



**Enduris  
Board of Directors Meeting**

May 21, 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; Vicki Carter, Board Member; Rick Mockler, Board Member; and Jeri Sevier, Board Member. Kim Bedier and Mark Kammers were excused.

Others Present: Shannon Stuber, Program Administrator, Local Government Self-Insurance Program; Cheryl Duryea, Enduris General Counsel; Rafaela Ortiz, Enduris Chief Operating Officer; Sheryl Brandt, Enduris Chief Risk Officer; Lynn Scharff, Enduris Director of Finance; and Joy Jelsing, Enduris Administrative Assistant.

**ADOPT AGENDA**

Ms. Carter made a recommendation to amend the agenda by adding the State Risk Manager's Report to follow the CEO Consent Agenda.

**CARTER/SEVIER moved to adopt the Agenda as amended. 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 of a majority of the Board.

**Board Consent Agenda**

Meeting Minutes – February 6, 2014

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

### **CEO Consent Agenda**

#### Vouchers

- January 2014
- February 2014
- March 2014
- April 2014

**CARTER/SEVIER moved to approve the CEO Consent Agenda for the January, February, March, and April vouchers. Motion carried.**

### **STATE RISK MANAGER'S REPORT**

**Board Policy 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.

Shannon Stuber, Program Administrator for the Local Government Self-Insurance Program, reported that after her recent onsite review of Enduris, the Pool looks very healthy and there are no areas of concern. Ms. Stuber appreciates the Pool's efforts in transparency along with its good governance. A written report of the Enduris review will be provided in a month or so.

In response to Ms. Carter's request, Ms. Stuber explained the recent adopted rule changes to Chapter 200-100 WAC (Self-Insurance Requirements as to Local Governments and Nonprofit Corporations). The rule changes included the elections of the governing body; actuarially determined liabilities, program funding and liquidity requirements; financial plans; and state risk manager reports.

### **BOARD'S REPORT ON AGRIP GOVERNANCE & LEADERSHIP CONFERENCE**

**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.

Kim Bedier, Dick Gormley, Rick Mockler, and Jeri Sevier attended AGRiP's Governance & Leadership Conference in San Francisco, California, from March 9-12, 2014. They reported on the value of a few sessions and the dissatisfaction of several aspects of the conference.

### **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.

#### Office Building/Vacant Office Space Update

Ms. Ortiz reported that the government agency that had an interest in the vacant wing of the Enduris office building will not be leasing an office space at this time due to recent government budget sequestration. There are no potential tenants to report at this time.

#### Board Ethics Training Update

Ms. Ortiz informed the Board that Mike Purdy will conduct the Board's ethics training this year. Because Mr. Purdy was not available for the May Board meeting, the Administration decided to postpone the training to the August meeting.

#### Government Entities Mutual (GEM) Board Meeting Update

Ms. Ortiz reported that she and Ms. Brandt attended GEM's April Board meeting in Washington, D.C. A meeting recap was provided to the Board. Ms. Ortiz added that the Administration has been working with GEM to clarify the 2012 profit/loss distribution to Enduris.

#### Comprehensive Annual Financial Report (CAFR) Update

Ms. Scharff notified the Board that the 2013 CAFR has been completed and the application submitted for the Certificate of Achievement for Excellence in Financial Reporting. The Government Finance Officers Association will notify Enduris in September if we are awarded the certificate. Enduris has received the certificate since 2006 and is the only pool in the State to achieve this distinction.

#### Area Agencies on Aging (AAA) Update

Ms. Ortiz reported on the comparative analysis of the insurance premium and coverage between Enduris and the Olympia Area Agency on Aging's commercial carrier.

#### Senate Bill 5964 (Public Officials and Employees Training)

Ms. Ortiz informed the Board of the recently passed legislation called the Open Government Trainings Act under Senate Bill 5964 that goes into effect July 1, 2014. The Act requires basic open government training for members of governing bodies, elected local and statewide officials, among others. The training covers two subjects: public records and records retention ("records training"), and open public meetings.

Ms. Carter suggested that the ethics training scheduled for the August Board meeting include training on Open Public Meetings. In addition, each board member should receive records training with their own entity and then document the training with Enduris.

#### WRAC Update

Ms. Ortiz summarized the recently approved WAC changes, which Ms. Stuber had reported on earlier. The next WRAC meeting will discuss how to ensure rates are fair among pool members while supporting the costs of the pool.

