



**Enduris
Board of Directors Meeting**

May 25, 2017

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

Call to Order: Kim Bedier, Chair, called the meeting to order at 8:32 a.m.

ROLL CALL

Board Members Present: Kim Bedier, Chair; Jeri Sevier, Vice Chair; André Fresco, Board Member; Noel Hardin, Board Member; and Mark A. Kammers, Executive Director. Patsy Martin, Vicki Carter, and Greg Brizendine were excused.

Others Present: Shannon Stuber, Program Administrator, Local Government Self-Insurance Program; 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/FRESCO 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

Meeting Minutes – February 16, 2017

HARDIN/FRESCO moved to approve all items on the Board Consent Agenda. Motion carried.

CEO Consent Agenda

Vouchers

- February 2017

- March 2017
- April 2017

SEVIER/FRESCO moved to approve all items on the CEO Consent Agenda. 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 is scheduled for the May Board meeting.

Legal Counsel Cheryl Duryea facilitated the annual review of the Enduris ethics policy training for the Board as outlined by Board policy. She reminded the Board that they are elected by the members and entrusted in a fiduciary capacity to protect the assets of the Pool and conduct themselves in a professional and appropriate manner. She conveyed they not only should avoid conflicts of interest but also the appearance of a conflict of interest to best protect the reputation of the Pool. She went over several areas of concern regarding ethics that they should be aware of and reminded them of best practices regarding ethics and transparency in government. Enduris has set the bar high regarding the ethical standards set by the Board and Administration.

STATE RISK MANAGER'S REVIEW

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.

Ms. Bedier welcomed Shannon Stuber, Program Administrator for the Local Government Self-Insurance Program, who reported on her recent onsite review of Enduris. Ms. Stuber stated that Enduris is reviewed more often than other pools because of the exponential growth of the Pool. With that said, she pointed out that it is well-managed growth. There are no concerns related to the claims audits; it's assuring that the audit is done more frequently than other pools. In conclusion, Ms. Stuber informed the Board that she supported Enduris' decision to write-off the investment in GEM in PY 2016.

HARDIN/SEVIER moved to formally recognize the receipt of the State Risk Manager's Report of Enduris issued May 1, 2017. 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 2015.

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 May 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 *Goal* policy and that is consistent with the *Operational Expectations* of the Board.

Board Comments (*comments made by Board members that are reflected in today's minutes will be transferred to the CEO evaluation form for the February 2018 CEO evaluation*)

No comments provided.

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.

Board Comments (*comments made by Board members that are reflected in today's minutes will be transferred to the CEO evaluation form for the February 2018 CEO evaluation*)

Ms. Sevier stated that the CEO and staff does a great job of keeping the Board apprised of any issues that the Board needs to be aware of.

Ms. Bedier concurred with Ms. Sevier and added, as board chair, the communication, transparency, and heads up on any issue are much appreciated.

Mr. Fresco referenced the Pool's growth and how it's clear the growth is being managed, which makes it a pleasure to support that kind of well-balanced process.

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.

Board Comments (*comments made by Board members that are reflected in today's minutes will be transferred to the CEO evaluation form for the February 2018 CEO evaluation*)

Ms. Bedier appreciates the annual report and stated that the staff has been equally as transparent with the members as the Board and that members appear confident they are receiving the information they need. She added that the training provided by Enduris is a form of communication with the members and is an incredible value. The recent recognition from the Washington Fire Chiefs is a perfect example that member communication is at its finest.

Ms. Sevier appreciates Enduris' presence at the association conferences. She is impressed and proud of the stellar annual report produced by Enduris.

Mr. Hardin feels the educational resources are a key form of communication. He stated that other fire districts from around the region were impressed with the Enduris sponsorship of a

training that had taken place in the area. His district has also taken advantage of Enduris' online university, which again is another form of getting Enduris' name out there and communicating that we want members to grow and be a part of the Pool.

