



**Enduris  
Board of Directors Meeting**

May 21, 2015

Enduris Office  
1610 S. Technology Blvd., Suite 100, 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; André Fresco, Board Member; Vicki Carter, Board Member; Greg Brizendine, Board Member; and Mark A. Kammers, Executive Director. Kim Bedier and Jeri Sevier were excused.

Others Present: Doug Wozniak, Sr. Vice President, Alliant Insurance Services, Inc.; Cheryl Duryea, Enduris General Counsel; Rafaela Ortiz, Enduris Chief Operating Officer; Sheryl Brandt, Enduris Chief Risk Officer; and Joy Jelsing, Enduris Administrative Assistant.

**ADOPT AGENDA**

Mr. Kammers made a recommendation to add Mr. Wozniak's insurance market update to the agenda after the CEO Report.

**CARTER/GORMLEY moved to amend and 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 - February 19, 2015

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

## **CEO Consent Agenda**

### Vouchers

February 2015 amounting to \$432,705.80

March 2015 amounting to \$959,650.40

April 2015 amounting to \$763,824.36

**CARTER/BRIZENDINE moved to approve all items on the CEO Consent Agenda. Motion carried.**

## **ETHICS POLICY REVIEW**

**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.

Mr. Kammers explained that the Board receives formal ethics training every other year and on the alternate year the Board will review the governing policies that address ethics. This year, Legal Counsel Cheryl Duryea facilitated the Board review of the ethics policies.

The Board was provided the following policies to review: Enduris Personnel Policy 113 regarding Code of Ethics and Rules of Conduct, Board Policy GC-7 Directors' Code of Conduct, Board Policy GC-8 Director Conflict of Interest, and Board Policy GC-9 Process for Addressing Director Violations.

The following key points were presented by Ms. Duryea and discussed by the Board:

- Always act collectively as a board.
- Claim information is confidential. Protect the information; delete from your computer; leave the watch list behind after the board meeting.
- Do not disclose any information discussed in Executive Session.
- Recuse yourself if your entity is of topic, whether in or out of Executive Session.
- Be mindful that we do not accept "perks," to avoid the appearance of buying influence.

## **BOARD'S REPORT – 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.

Ms. Sevier attended AGRIP's Governance & Leadership Conference in Las Vegas, NV, from March 8-11, 2015. Ms. Sevier was absent from the Board meeting so Mr. Kammers, Ms. Ortiz, and Ms. Brandt provided a brief summary 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

Mr. Kammers reported that we have a possible tenant who is interested in half the vacant space.

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

Mr. Kammers provided an update which included: search for new CEO; increase in capacity to \$10 million; lowered the amount that is required to join GEM. Ms. Brandt also gave a brief update from her attendance at the April meeting in Washington, D.C.

#### Board Governing Policies for PY 2015

Mr. Kammers distributed the revised bound copy of the Board Governing Policies handbook to the Board.

#### Association of Governmental Risk Pools (AGRiP) Recognition Renewal

Enduris received its AGRiP Recognition once again, making it 15 continuous years of earning this special status. Mr. Kammers applauded Ms. Ortiz' hard work in the application process and also emphasized that receiving this recognition is not guaranteed.

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

Mr. Kammers explained the process of the CAFR and that we have submitted it to the Government Finance Officers Association with the objective to receive the Certificate of Achievement for Excellence in Financial Reporting. Very few risk pools nationwide produce the CAFR and receive the certificate.

#### Spokane County Investment Pool Update

Mr. Kammers informed the Board of the recent changes in the Spokane County Treasurer's office with the resignation of the finance deputy and investment officer and the hiring of a third-party administrator.

#### North Bonneville Public Development Authority

Mr. Kammers informed the Board of a PDA that was recently established to operate the first government-owned marijuana store. The PDA asked Enduris for liability coverage and was declined.

#### Open Government Training Reminder

Mr. Kammers reminded the Board of last year's legislation requiring basic open government training (public records/records retention and open public meetings) for members of governing bodies. Ms. Ortiz will send the Board a link to the training site to watch a short video and where a certificate to document the training is located. Mr. Kammers requested that a copy of the certificate be sent to Enduris for our records for the state auditor.

#### GASB 68 Update

Mr. Kammers informed the Board of the upcoming implementation of GASB 68 (Governmental Accounting Standards Board). GASB 68 will require employers to report their proportionate share of a net pension liability or asset in their financial statements. This item has been budgeted for PY 2015.

