



**Enduris  
Board of Directors Meeting**

November 19, 2014

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

*Call to Order: Noel Hardin, Chair, called the meeting to order at 8:30 a.m.*

**ROLL CALL**

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

Others Present: Kevin Wick, Managing Director, PricewaterhouseCoopers; Doug Wozniak, Sr. Vice President, Alliant Insurance Services; Felipe Garcia, Risk Advisor, Alliant Insurance Services; Carl Oswald, Second Vice President & West Regional Manager, Genesis; Shane Heston, Agent, Trask Insurance Agency; 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.

Mr. Hardin started the meeting with introductions of Board, staff and guests.

**ADOPT AGENDA**

Mr. Kammers made a recommendation to add GASB 68 to the CEO Report. He also mentioned that a mockup of the Annual Report will be passed around during lunch.

**CARTER/MOCKLER moved to adopt the Agenda as recommended. 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 – August 20, 2014

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

**CEO Consent Agenda**

Vouchers

- August 2014
- September 2014
- October 2014

Closed Claims for PY 2014

**CARTER/SEVIER moved to approve the CEO Consent Agenda. Motion carried.**

**ANNUAL PROFESSIONAL REPORTS**

**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.

Mr. Wick from PricewaterhouseCoopers gave a presentation on the Enduris Actuarial Review of Losses and Reserves based on data as of August 31, 2014. He reported on the following: 1) estimated outstanding claim obligations; 2) summary of losses and reserves on the liability program, property program, and total program; 3) ceded losses and premium which help users to see the extent to which reinsurance and excess insurance have been used and their cost to the pool; 4) historical gross ultimate loss estimates; 5) historical net position; 6) Enduris' position in meeting the WAC standards for solvency (WAC 200-100-03001); and 7) two distinct pooling business models that have emerged – funding minimums versus funding targets.

Mr. Wozniak from Alliant Insurance Services gave a State of the Insurance Market presentation, which included: 1) property and casualty industry performance; 2) impact of natural catastrophes; and 3) data breaches that soared in 2013. In summary, Mr. Wozniak reported that due to the influx of capital in the financial markets, the insurance market is softening. Mr. Wozniak concluded his report by thanking the Board and Administration for the PY 2015 property coverage renewal.

Mr. Oswald from Genesis provided a synopsis of the insurance market and the types of claim losses they are experiencing. He thanked the Board and Administration for the reinsurance renewal.

Mr. Garcia from Alliant Insurance Services described his job responsibilities, which is primarily working with public entities and pool business.

*Mr. Hardin recessed the Board meeting at 9:52 a.m. for a break and reconvened the meeting at 10:07 a.m.*

**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.

As outlined in the Annual Work Plan, OE-1 Global Operational Expectation, OE-5 Financial Planning, OE-6 Financial Administration, and OE-9 Coverage are monitored by the Board at the November board meeting.

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 Policy Year 2013.

Operational Expectations Policy OE-1: Global Operational Expectation – Monitoring Report Presentation

**Board Policy OE-1** states that the CEO shall not cause, allow, or fail to take reasonable measures to prevent any practice, activity, decision or organizational condition that is unlawful, unethical, unsafe, disrespectful, and imprudent, in violation of Board policy or endangers the Pool's viability, credibility or public image.

Operational Expectations Policy OE-5: Financial Planning – Monitoring Report Presentation

**Board Policy OE-5** states that the CEO shall develop and maintain a financial plan that is related directly to the Board's Results priorities and Operational Expectations goals, minimizes the dependency upon the forces of the excess or reinsurance markets, and that avoids long-term fiscal jeopardy to the organization.

Operational Expectations Policy OE-6: Financial Administration – Monitoring Report Presentation

**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 Results or meeting any Operational Expectations goals; or place the long-term financial health of the Pool in jeopardy.

Operational Expectations Policy OE-9: Coverage – Monitoring Report Presentation

**Board Policy OE-9** states that the CEO will assure the availability of coverage that best meets members' needs in the most cost-efficient manner.

**SEVIER/GORMLEY moved to accept the monitoring reports for OE-1, OE-5, OE-6, and OE-9 for Policy Year 2014 as evidence of being in compliance. Motion carried.**

## **RESULTS MONITORING**

**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.

Monitoring reports are used by the Board to determine if reasonable progress has been achieved on pre-determined policy results (Policies R-1 through R-4).

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 enclosed report is used to determine if reasonable progress has been achieved in meeting the results. The measurement used is called the Evidence of Progress.

Board Policy Results R-1: Mega Result: Stability and Confidence – Monitoring Report Presentation  
**Board Policy R-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 R-1 monitoring report for PY 2014 and provided evidence of progress in meeting the goals.

