



**Enduris
Board of Directors Meeting**

February 6, 2014

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

Call to Order: Dick Gormley, Vice Chair, called the meeting to order at 8:30 a.m.

ROLL CALL

Board Members Present: Dick Gormley, Vice Chair; Kim Bedier, Secretary/Treasurer; Rick Mockler, Board Member; Jeri Sevier, Board Member; and Mark A. Kammers, Executive Director. Noel Hardin and Vicki Carter were excused.

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.

ADOPT AGENDA

Mr. Kammers made a recommendation to amend the agenda by adding the following items to the CEO Report: Annual Report, Cyber Coverage/Crime Coverage, and Area Agency on Aging.

Mr. Kammers also noted that Board Chair Mr. Hardin is available by phone if needed.

MOCKLER/SEVIER moved to adopt the Agenda as amended. Motion carried.

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

Workshop Minutes - November 19, 2013

Meeting Minutes - November 20, 2013

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

CEO Consent Agenda

Vouchers

November 2013 amounting to \$417,089.17

December 2013 amounting to \$438,350.83

MOCKLER/SEVIER moved to approve all items on the CEO Consent Agenda. Motion carried.

OPERATIONAL EXPECTATIONS MONITORING

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 as evidence to the Board that the administration is in compliance with the policies.

As outlined in the Annual Work Plan, three Operational Expectations (OE) Board policies are monitored by the Board at the February Board meeting.

OE-2: Emergency CEO Succession

Board Policy OE-2 states that the CEO shall prepare the organization for the loss of the CEO on a short-term or long-term basis.

Board Policy GC-4.11 states that one of the roles of the vice chair is to “review and update the Succession Plan and present to the Board annually.”

Vice Chair Mr. Gormley reported that he reviewed the Emergency CEO Succession Plan and made a recommendation to remove the word “Emergency” from the title and the policy.

BEDIER/SEVIER moved to drop the word “Emergency” from the CEO Succession Plan. Motion carried.

BEDIER/SEVIER moved to accept the monitoring report for Policy OE-2 for Policy Year 2013 as evidence of being in compliance. Motion carried.

OE-3 Treatment of Members

Board Policy OE-3 states that the CEO shall maintain an organizational culture that treats members with high professional standards and respect, dignity and courtesy.

Mr. Kammers presented the the monitoring report for Policy OE-3 with supporting evidence of compliance for the policy.

MOCKLER/BEDIER moved to accept the monitoring report for Policy OE-3 for Policy Year 2013 as evidence of being in compliance. Motion carried.

OE-7 Asset Protection

Board Policy OE-7 states that the CEO will assure that all organizational assets are adequately protected, properly maintained, appropriately used and not placed at undue risk.

Mr. Kammers presented the monitoring report for Policy OE-7 with supporting evidence of compliance for the policies. He indicated that the CEO Interpretation for Policy OE-7.5 regarding the Enduris property has been added for the Board's approval.

BEDIER/SEVIER moved to accept the monitoring report for Policy OE-7 for Policy Year 2013, including the CEO Interpretation for OE-7.5, as evidence of being in compliance. Motion carried.

RESULTS MONITORING

The Board has already approved all the Results policies, including the CEO interpretation of each policy and the indicators that are used, including the baseline and the targets. The reports presented are used to determine if reasonable progress has been achieved in meeting the Results.

As outlined in the Annual Work Plan, two Results policies are monitored by the Board at the February Board meeting.

R-3: Claims Administration

Board Policy R-3 states that members have the advantage of competent, responsive, fair, and balanced claims administration, including Board review when appropriate.

Mr. Kammers presented the monitoring report for Policy R-3 for Policy Year 2013 and provided an overview of the following as evidence of progress in meeting the goals of Results Policy R-3:

Indicator #1: Independent Claims Audit for PY 2013: Mr. Kammers provided some excerpts from the PY 2013 Independent Claims Audit: *Enduris has further improved on most "best practices" associated with government entity claims handling ... We conclude that from a property and casualty claims handling standpoint, Enduris remains a well managed and well organized government entity pool.*

Ms. Bedier commended Mr. Kammers for the outstanding results from the claims audit.

Indicator #2: Claims Satisfaction Survey for PY 2013: Mr. Kammers shared results from the Claims Satisfaction Survey:

- 99% of the members rate the reporting process for a new claim as *Good to Excellent*.
- 93% of the members rated their overall satisfaction with their claim as *Good to Excellent*, 6% were neutral.

It was also noted in the claims audit report that *"It is a conclusion of this audit that the member satisfaction survey is reflective of Enduris' performance as a claims management organization."*

Indicator #3: Process for appeals of denial of coverage: Mr. Kammers indicated that there were no appeals to claim decisions in PY 2013.

