

**Enduris
Annual Members and Board of Directors
Meeting Minutes**

Thursday, November 21, 2024

CALL TO ORDER: Chair Mr. Matt Schanz called the meeting to order at **8:30 a.m.**

ROLL CALL

Board Members Present: Matt Schanz, Chair; BiJay Adams, Vice-Chair; Donna Watts, Secretary/Treasurer; Vicki Carter, Board Member; Sara Young, Board Member; Kelly Williquette, Board Member; Heather Yakely, Enduris General Counsel; and Sheryl Brandt, Executive Director.

ABSENT: Noel Hardin, Board Member; Ryan Wilson, Technology/Business Systems Coordinator

OTHERS PRESENT: Jennifer Boie, Director of Palouse Conservation District; Andrew Halsall, President & CEO, Government Entities Mutual (GEM); Douglas Wozniak, Senior Vice President, Alliant Insurance Services, Inc.; Craig Scukas, Director PricewaterhouseCoopers (PwC); Holly Nelson, Enduris Director of Claims; Kimberly Millikan, Enduris Director of Finance; Joe Davis, Enduris Director of Risk Management and Member Relations; Mitch Eaden, Enduris Risk Manager; Alric Balka, Enduris Director of Operations; Shawna Masterton, Enduris Executive Assistant.

Mr. Schanz started the meeting with introductions.

PUBLIC COMMENTS – RCW 42.30.340

➤ *No public was present. – No comments were made.*

ADOPT AGENDA

WATTS/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 Meeting Minutes – August 15, 2024

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

EXECUTIVE DIRECTOR CONSENT AGENDA

Disbursements:

- August 2024, September 2024 and October 2024

WILLIQUETTE/WATTS moved to approve all items on the Executive Director Consent Agenda. **Motion carried.**

ANNUAL PROFESSIONAL PRESENTATIONS:

Board Policy OE-8 states that the CEO shall ensure that the Board is fully and adequately informed about matters relating to Board work and significant organizational concerns.

BROKER REPORT

Enduris’ Broker, Mr. Doug Wozniak from Alliant Insurance Services, gave a State of the Public Entity Insurance Marketplace, Trends, Industry Issues, and an Outlook presentation. Some noteworthy items are included.

Mr. Wozniak stated that the insurance industry's financial health is robust enough to fulfill its contractual obligations to policyholders, but it faces growing challenges. These challenges include rising claims costs, increased expenses, extreme weather events, misuse of the legal system, and continued regulatory pushback against adequate pricing in certain areas. All of these factors have significant negative financial impacts on insurers.

Market Conditions; Impactful issues for insureds:

- **Liability capacity** pullback and withdrawals have been significant over the past two years.
 - Social inflation & Litigation Financing driving up liability verdicts and settlements
 - Excess Worker's Compensation remains stable, but the retained layer may be experiencing increased claims volume.
- **Property capacity reductions:**
 - Return to stability from incumbents, Coastal, Earthquake, and wildfire capacity continue to come under greater scrutiny. Targeted growth from new and incumbent
 - Insurers returned to profitability in 2023– driven by increased rates rather than reduced loss activity.
 - \$108b in Global Insured CAT losses in 2023. The United States accounted for 80% of global insured losses. This marks the 4th consecutive year global losses have topped \$100b
- **Cyber Capacity** has improved and created stabilized terms and conditions (Public Entities)
 - Ransomware cyber losses are systemic – Expecting \$10 Trillion by 2025
- **Liability Renewal Outlook—Aggregate limits—**Many carriers want to cap their exposure on pool programs. Attachment points/Retentions are being closely examined. Reduced capacity. Underwriter scrutiny on Law Enforcement and sexual abuse/Misconduct coverages. Emerging Exclusions: PFAS, Biometric Identifiers, and Legislative. Insurers report YOY loss cost increases at a 10-15% rate. Pricing will be based on losses and jurisdiction.
- **Property Renewal Outlook:** Continued scrutiny of data (SOV, COPE, ITV with Increased Construction Cost); increased retentions and caps on certain types of exposure; Rate outcomes are highly dependent on the remainder of 2024 Wind Season and individual client

losses; Underwriter submission activity remains high—imperative to engage early and access global market.

