



**Enduris
Board of Directors
Meeting Minutes**

August 20, 2020

To meet both the Open Public Meetings Act and COVID-19 social distancing requirement announced by Governor Inslee in Proclamation No. 20-28, the Board meeting was changed to an online video/telephone conference meeting via GoToMeeting. A link and access code were provided to those requesting to join the meeting.

Call to Order: Chair Patsy Martin called the meeting to order at 8:30 a.m.

ROLL CALL

Board Members Present: Patsy Martin, Chair; Vicki Carter, Vice-Chair; BiJay Adams, Secretary/Treasurer; Kim Bedier, Board Member; Noel Hardin, Board Member; Matt Schanz, Board Member; and Sheryl Brandt, Executive Director. Jeri Sevier was absent.

Others Present: Tim Gosselin, Enduris Coverage Counsel; Frank Cordell, Port of Pasco Coverage Counsel; Bernita Landers, Douglas County Sewer District; Doug Wozniak, Senior Vice President, Alliant Insurance Services; Cheryl Duryea, Enduris General Counsel; Rafaela Ortiz, Enduris Chief Operating Officer; Susan Looker, Enduris Director of Claims; Kimberly Millikan, Enduris Director of Finance; Joe Davis, Enduris Director of Risk Management and Member Relations; Alric Balka, Enduris Information Systems Coordinator; and Joy Jelsing, Enduris Administrative Associate.

Ms. Martin started the meeting with introductions.

ADOPT AGENDA

SCHANZ/HARDIN moved to adopt the agenda as presented. Motion carried.

EXECUTIVE SESSION

The Board, staff, and Tim Gosselin (Enduris Coverage Counsel for the Port of Benton) entered into Executive Session at 8:33 a.m. for 25 minutes to discuss an ongoing litigation and appeal by the Port of Benton. The meeting reconvened in Open Session at 8:58 a.m.

APPEAL – PORT OF BENTON

Board Policy OE-3.3 states that the Executive Director will establish all procedures and required time frames for appeals, balancing the needs of members for a speedy and fair resolution and the needs of the Pool for due diligence.

Attorney Frank Cordell, Coverage Counsel for the Port of Benton, presented an appeal regarding an ongoing litigation that was denied by Enduris. The Board took this matter into consideration at the 10:15 a.m. Executive Session.

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 Executive Director 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

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SCHANZ/CARTER moved to approve all items on the Board Consent Agenda. Motion carried.

Executive Director Consent Agenda

Expenses

- May 2020
- June 2020
- July 2020

CARTER/ADAMS moved to approve all items on the Executive Director Consent Agenda. Motion carried.

EXECUTIVE DIRECTOR REPORT

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

Office Lease Update

Ms. Brandt announced that a 20-year lease with Spokane Regional Clean Air Agency for the vacant office space has been signed.

COVID-19 Update

Ms. Brandt noted that the office has been open for business; however, most of the staff continues to work remotely. One or two staff members go into the office during the week. A return date has not yet been determined.

Pooling and Membership Update

Ms. Brandt informed the Board that the member renewal is complete; the streamlined process went very well and credits the staff with great teamwork.

The Washington Schools Risk Management Pool and Clear Risk Solutions sent a letter to Governor Inslee urging him to sign an executive order to protect school districts from COVID-19 liability lawsuits. Ms. Brandt will follow its development and report to the Board if this impacts special purpose districts.

Association of Governmental Risk Pools (AGRiP) Updates

Ms. Brandt and Ms. Ortiz briefed the Board on the recent AGRiP CEO Institute held virtually. Pools nationwide are faced with the same challenges, such as reinsurer renewal and succession planning.

The AGRiP Fall Conference is cancelled; however, it will be replaced with a virtual event called "Pooling Today." Enduris' entire staff will participate as it will be valuable to receive timely information and conversation about key issues affecting pools.

Government Entities Mutual (GEM) Board Meeting and Annual Meeting Update

The Board was provided with a summary of the GEM Board and Annual meeting held in July. Ms. Ortiz attended the virtual meeting and made reference to the roundtable discussions using generative thinking for GEM's strategic plan for the next three years.

Executive Director Quarterly Report

The Board was previously provided with the financial reports for May 31, 2020, June 30, 2020, and July 31, 2020. Also provided was the performance investment report as of June 30, 2020 from the Spokane County Investment Pool.