Mr. Fresco informed the Board that he had the privilege of attending a dinner that Enduris hosted to celebrate its 30 year anniversary at the water and sewer association's spring conference in Yakima. He found it interesting that the conversations about the value of Enduris were similar to other entity types of Enduris. He added the fact that Enduris' embraces the services that our members provide means a great deal to the members; it's a partnership that the CEO and staff embodies.

FRESCO/HARDIN moved to accept the monitoring reports for policies OE-4, OE-8, and OE-10 for Policy Year 2016 as evidence of being in compliance. Motion carried.

GOAL MONITORING

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

The Board has already approved the *Goal* policy, including the CEO interpretation of the policy and the indicators that are used, including the baseline and the targets. The monitoring report is used to determine if reasonable progress has been achieved in meeting the *Goal*. The measurement used is called the *Evidence of Progress*.

As outlined in the Annual Work Plan, the *Goal* is monitored by the Board at the May Board meeting.

Goal 1: Mega Result - Stability and Confidence

Board Policy Goal 1 states that members have long-term protection from property and liability loss through the long-term viability and financial stability of Enduris.

Mr. Kammers presented the *Goal* monitoring report for PY 2016. There are five *Indicators* of long-term viability and financial stability: Growth, Net Assets, Confidence Levels, Ratio Trends, and Rating Trend. The *Target* is that Enduris will grow net assets to \$50 million in preparation for a one in 200 year event. Mr. Kammers provided informational slides related to each of the *Indicators*. All five *Indicators*, including the various sub-indicators, exceeded their target(s) except for Target #2, which is to grow net assets by 7%. That reduction in net assets was due to the Board's decision to write off the GEM assets and prior year loss adjustment for PY 2016.

Board Comments (comments made by Board members that are reflected in today's minutes will be transferred to the CEO evaluation form for the February 2018 CEO evaluation)

Mr. Fresco shared his pleasure that the CEO has been managing risk for many years and it's impressive to have a year like last year and still be able to have 10-year average numbers like we did. As a result, Enduris was able to weather the unexpected.

SEVIER/HARDIN moved to accept the *Goal* monitoring report as evidence that reasonable progress has been achieved for Policy Year 2016. 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 Update

Mr. Kammers reported that there was an interest in the vacant space, although it does not appear serious. He also reported that the higher than normal snow melt/rain water would have breached onto the property from this past winter if it wasn't for the diversion berm that was created last year. (Photos were shown to the Board)

Pooling Updates

Mr. Kammers informed the Board that the Water & Sewer Risk Management Pool went out on a national search for an executive director.

Comprehensive Annual Financial Report (CAFR) Update

Mr. Kammers noted that the CAFR was submitted on March 31st and expects to receive certification for financial reporting.

Information System Software Update

Ms. Ortiz provided an update on the implementation of the new system software. Most of the data has been successfully transferred to the new system and screens and formulas are being developed. We are on target to start on September 1, 2017.

WFC 2017 President's Award

Mr. Kammers announced that Joanne Bisquera received the 2017 President's Award from the Washington Fire Chiefs (WFC) for her efforts in developing and implementing a risk management training program partnership with the WFC.

Potential New Entity Type

Mr. Kammers was approached by the Seattle office of Alliant Services to see if Enduris could write risk coverage for the state of Washington for boards and commissions. In doing due diligence for Enduris' members, Ms. Duryea continued the discussion with her findings to date and is waiting for a response from the Assistant Attorney General. However, it appears initially that the WAC and RCW statutes won't allow Enduris to provide coverage to state entities.

Ms. Bedier recessed the Board meeting at 9:33 a.m. for a break and reconvened the meeting at 9:45 a.m.

Ms. Bedier asked that we pass along a formal appreciation from the Board to Joanne Bisquera for her work.

CEO Quarterly Update

Mr. Kammers presented the CEO quarterly status report for the 2nd Quarter of PY 2017. Trends are positive and on target with projections. The report included updates on membership growth, new members, member training, claims opened, claims reported, budget quarterly trend, Spokane County Investment Pool, financial comparisons, history of IBNR projections, exposures vs growth, liability and property loss history, dollar allocation for PY 2016, excess insurance costs vs contributions, Enduris business model, and base rates.