- For the first time in several renewal cycles, new markets are writing in the property sector
 - Many markets are targeting premium growth for the first time in several years, which should have a positive impact on renewal results
- **Regional Underwriting:** Property markets are affected differently across the nation
- West: Wildfire/Earthquake, East: Hurricanes, Midwest: SCS, etc.
- **Unknown impact of RMS v23:** Most markets are to begin using it for the 2025 renewal season; the Atlantic wind model is expected to show an average 5%-10% uplift to aggregate industry-modeled losses –for some areas, it could be as much as 20-30%.
- **Moving Forward:** 2025 outcomes will be highly dependent upon the 2024 Named Wind season. Many unknowns, such as the impacts on loss costs of climate change, inflation, litigation funding, and geopolitical risk, are continuing to deter new investors from entering the reinsurance market.

REINSURER REPORT

Mr. Andrew Halsall from Government Entities Mutual (GEM) delivered a presentation to the board. GEM serves as Enduris' reinsurer and a Strategic Partnership. Mr. Halsall provided an overview of how GEM enhances the operations of its member pool and emphasized GEM's commitment to maintaining high standards in new membership and underwriting, as well as effectively managing risk exposure and understanding the dynamics of pooling. GEM collaborates with London reinsurers and holds annual meetings that include two GEM board members; this year, Ms. Brandt was part of the team. Mr. Halsall highlighted that GEM is a reliable and stable reinsurance source that acts in its members' best interests. It provides a safe forum for knowledge exchange and leverages the experience and expertise of staff nationwide.

ACTUARY REPORT

Board Policy GC-3.14 states that the Board will contract independently with an actuary to provide the Board with an actuarial study.

Craig Scukas from PricewaterhouseCoopers (PwC) delivered a presentation on Enduris' actuarial review as of August 31, 2024. In summary, Mr. Scukas reported on key findings.

During the presentation, he gave the board several slides summarizing the actuarial update on the Pool's Capital Adequacy as of August 31, 2024. He indicated that the Pool is making positive progress, and the Capital Adequacy Assessment will be monitored regularly to ensure the Pool's overall financial health. Each pool has unique capital requirements based on the specific financial uncertainties of its program. Different amounts of capital are needed to manage varying risks, projections, and estimates from previous studies.

Ms. Brandt and Mr. Scukas have acknowledged that the target range requires an annual review and adjustment. PwC and Enduris are committed to collaborating to ensure the pool's financial stability, and these studies will be ongoing projects.

Mr. Schanz recessed the Board meeting at **10:28 a.m. for a break and reconvened it at 10:42 a.m.**

EXECUTIVE DIRECTOR REPORT

Board Policy OE-8 states that the Executive Director shall ensure that the Board is fully and adequately informed about matters relating to Board work and significant organizational concerns.

Pooling and Membership Update

Ms. Brandt informed the board that Mr. Balka and Ms. Nelson worked on renewing our 3-year AGRiP Recognition Standards. We received a letter from the Membership Practices Committee (MPC), and Enduris is pleased to announce that they have earned AGRiP Recognition.

Enduris' Recognition will be effective for three years, reflecting compliance with the Advisory Standards defined for 2024. The renewal date for Enduris' next application is May 1, 2027. Enduris will receive a plaque honoring this accomplishment, which will be sent by mail or presented in person at the Governance Conference 2025, scheduled for March 16-19, 2025, in Las Vegas, NV. If any board members attend, they will have the opportunity to accept the plaque on behalf of Enduris.

GEM October 2024 Board Meeting Recap

Ms. Brandt gave a synopsis of the significant discussions and decisions at the GEM Members' Session and Board Meeting in Savannah, GA, on October 24, 2024. Mr. Davis and six other colleagues participated in the group session. Members of the 2024 work group presented on ***Securing Durable Member Relationships***. The group established the scope by defining *and modernizing ways to expand and retain member entity commitments to pool membership*.

Association of Governmental Risk Pools (AGRiP) Updates

Ms. Brandt provided updates on the Association of Government Risk Pools (AGRIP). She highlighted that four staff members attended the San Antonio, TX Staff Fall Forum. The conference attracted a large audience and featured excellent speakers. There was a significant focus on Artificial Intelligence (**AI**) and its relationship to risk pooling, which is expected to be a trending topic in the future.

Additionally, Ms. Brandt mentioned that she had the opportunity to meet with our broker, actuary, and reinsurers, which proved to be a valuable opportunity. She also announced that AGRIP has hired an expert in the field to serve as the resident for the year, focusing on ***"How to Build a Conscious Culture within Your Organization."***

Ms. Brandt encouraged the board to attend the upcoming **AGRIP Governance Conference, scheduled for March 16-19, 2025, in Las Vegas, NV**. She emphasized the importance of board members attending at least once every three years to further their education in pooling. Ms. Masterton will inform the board when registration for the conference will open.

