



**Enduris
Board of Directors Meeting**

May 22, 2013

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

Call to Order: Mike Millikin, Chair, called the meeting to order at 8:30 a.m.

ROLL CALL

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

Others Present: David Dowers, Principal, Dowers Commercial Real Estate Group; 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

HARDIN/SEVIER moved to adopt the Agenda. 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

Minutes

February 20, 2013

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

CEO Consent Agenda

Vouchers

February 2013 voucher numbers 206202 through 206210 amounting to \$696,657.50

March 2013 voucher numbers 206211 through 206218 amounting to \$560,245.54

April 2013 voucher numbers 206219 through 206228 amounting to \$310,244.36

SEVIER/HARDIN moved to accept all items on the CEO Consent Agenda. Motion carried.

ETHICS POLICY REVIEW

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.

During last year's May Board meeting, the Board moved to receive formal ethics training every other year and on the alternate year the Board will review the governing policies that address ethics. This year, the Board reviewed the ethics policies which was facilitated by Legal Counsel Cheryl Duryea.

Ms. Ortiz provided some background on Appendix A of the Board Governing Policy Handbook, which consists of Personnel Policy 113 and the Enduris Code of Ethics (adopted from AGRiP). After some discussion, the Board agreed to delete Personnel Policy 113 from Appendix A because it is directed at employees and retain the AGRiP-adopted Code of Ethics document.

The Board reviewed *Board Policy GC-8 Director Conflict of Interest* and *Board Policy GC-9 Process for Addressing Director Violations*. The Board made a change to the following sentence in GC-9:

"Therefore, in the event of a director's extraordinary, willful and/or continuing violation of policy, the Board may address the issue by the following process:"

BEDIER/CARTER moved to change the language in Board Policy GC-9 Process for Addressing Director Violations by replacing the word "may" with "shall" and continuing on " address the issue and may use the following process." Motion carried.

The policy now reads: "Therefore, in the event of a director's extraordinary, willful and/or continuing violation of policy, the Board shall address the issue and may use the following process:"

BOARD'S REPORT ON AGRIP SPRING CONFERENCE

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. After attending conferences or events, directors will report back to the Board at the next quarterly meeting about what they have learned.

Rick Mockler and Jeri Sevier attended AGRiP's Spring Conference in Daytona Beach, Florida, from March 17-20, 2013. Jeri Sevier provided a brief summary of the conference.

As the Port of Olympia's human resources and administrative manager, Ms. Sevier found several sessions relevant and valuable, including the session on demographics and how it is changing in the workforce with the different generations. Ms. Sevier also had the opportunity to attend an IT-related session about protecting yourself and your organization from computer crime.

Ms. Ortiz noticed that sessions are more interactive under the new AGRiP management.

Mr. Millikin recessed the Board meeting at 9:30 a.m. for a break and reconvened the meeting at 9:40 a.m.

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.

Emergency CEO Succession Plan

At the February board meeting, Mr. Millikin suggested that the Board review *Board Policy OE-2 Emergency CEO Succession* and bring back any recommended changes to the policy at the May meeting. There were no recommended changes to the policy.

Washington Risk Pool Advisory Council (WRAC) Update

Mr. Kammers provided a brief update on the WRAC's May 16 meeting in Olympia.

Washington State Audit Reporting Requirements

Mr. Kammers explained that Ms. Scharff, Enduris Director of Finance, discovered that the newly implemented auditing reporting requirements from the State Auditor's Office might be an issue because Enduris' financial statements would not be in accordance to GAAP's (Generally Accepted Accounting Principles) reporting requirements. After several meetings with the State Auditor's Office and the State's pools, the Auditor's Office decided to revert to the previous reporting requirements.

Comprehensive Annual Financial Report (CAFR) Update

Mr. Kammers announced that the CAFR was completed May 21, 2013. The Government Finance Officers Association (GFOA) provided Enduris several extensions to submit the CAFR due to the State audit reporting requirements issue.

