



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

November 18, 2021

To meet both the Open Public Meetings Act and COVID-19 social distancing requirement announced by Governor Inslee in Proclamation No. 20-28, the Board meeting was a hybrid meeting of in person and 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 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; Vicki Carter Secretary/Treasurer; Noel Hardin, Board Member; and Sheryl Brandt, Executive Director.

Others Present: Andrew Halsall, President & CEO, Government Entities Mutual; Douglas Wozniak, Senior Vice President, Alliant Insurance Services, Inc.; John Griffith, Associate Director, Aon Global Risk Consulting; Donna Watts, Port of Pasco; Shane Heston, Trask Insurance; Heather Yakely, Enduris General Counsel; Rafaela Ortiz, Enduris Chief Operating Officer; Susan Looker, Enduris Director of Claims; Holly Nelson, Enduris Director of Claims; Kimberly Millikan, Enduris Director of Finance; Joe Davis, Enduris Director of Risk Management and Member Relations; Alric Balka, Director of Operations; and Shawna Masterton, Executive Assistant

Mr. Schanz started the meeting with introductions.

ADOPT AGENDA

CARTER/ADAMS moved to adopt the agenda as presented. Motion carried.

ACTION ITEM:

Board Development Committee – Board Vacancy/Board Appointment /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 seeking office and the recommendation of the Committee.

Kim Bedier submitted her resignation from Board position #4 effective July 28, 2021. Mr. Adams (filling in as BDC Chair due to a vacancy) and Ms. Carter provided a recommendation to appoint Donna Watts, Port of Pasco to the Board Position #4 effective today (November 18, 2021) as recommended by the Board Development Committee.

ADAMS/CARTER moved to appoint Donna Watts, from Port of Pasco to Board Position #4. 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 – August 19, 2021
- PY2021 Monitoring Reports for Operational Expectation Policies 1-10

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

Executive Director Consent Agenda

Expenses

- August 2021
- September 2021
- October 2021

CARTER/ADAMS 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 assure that the Board is fully and adequately informed about matters relating to Board work and significant organizational concern.

BROKER REPORT

Enduris' Broker, Mr. Doug Wozniak from Alliant Insurance Services, gave a State of the Public Entity Insurance Market presentation. Some noteworthy items included

- Natural catastrophic insured losses totaled \$42 billion globally during the first six months of 2021; Insured losses this year are above the previous ten-year average of \$33 billion and are the second highest on record for a first-half period after 2011.
- U.S. Wildfires, Storms and Social Inflation continue to create intense pressure on insurers causing losses in the billions, and while COVID -19 has added new types of losses it has created additional uncertainty which is adding to an already challenging insurance marketplace.
- A lot of unsettling in the marketplace at the moment

- The new norm is more weather events; convective storms (thunderstorms) have great impact. Winter storm Uri caused an estimated USD \$15 billion insured loss, the highest ever recorded for this peril.
- Expect increase on property rates and recommend budgeting 10% increase
- Commercial auto liability and employment practices liability dropping due to the COVID-19.
- Cyber increase 700%; Horrific market, cyber is very concerning for members. Multi Factor Authentication – 99% will not bind without MFA. This will affect renewal rates in the upcoming 2023 renewal. Applications are tedious and should be reviewed early. Cyber is no longer automatic coverage, must get applications out to membership.
- Dramatic price increases and reductions in coverage can be expected.
- Holiday season is the highest time for attacks on ransom ware, phishing emails.
- Aging infrastructure is one of the issues looking forward 18+ month
- Remote work; new normal for many; job mobility; vaccination/pandemic concerns
- Liability Renewal Outlook – 2-5 carriers

Mr. Schanz recessed the Board meeting at 9:27a.m. for a break and reconvened the meeting at 9:36 a.m.

REINSURER REPORT

Enduris' reinsurer, Mr. Andrew Halsall from GEM, presented an overview of GEM, some of which included:

- GEM is a pool of pools
- GEM is your company, dependable and stable
- GEM is owned by 19 public entity pools from 15 states. The more members the better diversification we are as shareholders.
- There is diversity in membership
- Coverages offered include general/auto liability and workers' compensation
- Benefits of membership
- Governance – 10 board members; Four terms of three years.
 - Mr. Halsall recognized Dr. Rafaela Ortiz for serving on the Board and the Governance & Nominating Committee.
- Attached two new reinsurers in PY2021
- Core Proposition to obtain stability in a hard market.
- Strategic goals outlined (building its financial strength; be a collaborative source of innovative solutions; and be a source of insight that enhances members' pool operations)
- Growth to increase retention. Growth in surplus allows to retain more risk

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.

