



**Enduris
Board of Directors Meeting**

May 20, 2010

Enduris Office
5709 W. Sunset Highway, Suite 105, Spokane, WA 99224

Call to Order: Rick Mockler, Chair, called the meeting to order at 8:35 a.m.

ROLL CALL

Board Members Present: Rick Mockler, Chair; Bill Hardy, Secretary/Treasurer; Vicki Carter, Board Member; Mark Havener, Board Member; Mike Millikin, Board Member; and Mark A. Kammers, Executive Director. Excused were Fernando Conill, Vice Chair, and Dan Cryer, Board Member.

Others Present: Cheryl Duryea, Enduris General Counsel; Shannon Stuber, Program Administrator, Washington Office of Risk Management-Local Government Self-Insurance Program; Jim Doherty, Legal Consultant, Municipal Research & Services Center; Randy Quinn, Senior Partner, The Aspen Group; Linda Dawson, Senior Partner, The Aspen Group; David Dowers, Principal, Dowers Commercial Real Estate Group; Scott Somers, President/CEO, OMS, Inc.; Jennifer Stutz, Associate, OMS, Inc.; Rafaela Ortiz, Enduris Director of Administration & Human Resources; Sheryl Brandt, Enduris Director of Claims and Risk Management; Scott Hanson, Director of Business Development; Lynn Scharff, Director of Finance; and Joy Jelsing, Enduris Administrative Assistant.

Mr. Mockler started the meeting with introductions and announced that he is now a volunteer with the Benton Franklin Health District.

To accommodate the architectural team, Mr. Kammers recommended to amend the agenda by moving the Office Building Presentation to 10:00 a.m. In addition, under the "Discussion/Action Items" the Board may want to discuss a date to hire The Aspen Group to train new board members regarding the Enduris governance model. Mr. Kammers also asked that the Board Development Committee meet during lunch to review submissions and nominate a slate of candidate(s) for the board election.

ADOPT AGENDA AND 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 18, 2010

HAVENER/MILLIKIN moved to approve the items in the Board Consent Agenda and to approve the amended agenda. Motion carried.

CEO Consent Agenda

Vouchers

January 2010 voucher numbers 205548 through 205619 amounting to \$1,081,249.34

February 2010 voucher numbers 205620 through 205668 amounting to \$296,338.17

March 2010 voucher numbers 205669 through 205730 amounting to \$288,834.10

CARTER/HAVENER moved to approve the CEO Consent Agenda, including the vouchers for January, February, and March 2010. 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 one hour of ethics training annually.

In accordance with the Annual Work Plan, ethics training is scheduled for the May Board meeting.

Jim Doherty conducted the ethics training. Mr. Doherty is a legal consultant with Municipal Research & Services Center (MRSC).

Mr. Doherty's training focused on Conflicts and Ethics (RCW 42.23), including common law and statutory basis, application of rules, exceptions, remote interests, penalties for violations, statutory ethical guidelines, and incompatible offices.

Mr. Mockler recessed the Board meeting at 9:48 a.m. for a break and reconvened the meeting at 9:58 a.m.

OFFICE OF RISK MANAGEMENT REVIEW

Board Policy GC-3.7 states that the Board will review and understand the annual report of the State Auditor and any reviews conducted by the Washington Office of Risk Management-Local Government Self-Insurance Program.

Shannon Stuber, Program Administrator for the Washington Office of Risk Management-Local Government Self-Insurance Program, distributed the Risk Manager's Report of the recent Review of Enduris and presented the results. The report concluded that Enduris is in compliance with laws and standards adopted by the Risk Manager in the areas tested. No recommendations were made as a result of the review. The period covered in this review is from September 1, 2007 to April 30, 2010.

Ms. Stuber commended Enduris on how well the organization communicates with its members, its detailed financial statements, and its certification for Excellence in Financial Reporting (CAFR) from the Government Finance Officers Association.

OFFICE BUILDING PRESENTATION

Scott Somers and Jennifer Stutz with OMS Architecture, and David Dowers, Project Manager, presented to the Board the status of the office building project that included conceptual drawings, artist renderings, site plans, and floor plans. The project is currently in the design development phase and is on schedule with the budget, which is continually refined and evaluated.

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.