*Mr. Hardin recessed the Board meeting at 9:29 a.m. for a break and reconvened the meeting at 9:36 a.m.*

### CEO Quarterly Report

Mr. Kammers presented the CEO quarterly status report for the 2nd Quarter of Policy Year 2015. The report included updates on Membership Growth, New Members, Upcoming Members, Member Training, Claims Opened, Claims Reported, Budget Quarterly Trend, Spokane County Investment Pool, Financial Comparisons, Revenues/Equity/Exposures, Revenues and Expenses, Assets, Fund Balance – Historical Look, and Projections for 2015.

### **INSURANCE MARKET UPDATE**

Mr. Wozniak from Alliant Insurance Services gave a brief insurance market update stating there is a very large surplus in the marketplace and the market will not harden barring another financial crisis. He also presented early indications for property and liability insurance pricing for the next policy year. Because the market is stable and there is abundant capacity, our pricing will remain stable.

### **EXECUTIVE SESSION**

*Mr. Hardin convened in Executive Session at 10:15 a.m. for 20 minutes to review the status of open claims and potential litigation. At 10:35 a.m. Mr. Hardin extended the Executive Session for 15 minutes to continue discussions. Mr. Hardin reconvened in Open Session at 10:50 a.m.*

*Mr. Hardin recessed the Board meeting at 10:50 a.m. for a break and reconvened the meeting at 11:07 a.m.*

### **DISCUSSION/ACTION ITEMS**

#### Claim Payment Approvals

**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 #113-155-1 has been settled in the amount of \$403,224; Enduris will recover all but \$25,000 which represents our self-insured retention.

**GORMLEY/CARTER moved to approve payment of Claim 113-155-1 of up to \$403,224. Motion carried.**

#### CEO Annual Evaluation Form

**Board Policy B/CR-5** states that the Board considers CEO performance to be 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 CEO performance. These two components define the CEO's job responsibilities, and are the basis for the CEO's performance evaluation.

The Board performed the CEO's annual performance evaluation at the February's meeting. The Board noted that the evaluation form does not provide an opportunity to properly address their input during the year. Suggestions for improvement were presented at the May meeting. Mr. Kammers provided a revised evaluation form, where a box for comments from each quarterly CEO report can be inserted. The comments from the policy year's CEO Reports will be gathered and inserted in the evaluation form for the CEO's performance evaluation in February.

**CARTER/FRESCO moved to approve the new CEO Annual Evaluation Form. Motion carried.**

Asotin County Public Facilities District

**Board Policy OE-3.7** states that the CEO may not terminate any existing member. The Administration may recommend to the Board a member be terminated based on any one or more of the following:

- a. undue exposure to the Pool;
- b. a loss history disproportionate to the member's contribution;
- c. failure to comply or cooperate with risk management requests;
- d. decision-making that is contrary to good government and/or professional behavior;
- e. failure to conform to Enduris' underwriting guidelines.

There was discussion to terminate Asotin County Public Facilities District from pool membership at the February meeting. No action was taken and Mr. Hardin tabled this agenda item to the May meeting.

Mr. Kammers explained that Asotin County PFD's board has made changes to mitigate their risks; therefore, the Administration does not recommend termination. Also, Enduris recently learned that Asotin County PFD may be leaving Enduris at the end of the policy year so there is no need for Board action at this time.

North Whidbey Park & Recreation District

**Board Policy OE-3.7** states that the CEO may not terminate any existing member. The Administration may recommend to the Board a member be terminated based on any one or more of the following:

- a. undue exposure to the Pool;
- b. a loss history disproportionate to the member's contribution;
- c. failure to comply or cooperate with risk management requests;
- d. decision-making that is contrary to good government and/or professional behavior;
- e. failure to conform to Enduris' underwriting guidelines.

There was discussion to terminate North Whidbey Park & Recreation District from pool membership at the February meeting. No action was taken and Mr. Hardin tabled this agenda item to the May meeting.

The Enduris Chief Risk Officer Sheryl Brandt met with the North Whidbey Park & Recreation District Board of Directors to explain the Administration's recommendation to the Enduris Board to discontinue the Master Agreement with Enduris effective August 31, 2015.

**CARTER/BRIZENDINE moved to terminate the Master Agreement with North Whidbey Park & Recreation District as recommended by the Executive Director. 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 Board Development

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

Mr. Gormley, BDC Chair, reported that the BDC reviewed the slate of candidates. There were no additional nominations from the membership. The committee recommended that the Board approve the election ballot with incumbents Vicki Carter for Position #2 and Greg Brizendine for Position #5.