2024 Claims Satisfaction Survey Results

Ms. Brandt presented the results of the PY 2024 claims satisfaction survey to the Board, praising Holly Nelson and the claims team for their hard work, which is reflected in the excellent survey results. The overall goal for conducting a claims survey is to gain feedback from Enduris members to gauge and improve Enduris' claims handling processes. The survey examines the claims staff's performance in service, knowledge, technical competency, explanation of the process, and responsiveness.

Strategic Plan Dashboard Update

Ms. Brandt presented the strategic plan dashboard, which showed that Enduris met its targets and achieved its goals in the fourth quarter of 2024. She noted that FY 2025 marks the final year of our three-year Strategic Plan. Ms. Brandt also mentioned that the dashboard will be thoroughly reviewed during the discussion at the Generative Thinking Workshop, scheduled for February 19, 2025, with Michelle Béchamps and Ken Giffin.

Year in Review for PY 2024

Ms. Brandt and Ms. Millikan presented the “Year in Review” for PY 2024, Optimizing Change. They touched on the following highlights:

- **Policy/ Reinsurance:** We continue to work to ensure that our members' properties are insured to their current value. APIP underwriters completed 77 desktop appraisals on member structures with TIV under \$5M, with a \$95M TIV increase. Alliant hired Kroll to appraise specific properties over \$5M in TIV. Some appraisals have been performed but have not been applied to the schedule.
- **For PY2025,** Property and Liability reinsurance was renewed at 7.1% and 5.1%, respectively.
- **Member Engagement:** Conducted 110 in-person member visits. Attended 20 member conferences. Invested in risk management resources and member training such as **MRSC**, **LocalGovU**, and multiple seminars. New partnerships for our members: **Associated Industries, KYND**, and **Summit Law**. The pre-defense Program was successful again this year in reducing the number of Claims. There were 84 consultations, and only six incidents turned into claims.
- **Claims:** Managed and settled several difficult, significant claims. Successful Claims Audit and positive claims satisfaction survey results. Legal review of Memorandum of Coverage (**MOC**). Produced claims-related podcasts for the website. 272 new claims reported during FY2024, with a projected net cost of \$5.7M. PWC’s assessment of the ultimate loss in prior years declined by \$5M, and their projection for PY2025 was reduced by \$2M to \$8.7M.
- **Operations:** Recertification under AGRIP’s Advisory Standards for Recognition Program. Complied with State Risk Manager requirements. The SAO financial and accountability audit reports were issued without any findings. Continue work to optimize Origami and other critical applications. Enhance interest income with new participation in the Local Government Investment Pool (LGIP). Made improvements to the building, parking lot, and landscaping.
- **Strong Financial Results:** The pool's financial results for FY2024 are strong, moving it into the capital target range with a Net Position of \$43M. There was an unprecedented \$10.6M increase in net position largely due to an actuarial adjustment.

Looking ahead, Ms. Brandt shared with the board some essential goals Enduris will focus on in Policy Year 2025. The board was informed of the following goals:

- Refresh the Strategic Plan
- Add New Members with the “right” risk profile
- Finalize pending property appraisals with Alliant
- Explore Artificial Intelligence Application to our Business
- Revising IGC with Members
- Develop a process for claim self-audits

Mr. Schanz recessed the Board meeting for lunch at **12:05 p.m. and reconvened it at 12:33 p.m.**

DISCUSSION/ACTION ITEMS

Approval of Monitoring Reports for Operational Expectation Policies 1-10

Board Policy OE-8.1 Board Policy OE-8.1 states that the Executive Director will submit required monitoring data (see policy B/EDR-5–Monitoring Executive Director Performance) in a thorough, accurate, and understandable fashion, according to the Board’s annual work plan schedule and including both Executive Director interpretations and relevant data to substantiate compliance or reasonable progress.

Mr. Balka and Ms. Brandt presented the Operational Expectations **(OEs) Policies 1-10**. The administration adheres to these policies and reports annually to the Board to demonstrate compliance. Ms. Brandt confirmed that the administration has consistently met all expectations.

WATTS/ADAMS Moved to approve the Operational Expectations Monitoring Dashboard for Policy Year 2024 as evidence of compliance. Motion carried.