Government Entities Mutual (GEM) Board Meeting Update

Ms. Ortiz attended the GEM Board Meeting held in Washington, D.C. from April 24-26. GEM is performing well financially and administratively.

Association of Governmental Risk Pools (AGRiP) Update

Mr. Kammers provided a letter dated April 19, 2013 from AGRiP's Board President with an update to the AGRiP membership regarding actions taken by the Board of Directors at its meeting on March 17, 2013. Key items: final plans for closing the Prague, Oklahoma office; evaluation of educational program and conferences; developing a better definition of membership; and promoting a positive image for pooling.

CEO Quarterly Update

Mr. Kammers presented the CEO quarterly status report for the 2nd Quarter of Policy Year 2013. The report included updates on Membership Growth Patterns, New Members, Upcoming Members, Member Training, Training Facility Use, Claims Opened, Budget Quarterly Trend, Financial Comparisons, Operating Expenses, Radio Claim Count to Membership, Contributions vs Equity, Selected Assets, Exposures, Changes to Membership, and Projections for Year-End 2013 and 2014. Mr. Kammers reported that trends and projections are positive and on target.

Office Building/Vacant Office Space Update

Mr. Kammers deferred this item to David Dowers upon his arrival at 11:30 a.m.

Mr. Millikin recessed the Board meeting at 10:45 a.m. for a break and reconvened the meeting at 11:00 a.m.

DISCUSSION/ACTION ITEMS

Board Development Committee – Elections – Slate of Candidates

Board Policy GC-5.5 states that the Board Development Committee (BDC) will recruit and nominate the slate of candidates for Board elections, whether for election or appointment, based upon their eligibility as a director. In addition, the policy states that the Board Development Committee will provide the full Board with a summary review of the candidates and the recommendation of the Committee.

As the BDC committee chair, Ms. Carter stated that the committee received no applications other than the incumbents. The BDC recommended that the Board approve the election ballot with incumbents Noel Hardin for Position #1, Dick Gormley for Position #3, and Kim Bedier for Position #4.

SEVIER/CARTER moved to approve the Board of Directors election ballot which includes Noel Hardin for Position #1, Dick Gormley for Position #3, and Kim Bedier for Position #4. Motion carried.

Results Policy R-3 and R-4 Targets

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

During the evaluation of the Executive Director at the February Board meeting, the Board requested that the Executive Director revisit the targets for *Results Policy R-3 - Claims Administration* and *Results Policy R-4 – Coverage* for relevancy and bring back recommendations.

Mr. Kammers informed the Board that the Administration carefully considered and extensively researched options for new targets for Policies R-3 and R-4 and have found there are no recommendations other than the targets already adopted.

Ms. Carter suggested that the Board review the targets with the Aspen Group at the November Board meeting.

CARTER/SEVIER moved to table R-3 and R-4 targets until the November meeting for discussion with the Aspen Group. Motion carried.

Proposed Board Policy OE-7 Asset Protection

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

During the evaluation of the Executive Director at the February Board meeting, the Board suggested that the Executive Director develop a policy for the Enduris Professional Centre for Board approval.

Mr. Kammers recommended to incorporate the policy in existing *Board Policy OE-7 Asset Protection* to include the property and vacant office space.

CARTER/BEDIER moved to approve proposed language regarding the new building for OE-7 as presented by the Executive Director. Motion carried.

Aspen Group Governance Training

Board Policy GC-1 states that the Board and its directors are committed to effectively governing the organization, testing all of its decisions, maintaining director relationships with each other, evaluating the CEO, training new directors, working with subcontractors and serving members.

Mr. Kammers mentioned that the Aspen Group is offering another refresher training session for board members in Palm Springs, CA, during the summer. He proposed to bring Aspen Group to Spokane on November 19, 2013, the afternoon before the Members' Annual Meeting because it would be more cost effective than to fly Board members to Palm Springs. In addition, the Aspen Group can specialize the governance training to accommodate the Enduris Board. The Board asked for a draft agenda at the August Board meeting.