**GORMLEY/FRESCO moved to approve the Board of Directors election ballot which includes Vicki Carter for Position #2 and Greg Brizendine for Position #5 as recommended by the Board Development Committee. Motion carried.**

#### Property and Liability Coverage Renewal Authorization

**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.

Mr. Kammers noted that it is the practice of the Board to give authorization at the May Board meeting to the Executive Director to renew property and liability coverage and then the Executive Director will report back at the August Board meeting with the results of the renewal for approval by the Board.

Mr. Wozniak explained the renewal process. He indicated that there will be a decrease in property rates (just over 4% for Highly Protected Risk [HPR] properties and as much as 3% for non-HPR properties). Mr. Wozniak will have the pricing finalized next week.

**CARTER/BRIZENDINE moved to authorize the Executive Director to renew property coverage with PEPiP effective July 1, 2015 using the existing Self-Insured Retention of \$250,000 providing a \$1 billion blanket policy. Motion carried.**

Mr. Kammers learned that the market conditions are such that it is affordable to increase liability limits without increasing member rates. Mr. Wozniak received several preliminary quotes for the additional \$10 million excess of the \$10 million already provided.

**CARTER/GORMLEY moved to authorize the Executive Director to renew liability coverage effective September 1, 2015 using the existing Self-Insured Retention of \$1 million providing limits of \$20 million per occurrence for all members except for the minimum accounts that are not report to Genesis. 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.

Mr. Kammers mentioned that the audit reports had no findings and recommended the Board accept the Financial Statements Audit Report and the Accountability Audit Report.

**CARTER/BRIZENDINE moved to accept the Financial Statements Audit Report and Accountability Audit Report for Policy Year 2014 as recommended by the Executive Director. Motion carried.**

State Risk Manager's Audit

**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.

Mr. Kammers reported that Shannon Stuber performed her onsite review of Enduris and there were no findings and Enduris passed both of the financial tests. The report is posted on the Local Government Self-Insurance Program's website as well as the Enduris website.

**CARTER/BRIZENDINE moved to formally recognize the receipt of the State Risk Manager's Report of Enduris issued April 24, 2015. Motion carried.**

Purchase of Additional Land – Proposed Surface Water Runoff Mitigation Plan

**Board Policy OE-7.8** states that the CEO may not purchase or sell real estate, including land and buildings without Board approval.

Mr. Kammers provided a summary of the problem created when runoff from rain storms breaches onto the Enduris property. Mr. Kammers proposed purchasing a 10-foot wide section of land that adjoins the property line with the purpose of using it to control excess surface runoff.

There was Board discussion regarding design and cost to control excess surface runoff.

**GORMLEY/BRIZENDINE moved to authorize the Administration to purchase 10 feet of additional land along the Enduris property line and then proceed with getting estimates on designs. Motion carried.**

*Ms. Carter left the meeting at 11:45 a.m.*

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 February 28, 2015, March 31, 2015, and April 30, 2015. He presented an overview of the financial statements for February 28, 2015 with total assets of \$26,959,398.37 and total members' net assets (surplus) of \$14,678,811.25. He also provided the Board with the March 31, 2015 Spokane County Treasurer's Report, which included the Rate of Return on Investments.

Mr. Kammers continued with an overview of the financial statements for April 30, 2015 with total assets of \$25,048,471.36 and total members' net assets (surplus) of \$14,455,859.63.

**BRIZENDINE/GORMLEY moved to accept the financial statements of 2/28/15, 3/31/15, and 4/30/15 as presented by the Executive Director. Motion carried.**

*Mr. Hardin recessed the Board meeting at 12:03 p.m. for lunch and reconvened the meeting at 12:47 p.m.*

## **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.

The Board reviewed its performance on each GC and BCR policy and determined that they have performed according to policy.

## **ANNOUNCEMENT**

Mr. Gormley announced that he will resign his position as an Enduris board member and his last meeting will be in August.

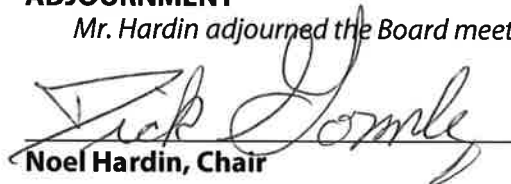
## **DEBRIEF BY BOARD**

**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**

*Mr. Hardin adjourned the Board meeting at 1:05 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.