**SEVIER/GORMLEY moved to approve the monitoring report for R-1 for Policy Year 2014 as evidence reasonable progress has been achieved. Motion carried.**

Board Policy Results R-2: Rates – Monitoring Report Presentation

**Board Policy R-2** states that members have the advantage of competitive, stable, and understandable rates.

Mr. Kammers presented the R-2 monitoring report for PY 2014 and provided evidence of progress in meeting the goals.

**SEVIER/MOCKLER moved to approve the monitoring report for R-2 for Policy Year 2014 as evidence reasonable progress has been achieved. Motion carried.**

## **BOARD'S REPORT**

**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.

Mr. Brizendine, Mr. Mockler, and Ms. Sevier attended AGRiP's Fall Educational Forum in Savannah, GA, from October 5-8, 2014. They provided a brief summary of the forum and agreed that the quality has improved from the last several conferences.

## **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.

### CEO Year in Review

Because this is the Enduris Annual Members and Board Meeting, the Executive Director gave the "Year in Review" presentation for PY 2014 by providing a summation of operations and finances. The organization had another positive year in meeting its targeted goals. The Administration made reasonable progress toward the Results established by the Board and added surplus of \$628,792.78 to members' equity for a total of \$14,125,111.79.

### GEM Board Meeting Update – October 27-29, Colorado Springs, CO

Mr. Kammers briefed the Board on GEM's October board meeting that was attended by the Administration. Mr. Kammers was asked by the GEM board chair to serve on a task force to explore the options of GEM moving forward as an organization. The task force has its second conference call scheduled November 21, 2014 and a meeting in Chicago from December 3-4, 2014. In addition, the next GEM board meeting is scheduled in early February 2015. Mr. Kammers will keep the Board apprised of the outcome of the task force's assignment.

Mr. Mockler commended Mr. Kammers for a job well done on his leadership activities in the pooling industry with GEM as an example.

Washington Risk Pool Advisory Council (WRAC) Meeting Update

Mr. Kammers reported on the October 15, 2014 WRAC Meeting. Topics discussed were the proposed change in RCW 48.62 to remove non profit pools from local government risk pool regulation, and rate-setting standards.

Pooling Update

Mr. Kammers provided the Board with information regarding pooling across the state.

Claims Satisfaction Survey for PY 2014

Mr. Kammers provided the Board with the claims satisfaction survey results, which was very favorable with overall service and claim satisfaction coming in at 95+% in the good to excellent range. The staff will follow up on comments to improve the claims process.

2014 Enduris Member Satisfaction Survey Analysis

Mr. Kammers provided the Board with the results and key findings of the member satisfaction survey. The survey response rate of 64% exceeded our goal and the response rate of previous member surveys. Overall, members are pleased with Enduris. The survey has identified areas for improvement, which the staff will address.

Employment Security Audit

Mr. Kammers informed the Board of the unexpected visit from the State's Employment Security Department to conduct an audit of Enduris' payroll and related business records. The audit results found no errors.

GASB Statement 68

Mr. Kammers informed the Board of the upcoming implementation of GASB 68 (Governmental Accounting Standards Board) scheduled for PY 2015. GASB 68 significantly changes pension accounting and financial reporting for governments. It will require employers to report their proportionate share of a net pension liability or asset in their financial statements.

**DISCUSSION/ACTION ITEMS**

Board Meeting Date Change (November 2015)

**Board Policy GC-6** states that the Board will follow an annual work plan that includes continued monitoring and review of all policies and activities to improve Board performance.

Due to a schedule conflict with one of the board members, the Administration asked the Board to consider another date for the November 19, 2015 Board meeting.

**CARTER/SEVIER moved to change the November 19, 2015 Board meeting date to November 18, 2015. Motion carried.**

### Debrief Vision Workshop

**Board Policy GC-2** states that the Board will govern lawfully with primary emphasis on Results for member entities; encourage full exploration of diverse viewpoints; act with integrity as ethical leaders; focus on governance matters rather than administrative issues; observe clear separation of Board and CEO roles; make all official decisions by formal vote of the Board; and govern with long-term vision.

At the November 20, 2013 board meeting, the Board agreed to participate in a workshop to establish a long-term vision for Enduris. The Administration arranged for Jason Swain to facilitate the November 18, 2014 vision statement workshop.

Ms. Sevier summarized the end results of the workshop. She indicated that the "Results" policies will be combined into one policy and "Result" will be renamed "Goal." Most of the "Indicators" and "Targets" will be moved to the "Operational Expectation" policies. The "Targets" will be renamed "Decision Points" and the basis for evaluation will be a 10-year rolling average. The Board Governing Policies will be revised accordingly and brought back to the Board for review and approval at the February 19, 2015 board meeting. Ms. Sevier concluded that the workshop participants were very pleased with Mr. Swain's facilitation of the workshop.

