



**Enduris
Board of Directors
Meeting Minutes**

August 19, 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 8:33 a.m.

ROLL CALL

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

Others Present: Shane Heston, Trask Insurance; Donna Watts, Port of Pasco; Bernita Landers, Douglas County Sewer District; Cheryl Duryea, Enduris General Counsel; Heather Yakely, Kutak Rock LLP; 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; and Shawna Masterton, Enduris Executive Assistant.

Ms. Martin started the meeting with a roll call.

ADOPT AGENDA

HARDIN/ SEVIER 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

- Board Meeting Minutes – May 6, 2021

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

EXECUTIVE DIRECTOR CONSENT AGENDA

Expenses

- April 2021
- May 2021
- June 2021
- July 2021

CARTER/HARDIN moved to approve all items on the Executive Director Consent Agenda. Motion carried.

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

Ms. Brandt reported that she will be taking the tenant improvement agenda item off the Executive Director report since the project is completed. The tenant, Spokane Regional Clean Air Agency (SRCAA), moved into the wing June 2021 and everything is running efficiently. SRCAA has been a great tenant and the space turned out very nice. Ms. Brandt offered to give the board a tour when we are back to in-person meetings.

Pooling and Membership Updates

Ms. Brandt informed the Board that the member renewal is complete; the streamlined process went very well, and she credits the staff with great teamwork. The Origami Portal is also working very well.

Association of Governmental Risk Pools (AGRiP) Updates

Ms. Brandt reminded the Board that the AGRiP (Association of Government Risk Pools) Governance Conference will be held in-person in New Orleans, Louisiana on March 6-9, 2022, and encouraged the Board to attend as the conference focus is on Governance. Board members are encouraged to attend.

Public Risk Management Association (PRIMA) Updates

Ms. Brandt also reported the PRIMA (Public Risk Management Association) Annual Conference that will be held in San Antonio, Texas June 5-8, 2022. The focus is on Public Risk Management and is a larger conference than AGRiP. Board members are encouraged to attend.

Ms. Brandt informed the Board of some unexpected sad news: the passing of Mr. Mujtaba Dato, of Aon Global Risk Consulting. Mr. Dato was the Actuary for Enduris. Mr. Dato will be dearly missed by Enduris and the pooling community. Ms. Brandt stated that she is working with Aon

Global regarding our current actuarial needs and will provide updates to the Board on any changes to the contract.

Staffing Update

Ms. Brandt updated the Board that this year has been a year of transition in terms of staffing. Richard Urie, who worked in Finance, and Shellie Klink, who was Enduris' Member Services Coordinator, are no longer with Enduris. Brittnay Desjardins has been hired as a Financial Accountant. She has a Master's Degree in Accounting and is a Certified Public Accountant. Enduris. The Member Services team is in the process of redesigning that position and will be advertising for a replacement in the near future. Alric Balka, Enduris' Information Systems Coordinator, will be transitioning into Rafaela Ortiz's position as the Chief Operations Officer. Dr. Ortiz will be retiring in December 2021. Ryan Wilson was hired to replace Mr. Balka as the Information Systems Coordinator and will start September 7, 2021. Lastly Ms. Brandt introduced Heather Yakely from Kutak Rock, LLP as the new Legal Counsel for Enduris

Government Entities Mutual (GEM) Board Meeting and Annual Meeting Update

The Board was provided with a summary of the GEM Board and Annual Summit meeting held in July. Dr. Ortiz, Ms. Brandt and Mr. Balka attended the in-person summit and Board meeting. Ms. Brandt referenced the Summit topic which was on Leadership and Managing a Crisis. The keynote speaker was Daniel Linskey who was the Boston Police Chief during the Boston Marathon Bombing. Mr. Linskey was very informative and gave an impactful presentation. Ms. Brandt also reported that GEM is doing well and had a very productive year. Dr. Ortiz's retirement is in December, and this will be her last meeting as a GEM Board Member.