Board and Management Training

Mr. Kammers announced that Washington Cities Insurance Authority (WCIA), Washington State Transit Insurance Pool (WSTIP), and Enduris will co-sponsor an "Insurance Pool Risk Solvency" training for board members and executive staff for all Property and Liability pools in the State. The training will be September 30, 2010 in Seattle. Presenters will include Jim Marta, James Marta & Company; Shannon Stuber, Washington State Office of Financial Management; and Kevin Wick, PricewaterhouseCoopers.

Board Governing Policies Handbook / Bylaws

Mr. Kammers presented the new format of the updated Board Governing Policies. By consensus, the Board liked the new format. Enduris will mail copies to each Board member to insert in their Orientation Binder. Mr. Kammers also noted that the updated Bylaws would also be mailed to them to insert in their binders.

Property & Liability Advisory Board

Mr. Kammers informed the Board that the State Legislature has eliminated the Property & Liability Advisory Board due to budget cuts. At the P&L Advisory Board's last meeting scheduled on June 17, the stakeholders will discuss options for future collaboration.

CEO Quarterly Report

Mr. Kammers presented the CEO quarterly status report, which included updates on Membership Growth Patterns, Member Training, Claims Opened, Budget and Loss Projections, and Financial Comparisons.

DISCUSSION/ACTION ITEMS

Office of Risk Management Audit Report – GC-3.7

Board Policy GC-3.7 states that the Board will review and understand the annual report of the State Auditor and any reviews conducted by the Washington Office of Risk Management-Local Government Self-Insurance Program.

Shannon Stuber reported on the Risk Manager's Review earlier in the meeting.

CARTER/HARDY moved to acknowledge receipt the Office of Risk Management Audit Report. Motion carried.

Office Building Update – OE-8

As authorized by the Board on November 3, 2009, the 3.5 acres of land was purchased in anticipation of constructing the office building.

The architect and project manager gave an update of the office building earlier in the meeting. To follow up, Mr. Kammers looked to the Board to give the Administration the authorization to proceed with the project.

MILLIKIN/HAVENER moved to authorize the Administration to proceed with design completion and proceed with the bidding process, selection of a contractor, and the completed construction of the new office building in accordance with the laws of the State of Washington. Motion carried.

Property Renewal – GC-3.8

Board Policy GC-3.8 states that the Board will evaluate recommendations and approve levels of self insurance retention and the level and providers of re-insurance and blanket coverage.

Property coverage for Enduris renews July 1, 2010. Enduris has been with the Public Entity Property Insurance Program (PEPIP) for 10 years. Over the years, Enduris has looked at other competitors and, overall, PEPIP has provided by far the best value for the members.

Enduris will be seeking quotes from GEM and PEPIP. The Administration will evaluate the value of each proposal (submitted in June) and will provide detail to the Board in August. The Self Insured Retention (SIR) for property coverage for Enduris is \$250,000. Enduris property placement is approximately \$1.7 billion of insured value.

Mr. Kammers stated that Doug Wozniak, Enduris' broker, expects PEPIP to come in flat or lower than what we currently pay and it is possible that additional earthquake coverage will be added at no additional cost.

CARTER/HARDY moved to authorize the Executive Director to renew property coverage effective July 1, 2010 using the existing Self-Insured Retention of \$250,000 and report at the August 19 Board meeting. Motion carried.

Reserve Analysis Report and Annual Liability Rating Study OE-8.5

At the February 18 Board meeting, through the Enduris budget process, the Board agreed to maintaining flat rates (no overall increase) for Policy Year 2011. PricewaterhouseCoopers (PwC) was given that information and completed the annual Rating Study with no increase in liability rates. PwC determined there was adequate anticipated revenue to maintain existing rates equal to Policy Year 2010.

The Board was provided the Executive Summary of the Reserve Analysis Report and the annual Liability Rating Study.

HAVENER/MILLIKIN moved to accept the February 28, 2010 Reserve Analysis Report and annual Liability Rating Study conducted by PricewaterhouseCoopers as presented. Motion carried.

Financial Statements – OE-8.3

Board Policy OE-8.3 states that the CEO shall assure that the Board is fully and adequately informed about matters relating to Board work and significant organizational concern.

Income Statement

Mr. Kammers provided an overview of the Income Statement, Balance Sheet, and Budget Comparison. He presented the February 28, 2010 Financial Statements with total assets of \$19,965,450.21 and total members' net assets of \$9,651,676.57. Expenses and Revenues to date are within budget. Mr. Kammers also provided the Board with excerpts from the Spokane County Treasurer's Report, which included the rate of return on investments.

