



**Enduris
Board of Directors Meeting**

August 20, 2014

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; Dick Gormley, Vice Chair; Kim Bedier, Secretary/Treasurer; Vicki Carter, Board Member; Rick Mockler, Board Member; Greg Brizendine, Board Member; and Mark A. Kammers, Executive Director. Jeri Sevier was excused.

Others Present: Mike Purdy, Consultant, Michael E. Purdy Associates, LLC; Cheryl Duryea, Enduris General Counsel; Rafaela Ortiz, Enduris Chief Operating Officer; Sheryl Brandt, Enduris Chief Risk Officer; Lynn Scharff, Enduris Director of Finance; Marc Antonietti, Enduris Claims Analyst; Joanne Bisquera, Enduris Director of Member Services; Shellie Klink, Enduris Marketing Coordinator; Suzanne Heath, Enduris Financial Services Coordinator; Alric Balka, Enduris Information Systems Coordinator; Kathy Johns, Enduris Administrative Assistant; Joy Jelsing, Enduris Administrative Assistant; Sindy Joseph, Enduris Administrative Assistant; and Kim Lewis, Enduris Receptionist.

Mr. Kammers introduced Greg Brizendine, new Enduris board member from East Wenatchee Water District, and Mike Purdy of Michael E. Purdy Associates.

ADOPT AGENDA

Mr. Kammers made a recommendation to hold the Executive Session during lunch.

Mr. Mockler made a recommendation to pull OE-4 from the Consent Agenda for discussion.

MOCKLER/CARTER moved to amend and 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.

Mr. Gormley, Chair of the Board Development Committee, delivered the Board of Directors' election ballots to Ms. Scharff, Enduris' Director of Finance. 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.

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 21, 2014

CARTER/MOCKLER moved to approve the Board Consent Agenda with the Board Meeting Minutes of May 21st. Motion carried.

CEO Consent Agenda

Vouchers

- May 2014
- June 2014
- July 2014

CARTER/GORMLEY moved to accept the CEO Consent Agenda with vouchers for May, June, and July 2014. Motion carried.

BOARD ETHICS TRAINING

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.

In accordance with the Annual Work Plan, the ethics training was scheduled for the May Board meeting; however, due to scheduling conflicts, the training was provided at the August meeting.

Mike Purdy with Michael E. Purdy Associates conducted the ethics training. Topics included: Why Should We Talk About Ethics, What's So Important About Appearances, 10 Areas of Ethical Risk, 5 Keys to Making Ethical Decisions, Strategies for Dealing with Ethical Issues, 7 Risks of Ethical Lapses, and What Ethics Laws and Standards Apply.

OPERATIONAL EXPECTATIONS MONITORING

Board Policy GC-2.4 states that as a means to assure continuous improvement, the Board regularly and systematically will monitor all policies.

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 and the CEO interpretation of each policy. The monitoring reports are provided each year to provide evidence to the Board that the administration is in compliance with the policies.

As outlined in the Annual Work Plan, OE-4 Personnel Administration, OE-8 Communicating with the Board, and OE-10 Communicating with the Members are monitored by the Board at the August Board meeting.

The OE-4 Monitoring Report was pulled for discussion later in the meeting.

OE-8 Communicating with the Board

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

Mr. Kammers presented the monitoring report for Policy OE-8 with supporting evidence of compliance for the policy.

CARTER/GORMLEY moved to accept the OE-8 report as being fully compliant. Motion carried.

OE-10 Communicating with the Members

Board Policy OE-10 states that the CEO will assure that the members are adequately informed about the condition and direction of the Pool.

Mr. Kammers presented the monitoring report for Policy OE-10 with supporting evidence of compliance for the policies.

CARTER/GORMLEY moved to accept the OE-10 report as being fully compliant. 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/Vacant Office Space Update

Mr. Kammers reported that there has been no credible activity regarding the vacant office space.

AGRiP Fall Educational Fall Forum

Mr. Kammers advised the Board to notify Ms. Jelsing if they want to attend the Fall Forum in Savannah.

Washington Risk Pool Advisory Council (WRAC) Meeting Update

Mr. Kammers reported on the June 23, 2014 WRAC meeting. Ms. Shannon Stuber, program administrator of the Local Government Self-Insurance Program, facilitated the discussion on how we might ensure that rates are fair to pool members and support the costs of the pool.

Increasing Limits

Mr. Kammers informed the Board that we have received requests for higher limits from potential members. He suggested that we get a quote for a \$20 million limit at a group level when we go out to bid for reinsurance for the next policy year.

RFPs

Mr. Kammers notified the Board that our contracts with the broker, claims auditor, and actuary will expire on August 31, 2014. The WACs require an RFP process for the selection of all three consultants. The Administration is in the process of reviewing RFPs received for broker services.

Board Policy Revisions for PY 2015

Ms. Ortiz reviewed the board policy changes made and approved throughout the year.

Marketing & Business Development Plan for PY 2015

Mr. Kammers provided the Board with the Marketing & Business Development Plan for their information. Mr. Mockler noted that the Marketing Plan was excellent.