Enduris actuary, Mr. John Griffith, AON Global Risk, gave a presentation on Enduris' actuarial review as of August 31, 2021. In summary, Mr. Griffith reported on the following:

1. The estimated outstanding losses and ULAE is \$14.6 million as of August 31, 2021
 - a. It increased about \$0.9 million from August 31, 2020, to August 31, 2021

- b. This change is entirely due to the increase in liability case reserves, property case reserves, and total IBNR dropping slightly.
2. The projected ultimate losses for 2021/2022
 - a. \$4.5 million for liability program, and
 - b. \$3.2 million for property program
3. Enduris passed both primary and secondary solvency tests

Mr. Schanz recessed the Board meeting at 11:10a.m. for a break and reconvened the meeting at 11:21 a.m.

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.

Pooling and Membership Update

Ms. Brandt informed the Board that the member renewal is complete for policy year 2022 and the renewal team did a fantastic job. The Origami Portal is also working very well.

Staffing Update

Ms. Brandt updated the Board that this year has been a year of transition in terms of staffing. Alric Balka, Enduris' Information Systems Coordinator, has transitioned into Rafaela Ortiz's position as the Director of Operations. Dr. Ortiz will be retiring in December 2021. Holly Nelson has been training with Susan Looker to replace her as the Director of Claims. Ryan Wilson was hired to replace Mr. Balka as the Information Systems Coordinator. The Member Services team is in the process of redesigning an open position and will be advertising for a replacement in the near future. This year will be focused on a lot of training; there is an upcoming all-staff retreat and directors Summit.

State Risk Manager's Report Update

Ms. Brandt indicated that State Risk Manager Shannon Stuber did not perform an audit this year, therefore a report was not available this year to present.

Government Entities Mutual (GEM) Board Meeting Update

The Board was provided with a memo recapping the GEM Board meeting in held in October. Ms. Brandt attended the meeting and noted the key discussions were on Cyber Security; Generative Topic – Preparedness for Expected Trends; 2022 Summit theme of Managing The Talent Drain / "The Great Resignation".

Association of Governmental Risk Pools (AGRiP) Updates

Mr. Balka attended the AGRiP Homecoming Conference in October. The focus was on succession planning on how to offer different resources to the pools. There was a 2-day Knowledge Transfer Workshop. Mr. Balka offered the training materials to the board Ms. Carter and Mr. Schanz requested a copy of the materials.

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.

2021 Claims Satisfaction Survey Results

Ms. Brandt provided the Board with the PY 2021 claims satisfaction survey results. She gave kudos to Susan Looker and the claims team, who did a phenomenal job, and is reflective in the outstanding survey results.

Year in Review for PY 2021

Ms. Brandt and Ms. Millikan presented the “Year in Review” for PY 2021. They touched on the following points:

- Managing through revolving changes: hard reinsurance market, COVID-19, limited capacity for our property and liability.
- Management initiatives: West Wing buildout and occupancy, staff/board retirement/turnover, strong underwriting practices, claims costs continue to rise, coverage modifications
- Our members: strong retention, organic growth from exposure increases
- Strong financial results: net position up by \$3.6 million, positive impact on financial ratios
- Claims: settled significant high-risk claims, reduction in claims paid
- Looking ahead to PY2022

Ms. Brandt concluded the Year in Review with matters that Enduris will need to consider for PY 2022, which includes the hard insurance market will continue, actuarial estimate of future claim costs continues to increase significantly, unknown COVID-19 claims, impact of COVID-19 on member exposures for PY 2023 renewal, Aon’s actuarial rate study impacts membership growth, reaching members in new ways, and retirement of key staff members and potential board changes.

Mr. Schanz recessed the Board meeting at 12:42 p.m. for lunch break and reconvened the meeting at 1:01p.m.

DISCUSSION/ACTION ITEMS

Approval of Goal Monitoring Report for PY 2021

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

The *Goal* policy states that Members have long-term protection from property and liability loss through the long-term viability and financial stability of Enduris.

