



**Enduris  
Board of Directors Meeting**

August 20, 2015

Enduris Office  
1610 S. Technology Blvd., Suite 100, Spokane, WA 99224

*Call to Order: Dick Gormley, Vice Chair, called the meeting to order at 8:43 a.m.*

**ROLL CALL**

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

Others Present: Patsy Martin, Executive Director, Port of Skagit; Cheryl Duryea, Enduris General Counsel; Rafaela Ortiz, Enduris Chief Operating Officer; Mark Antonietti, Enduris Claims Analyst; and Joy Jelsing, Enduris Administrative Assistant.

Mr. Gormley started the meeting with introductions of Board, staff and guest.

**ADOPT AGENDA**

Mr. Kammers made a recommendation to move the Board Vacancy action item as the first item on the agenda.

**BRIZENDINE/CARTER moved to bring forward the board vacancy action item as recommended by the Executive Director. Motion carried.**

**CARTER/SEVIER moved to adopt the agenda as revised. Motion carried.**

**DISCUSSION/ACTION ITEMS**

Board Vacancy/Board Appointment

Both Article III of the Enduris Bylaws and **Board Policy GC-5** pertain to Board vacancy. The Board Development Committee (Dick Gormley, chair; Kim Bedier; Jeri Sevier) is charged with the recruitment and nomination of a slate of candidates for Board appointment or election.

At the May 21, 2015 Board meeting, Mr. Gormley announced his resignation effective after a replacement has been found. The Board Development Committee interviewed Patsy Martin prior

to the Board meeting and recommended that the Board appoint her to fill the remainder of Mr. Gormley term for Position #3 that will expire September 1, 2016.

**BEDIER/SEVIER moved to appoint Patsy Martin to fill the remainder of the term for Position #3. 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. 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.

#### **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, 2015

**CARTER/BRIZENDINE moved to approve the Board Consent Agenda with the Board Meeting Minutes of May 21<sup>st</sup>. Motion carried.**

##### **CEO Consent Agenda**

###### Vouchers

May 2015 amounting to \$470,513.11

June 2015 amounting to \$533,809.67

July 2015 amounting to \$2,145,315.90

**CARTER/BRIZENDINE moved to approve the vouchers for May, June, and July 2015 on the CEO Consent Agenda. Motion carried.**

#### **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, the CEO interpretation of each policy, and Evidence of Compliance – the monitoring reports are provided each year to provide evidence to the Board that the administration is in compliance with the policies. The policies have been updated but there are no substantive changes from PY 2013.

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.

Mr. Kammers presented the monitoring reports for Policies OE-4, OE-8, and OE-10 with supporting evidence of compliance for the policies and stated that he certifies all three OEs are in compliance.

#### 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.

#### 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.

#### 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.

**CARTER/FRESCO moved to accept OE-4, OE-8, and OE-10 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.

#### Duryea Update

Ms. Duryea announced that she has joined the law firm Bean, Gentry, Wheeler & Peternell as "of Counsel". She assured the Board that this additional responsibility will not affect her work with Enduris.

#### GASB 68 Update

Mr. Kammers provided an update to the new accounting rule entitled GASB 68 that requires cost sharing employers to report their unfunded liability for its pension in their financial statements.

#### Regional Fires

Mr. Kammers indicated that there are several fire district members involved in the recent wildfires so we expect to receive claims from these agencies.

#### Menus

Mr. Kammers asked the Board to fill out a survey, which he will pass out at lunch, to give us ideas on food and beverage preferences served during board meetings.

#### Office Building Update

Mr. Kammers gave a status report on two possible interests for the Enduris vacant office space.

#### Association of Governmental Risk Pools (AGRiP) Fall Educational Forum

Mr. Kammers informed the Board of AGRiP's conference in Chicago.

#### Aspen Group Conference

Mr. Kammers reminded the Board of an opportunity to attend the Aspen Group conference in October in Orange Beach, AL.

#### Pooling Update

Mr. Kammers provided the Board with information regarding pooling across the state.

#### Senate Bill 5119

Mr. Kammers explained the recently passed Senate Bill 5119, which creates a new chapter in RCW 48 that separates nonprofit joint self-insurance programs from local government risk pools. The new law triggered proposed rule changes to both programs. Mr. Kammers will keep the Board apprised of the rule changes that affect Enduris.