Member Services Retention & Education Plan for PY 2015

Mr. Kammers provided the Board with the Member Services Plan for their information.

2014 Enduris Member Satisfaction Survey Results

Mr. Kammers provided the Board with the raw data from the Member Satisfaction Survey. An analysis of the data will be provided to the Board at the November meeting.

Member Updates

Mr. Kammers provided the Board with updates on risk management issues with two Enduris members.

GEM Board Meeting Update

Mr. Kammers briefed the Board on GEM's July Board Meeting. The GEM Board will hold a special meeting to determine the future direction of GEM in coordination with the CEO's announced retirement effective December 2015.

CEO Quarterly Report

Mr. Kammers presented the CEO quarterly status report for the 3rd Quarter of Policy Year 2014. The report included updates on Membership Growth, Upcoming Members, Member Training, Claims Opened, Budget Quarterly Trend, Financial Comparisons, and Projections for Year-End 2014.

DISCUSSION/ACTION ITEMS

Election of Directors

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

Mr. Gormley announced the following results:

Total ballots counted: 161

Ballots not counted (received after deadline): 8

Results:

Position #6

Jeri Sevier: 156

Write In – Brittany Garwood, Spokane PFD: 1

Position #7

Rick Mockler: 154

Write In – Brittany Garwood, Spokane PFD: 1

Write In – David Dorsett, Franklin County Mosquito Control: 1

CARTER/BEDIER moved to accept the Enduris Policy Year 2015 Election Results with 156 votes for Jeri Sevier and one write-in vote for Position #6; 154 votes for Rick Mockler and two write-in votes for Position #7. MOCKLER abstained. Motion carried.

Board Development Committee Appointment

Ratification of Appointment to Board Committees

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, none of whom are up for election.

The Chair appointed Mr. Dick Gormley as Chair, Jeri Sevier, and Kim Bedier to the Board Development Committee.

HARDIN/MOCKLER moved to ratify the Board Development Committee appointments as recommended by the Board Chair for Policy Year 2015. Motion carried.

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 May 14, 2014. The written report issued July 17, 2014 was provided to the Board and is posted to the Local Government Self-Insurance Program's website as well as the Enduris website.

GORMLEY/CARTER moved to accept the State Risk Manager's Report (issued July 17, 2014). Motion carried.

Claims Audit

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 28 & 29, 2014. Mr. Kammers provided the audit report to the Board as evidence of compliance for several Board policies.

MOCKLER/BEDIER moved to accept the (Property and Casualty) Claims Audit (conducted on July 28 & 29, 2014 by AON for Policy Year 2014). Motion carried.

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.

Enduris contracts with PricewaterhouseCoopers (PwC) to annually conduct two reserve analyses and a liability rating study. Mr. Kammers provided the Reserve Analysis and Liability Rating Study to the Board as evidence of compliance for Board Policy OE-8.5. PwC has agreed with the Administration to propose a 2.9% increase in liability rates for all group types.

Mr. Mockler requested that the PwC Reserve Analysis and Liability Rating Study be addressed to the Board instead of the Executive Director.

GORMLEY/CARTER moved to formerly recognize the receipt of the PricewaterhouseCoopers' Reserve Analysis and Liability Rating Study for Policy Year 2015. Motion carried.

Property Coverage Renewal for PY 2015

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.

Alliant Property Insurance Program (APIP), a public entity program, has provided property coverage to Enduris for several years. For PY 2015, APIP offered continuing coverage to Enduris for \$1,684,157, which is approximately a 9.1% increase for non-HPR and an 4.3% increase for HPR over last year. The rate increases are not passed along to the members.

Mr. Kammers noted that the property renewal reflects an increase in the self-insured retention for Enduris emergency vehicles from \$25,000 to \$100,000.

CARTER/GORMLEY moved to accept the property coverage renewal for PY 2015 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 2015

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.

Genesis has agreed to renew Policy Year 2015 with a 1.75% decrease over Policy Year 2014. The \$623,561 premium is based on the 1.75% rate reduction and 2% decrease in L&I hours and emergency runs.

MOCKLER/CARTER moved to accept the liability coverage renewal with Genesis and GEM with a 1.75% decrease in rates using a 80/20 percent quota share arrangement and a self-insured retention of \$1 million for Policy Year 2015. 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 May 31, 2014 and June 30, 2014. He presented an overview of the July 31, 2014 Financial Statements with total assets of \$28,552,771.70 and total members' net assets (surplus) of \$12,895,322.96. He also provided the Board with the June 30, 2014 Spokane County Treasurer's Report, which included the Rate of Return on Investments.

BEDIER/BRIZENDINE moved to accept the financial statements of 05/31/14, 06/30/14, and 07/31/14 as presented by the Executive Director. Motion carried.

ACTUARY CONTRACT

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

The PricewaterhouseCoopers' contract expires August 31, 2014. An RFP process is required. The RFP will be written in August, distributed in September, and a written recommendation will be presented at the November Board meeting.