Forward Glance at Next Quarter

Looking forward to the next quarter, Ms. Brandt indicated that Enduris will be focused on PY2022 staff transitioning and training; there is an in-person learning retreat scheduled for October. Ms. Brandt also stated there will be some Board transitioning; this will be Ms. Martin's last meeting due to retirement and Kim Bedier has resigned from the Board as she has accepted a position out of state. Enduris staff has begun the process for filling board position's #3 and #4, in addition to Board training.

Ms. Brandt gave a briefing on Cyber Coverage and impacts to the membership on how to mitigate the cyber claims; the cyber premium increased 892% this year. Enduris is working with LMG to provide cyber training for our members. This is a very hot topic and Enduris is making a strong effort to prepare for renewal next year. Ms. Brandt emphasized that the claims department is doing a great job on educating themselves on cyber coverage and how to manage and handle their cyber claims.

EXECUTIVE SESSION

*The Board entered Executive Session at **9:02 a.m.** for **30 minutes** to review the status of open claims. The meeting reconvened in Open Session at **9:32 a.m.***

*Ms. Martin recessed the Board meeting at **9:33 a.m.** for a 5-minute break and reconvened the meeting at **9:38 a.m.***

DISCUSSION/ACTION ITEMS

Financial Report and Financial Statements/SCIP Report

Board Policy OE-5, 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 reports for April 30, 2021, May 31, 2021, and June 31, 2021. Also provided was the performance investment report as of June 30, 2021, from the Spokane County Investment Pool. Ms. Brandt and Ms. Millikan presented the July 31, 2021, financial report. The year-to-date financial results were positive with a \$2.6 million increase in net position.

HARDIN/SCHANZ moved to approve the April 30, 2021, May 31, 2021, June 30, 2021, and July 31, 2021, financial reports as presented. Motion carried.

CARTER/HARDIN moved to accept the activity report from the June 30, 2021, SCIP fund as presented. Motion carried.

Claims Audit Report

Board Policy GC-3.7 states that the Board will review and accept the annual audit report of the independent claims auditor.

The Board was provided with and reviewed the 2021 Claims Audit report that was conducted by Craig Bowlus of Aon Risk Insurance Services in San Francisco, California. Mr. Bowlus conducted an annual independent claims audit for the Pool on July 5-27, 2021. The claims audit was conducted virtually and successfully as all claim's files are electronic via Origami. The overall result of the audit concludes that Enduris is meeting best practices for public sector claims and litigation management. Mr. Bowlus only had two new recommendations for Enduris this year, and it is aligned more with underwriting than claims handling. The recommendations will be implemented.

CARTER/SCHANZ moved to formally recognize the receipt of the 2021 Claims Audit conducted from July 5-27, 2021, by AON Risk Insurance Services. 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. Brandt reported that the audit reports were not available at the time of the May 6, 2021, Board meeting. The state audit reports were sent to the Board after the meeting. The Administration recommends the Board accept the Financial Statements Audit Report and the Accountability Audit Report.

HARDIN/SEVIER moved to accept the Financial Statements Audit Report and Accountability Audit Report as recommended by the Executive Director. Motion carried.

Property Coverage Renewal for PY 2022

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.

At the May Board meeting, the Board authorized the Executive Director to renew property coverage with APIP effective July 1, 2021, using the existing Self-Insured Retention of \$250,000 or up to \$500,000 and report back to the Board with the results.

Ms. Brandt reported that Alliant Insurance Services has provided property coverage to Enduris since 2000. For PY 2022, Alliant Property Insurance Program (APIP) offered renewal for \$5,803,291, which is a 42% premium increase from the previous year premium of \$4,075,759. The Pool's property limit is \$800 million which includes renewals of pollution and cyber coverage. This increase in premium is due to a 2% increase in total insured value (TIV) and a 40% rate increase. Ms. Brandt also pointed out that the cyber coverage increased 892%. This area is a pain point right now and Enduris is watching it very carefully and is committed to doing everything it can to protect the Pool and the membership in terms of getting the best coverage and the best price. Ms. Brandt reported that this increase was not passed on to the membership.

