- Ms. Duryea supports the idea of Board members welcoming new Enduris members; highlighting the difference between pooling and insurance.
- Mr. Kammers thanked the Board for their time and effort to attend Board meetings.

ADJOURNMENT

Ms. Bedier adjourned the Board meeting at 12:16 p.m.


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.