#### Open Government Training Certificate Reminder

Mr. Kammers confirmed that we have received a copy of each Board Member's training certificate.

#### Board Affiliation Update

Mr. Kammers announced that Ms. Bedier has changed her member affiliation, in her capacity as an Enduris board member, from Edmonds Public Facilities District to Everett Public Facilities District. This was at the request of Everett Public Facilities District.

*Mr. Gormley recessed the Board meeting at 9:20 a.m. for a break and reconvened the meeting at 9:28 a.m.*

#### Government Entities Mutual (GEM) Update

Mr. Kammers provided the latest GEM Task Force report and a recap of the July Board meeting. The Administration is in the process of writing a letter to GEM addressing its concerns about the process of the return on equity and the Board will get a copy of the letter.

#### CEO Quarterly Report

Mr. Kammers presented the CEO quarterly status report for the 3<sup>rd</sup> Quarter of PY 2015. The report included updates on Membership Growth, New Members, Upcoming Members, Member Training, Claims Opened, Claims Reported, Budget Quarterly Trend, Spokane County Investment Pool, Financial Comparisons, Revenues/Equity/Exposures, Revenues and Expenses, Assets, Fund Balance – Historical Look, and Projections for 2015.

At the May meeting, Mr. Kammers proposed that the Board add comments about the performance of the CEO following his quarterly report presentation at each meeting. The comments will then be gathered and inserted in the CEO's evaluation form for evaluation in February.

The Board provided comments, which will be inserted in the CEO's evaluation form.

*Mr. Gormley recessed the Board meeting at 10:20 a.m. for a break and reconvened the meeting at 10:30 a.m.*

### **EXECUTIVE SESSION**

*Mr. Gormley convened in Executive Session at 10:30 a.m. for 20 minutes to review the status of open claims.*

Mr. Gormley reconvened in Open Session at 10:50 a.m.

**CEO REPORT (continued)**

Office Building Update (continued)

Mr. Kammers informed the Board on the progress of the Enduris purchase of additional land.

**DISCUSSION/ACTION ITEMS**

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 8-10, 2015. Mr. Kammers provided the audit report to the Board, as evidence of compliance for several Board policies, and explained the actions that will be taken on the five recommendations in the report.

**BEDIER/CARTER moved to accept receipt of the Policy Year 2015 Property and Casualty Claims Audit conducted on July 8-10, 2015 by AON Risk Insurance Services. 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, 2015, June 30, 2015, and July 31, 2015. He presented an overview of the financial statements for July 31, 2015 with total assets of \$31,850,425.40 and total members' net assets (surplus) of \$14,817,707.11. He reported Enduris is trending positive and is projecting another positive year-end for Enduris. He also provided the Board with the May 31, 2015 and June 30, 2015 Spokane County Treasurer's Report, which included the Rate of Return on Investments.

**BEDIER/SEVIER moved to accept the financial statements of 5/31/15, 6/30/15, and 7/31/15 as presented by the Executive Director. Motion carried.**

Counting of Ballots – Election of Directors for PY 2016

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

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

Total ballots counted: 155

Ballots not counted: 12 ballots received after deadline; 1 ballot for Position #2 not clearly marked

Results:

Position #2 - Vicki Carter: 154

Position #5 - Greg Brizendine: 151

**SEVIER/BEDIER moved to accept the Enduris Policy Year 2016 Election Results with 154 votes for Vicki Carter for Position #2 and 151 votes for Greg Brizendine for Position #5. Motion carried.**

Election of Board Officers for PY 2016 and 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 (September 1, 2015).

**GORMLEY/CARTER moved a slate of board officers of Kim Bedier for Chair, Jeri Sevier for Vice-Chair, and Greg Brizendine for Secretary/Treasurer for Policy Year 2016 and Policy Year 2017. Motion carried.**

Board Development Committee Appointments and Board Ratification

**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 Board incoming Chair, Kim Bedier, appointed Jeri Sevier as Chair; Greg Brizendine; and André Fresco to the Board Development Committee.

**BEDIER/CARTER moved to ratify the Board Development Committee as appointed by the incoming Board Chair for Policy Year 2016. 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. PwC has agreed with the Administration to propose a 1.9% increase in liability rates for all group types.