The Administration recommends the Board approve the property coverage renewal with APIP using the existing Self-Insured Retention of \$250,000 per occurrence.

SEVIER/ SCHANZ moved to approve the property coverage renewal for Policy Year 2022 with APIP using the existing \$250,000 Self-Insured Retention for both HPR and Non-HPR property classifications. Motion carried.

Liability Coverage Renewal for PY 2022

Board Policy GC-3.8 states that the Board will approve levels of self-insured retention (SIR) and the level and providers of reinsurance and blanket coverage.

The Administration recommended that the Board approve the liability coverage renewal with Government Entities Mutual (GEM) for PY2022 for \$1,000,000 to \$10,000,000, and Great American/Everest Re as a quota share for \$10,000,000 to \$20,000,000, using the existing \$1,000,000 Self-Insured Retention.

Enduris liability reinsurance structure is unchanged for PY2022 as follows:

- \$20,000,000 Comprehensive General Liability, each occurrence.
- \$20,000,000 Public Officials Errors and Omissions, aggregate per member.
- \$20,000,000 Employment Practices Liability, aggregate per member.

The layering structure of Enduris is as follows:

- First Dollar to \$1,000,000: Enduris Self-insured Retention
- \$1,000,000 to \$10,000,000: GEM
- \$10,000,000 to \$20,000,000: Great American and Everest Re, quota share.

Ms. Brandt reported the first layer of reinsurance renewed with Government Entity Mutual (GEM) with a rate increase of 6.63%. The next layer \$10M x \$10M is shared by Great American and Everest Re. This layer renewed at a rate increase of 18.69% and 12.52% respectively. The exposures for the Pool measured by L&I hours and fire runs are down 4.23%. The total amount for renewal is \$1,113,830.

Ms. Brandt stated that Doug Wozniak worked hard for Enduris during this renewal cycle. Initially, Great American and Everest Re proposed a 25% increase and that was not acceptable as we received those types of increase last year. Mr. Wozniak is not seeing any plateauing in the market. Liability renewal continues to be challenging due to hardening of the insurance marketplace and economic conditions. Insurance markets do not react positively to unknown or negative outlooks. Rates, coverage, and capacity are all at risk under these market conditions.

CARTER/ SCHANZ moved to approve the Executive Director renewing the liability coverage for Policy Year 2022 with GEM and Great American/Everest Re using the existing \$1,000,000 Self-Insured Retention. Motion Carried.

Approval of Enduris Memorandum of Coverage for Policy Year 2022

Board Policy GC-3.11 states that the Board will evaluate and approve coverages, including any changes to the Memorandum of Coverage (MOC).

Ms. Brandt provided the Board with recommended material changes to the PY2022 MOC. The document was thoroughly reviewed by staff during the past year. Ms. Brandt opened it up to an in-depth discussion with Ms. Looker, Mr. Davis, and Mr. Hardin for discussion on the recommended and proposed changes to the addendums.

SCHANZ/ HARDIN moved to approve the Policy Year 2022 Memorandum of Coverage as presented by the Executive Director. Motion carried.

Approval of Enduris Rating and Underwriting Policy for Policy Year 2022

Board Policy GC-3.10 states that the Board will evaluate and approve member rates annually based on claims history, actuarial reports, and staff recommendations.

Ms. Brandt provided the Board with the draft Rating and Underwriting Policy for PY2022 and reported that Enduris utilized the services of an actuary to conduct a liability rate study for PY2021. The results of this study and the percentage increases approved by the Enduris Board continued to be utilized in the development of the Pool's base rates by member type for PY2022. The proposed changes include a 10-15% rate increase for property coverage and a 5-10% rate increase on liability rates; Crime (blanket bond), and Auto Physical Damage. It was agreed upon with Alliant Insurance Services there will be a 3.1% Marshall-Swift inflationary increase for structures; and 0.91% Marshall-Swift inflationary increase for contents, mobile equipment, and replacement cost vehicles.

