



**Enduris
Board of Directors
Meeting Minutes**

February 20, 2020

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

Call to Order: Vice-Chair Vicki Carter called the meeting to order at 8:30 a.m.

ROLL CALL

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

Others Present: Andrew Halsall, President and CEO, Government Entities Mutual; Doug Wozniak, Senior Vice President, Alliant Insurance Services; Ulrich Mauser, Provident Insurance Solutions; Scott Bryant, Provident Insurance Solutions; Shane Heston, Trask Insurance; Hayden Heston, Trask Insurance; Jon Hall, Tekoa Park & Recreation District #6; Fran Martin, Tekoa Park & Recreation District #6; Cheryl Duryea, Enduris General Counsel; Rafaela Ortiz, Enduris Chief Operating Officer; Susan Looker, Enduris Director of Claims; Kimberly Millikan, Enduris Director of Finance; Alric Balka, Enduris Information Systems Coordinator; and Joy Jelsing, Enduris Administrative Associate.

Ms. Carter started the meeting with introductions of Board, staff, and guests.

ADOPT AGENDA

Ms. Carter made a recommendation to move Aon's Actuarial Rate Study to *Discussion/Action Item; Executive Session* to include review of open claims, the Executive Director performance evaluation, a real estate matter, and an appeal decision.

SEVIER/SCHANZ moved to adopt the revised agenda as recommended. Motion carried.

APPEAL – TEKOA PARK & RECREATION DISTRICT #6

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.

Commissioners Jon Hall and Fran Martin from Tekoa Park & Recreation District #6 presented an appeal regarding a recent claim that was denied by Enduris. Follow-up questions were answered by Mr. Hall and Ms. Martin. The Board took this matter into consideration in Executive Session.

PROVIDENT INSURANCE SOLUTIONS

Board Policy OE-9.4 states that the Executive Director will continually research/evaluate/offer specialty coverage to those members whose requirements are outside the scope of coverage currently provided. Enduris will continue to facilitate the placement of specialized insurance contracts to better serve the members.

Enduris offers its fire districts Accident and Health benefits through Provident Insurance Solutions. The Provident benefit is not intended to replace the existing State of Washington Volunteer Firefighters' and Reserve Officers' Relief and Pension or other state benefits. This benefit is designed to work in conjunction with and enhance the state benefit(s).

Shane Heston of Trask Insurance is the Enduris broker for the Provident program. Mr. Heston provided a brief history and overview of the program. Ulrich Mauser of Provident Insurance Solutions, who will be retiring in January 2021, touched on additional benefits that are included in the coverage. Scott Bryant gave his background and is looking forward to working with Enduris as Mr. Mauser's successor.

STATE OF THE INSURANCE MARKET

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.

Senior Vice President Doug Wozniak of Alliant Insurance Services provided a State of the Insurance Market presentation. Some of the highlights are:

- Hardening in the market continues in both property and liability
- Restrictions and reductions in capacity (availability of insurance)
- More frequency and severity of losses; liability market experiencing hundreds of multi-million dollar awards
- 2017 was the costliest year ever for insurance carriers
- 2017 catastrophe loss estimates increased significantly in 2018 and the 2018 losses are following a similar path into 2019
- Several 2019 renewal case studies show significant rate increases

REINSURER 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.

Andrew Halsall, President and CEO of Government Entities Mutual (GEM), is Enduris' reinsurer for its primary liability insurance coverage. Mr. Halsall presented an overview of GEM. GEM in a hard

market is much the same as in a soft market because of long-term source of capacity, stable pricing, and being selective in accepting new members. He reviewed his conversation with the Washington Insurance Commissioner's Office.

Ms. Carter recessed the Board meeting at 9:50 a.m. for a break and reconvened the meeting at 10:00 a.m.

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

Board Meeting Minutes – November 21, 2019

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

Executive Director Consent Agenda

Expenses

- November 2019
- December 2019
- January 2020

SEVIER/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.

Pooling and Membership Updates

As part of the Board getting to know the staff better, the Operations Team consisting of Rafaela Ortiz, Alric Balka, and Joy Jelsing, summarized the team's duties and responsibilities as well as current and ongoing projects. In respect to the Pool's succession plan, Mr. Balka is a participant in the Risk Pool Leadership Program that was created by several Washington's pools.

The Association of Governmental Risk Pools (AGRiP) – in partnership with the California Association of Joint Powers Authorities (CAJPA) and the National League of Cities (NLC) – are developing a Pooling Academy by creating dynamic online learning modules. AGRiP has asked Ms. Brandt to participate in the initial formation of this program that was recently held in Frisco, TX.

Ms. Brandt suggested that the Board consider hiring a lobbyist to help support special purpose districts regarding Engrossed Substitute – ESHB 2588. Another option is to collaborate with lobbyists from member associations that are also affected by this bill.

Government Entities Mutual (GEM) Update

GEM's January 2020 meeting recap memo was provided to the Board in their packet. Ms. Ortiz asked Mr. Halsall to describe the process in how GEM carries out Generative Thinking with its board.

Annual Report to the State Auditor's Office

The Annual Report to the State Auditor's Office was provided to the Board in their packet.

Public Risk Management Association (PRIMA) 2020 Annual Conference

Ms. Brandt mentioned that PRIMA's Annual Conference will be held June 14-17 in Nashville, TN.

Executive Director Quarterly Report

Ms. Brandt presented the executive director report with data as of January 31, 2020. Key points included a positive \$685,000 change in net position, 3.4% organic growth in member exposure, claims expense of \$3.4 million is slightly higher than the budget of \$3.1 million, claims paid year to date is \$2.6 million, working closely with our actuary on rate evaluation and development studies, and a lease prospect for the vacant office space.

