



**Enduris
Board of Directors
Meeting Minutes**

May 6, 2021

To meet both the Open Public Meetings Act and COVID-19 social distancing requirement announced by Governor Inslee in Proclamation No. 20-05, the Board meeting was changed to an online video/telephone conference meeting via GoToMeeting. A link and access code were provided to those requesting to join the meeting.

Call to Order: Chair Patsy Martin called the meeting to order at 8:30 a.m.

ROLL CALL

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

Others Present: Shane Heston, Trask Insurance; Donna Watts, Port of Pasco; Nancy Nichols, WSRMP; Cheryl Duryea, Enduris General Counsel; Rafaela Ortiz, Enduris Chief Operating Officer; Susan Looker, Enduris Director of Claims; Kimberly Millikan, Enduris Director of Finance; Joe Davis, Enduris Director of Risk Management and Member Relations; Alric Balka, Enduris Information Systems Coordinator; Shawna Masterton, Enduris Administrative Associate; and Joy Jelsing, Enduris Administrative Associate.

Ms. Martin started the meeting with introductions of attendees.

ADOPT AGENDA

SCHANZ/ADAMS moved to adopt the agenda as presented. 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 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

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

Executive Director Consent Agenda

Expenses

- February 2021
- March 2021

SEVIER/ADAMS moved to approve all items on the Executive Director 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.

Legal Counsel Cheryl Duryea conducted the ethics training emphasizing the Board's commitment to continue to uphold Enduris' good reputation by adhering to ethical standards and referred to the Enduris Code of Ethics. In addition, the Board's attendance at conferences is important to keep abreast of emerging issues, trends, and innovations in pooling.

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.

Tenant Improvement Update

Mr. Balka showed photos of the construction progress to date and it is very close to being completed. The tenant will be moving in the first week of June.

Pooling and Membership Updates

Ms. Brandt shared a recorded webinar featuring AGRiP's Executive Director Ann Gergen titled "Current Trends in Public Entity Pooling." She spoke on underlying loss trends for each line of coverage that are affecting pools and its members. Some of the topics included:

- Property Coverage: new normal are wildfires and hurricanes
- Liability Coverage: cyber, law enforcement and corrections, sexual abuse and molestation, employment, "election risk", pandemic (failure to protect/educate in pandemic; communicable disease exclusions)
- Liability Landscape: increasing claims culture, increasing attorney specialization, increasing loss values, extended statutes of limitations, challenges to tort caps and immunities

- Pooling Challenges: public entity fiscal conditions, shifting member expectations, long-term mental health considerations, operational technology and data management, staff/governance turnover

Ms. Brandt underscored Ms. Gergen's statement about cyber coverage becoming a crisis. Enduris will focus heavily on cyber training in 2022. There is a possibility that our excess carrier will require each member to complete a cyber application in the next year or so.

The Board suggested that Enduris require some core training for members.

Staffing Update

Ms. Brandt reported that Enduris has hired two new employees. Shawna Masterton will step into Joy Jelsing's position as she is retiring soon. Eric Swagerty replaced Matt Krull as the new financial analyst. Ms. Brandt also acknowledged Board Member Vicki Carter on her 20th year serving on the Enduris Board.

GEM Board Meeting Update

A recap of GEM's April Board Meeting will be sent to the Board after the meeting. Ms. Ortiz mentioned that GEM will conduct a hybrid meeting in July, which will include a summit on public relations.

Ms. Carter would like Enduris and its membership to be aware of the State Auditor's updated financial reporting requirement for the implementation of the OPEB (Other Post Employment Benefit) liability. It has resulted in findings for many districts.

Forward Glance at next quarter

Looking forward to the next quarter, Ms. Brandt noted that we are wrapping up collecting data from the member renewal process; working on renewals with the reinsurers, which will be a difficult task considering the continued hard market; and identified a facilitator for the "generative thinking" workshop in November.

Ms. Martin recessed the Board meeting at 9:48 a.m. for a break and reconvened the meeting at 9:55 a.m.

EXECUTIVE SESSION

The Board entered Executive Session at 9:55 a.m. for 35 minutes to review the status of open claims. The meeting reconvened in Open Session at 10:30 a.m.

DISCUSSION/ACTION ITEMS

Claim Payment Approval

Board Policy OE-6.10 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 ratification.

Claim #120-133 has been settled and presented to the Board.

SCHANZ/ADAMS moved to ratify the indemnity payment of up to \$319,315.43 for Claim 120-133. Motion carried.

Financial Report and Financial Statements/SCIP Report

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 financial report for February 28, 2021. Also provided was the performance investment report as of March 31, 2021 from the Spokane County Investment Pool. Ms. Brandt and Ms. Millikan presented the March 31, 2021 financial report. The year-to-date financial results were positive with a \$2.3 million increase in net position.

SEVIER/CARTER moved to approve the February 28, 2021 and March 31, 2021 financial statements as presented. Motion carried.

CARTER/SEVIER moved to accept the activity report from the March 31, 2021 SCIP fund as presented. Motion carried.

Budget Approval for Policy Year 2022

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

Ms. Brandt and Ms. Millikan presented the proposed budget for FY 2022. The FY 2022 budget moves the Pool towards a stronger net position and target financial ratios, but at a slightly slower pace than the last few years. The following is an overview of the proposed budget:

- \$2.4 million increase in net position, to \$24.6 million
- \$20.8 million member contributions – 7% higher than FY 2021 forecast
- \$7.8 million claims expense – 8% higher than FY 2021 forecast
- \$6.8 million reinsurance expense – 22% higher than FY 2021 forecast
- \$4.3 million admin and operations expense – 27% higher than FY 2021 forecast, reflecting a return to normal operations
- \$583,000 in non-operating income - \$104,000 from tenant's rent

Also reviewed were changes and risks considered in the proposed budget. In addition, we do not expect to have any significant capital expenditures during FY 2022.