CARTER/ SCHANZ moved to approve the Enduris Rating and Underwriting Policy for Policy Year 2022 as presented. Motion carried.

Approval of Legal Counsel Contract for Policy Year 2022

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

Ms. Brandt reported to the Board that Cheryl Duryea's contract expires August 31, 2021, Ms. Duryea is retiring, and the Board would like to acknowledge and thank Ms. Duryea for the decades of knowledgeable legal advice she has provided.

The Board Committee spent the last year identifying, interviewing, and selecting the new legal counsel Heather Yakely with Kutak Rock, PLLC. The agreement is from September 1, 2021, to August 31, 2022.

CARTER/ SEVIER moved to approve the Legal Counsel Contract for PY 2022. Motion carried.

Approval of Board Governing Policies for PY 2022

Board Policy GC 2.8 states that the Board, by majority vote, may revise or amend its policies at any time.

The Administration reviewed the Board Policies for PY 2022 and recommends the Board approval on the revisions. Dr. Ortiz walked the Board through the proposed changes. The main changes were to the financial section where reporting methodologies identified in the policy were removed. Dr. Ortiz did not want to lock Enduris into the reporting methodologies in Operational Expectations.

The reporting methodologies are already listed in the goal section

SEVIER / CARTER moved to approve the revisions to the Board Governing Policies for PY 2022 as presented. Motion carried.

Approval of PY 2022 Meeting Calendar

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.

Ms. Brandt proposed to set Board meeting dates for PY22. All meetings for 2022 will be held at the Enduris office in Spokane.

CARTER / SEVIER moved to approve meeting dates for February 17, 2022, May 19, 2022, August 18, 2022, and November 17, 2022. Motion carried.

Approval of Work Plan for Policy Year 2022

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.

Ms. Brandt provided the PY2022 Work Plan for the Board's approval.

CARTER / SCHANZ moved to approve the Board Work Plan for Policy Year 2022. Motion carried.

Election of Directors for Policy Year 2022

Board Policy GC-3.15 states that the Board will ratify the annual Board election results.

On behalf of the Board Development Committee, Mr. Hardin read the results for the PY2022 Board of Directors' elections.

Results: Position #2 – Vicki Carter: 84 votes
Position #5 – BiJay Adams: 83 votes

SCHANZ / HARDIN moved to ratify the results of the Enduris election of directors for Policy Year 2022 for 84 votes for Vicki Carter and 83 votes for BiJay Adams. Motion carried.

Election of Board Officers for Policy Years 2022 and 2023

Board Policy GC-4 states that the officers of the Board are those listed in the Board Governing Policies. Their duties are those assigned by this policy, and others required by law.

In accordance with Article IV, Section 1 of the Enduris By-Laws, the Board of Directors shall select from among themselves a Chair, Vice-Chair, Secretary/Treasurer to serve for a term of two years beginning the next fiscal year.

HARDIN/SEVIER moved to approve a slate of board officers with the appointments of Matt Schanz as Chair, BiJay Adams as Vice Chair, Vicki Carter as Secretary/Treasurer for Policy Years 2022 and 2023. Motion Carried.

Board Development Committee Appointments for Policy Year 2022

Board Policy GC-4.6 states that the Chair will appoint members of all Board committees with the ratification of the full Board. **Board Policy GC-5.5** states that three members of the Board Development Committee are appointed by the Chair, none of whom are up for election the next policy year.

Ms. Martin recommended appointments of Jeri Sevier, as Chair, BiJay Adams, and Vicki Carter to the Board Development Committee for PY 2022.

CARTER /SCHANZ moved to ratify the appointments of Jeri Sevier as Chair, BiJay Adams, and Vicki Carter to the Board Development Committee for Policy Year 2022 as recommended by the Board Chair. Motion carried.