CARTER/SEVIER moved to hire Aspen Group for a refresher training as a board workshop on the afternoon of November 19, 2013 with the (draft) agenda coming in August as recommended by the Executive Director. Motion carried.

Potential Member Termination

Board Policy OE-3.7 states that the CEO may not terminate any existing member.

Recommendation to the Board for termination will be based on any one or more of the following:

- a. undue exposure to the Pool;
- b. a loss history disproportionate to the member's contribution;
- c. failure to comply or cooperate with risk management requests;
- d. decision-making that is contrary to good government and/or professional behavior;
- e. failure to conform to Enduris' underwriting guidelines.

Mr. Kammers advised the Board that further discussion will take place in Executive Session.

Property and Liability Coverage Renewal Authorization

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.

Mr. Kammers noted that it is the practice of the Board to give authorization at the May Board meeting to the Executive Director to renew property and liability coverage and then report back at the August Board meeting with the results of the renewal for ratification by the Board.

GORMLEY/CARTER moved to authorize the Executive Director to renew property coverage effective July 1, 2013 using the existing Self-Insured Retention of \$250,000 and report at the August 21 Board meeting with the results of the renewal process for ratification by the Board. Motion carried.

GORMLEY/CARTER moved to authorize the Executive Director to renew liability coverage effective September 1, 2013 with Genesis and GEM, with a self-insured retention not to exceed \$1,000,000 and report at the August 21 Board meeting with the results of the renewal process for ratification by the Board. 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 financial statements for February, March, and April and reviewed April's financial statement with the Board.

Mr. Kammers provided an overview of the Income Statement, Balance Sheet, and Budget Comparison. He presented the April 30, 2013 Financial Statements with total assets of \$23,300,965.28 and total members' net assets (surplus) of \$13,078,613.67. Expenses and Revenues to date are within budget and the pool assets are growing in a positive direction. He also provided the Board with excerpts from the Spokane County Treasurer's Report, which included the rate of Return on Investments.

HARDIN/CARTER moved to accept the financial statements as of 02/28/13, 3/31/13, and 4/30/13 as presented by the Executive Director. Motion carried.

Office Building/Vacant Office Space Update

Mr. Dowers reported on a prospective tenant that he has been working with for several months. Until the lease agreement is signed, the unoccupied office space will continue to be listed. In addition, an architect is in place following an RFP process.

Mr. Millikin recessed the Board meeting at 11:48 p.m. for lunch and reconvened the meeting at 12:30 p.m.

EXECUTIVE SESSION

Mr. Millikin convened in Executive Session at 12:30 p.m. for 30 minutes to review the status of open claims and a potential member termination. He reconvened in Open Session at 1:00 p.m.

HARDIN/GORMLEY moved to not renew Island County Diking District #1 (membership) based on the Enduris policy of “undue exposure to the pool” and “failure to conform to Enduris’ underwriting guidelines.” 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 GC and BCR policies. Board assessment of progress on Results and the CEO’s summative evaluation will drive targets for the following year.

As outlined in the Annual Work Plan, the Board Self-Assessment is scheduled in May.

The Board reviewed its performance on each policy and concluded that the Results policies and its targets, the CEO Evaluation, and several policy language sections, were identified as needing improvement. The Board will look to Aspen Group to assist them with these specific matters at the training session on November 19.

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, some of which were:

- Format and discussion of the ethics policies were very valuable.
- Excellent Board interaction.
- Enjoy the Board’s outreach in welcoming new members with a phone call.
- Thank you to Noel Hardin, Dick Gormley, and Kim Bedier for running for re-election.

ADJOURNMENT

Mr. Millikin adjourned the Board meeting at 1:44 p.m.



Michael R. Millikin, 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.