ADAMS/SCHANZ moved to approve the Fiscal Year 2022 Budget as proposed by the Executive Director. 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.

The Board was provided with property and liability renewal indications from Enduris' Broker Doug Wozniak of Alliant. The hard market in reinsurance and excess insurance continues to persist. Ms. Brandt indicated that there is a possibility our reinsurer will ask or require us to increase our \$250,000 SIR (Self-Insured Retention) on the property renewal to \$500,000, \$750,000, or \$1 million. Because an increase in SIR will affect our bottom line, we assigned Aon to do a Self-Insured Retention Study, which Mr. Davis presented to the Board. With the study, Ms. Brandt stated we are in a better position to analyze the options and make a sound decision.

SEVIER/ADAMS moved to authorize the Executive Director to renew property coverage with APIP effective July 1, 2021 which may require a change in the Self-Insured Retention of \$250,000 and with limits of no less than a \$500 million blanket policy. Motion carried.

Further discussion followed regarding the Self-Insured Retention.

SEVIER/ADAMS moved to amend the motion to authorize the Executive Director to renew property coverage with APIP effective July 1, 2021 which may require a change in the Self-Insured Retention of \$250,000 and with limits of no less than a \$500 million blanket policy allowing the Executive Director to make a change in the Self-Insured Retention of up to \$500,000. Motion carried.

SEVIER/SCHANZ moved to authorize the Executive Director to renew liability coverage effective September 1, 2021 using the existing Self-Insured Retention of \$1 million, with GEM providing limits of \$9 million over our \$1 million SIR. In addition, procure \$10 million in excess of primary \$10M coverage for a total of \$20 million in liability coverage. Motion carried.

State Audit Reports

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. Martin attended the State Auditors exit conference and commented that the auditors were very complementary of Ms. Millikan and her team on the audit process. Ms. Brandt informed the Board of the clean audit. The audit reports were not available at the time of the Board meeting. The reports will be sent to the Board after the meeting, and the Board will review and accept the reports at the August meeting.

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 and Ms. Bedier of the Board Development Committee were absent, so Ms. Sevier reported on behalf of the committee by recommending the approval of the election ballot, which includes Vicki Carter and BiJay Adams. There were no additional nominations from the membership.

SEVIER/SCHANZ moved to approve the Board of Directors election ballot with Vicki Carter for Position #2 and BiJay Adams for Position #5 as recommended by the Board Development Committee. Motion carried.

Board Counsel Succession Plan – Committee Report

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

Ms. Martin reported that the committee conducted preliminary interviews with four candidates in March. In-person interviews with the final two candidates were conducted in April. The

committee recommended Heather Yakely from Kutak Rock LLP as the Board's new legal counsel, replacing Ms. Duryea who is retiring in August 2021.

MARTIN/SEVIER moved to accept Heather Yakely as the next Board counsel. Motion carried.

Ms. Sevier commented that all the candidates were well qualified. She appreciates that Ms. Yakely will be able to work with Ms. Duryea over the next few months to transition over. Ms. Sevier also thanked Ms. Duryea for all her work and guidance she has provided to the Board over the years. Ms. Brandt indicated that both Ms. Yakely and Ms. Duryea will attend the August meeting.

Intergovernmental Contract Proposed Changes

Board Policy OE-10.2 states that the Executive Director will provide members with an annual Memorandum of Coverage detailing coverages and requirements for membership, including member rights and responsibilities, and an intergovernmental contract between members and the Pool.

Ms. Ortiz explained that WAC 200-100-0219 requires the Pool to provide notification of the intent to change the interlocal agreement to each member at least 30 days in advance of the meeting during which a Board vote on the proposed changes will occur. Such notice was sent to the membership on April 6, 2021 to allow 30 days for feedback. We did not receive any substantive feedback from the membership. Upon Board approval, we will move forward to send a revised agreement to each member to sign and return to Enduris.

ADAMS/SEVIER moved to approve the recommended revisions to the Enduris Intergovernmental Contract as presented. Motion carried.

Pool Considerations

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.

As requested by the Board at the February meeting, Ms. Brandt offered her thoughts on Mr. Griffin's request to consider creating a special purpose districts association for Washington State to advocate for a tort cap law, discretionary immunity, and statute of limitations. Ms. Brandt mentioned that we have reached out to the Special Districts Association of Oregon to learn more as we continue to explore this.

She indicated that there is an organization called Washington Liability Reform Coalition which we have been active in providing data for its purpose of protecting citizens and businesses from lawsuit abuse, which includes tort reform.

As we continue to focus on tort reform and keeping tabs on the legislature, Enduris plans to retain a lobbyist. The Pool also partners with our members' district associations, which provides a means to discuss issues affecting the membership.

Ms. Martin said there are so many demands on our time that having another association to participate in will be difficult; she believes there are adequate means to approach these issues.

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. They welcomed the new staff and thanked Ms. Martin and Ms. Jelsing with their upcoming retirement. The Board enjoyed the AGRiP webinar and Mr. Davis' presentation on the SIR Study. There was a lot to absorb but the Administration did a good job of presenting it.

ADJOURNMENT

Ms. Martin adjourned the Board meeting at 12:25 p.m.

ADAMS/SCHANZ moved to adjourn the meeting. Motion carried.

A handwritten signature in black ink, appearing to read "Patsy Martin", is written over a horizontal line.

Patsy Martin, 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.