#### Pool Directors' Meeting Update

Ms. Ortiz informed the Board of the pool directors' meetings. The pools' executive directors and management staff from most of the State's pools get together to share their experiences and leverage each other's knowledge in the pooling world. Hiring a lobbyist to represent the pools was one of the items of discussion. Ms. Brandt added that the meetings are valuable and well attended.

### Cyber and Crime Coverage

With the continuing increase of cybercrime on local governments' computer networks, Enduris decided to review its cyber and crime coverage. Ms. Ortiz reported that the Administration will increase its cyber coverage to \$2 million per occurrence. Crime coverage will remain the same as the coverage through PEPPI is sufficient.

Mr. Gormley asked if there are efforts to provide solutions and/or educate our members on how to protect themselves from cybercrime. Ms. Ortiz stated that Enduris has hired Doug Selix, IT Security and Disaster Recovery Program Manager with the State of Washington, to audit its computer system and are following up on some recommendations to improve security. In addition, Enduris, in cooperation with WCIA, provided training that was conducted by Doug Selix to both memberships. Early next year, training will be provided by a computer crime specialist currently with the FBI's Cyber Crimes Task Force.

### CEO Quarterly Report

Ms. Ortiz presented the CEO quarterly status report for the 2<sup>nd</sup> Quarter of Policy Year 2014. The report included updates on Membership Growth, New Members, Member Training, Claims Opened, and Projections for Year-End 2014.

*Mr. Hardin recessed the Board meeting at 9:35 a.m. for a break and reconvened the meeting at 9:45 a.m.*

## **DISCUSSION/ACTION ITEMS**

### Island County Diking District #1

**Board Policy OE-3.7** states that the CEO may not terminate any existing member.

Ms. Ortiz summarized the events that began in May 2013 with the Board terminating the pool membership of Island County Diking District #1 (ICDD #1). ICDD #1 appealed at the August 2013 Board meeting. The Board allowed ICDD #1 to remain in the pool for one year if the district provides Enduris with information requested by the Board. Since then, ICDD #1 has met the condition imposed by the Board for continued membership.

**MOCKLER/SEVIER moved to reinstate Island County Diking District #1. Motion carried.**

### 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 BDC will provide the full Board with a summary review of the candidates and the recommendation of the Committee.

**CARTER/GORMLEY moved to approve the Board of Directors election ballot which includes Jeri Sevier for Position #6 and Rick Mockler for Position #7. Motion carried.**

### Board Development Committee – Board Vacancy Appointment

**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 BDC will provide the full Board with a summary review of the candidates and the recommendation of the Committee.

Mr. Gormley, BDC Chair, reported on the committee's telephone interviews to fill the vacancy for Position #5. The committee recommended the appointment of Greg Brizendine of East Wenatchee Water District to Position #5.

**CARTER/MOCKLER moved to appoint Greg Brizendine from East Wenatchee Water District to Board Position #5. Motion carried.**

Board Ad Hoc Committee – Results Policies and Targets

**Board Policy GC-5** states that the Board may create committees if they are deemed helpful to assist the Board in the performance of its responsibilities. If committees are established, they will be used exclusively to support the work of the Board as described in Policy GC-3, and will never be created or used to assist the CEO in any operational area.

At the November 20, 2013 Board meeting, the Board formed an ad hoc committee comprised of Ms. Sevier and Ms. Bedier to review the Results policies and targets and bring back recommended changes for the Board's review at the February 6, 2014 Board meeting. At the February meeting, Ms. Bedier suggested that it would be appropriate to tie the Results policies and targets with the vision statement that the Board will develop at the May 20 Board workshop. Ms. Sevier added that if time allows at the workshop, the Board could begin discussions to revise the Results policies and targets so that they are relevant to the vision statement.

The May 20 workshop was cancelled at the last minute. Since Ms. Sevier will not be able to attend the August Board meeting, she proposed that the Board reschedule the workshop to the day before the November Board meeting. The Board agreed to schedule the workshop on November 18 from 11:00 a.m.-5:00 p.m.

Five-Year Member Survey

**Board Policy OE-3** requires the CEO to maintain an organizational culture that reasonably includes people in decisions that affect them. To solicit feedback to inform the organization, Enduris conducts regular member surveys.