BEDIER/SEVIER moved to accept the monitoring report for R-3 as evidence that reasonable progress has been achieved for Policy Year 2013, with the comment that progress is exceptional. Motion carried.

R-4: Coverage

Board Policy R-4 states that members have the advantage of broad coverage influenced by their needs.

Mr. Kammers presented the monitoring report for Policy R-4 for Policy Year 2013 and provided an overview of the following as evidence of progress in meeting the goals of Results Policy R-4:

Indicator #1: Five-Year Member Survey: Mr. Kammers reported that the results from the Five-Year Member Survey completed in 2009 indicates that 96% of respondents were satisfied or neutral with rates.

Indicator #2: Status of the commercial market: Mr. Kammers stated that 1) Enduris renewed the same broad liability coverage for a 3% inflationary rate increase in PY 2013, and 2) PEPPIP offered continuing property coverage to Enduris for \$1,204,402, which is approximately a 7.85% increase for non-HPR and an 11.64% increase for HPR over last year.

Indicator #3: Pool remains reinsurance ready: Mr. Kammers indicated that Enduris remains reinsurance ready and can be promoted and accepted as a good risk to reinsurance companies.

Indicator #4: Tailored coverage for specific risks: Mr. Kammers reported on coverage enhancements, including adding to the Provident coverage for fire districts and increasing coverage for drainage and diking districts.

SEVIER/BEDIER moved to accept the monitoring report for R-4 as evidence that reasonable progress has been achieved for Policy Year 2013.

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 provided an update regarding a government agency's interest in the vacant office space. He will keep the Board apprised of any developments.

Government Entities Mutual (GEM) Update

Mr. Kammers informed the Board that GEM is yet to correct the 2013 profit/loss distribution to Enduris, which negatively affected our equity position.

CAFR Update

Mr. Kammers reported that the State Auditor's Office is near its conclusion of the Enduris audit. Upon completion of the financial audit, Enduris will complete the Comprehensive Annual Financial Report (CAFR) for Policy Year 2013, then submit the CAFR to the Government Finance

Officers Association (GFOA) to apply for the Certificate of Achievement for Excellence in Financial Reporting. Mr. Kammers added that GFOA recently sent Enduris a new plaque to display the Certificate of Achievement for Excellence in Financial Reporting for Policy Year 2012.

Airport Districts Update

Mr. Kammers mentioned that there is interest from a small airport to join the pool. He indicated that airport districts are low risk and fit into the port category as a member type.

Pooling Industry Update

Mr. Kammers informed the Board that the Water & Sewer Risk Management Pool's executive director is no longer with the pool.

Vision Statement Workshop Update

Ms. Ortiz indicated that Jason Swain, a consultant that Enduris have used in the past, has agreed to facilitate the vision statement workshop for the Board. He is available on May 20 (the day before the May 21 Board meeting). The Board agreed to schedule the workshop from 1:00-5:00 p.m.

Annual Report to the State Auditor's Office

Mr. Kammers provided the annual financial report that Enduris submitted to the State Auditor's Office for fiscal year ended August 31, 2013.

Washington Risk Pool Advisory Council (WRAC) Update

Mr. Kammers indicated that Ms. Brandt attended the last WRAC meeting in his place. He described the State Risk Manager's efforts to revise the WACs to assure that the State's pools are solvent. A Frequently Asked Questions document regarding the proposed WAC revisions was provided for the Board's information. Mr. Chris Liu, Director of Enterprise Services, will be making a decision within a week or two on whether he will approve the proposed WAC changes.

Consultants Contracts

Mr. Kammers explained the process for the selection of consultants (broker, actuary, claims auditor) in response to Mr. Mockler inquiry. The Administration confirmed that Enduris is allowed to extend its current contracts without having to go through a formal solicitation process.

Mr. Gormley recessed the Board meeting at 9:45 a.m. for a break and reconvened the meeting at 9:57 a.m.

PRIMA 2014 Annual Conference, June 8-11, 2014, Long Beach, CA

Mr. Kammers briefly mentioned the upcoming PRIMA 2014 Annual Conference.

Annual Report

Mr. Kammers passed around a final draft of the Enduris 2013 Annual Report. The annual reports are currently being printed and will be distributed to the membership next week.

Cyber Coverage/Crime Coverage

Mr. Kammers advised the Board that the Administration is reviewing its current cyber coverage and crime coverage and will be making recommendations to the Board at the May or August meeting.

Area Agencies on Aging

Mr. Kammers indicated that the Administration is having a rate analysis completed for Area Agencies on Aging districts. It's likely that the Administration will make a recommendation for a rate reduction at the next Board meeting.