Ms. Millikan presented the Pool financials as of January 31, 2020, which included financial ratios (leverage, profitability, liquidity, and expense).

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.

The Board was provided with the financials reports for November and December 2019. Also provided was the performance investment report as of December 31, 2019 from the Spokane County Investment Pool. Ms. Brandt distributed and presented the January 31, 2020 financial report.

SEVIER/BEDIER moved to approve the November 30, 2019, December 31, 2019, and the January 31, 2020 financial reports as presented. Motion carried.

ADAMS/SEVIER moved to accept the activity report from the SCIP fund as presented. Motion carried.

State Audit Reports

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.

The State Audit Reports for the audit period ending August 31, 2019 were provided to the Board.

SCHANZ/ADAMS moved to accept the Financial Statements Audit Report and Accountability Audit Report as recommended by the Executive Director. Motion carried.

Board Counsel Succession Plan – Future Considerations

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

Ms. Duryea recommended a committee be created to develop a process for a succession plan in preparation for her retirement next year. The succession plan should also include developing a criteria for her successor.

ADAMS/SCHANZ moved to create a committee, consisting of Jeri Sevier, Matt Schanz, Cheryl Duryea and Sheryl Brandt, to develop a board counsel succession plan and to recommend its approval at the May Board meeting. Motion carried.

AON Actuarial Rate 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 a liability and property rating study when appropriate.

Enduris retained Aon Global Risk Consulting to perform a Rating and Experience Modification Evaluation. The Administration provided the results of the report.

BEDIER/SEVIER moved to accept the Aon Actuarial Rate Study as recommended by the Executive Director. Motion carried.

Ms. Bedier suggested that the Administration present key recommendations and how they will be applied to the budget. Ms. Brandt added that she will provide in her monthly updates to the Board, the indications of what we are finding once the Administration thoroughly review and analyze the recommendations of the Rating and Experience Modification Evaluation.

Approval of Monitoring Reports for Policy Year 2019

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.

Ms. Carter stated that the Board reviewed the PY 2019 monitoring reports at yesterday's Board workshop.

SEVIER/SCHANZ moved to accept the monitoring report for the Goal policy for Policy Year 2019 as evidence that reasonable progress has been achieved. Motion carried.

Following full discussion, 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 by the November 2020 Board meeting when the PY 2020 *Goal* Monitoring Report will be up for approval.

SEVIER/BEDIER moved to approve the monitoring reports for Operational Expectations policies OE-1 through OE-10 for Policy Year 2019 as evidence of being in compliance. Motion carried.

Ms. Sevier would like the Administration to revise or recommend revisions to several Operational Expectation policies that were discussed at yesterday's workshop and bring them back to the Board for review at the May meeting prior to the Board approving them in August.

Ms. Carter recessed the Board meeting at 12:00 p.m. for lunch and reconvened the meeting at 12:30 p.m.

EXECUTIVE SESSION

The Board entered into Executive Session at 12:30 p.m. for 45 minutes to review the status of open claims, discuss the Executive Director performance evaluation, a real estate matter, and an appeal decision.

Ms. Carter extended the Executive Session for another 45 minutes to continue discussions. The meeting reconvened in Open Session at 2:00 p.m.

DISCUSSION/ACTION ITEMS (CONTINUED)

Vacant Office Space Lease

Board Policy OE-7.3 states that the Executive Director shall ensure the physical property is utilized to its highest and best use for the accomplishment of the Board's Goal policy.

The potential lease was discussed in Executive Session.

SCHANZ/ADAMS moved to allow staff and the Executive Director to proceed with negotiations with the prospective tenant as per the discussion by the Board of Directors in Executive Session. Motion carried.

Appeal by Tekoa Park and Recreation District #6

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.

Mr. Jon Hall and Ms. Fran Martin from Tekoa Park and Recreation District #6 presented their appeal earlier in the meeting. The Board made its decision in Executive Session.

SEVIER/ADAMS moved that the Board concurs with the Administration's recommendation to deny Tekoa Park and Recreation District #6's claim. Motion carried.

Executive Director Performance Evaluation

Board Policy B/EDR-5 states that the Board considers Executive Director performance on the *Goal* and *Operational Expectations* 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. Carter stated that the Board held discussions at yesterday's Board workshop and again today in Executive Session.

BEDIER/SCHANZ moved that based on our comprehensive performance evaluation the Board approve a 6.5% salary increase for the Executive Director effective March 1, 2020. Motion carried.

Ms. Bedier noted that the Board was very appreciative of the work that Ms. Brandt did as executive director in her first year and her evaluation reflected that.

Ms. Sevier suggested that the Board and Ms. Brandt discuss at the May meeting on getting back on schedule for the next evaluation and to also discuss goals for consideration.

DEBRIEF BY BOARD

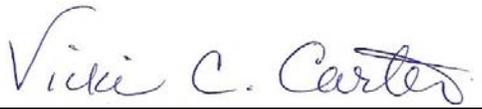
Board Policy GC-2.4 states that as a means to assure continuous improvement, the Board regularly and systematically will monitor all policies, and will assess the quality of each meeting by debriefing the meeting following its conclusion.

The Board provided comments and an assessment of the meeting.

- Outstanding presentations by Mr. Wozniak and Mr. Halsall
- Looking forward to getting better connected to the staff with each team presenting at Board meetings
- Appreciate how the Board is more engaged in meetings compared to several years ago
- Mr. Adams and Mr. Schanz found the workshop helpful to better understand the governing policies
- Ms. Bedier requested information beforehand that will prepare them to review and approve the upcoming budget
- With the last-minute absence of Board Chair Ms. Martin, Vice-Chair Ms. Carter did a fantastic job running the workshop and meeting

ADJOURNMENT

Ms. Carter adjourned the Board meeting at 2:25 p.m.



Vicki Carter, Vice-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.