Ms. Ortiz provided a copy of the final member survey and asked the Board for any comments, questions, or suggestions on the survey questions. Discussion followed with several suggestions made, such as: add information with the question being asked; make the survey part of the renewal process. The online survey will be sent to the membership in June.

Property and Liability Coverage Renewal

**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.

Ms. Ortiz stated that she and Ms. Brandt had preliminary discussions with our broker, Doug Wozniak of Alliant Insurance Services, regarding the upcoming property and liability coverage renewal. It appears that the Self-Insured Retention will remain at \$250,000 with a non-HPR rate increase around 8-9%. Genesis will likely request a 2-3% inflationary adjustment on liability rates.

**SEVIER/CARTER moved to authorize the Executive Director to renew property coverage effective July 1, 2014 using the existing Self-Insured Retention of \$250,000 and report at the August 20 Board meeting with the results of the renewal process for ratification by the Board. Motion carried.**

**MOCKLER/SEVIER moved to authorize the Executive Director to renew liability coverage effective September 1, 2014 with Genesis and GEM, with a self-insured retention not to exceed \$1,000,000 and report at the August 20 Board meeting with the results of the renewal process for ratification by the Board. Motion carried.**

#### State Audit Reports

**Board Policy 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. Ortiz announced that the State audit went well and that there are no findings or recommendations. The auditors identified an issue related to the eligibility for the compensation plan, which turns out to be a self-correcting problem as it involves dates of eligibility and, therefore, it was not reported by the auditor. However, Ms. Ortiz brought to the Board's attention, that language in a motion made at the February 6, 2014 meeting, will again cause a problem with eligibility as it states a specific date.

**MOCKLER/SEVIER moved to clarify the original intent of the motion to extend the CEO's compensation plan "for Policy Year 2014" was to continue the compensation plan "until rescinded" and to change the language to Policy B-CR 5.7 to reflect this intent. Motion carried.**

**GORMLEY/SEVIER moved to accept the receipts of the Financial Statements Audit Report and Accountability Audit Report. 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.

The April 30, 2014 financial statements were handed out to the Board. Ms. Scharff reviewed the 2<sup>nd</sup> quarter's revenues and expenses with the budget, and the 2<sup>nd</sup> quarter financial comparison from PY 2013 and PY 2014.

The Board was provided with the Income Statement, Balance Sheet, and Budget Comparison for January, February, and March 2014. Ms. Scharff presented an overview of the April 30, 2014 Financial Statements with total assets of \$23,305,442.96 and total members' net assets (surplus) of \$13,374,313.37. Also provided to the Board was the March 31, 2014 Spokane County Treasurer's Report, which included the Rate of Return on Investments.

**GORMLEY/SEVIER moved to accept the financial statements of 01/31/14, 02/28/14, 03/31/14 and 04/30/14 as presented by the Director of Finance. Motion carried.**

*Mr. Hardin recessed the Board meeting at 10:38 a.m. for a break and reconvened the meeting at 10:50 a.m.*

### **EXECUTIVE SESSION**

*Mr. Hardin convened in Executive Session at 10:55 a.m. for 15 minutes to review the status of open claims. He reconvened in Open Session at 11:06 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.

Enduris has paid \$347,524 in indemnity, \$19,000 in file expense, and up to \$41,000 in legal expense for a total of \$408,000 for Claim 112-053. There will be a \$60,000 recovery on this claim.

**CARTER/SEVIER moved to authorize payment of up to \$408,000 for Claim 112-053. Motion carried.**

Claim 112-081 has been settled in the amount of \$332,500 plus defense costs up to \$112,500 for a total of \$445,000.

**CARTER/MOCKLER moved to authorize payment of up to \$445,000 for Claim 112-081. SEVIER abstained. 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-CEO Relations (BCR) policies. Board assessment of progress on Results and the CEO's summative evaluation will drive targets for the following year.

As outlined in the Annual Work Plan, the Board Self-Assessment is scheduled in May. It has been postponed to the August 20, 2014 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 meeting.

### **ADJOURNMENT**

**CARTER/SEVIER moved to adjourn our regular quarterly meeting. Motion carried.**

*Mr. Hardin adjourned the Board meeting at 11:11 a.m.*

A handwritten signature in blue ink, appearing to read "Noel Hardin", written over a horizontal line.

**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.