CEO Quarterly Report

Mr. Kammers presented the CEO quarterly status report for the 1st Quarter of Policy Year 2014. The report included updates on Membership Growth, New Members, Upcoming Members, Member Training, Claims Opened, Budget Quarterly Trend, Financial Comparisons, and Projections for Year-End 2014.

DISCUSSION/ACTION ITEMS

Draft Five-Year Member Survey

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.

At the November 20, 2013 Board meeting, the Board requested the Administration review the five-year member survey based on comments made at the November Board workshop and meeting, and bring back recommendations for the Board's review.

Ms. Ortiz presented a preliminary survey for the Board's review. This is an opportunity for the Board to make any recommendations to the survey. The goal is to present the final survey for the Board to review at the May Board meeting and then survey the membership in June.

Board Ad Hoc Committee – Results Policies and Targets

Board Policy GC-3.1 states that the Board will ensure that the Results are the dominant focus of organizational performance.

Board Policy GC-3.3 states that the Board will develop written governing policies.

At the November 20, 2013 Board meeting, the Board formed an ad hoc committee comprised of Ms. Sevier and Ms. Bedier to review the Results policies and targets and bring back recommended changes for the Board's review at the February 6, 2014 Board meeting.

Ms. Bedier suggested that it would be appropriate to tie the Results policies and targets with the vision statement that the Board will develop at the May 20, 2014 workshop. Ms. Sevier added that if time allows at the workshop, the Board could begin discussions to revise the Results policies and targets so that they are relevant to the vision statement.

Board Development Committee – Board Appointments

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

There is a vacancy (Position #5) on the Board of Directors with the retirement of Mike Millikin. This position is to be filled by appointment during the unexpired term.

Mr. Gormley stated that the Board Development Committee is in the process of filling Position #5 and hope to have an appointment at the May Board meeting.

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 November and December 2013. He presented an overview of the December 31, 2013 Financial Statements with total assets of \$26,355,417.80 and total members' net assets (surplus) of \$13,523,364.54. Expenses and Revenues to date are within budget. He also provided the Board with the 12/31/13 Spokane County Treasurer's Report, which included the Rate of Return on Investments.

BEDIER/SEVIER moved to accept the financial statements of 11/30/13 and 12/31/13 as presented by the Executive Director. Motion carried.

Policy Year 2015 Budget

Board Policy GC-3.9 states that the Board will adopt and monitor annual budgets.

Mr. Kammers stated that the purpose of the budget is to determine rates for the next policy year and to monitor expenses. He presented an overview of the PY 2015 proposed budget, including a review of anticipated revenue and expenditures. The proposed budget for PY 2015 is \$372,000 more than the PY 2014 budget. To keep pace with inflation, the PY 2015 budget includes a 2.9% rate increase for liability and property coverage, and a 3.88% Marshall-Swift inflationary increase for property values.

MOCKLER/BEDIER moved to approve a budget of \$9,740,000 for Policy Year 2015 as proposed by the Executive Director. Motion carried.

EXECUTIVE DIRECTOR EVALUATION

Board Policy B/CR-5 states that the Board considers CEO performance to be identical to organizational performance. Organizational accomplishment of the Board's Results policies and operation according to the values expressed in the Board's Operational Expectations policies will be considered successful CEO performance. These two components define the CEO's job responsibilities, and are the basis for the CEO's performance evaluation.

The CEO made reasonable progress on all four Results and is in compliance with all of the Operational Expectations.

MOCKLER/BEDIER moved that based on the activities the Board reviewed during the year, all expectations and goals has been achieved and therefore we authorize the maximum incentive pay to the Executive Director. Motion carried.

Ms. Bedier suggested that the Board revise the CEO Annual Evaluation Form at the May workshop. She recommends the following sentence in the form be deleted: *"Based upon the foregoing conclusion, the Board establishes the following priorities for the coming year"*. Ms. Bedier advised that the CEO's priorities are already established in the Operational Expectations and Results policies.

The Board reviewed B-CR 5.7 – decisions regarding the CEO's compensation.

MOCKLER/BEDIER moved that the Board extend the CEO's compensation plan for Policy Year 2014. Motion carried.

Mr. Gormley recessed the Board meeting at 11:25 a.m. for lunch and reconvened the meeting at 12:00 p.m.

EXECUTIVE SESSION

Mr. Gormley convened in Executive Session at 12:00 p.m. for 30 minutes to review the status of open claims. He reconvened in Open Session at 12:30 p.m.

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.

GOOD OF THE ORDER

Mr. Kammers presented a card from the Board and staff to Mr. Mockler for his 10 years of service on the Enduris Board of Directors.

ADJOURNMENT

Mr. Gormley adjourned the Board meeting at 12:38 p.m.



Dick Gormley, 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.