Ms. Brandt presented the executive director report as of July 31, 2020. Key points included a positive \$1.7 million positive change in net position, a 3.4% organic growth in member exposure, claims expense of \$7.5 million was higher than the budget of \$6.7 million, the claims paid year to date is \$4.6 million, 542 member policies were bound, and reinsurance/excess renewal continues to be a real challenge with higher than anticipated premium increases.

Ms. Millikan presented the Pool financials as of July 31, 2020, which included financial ratio targets.

Ms. Martin recessed the Board meeting at 10:05 a.m. for a break and reconvened the meeting at 10:15 a.m.

EXECUTIVE SESSION

The Board entered into Executive Session at 10:15 a.m. for 45 minutes to review the status of open claims and discuss an appeal decision presented earlier by the Port of Benton. The meeting reconvened in Open Session at 11:00 a.m.

CARTER/SCHANZ moved to deny the appeal presented by the Port of Benton. Motion carried. BEDIER abstained due to missing the presentation by the Port's attorney.

DISCUSSION/ACTION ITEMS

Financial Statements

Board Policy OE-6 states that the Executive Director 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.

CARTER/BEDIER moved to approve the May 31, 2020, June 30, 2020, and July 31, 2020 financial reports as presented. Motion carried unanimously.

SCHANZ/CARTER moved to accept the activity report from the June 30, 2020 Spokane County Investment Pool fund as presented. Motion carried unanimously.

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.

The Board was provided with and reviewed the 2020 Claims Audit report that was conducted by Craig Bowlus of Aon Risk Insurance Services from July 4-27, 2020. The audit was conducted virtually and successfully as all claims are electronic via Origami. The audit concludes that Enduris is meeting best practices for public sector claims and litigation management. All the recommendations from last year's audit have been implemented.

BEDIER/HARDIN moved to formally recognize the receipt of the 2020 Claims Audit conducted from July 4-27, 2020 by AON Risk Insurance Services. Motion carried.

Property Coverage Renewal for Policy Year 2021

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

At the May Board meeting, the Board authorized the Executive Director to renew property coverage with APIP effective July 1, 2020 using the existing Self-Insured Retention of \$250,000 or higher and report back to the Board with the results.

Ms. Brandt reported that for PY 2021, Alliant Property Insurance Program (APIP) offered the same continuing coverage as PY 2020 for \$4,075,759, which is approximately a 25% premium increase. The one exception is the limits are now \$800 million instead of \$1 billion. This increase in premium is due to a 2% increase in total insured value (TIV) and a 23% rate increase.

ADAMS/SCHANZ moved to approve the property coverage renewal for Policy Year 2021 with APIP using the existing \$250,000 Self-Insured Retention for both HPR and Non-HPR property classifications. Motion carried.

Mr. Davis responded to Ms. Bedier's question asking if there were any feedback from members on the renewal increase. Overall, our members have been supportive of Enduris and understands the extreme and historic market conditions that have also impacted other insurers and pools.

Mr. Wozniak added that the insurance market is experiencing the greatest unrest he has seen due to the uncertainty with the pandemic, in addition to the storm and fire season.

Liability Coverage Renewal for Policy Year 2021

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.

The Administration recommended that the Board approve the liability coverage renewal with Government Entities Mutual (GEM) as its primary insurance carrier, and Great American and Everest Re as its secondary layer for the \$10 million excess.

Mr. Wozniak stated that the renewal was completed this morning and explained how he was able to continue with Great American and bring in Everest Re for the \$10 million excess coverage with a quota share arrangement.

HARDIN/CARTER moved to approve the Executive Director renewing the liability coverage for Policy Year 2021 with GEM, Great American and Everest Re pursuant to the terms explained by Doug Wozniak. Motion carried.

Master Agreement Proposed Changes

Board Policy OE-10.2 states that the Executive Director will provide members with an annual Memorandum of Coverage detailing coverages and requirements for membership, including member rights and responsibilities, and an intergovernmental contract between members and the Pool.

The Master Agreement has not been revised since 2007. In 2019, the state auditor suggested adding language to the agreement that strengthens the requirement that members pay contributions and assessments when due. The Administration took this opportunity to review and revise the agreement as needed to more accurately reflect the Pool in 2021. Ms. Brandt presented the proposed changes to the Board.

CARTER/HARDIN moved to approve the recommended revisions to the current Enduris Master Agreement as presented. Motion carried.

Ms. Martin recessed the Board meeting at 12:04 p.m. for lunch and reconvened the meeting at 12:37 p.m.