**BEDIER/CARTER moved to accept the PricewaterhouseCoopers' Reserve Analysis and Liability Rating Study for Policy Year 2016. Motion carried.**

Approval of Enduris Rating and Underwriting Policy for Policy Year 2016

**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 2016 and noted that the PwC's liability rate study is incorporated into this policy. When the Board adopted the budget for PY 2016, they approved a 1.9% liability rate increase for all lines of coverage with a 2% Marshall-Swift increase for real estate values, and an additional Marshall-Swift increase of 2.11% is added for contents, mobile equipment, and replacement cost vehicles. These budget decisions were incorporated into the Enduris Rating and Underwriting Policy. Mr. Kammers reviewed some language changes that were made for clarification.

**SEVIER/BRIZENDINE moved to approve the Enduris Rating and Underwriting Policy for Policy Year 2016. Motion carried.**

Approval of Enduris Memorandum of Coverage (MOC) for Policy Year 2016

**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 minor changes to the MOC as follows:

- Clarify assignment clause: Add language that states the assignment or transfer of the Enduris MOC or related policies shall not be valid except with the written consent of Enduris.
- Addendum J for fire districts: Change in the last sentence in section 1. *Commandeered Property of Others* to "Enduris shall not be liable under this Extension for more than \$1 million in any one occurrence." Increased from \$250,000 to \$1 million.
- Addendum J for fire districts: Remove daily rental expense limit.
- Increase liability limits from \$10 million to \$20 million, except for the limited liability members.
- Revise *Exclusion 38* to clarify that Open Public Meetings Act claims are not covered.
- Revise language to the property insurance deductible to clarify that only the Pool's \$250,000 deductible will apply.

**BRIZENDINE/FRESCO moved to approve the PY2016 Memorandum of Coverage as presented by the Executive Director. Motion carried.**

Property Coverage Renewal for Policy Year 2016

**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 Insurance Services has provided property coverage to Enduris since 2000. For PY 2016, Alliant Property Insurance Program (APIP) offered the same continuing coverage as PY 2015 to Enduris for \$1,774,183, which is approximately a 2.12% decrease for non-HPR and an 5.35% decrease for HPR for an overall decrease of 2.53% over last year. Flood and earthquake deductibles have increased to \$250,000 to match the Self-Insured Retention (SIR).

**SEVIER/BEDIER moved to accept the property coverage renewal for Policy Year 2016 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 2016

**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 PY 2016 with the same rate as PY 2015. The premium of \$664,702 is for \$9 million in coverage above the Pool's \$1 million self-insured retention. Genesis will quota share with GEM using an 80/20 arrangement. For PY 2016, Enduris added another \$10 million in limits from Great American Insurance for a combined \$20 million in coverage on a reinsurance basis. The premium for the additional \$10 million is \$225,000.

**BEDIER/CARTER moved to accept the liability coverage renewal for Policy Year 2016 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 2016

**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 2016 contract.

**CARTER/BRIZENDINE moved to renew the contract with Cheryl Duryea, PLLC for general counsel services for Policy Year 2016 in the amount of \$35,397. Motion carried.**

Approval of Work Plan for Policy Year 2016

**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 Administration recommended monitoring the Goal and OE-4, OE-8, and OE-10 at the May Board meeting and monitoring GC-1 through GC-9 and BCR-1 through BCR-5 at the August Board meeting. The Administration believes this scheduling will keep the Board better informed throughout the year of the Goal and Operational Expectations.

**SEVIER/BRIZENDINE moved to approve the Board Work Plan for Policy Year 2016. Motion carried.**

*Mr. Gormley recessed the Board meeting at 11:45 a.m. for lunch and reconvened the meeting at 12:15 p.m.*

*Ms. Carter left the meeting at 12:15 p.m.*

Approval of 2016 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 proposed meetings for 2016 will be held at the Enduris office in Spokane.

**SEVIER/FRESCO moved to approve meeting dates of February 18, May 19, August 18, and November 17 for 2016. 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 positive comments and an assessment of the meeting.

**GOOD OF THE ORDER**

Mr. Kammers presented a gift and card from the Board and staff to Mr. Gormley for his many years of service on the Enduris Board of Directors.

**ADJOURNMENT**

*Mr. Gormley adjourned the Board meeting at 12:30 p.m.*

  
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**Dick Gormley, Vice 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.