Approval of Goal Monitoring Report for PY 2024

Board Policy OE-8.1 states that the Executive Director will submit required monitoring data (see policy **B/EDR-5–Monitoring Executive Director Performance**) in a thorough, accurate, and understandable fashion, according to the Board’s annual work plan schedule, and including both Executive Director interpretations and relevant data to substantiate compliance or reasonable progress.

Ms. Brandt presented the Goal monitoring report, showing that the organization had made reasonable progress towards the Goal defined in the policy.

WATTS/WILLIQUETTE Moved to approve the Goal Policy Monitoring Report for Policy Year 2024 as evidence that reasonable progress has been achieved. 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 of Directors formally monitors the pool's financial position quarterly. Ms. Brandt and Ms. Millikan presented the financial reports. The Board received the financial reports for August 31, 2024, and September 30, 2024.

The performance of the Spokane County Investment **(SPIF)** report dated October 31, 2024, and the Local Government Monthly Investment Pool **(LGIP)** report dated October 31, 2024.

ADAMS/WATTS Moved to approve August 31, 2024, and September 30, 2024, Financial Reports as presented. Motion carried.

WILLIQUETTE/WATTS Moved To accept the October 31, 2024, activity report from the Spokane County Monthly Investment Pool (**SPIF**) Report and the Local Government Monthly Investment Pool (**LGIP**) Report as presented. **Motion carried.**

Actuarial Review

Board Policy GC-3.14 states that the Board will contract independently with an actuary to provide the Board with an actuarial study.

The Enduris Board contracts PricewaterhouseCoopers (**PwC**) to perform an actuarial review after each policy year. This report acts as evidence of compliance with various Board policies. The Board formally acknowledges the receipt of the actuarial review, which is documented each year through a Board motion.

Ms. Brandt stated that Enduris' actuary, Craig Scukas, Director at PricewaterhouseCoopers (**PwC**), presented the actuarial review to the board earlier in the meeting.

ADAMS/WATTS Moved to recognize the receipt of the Actuarial Review as of August 31, 2024. **Motion carried.**

EXECUTIVE SESSION

At 1:04 p.m., the Board entered an Executive Session to review the status of open claims and discuss the Executive Director's evaluation. Mr. Schanz continued the Executive Session at 1:38 p.m. to finalize the Executive Director's evaluation and compensation. The Executive Session concluded, and the open meeting resumed at 2:27 p.m.

DISCUSSION ACTION ITEMS

Executive Director Evaluation

Board Policy B/EDR-5 states that the Board considers Executive Director performance on the *Goal and Operational Expectations* identical to organizational performance. Organizational accomplishment of the Board's *Goal* policy and operation according to the values expressed in the Board's *Operational Expectations* policies will be considered successful Executive Director performance. In addition, the Board will evaluate the Executive Director on core competencies and performance based on individual goals.

Board Policy B/EDR-5.7 The Board conducts a formal summative evaluation of the Executive Director each November. The written evaluation is based on data collected during the year.

During the executive session, the Board chair dedicated time to the executive director's evaluation to ensure a thorough review. Before the meeting, Mr. Schanz distributed the Executive Director Evaluation form for PY2024 to the Board and shared the summarized results from the completed Staff Satisfaction Survey. As noted, there was further discussion during the executive session, and the evaluation form was finalized for approval and a motion.

WATTS/WILLIQUETTE Moved to accept the results from the Executive Director Evaluation and authorize an adjustment in compensation of **6.5% (a GWI increase of 3.5% and merit of 3%)**. The effective date shall be retroactive to the same date as the rest of the staff's compensation adjustments (October 15, 2024, Payroll). **Motion carried.**

DEBRIEF BY BOARD

Board Policy GC-2.4 states that as a means to assure continuous improvement, the Board will regularly and systematically monitor all policies and assess the quality of each meeting by debriefing the meeting following its conclusion.

The Board members appreciated the informative presentations delivered during the meeting. Their positive feedback indicated that the information presented was well-received and helpful. The members valued the insightful content, and their overall response was encouraging.

ADJOURNMENT

*Mr. Schanz adjourned the Board meeting at **2:35 p.m.***

ADAMS/WILLIQUETTE Moved to adjourn the meeting. **Motion carried.**


Matt Schanz, Chair

The Enduris Board meeting minutes are intended to be a reasonable summary of the Board's deliberations and actions. They are not a verbatim record of everything said at the meeting, but they include all actions taken by the Board.