VEBA Resolution

Board Policy OE-4.8 states in order to attract and retain high quality employees, the Executive Director will develop compensation and benefit plans consistent with the applicable marketplace, including but not limited to organizations of comparable size and type.

Dr. Ortiz reported that the Administration has determined that it is in the best interest of Enduris and its employees to establish a VEBA Plan, which provides tax-free, defined contribution accounts for employees to reimburse qualified medical, dental, vision and tax qualified long-term care premiums and non-covered healthcare expenses of the employees and their qualified dependents. The plan will be available to those employees that are retiring. Mr. Schanz recommend expanding the VEBA plan. The Enduris Administration is doing more research in conjunction with the current health plan which is due for renewal in March 2022. Dr. Ortiz is unsure if we will need another resolution in order to set up accounts for current employees. There was a discussion if there were costs paid to the broker associated with the VEBA plan. Ms. Millikan stated that the VEBA account is paid by a percentage of the investment of each employee which is paid by the employees so not cost will be incurred by Enduris.

SEVIER/HARDIN moved to approve the Resolution No.21.02: A Resolution Authorizing the Establishment of the Health Reimbursement Arrangements/Voluntary Employees' Beneficiary Association ("HRA VEBA") Plans as presented by the Executive Director. Motion carried.

Proposed Changes to the Bylaws – Section 4

ARTICLE VII – Amendments:

These Bylaws may be altered, amended, or repealed by a majority vote of the Directors. Notice of intent to change the bylaws, including a copy of the proposed change(s) shall be provided to each member by regular or electronic mail at least thirty days in advance of the meeting during which a vote on the proposed change(s) will occur.

Dr. Ortiz reported that the Administration has become aware that depending on when the ballot is received, it is possible that some of the members do not have enough time to take it to their Board and return it within the specified time frame which is specified in the Bylaws. Dr. Ortiz made a recommendation to change the **Bylaws, Section 4 to allow for more time for members to return the ballot.**

CARTER/SCHANZ moved to authorize the recommended changes to the Enduris Bylaws Section 4 as presented by the Chief Operating Officer. Motion carried.

Generative Thinking

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.

Ms. Brandt stated that high-performance Boards engage in generative thinking. The Board has agreed to undergo training in generative thinking.

Dr. Ortiz and Ms. Brandt made a recommendation to start the process to implement a contract with Michelle Bechamps, of Sedgwick, to provide training with the goal of completing strategic planning and the development of the GOAL. Ms. Brandt expressed the importance of exercising the generative thinking process especially with the current environment. She values the Board's direction, discussions, and opinions and encouraged the Board to allow time for this process to make sure we are fully staffed and have a full board.

CARTER/SCHANZ moved to authorize a contract with Sedgwick to provide training to the Board of Directors on generative thinking with the goal of completing strategic planning and the development of the GOAL. Motion Carried.

BOARD SELF-ASSESSMENT

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-Executive Director Relations (B/EDR) policies. Board assessment of progress on Results and the Executive Director's summative evaluation will drive targets for the following year.

A self-assessment survey was sent to Board members prior to the meeting. Ms. Martin stated that most results were favorable. Ms. Brandt led a discussion of the results with board participation.

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.

Ms. Brandt expressed her sincere appreciation to Ms. Martin for her service since 2015; the guidance and all the hard work that she has put into Enduris, the members, the Board of Directors, and the Port of Skagit. Ms. Brandt also voiced her gratitude to Ms. Duryea, for her service since 1989 and the legal guidance that Ms. Duryea has provided to Enduris over the years. Enduris has become a better place because of her work. Ms. Brandt recognized Ms. Bedier service on the Board since 2012; she has recently resigned from the Board.

All Board members mentioned were presented with framed pictures in acknowledgment of their many years of service.

ADJOURNMENT

Ms. Martin adjourned the Board meeting at **12:08 p.m.**

SEVIER/CARTER 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 action. The minutes are not a verbatim record of everything said at the meeting. The minutes include all actions taken by the Board.