Approval of Enduris Memorandum of Coverage for Policy Year 2021

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

Ms. Brandt provided the Board with recommended revisions to the MOC. The document was thoroughly reviewed by staff during the past year. In addition, the proposed MOC includes a communicable disease exclusion in the liability section. Following in-depth discussion, it was agreed the Administration will gather more information from the reinsurers and present it to the Board at a Special Meeting prior to September 1, 2020.

BEDIER/SCHANZ moved to approve the Policy Year 2021 Memorandum of Coverage as presented except for the communicable disease exclusion until the Administration does further research for the Board to make a decision. Motion carried.

Approval of Enduris Rating and Underwriting Policy for Policy Year 2021

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.

Ms. Brandt provided the Board with the draft Rating and Underwriting Policy for PY 2021. The proposed changes include a 10-15% rate increase for property coverage; a 0.5% Marshall-Swift

increase for structures, and 2.04% increase for contents, mobile equipment, and replacement cost vehicles; liability rate increase by 5-10%; minimum accounts increase 15% for property, 5% for liability; crime increase 8-12%; and auto physical damage increase by 8-12%.

SCHANZ/ADAMS moved to approve the Enduris Rating and Underwriting Policy for Policy Year 2021 as presented. Motion carried.

Executive Director Performance Evaluation for PY 2020

Board Policy B/EDR-5 Executive Director Accountability states that the Board considers Executive Director performance to be identical to organizational performance. Organizational accomplishment of the Board's Goal policy and operation according to the values expressed in the Board's Operational Expectations policies will be considered successful Executive Director performance. In addition, the Board will evaluate the Executive Director on core competencies and performance based on individual goals.

Ms. Brandt stated that the last executive director evaluation was due in November 2019; however, it was postponed until February 2020. At a previous meeting, Ms. Sevier suggested that we get back on schedule by evaluating the executive director in November and to also discuss goals for consideration. Ms. Brandt proposed to apply the same goals from the last evaluation and to include the lease of the building to the upcoming evaluation in November for PY 2020. Ms. Martin reminded the Board that the "staff job satisfaction survey" will go out in early October.

Ms. Brandt also provided her proposed goals for the PY 2021 evaluation for the Board to consider.

Board Counsel Succession Plan – Committee Report

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

Ms. Brandt reported that a committee was created to develop a process for a succession plan in preparation for Ms. Duryea's scheduled retirement in August 2021. The succession plan includes Administration Policy 208 as well as a timeline.

Approval of Legal Counsel Contract for Policy Year 2021

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.

(Ms. Duryea stepped out of the meeting.)

Ms. Martin recommended a 3% increase.

CARTER/HARDIN moved to approve the legal counsel contract for Policy Year 2021 with Cheryl Duryea, PLLC with a 3% increase. Motion carried.

(Ms. Duryea returned to the meeting.)

Approval of Board Governing Policies for PY 2021

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

At the February meeting the Board agreed to work on defining the concept of “reasonable progress” and revise the language accordingly with the idea that if *Indicators* are trending away from the **Goal**, it might suggest that the **Goal** is not being met. The revised language should be approved before the November 2020 Board meeting when the PY 2020 **Goal** Monitoring Report will be up for approval.

The current **Goal Indicator** is: Trend toward Target Goal based on a five-year rolling average.

It is proposed to revise the *Indicator* to: We will know we are making reasonable progress when the combined overall financial ratios, within the Executive Director’s control, are reasonably trending towards the target over a five-year rolling average, to achieve the overall **Goal**. If there are outside forces causing variations, they will be identified.

The Board also asked the Administration to recommend revisions to several **Operational Expectation** policies that were discussed at the February 19 workshop and bring them back to the Board for review at the May meeting prior to the Board approving them in August. However, due to Governor’s Proclamation 20-28, this matter was not deemed “necessary and routine,” so it is now being presented at the August meeting for review and approval.

SCHANZ/HARDIN moved to approve the revisions to the Executive Director Interpretations and Indicators as presented. Motion carried.

ADAMS/CARTER moved to approve the Goal Indicator as presented. Motion carried.

SCHANZ/HARDIN moved to approve the revisions to the Board Governing Policies for PY 2021 as presented. Motion carried.

Note: The “communicable disease exclusion” proposed for the MOC and the remaining agenda items will be attended to at a Special Meeting scheduled for Wednesday, August 26, 2020 from 8:30-9:30 a.m.

ADJOURNMENT

Ms. Martin adjourned the Board meeting at 2:00 p.m.



Patsy Martin, 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.