Board Comments (comments made by Board members that are reflected in today's minutes will be transferred to the CEO evaluation form for the February 2018 CEO evaluation)

No comments provided.

EXECUTIVE SESSION

Ms. Bedier convened in Executive Session at 10:25 a.m. for 40 minutes to review the status of open claims. At 11:05 a.m. Ms. Bedier extended the Executive Session for 10 minutes to continue discussions. She reconvened in Open Session at 11:15 a.m.

DISCUSSION/ACTION ITEMS

Claim Payment Approvals

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 #115-132 2-3 has been settled and presented to the Board.

FRESCO/SEVIER moved to authorize payment for up to \$550,000 for Claim 115-132 2-3. Motion carried.

Government Entities Mutual (GEM) Proposed Waiver to Policy No. 3.04

Board Policy OE-8.3 states that the CEO will 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.

Board Policy OE-8.4 states that the CEO will inform the Board of changes substantially affecting the organization's financial condition.

Ms. Ortiz explained GEM's proposed changes to the structure of the members' accounting methodology, which would be a more straight-forward method that uses a member's contribution plus GEM's total equity to determine member balances. GEM is requesting members to sign a waiver to confirm acceptance of the member accounting balance calculated in accordance with the new method. The Administration is in agreement with the new member accounting system.

SEVIER/HARDIN moved to accept the Government Entities Mutual Inc. waiver to confirm Enduris' acceptance of the new member accounting system. Motion carried.

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 seeking office and the recommendation of the Committee.

Mr. Hardin reported that the BDC met to review the candidates and recommended a slate of candidates that best represents the diversity of the membership. He continued by stating that Enduris did receive an application from a manager of a port district member to have their name be placed on the ballot for consideration for Position #7. With this port district member as an applicant for Position #7, it leaves the potential for three port members having representation on the Board. Enduris has a long standing practice to avoid no more than two directors representing

a membership type on the Board, therefore, the applicant's name was not recommended for the 2017 ballot. The Administration will contact the applicant to explain the process of why the application was not placed on the ballot.

HARDIN/SEVIER moved to approve the Board of Directors election ballot which includes Jeri Sevier for Position #6 and André Fresco for Position #7 as recommended by the Board Development Committee. Motion carried.

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 showed an illustration of the reinsurance structure (current and proposed) and briefed the Board on the renewal coverage negotiations. He 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 the Executive Director will report back at the August Board meeting with the results of the renewal for approval by the Board.

HARDIN/FRESCO moved to authorize the Executive Director to renew property coverage with AIP effective July 1, 2017 using the existing Self-Insured Retention of \$250,000 or higher providing a \$1 billion blanket policy. Motion carried.

SEVIER/HARDIN moved to authorize the Executive Director to renew liability coverage effective September 1, 2017 using the existing Self-Insured Retention of \$1 million or lower providing limits of \$20 million per occurrence. 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.

Mr. Kammers provided the Financial Statements Audit Report and the Accountability Audit Report. There were no findings and recommended the Board accept the reports.

HARDIN/FRESCO moved to accept the Financial Statements Audit Report and Accountability Audit Report as recommended by the Executive Director. 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 February 28, 2017, March 31, 2017, and April 30, 2017. He presented an overview of the April 30, 2017 financial statement showing total assets of \$26,109,095.24 and total members' net assets (surplus) of \$12,372,597.43. He also provided the Board with the March 31, 2017 Spokane County Treasurer's Report, which included the Rate of Return on Investments.

SEVIER/FRESCO moved to accept the financial statement of 2/28/17, 3/31/17, and 4/30/17 as presented by the Executive Director. Motion carried.

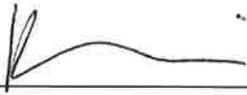
DEBRIEF BY BOARD

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

ADJOURNMENT

Ms. Bedier adjourned the Board meeting at 11:50 a.m.



Kim Bedier, 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.