*Mr. Hardin recessed the Board meeting at 12:00 p.m. for lunch and reconvened the meeting at 12:35 p.m.*

### **CEO REPORT (continued)**

#### Office Building/Vacant Office Space Update

Mr. Dowers provided an update on the Spokane real estate market. He distributed a map showing the available office space in the West Spokane/Airport area. There is no competition for a Class A Office Building in the area; however, the overall Spokane market had a high vacancy rate in the 3<sup>rd</sup> quarter, especially in the Class A space with over 20% vacancy. There is not much activity at this time of year, but it should pick up again at the beginning of the year.

### **DISCUSSION/ACTION ITEMS (continued)**

#### AGRiP Recertification and Board Resolution

**Board Policy OE-1.2** states that the CEO shall assure that the organization meets the AGRiP and GFOA recognition standards.

The AGRiP Recognition for Enduris expires April 1, 2015. The application for renewal is due 60 days in advance of the expiration date, or February 1, which is before the next Board meeting. AGRiP requires a resolution from the Enduris Board or a copy of the approved minutes from a Board meeting indicating that the application was reviewed and approved by the Executive Committee or the Board of Directors.

The Administration recommended that the Board review and approve the application and adopt the resolution.

**MOCKLER/CARTER moved to approve Enduris Resolution 14.01 seeking AGRiP recognition. Motion carried.**

Ms. Sevier agreed with the other Board Members' comments on the hard work and great job that Ms. Ortiz put into the application.

#### Approval of Actuary Contract

**Board Policy GC-3.14** states that the Board will contract independently with an actuary to provide the Board annually with two reserve analyses and an annual liability rating study.

The PricewaterhouseCoopers' contract expired August 31, 2014. An RFP was written in August, distributed in October, and the Administration made a recommendation to the Board.

Mr. Kammers recommended that the Board award PricewaterhouseCoopers the contract for actuary services. Mr. Ortiz reported that six proposals were received and briefly explained the evaluation process.

**GORMLEY/CARTER moved to authorize the Executive Director to execute the contract within the parameters set by the Board. Motion carried with five Yes votes and one No vote.**

*Ms. Sevier excused herself from the remainder of the Board meeting.*

#### Reserve Analysis Report

**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 an annual liability rating study.

The Board of Directors hired PricewaterhouseCoopers to conduct a reserve analysis at the end of the policy year. The Executive Summary was provided to the Board.

**MOCKLER/CARTER moved to formerly recognize the receipt of the 2014 Reserve Analysis Report conducted by PricewaterhouseCoopers as presented. 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 the Income Statement, Balance Sheet, and Budget Comparison for August 31, 2014, September 30, 2014, and October 31, 2014. He presented an overview of the PY 2014 year-end financial statements of August 31, 2014 with total assets of \$30,692,670.33 and total members' net assets (surplus) of \$14,125,111.79. In addition, Mr. Kammers presented an overview of the October 31, 2014 financial statements with total assets of \$29,515,063.90 and total members' net assets (surplus) of \$14,195,386.99. He also provided the Board with the September 30, 2014 Spokane County Treasurer's Report, which included the Rate of Return on Investments.

**CARTER/GORMLEY moved to accept the financial statements of 08/31/14, 09/30/14, and 10/31/14 as presented by the Executive Director. Motion carried.**

#### **EXECUTIVE SESSION**

*Mr. Hardin convened in Executive Session at 1:26 p.m. for 30 minutes to review the status of open claims. He reconvened in Open Session at 2:00 p.m.*

#### **APPROVAL OF CLAIM SETTLEMENT**

**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 114-055 has been settled and payment has been authorized up to \$592,057.

**CARTER/GORMLEY moved to pay Claim 114-055. Motion carried.**

#### **BOARD SELF-ASSESSMENT (MONITORING GC AND BCR POLICIES)**

**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 Governance Culture (GC) and Board-CEO Relations (BCR) policies. Board assessment of progress on Results and the CEO's summative evaluation will drive targets for the following year.

The Board Self-Assessment scheduled in May was postponed to the November meeting.

Mr. Mockler commented that the Board Self-Assessment would be more effective if Ms. Sevier and Ms. Bedier were present.

**CARTER/MOCKLER moved to table the Board Self-Assessment until the February meeting and have the staff extract out just the comments that warrant further discussion. Motion carried.**

#### **MISCELLANEOUS**

Rick Mockler announced his resignation from the Board of Directors effective after the February 2015 Board meeting. Mr. Mockler will be fully retired from public service after 35 years. The Board will appoint a new board member to fill the remainder of Mr. Mockler's term. Staff was asked to invite potential candidates to the February Board meeting.

#### **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 workshop and meeting. Mr. Mockler praised the Administration on their management style to empower the staff in discovering and defining their identity, purpose and direction for the organization and Mr. Hardin recognized and thanked the staff for their hard work in this effort.

#### **ADJOURNMENT**

*Mr. Hardin adjourned the Board meeting at 2:15 p.m.*



**Noel Hardin, Chair**



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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.