Mr. Kammers provided a pro forma balance sheet as if the office building was already constructed.

Motion CARTER/HAVENER moved to accept the financial statements as of 02/28/10 as presented by the Executive Director. Motion carried.

Change to Policy – GC-4.8

At the February 18, 2010 meeting, the Board authorized the recommended change regarding the counting of ballots for Election of Directors (82-60-02023) to the Enduris Bylaws. As a result of the change and language in the new WACs, the Administration is recommending a change be made to the Enduris Board Governing Policies by deleting Policy GC-4.8 which states that the Chair will certify the election of new directors five business days after all ballots are received, except in the event of the Chair's election.

CARTER/MILLIKIN moved to authorize the change to the Enduris Board Governing Policy GC-4.8 as presented by the Administration. Motion carried.

CEO Salary Survey – BCR-5

At the February meeting, the Board charged Doug Wozniak with Alliant Insurance Services to conduct a compensation salary survey so that the Board can re-evaluate the Executive Director's compensation at the May Board meeting.

HARDY/HAVENER moved to acknowledge receipt of the report on the executive compensation that was provided by Doug Wozniak. Motion carried.

HAVENER/HARDY moved to direct the Chair to conduct additional research so that we can further pursue compensation for the CEO. Motion carried.

Mr. Mockler recessed the Board meeting at 12:05 p.m. for lunch and reconvened the meeting at 12:25 p.m.

EXECUTIVE SESSION

Mr. Mockler convened in Executive Session at 12:26 p.m. to review the status of open claims and will reconvene in Open Session at 1:10 p.m.

Mr. Mockler adjourned the Executive Session at 1:10 p.m. Open Session was recessed for a 5-minute break and reconvened at 1:15 p.m.

CLAIM PAYMENT APPROVAL

This loss occurred as the result of a fire. The member has submitted damages of \$1,200,000 for the repair to the building, including code upgrades. The amount of code upgrades required is still being researched but is included in the amount.

CARTER/HARDY moved to authorize indemnity payment of up to \$1,200,000 for settlement of Claim #109-128 as recommended by the Executive Director. Motion carried.

BOARD TRAINING WITH THE ASPEN GROUP

As amended on the agenda, the Board was to consider a date for The Aspen Group to conduct training for the Board of Directors. The Board agreed to schedule training on November 18, the day before the November 19 Board meeting. The Aspen Group will provide training on the Enduris Governance Model, review and update all Board policies, consider committee work, and customize a CEO evaluation document.

CARTER/MILLIKIN moved to hold a Board Training Session on November 18 with The Aspen Group. Motion carried.

GOVERNANCE CULTURE / BOARD-CEO RELATIONS MONITORING

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 and Board/CEO Relations policies.

The Board evaluated its performance on each Governance Culture and Board/CEO Relations policy. The Board determined that they are performing according to policy.

Several policies were identified that need to be amended to better reflect the intent of the policy. Updates will be determined at the Board training with The Aspen Group in November.

BOARD DEVELOPMENT COMMITTEE

The Board Development Committee recommended the following slate of candidates for the Policy Year 2011 elections:

- Bill Hardy, Position #4
- Mark Havener, Position #1
- Alan Fletcher, Position #3
- Jerry Guite, Position #3

CARTER/MOCKLER moved to endorse the recommendations of the Board Development Committee for the elections. Motion carried.

SUMMATIVE CONCLUSION BY THE ASPEN GROUP

Ms. Dawson was impressed with how well the Board meeting went, including the preparation for the meeting.

Mr. Quinn stated that he had no suggestions to offer in terms of improvement and that there is no question that the Pool's membership owns the pool.

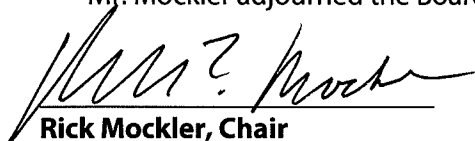
DEBRIEF BY BOARD

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

The Board and staff discussed impressions of the meeting. Mr. Mockler thanked the staff for preparing the packets and all the hard work in the three months between meetings. In addition, he thanked the board for an effective meeting by studying the material prior to the meeting and being well prepared.

ADJOURNMENT

Mr. Mockler adjourned the Board meeting at 3:18 p.m.



Rick Mockler, 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.