MOCKLER/CARTER moved to direct the Administration to proceed with an RFP for actuarial services pursuant to WAC 200-100-215 and to present a recommendation at the November Board meeting to the Board for approval. Motion carried.

Approval of Legal Counsel Contract for Policy Year 2015

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 2015 contract.

GORMLEY/CARTER moved to accept approval of the legal counsel contract for Policy Year 2015 with Cheryl Duryea (in the amount of \$34,737). Motion carried.

A succession plan for Cheryl Duryea was discussed.

Approval of Rating Policy for Policy Year 2015

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.

The Board of Directors has a goal to try and maintain annual rate adjustments (year over year) to mirror the rate of inflation. This goal helps minimize the effects of the large swings created by the marketplace and provides financial stability for members of the pool.

Mr. Kammers provided the Board with the draft Rating Policy for Policy Year 2015 and noted that the PwC's liability rate study is incorporated into this policy. When the Board adopted the budget for PY 2015, they approved a revenue package equivalent to a 2.9% liability rate increase for all lines of coverage, and a 3.88% Marshall-Swift increase for real estate values.

CARTER/BEDIER moved to approve the Enduris Rating Policy for Policy Year 2015. Motion carried.

Approval of Memorandum of Coverage for Policy Year 2015

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 several changes to the MOC. Besides some housekeeping revisions, Mr. Kammers informed the Board that due to the low cost of purchasing crime coverage and the heightened awareness of the exposure with cyber liability issues on the horizon, the Administration purchased a \$1 million crime policy with an annual premium of \$15,356 to protect the assets of the Pool. Mr. Kammers recommended that we incorporate the language of the crime policy into the Enduris MOC. This provision expands coverage for the members of Enduris.

GORMLEY/MOCKLER moved to approve the PY 2015 Memorandum of Coverage as presented by the Executive Director. Motion carried.

Approval of Work Plan for Policy Year 2015

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. Ortiz recommended to move the Comprehensive Annual Financial Report (CAFR) from February 2015 to May 2015 on the PY 2015 Work Plan.

Ms. Bedier recommended the ethics training scheduled for May 2015 should be removed because the Board previously approved ethics training be provided every two years.

BEDIER/CARTER moved to approve the Board Work Plan for Policy Year 2015 as presented by the Chief Operating Officer. In addition, ethics training scheduled for May 2015 should be removed for PY 2015. Motion carried.

Approval of Meeting Calendar for 2015

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 proposed meetings for 2015 will be held at the Enduris office in Spokane.

GORMLEY/MOCKLER moved to approve meeting dates of February 18, May 20, August 19 and November 18 for 2015.

GORMLEY/MOCKLER moved to modify the motion to reflect the date change to Thursdays – February 19, May 21, August 20, and November 19. Motion carried.

EXECUTIVE SESSION

Mr. Hardin convened in Executive Session during lunch at 12:15 p.m. for 30 minutes to review the status of open claims. At 12:45 p.m., Mr. Hardin extended the Executive Session for 30 minutes to review a personnel issue. At 1:15 p.m. Mr. Hardin extended the Executive Session for 30 minutes to continue review of a personnel issue. At 1:45 p.m. Mr. Hardin extended the Executive Session for 30 minutes to continue review of a personnel issue. At 2:15 p.m. Mr. Hardin extended the Executive Session for 30 minutes to continue review of a personnel issue. At 2:45 p.m. Mr. Hardin extended the Executive Session for 10 minutes to continue review of a personnel issue.

Mr. Hardin reconvened in Open Session at 2:55 p.m.

APPROVAL OF CLAIM SETTLEMENT

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 109-114 1&2 have been settled in the amount of \$325,536.21 plus defense costs up to \$294,749.02, and file expense of \$86,575.01 for a total of \$706,860.24.

CARTER/MOCKLER moved to authorize payment of up to \$706,860.24 for Claim 109-114 1&2. Motion carried.

OE-4: PERSONNEL ADMINISTRATION

Board Policy OE-4 states that the CEO shall assure the recruitment, employment, development, evaluation and compensation of employees in a manner necessary to enable the Pool to achieve its Results policies and this is consistent with the Operational Expectations of the Board.

Mr. Kammers presented the Policy OE-4 monitoring report for Policy Year 2013 with supporting evidence of compliance for the policy.

The Board discussed reviewing and updating the policy at the November 18, 2014 workshop.

CARTER/GORMLEY moved to accept the OE-4 report as compliant with the comment that that the Board would like to make revisions and updates and review the timing of reporting. MOCKLER voted no. Motion carried.

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.

The Board Self-Assessment scheduled in May was postponed to the August meeting. The staff did not receive comments on the policies (Governing Culture and Board-CEO Relations) from several Board Members.

CARTER/MOCKLER moved to table the Board Self-Assessment so that the Board Members who have not responded with their comments can still do that and put this in the November workshop. Motion carried.

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.

ADJOURNMENT

Mr. Hardin adjourned the Board meeting at 3:11 p.m.



Noel Hardin, 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.