Ms. Brandt presented the *Goal* monitoring report for PY 2021. The Pool made reasonable progress toward the overall *Goal* in PY 2021 and strengthened the health of the Pool as measured by its growth in net assts; managed growth and strong retention; conservative confidence level, and consistent financial ratios in line with industry benchmarks. The combined overall financial ratios, within the Executive Director’s control, are reasonably trending toward the targets for the last three years and over the five-year rolling average.

HARDIN/ADAMS moved to approve the monitoring report for the *Goal* policy for Policy Year 2021 as evidence that reasonable progress has been achieved. Motion carried.

Financial Statements

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 was provided with the financials reports for August, September, and October 2021. Also provided was the performance investment report as of September 30, 2021, from the Spokane County Investment Pool.

CARTER/WATTS moved to approve the August 31, 2021, September 30, 2021, and October 31, 2021, financial reports as presented. Motion carried unanimously.

WATTS/CARTER moved to accept the activity report from the September 30, 2021, Spokane County Investment Pool fund as presented. Motion carried unanimously.

Actuarial Study

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

Ms. Brandt indicated that the actuarial study was provided to the Board and presented by Enduris' actuary, Mr. Griffith, earlier in the meeting.

CARTER/ADAMS moved to recognize the receipt of the 2021 Actuarial Study conducted by Aon Risk Consultants as presented. Motion carried.

Evaluate Current and Future Actuary/Discuss RFP

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 with Aon Global Risk Consulting (Aon) to conduct actuarial services.

Aon has not provided a satisfactory answer regarding a replacement for Enduris' primary actuary. Staff recommends canceling the current contract with Aon to start a new RFP process for actuarial services. Enduris will consider a proposal from Aon if they chose to respond to the RFP

CARTER/ADAMS To authorize the Executive Director to go out to RFP for actuarial services and bring the recommended top two firms back to the February 2022 board meeting. Motion Carried.

Generative Thinking Update

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 the importance of high-performing Boards engaging in generative thinking. The Board has agreed to undergo training in generative thinking workshop. The training is to assist Enduris, the Board, and the staff to incorporate generative thinking into their strategic planning and determination of the GOAL. The Generative Thinking Workshop is scheduled for February 16, 2022. Ms. Brandt gave a brief overview to the board of what to expect in the coming weeks from Ms. Michelle Bechamps, of Sedgwick who will be conducting the workshop.

CARTER/WATTS moved to authorize to approve a change to the PY2022 workplan to include a Generative Thinking Workshop on February 16 & 17, 2022 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 Development Committee Strategizing

Board Policy GC-5.5-a.i, a.ii.a, states that the **Purpose/Charge** of Board Development Committee is to Recruit and nominate the slate of candidates for Board elections, whether for election or appointment, based upon their eligibility as a director. Directors may either be an employee, volunteer, or a member of the governing body of a member entity and may be elected or may be write-in candidates; **and to** fill a vacancy as soon as possible.

- **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 up to three members of the Board Development Committee are appointed by the Chair, none of whom are up for election the next policy year.

There are currently two vacant positions (**position #3 and position #6**) on the Enduris Board. Strategies for developing a slate of candidates should be discussed by the full board and recommendations made to the Board Development Committee.

Sheryl Brandt received a letter from Jeri Sevier submitting her resignation effective October 31, 2021. Jeri's resignation created a vacancy on the Board Development Committee

Current members of the Board Development Committee (BDC) are **Chair; Vacant**, BiJay Adams and Vicki Carter.

Board Chair Matt Schanz appoints BiJay Adams as **Chair**; Vicki Carter; and Matt Schanz to the Board Development Committee for PY 2022 and appoints the Enduris Board Chair to fill in as Chair when a conflict exists.

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

Board Quorum Discussion

Board Policy GC2.8 The Board, by majority vote, may revise or amend its policies at any time

Open board discussion to review Bylaws:

ARTICLE III, Section 2. "Number and Term" The number of Directors that constitutes the board shall be seven (7) voting Directors. The board shall be elected by the members for three-year terms beginning September first. The terms of the Directors shall be staggered in such a manner that no more than four (4) voting Directors are elected in any annual election. The Executive Director is a non-voting eighth member of the Board.

ARTICLE III, Section 9. "Quorum" A majority of the full Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided that if less than a majority of the Directors are present at said meeting, a majority of the Directors

present may adjourn the meeting from time to time to a specified date not longer than thirty (30) days from the last adjournment without further notice.

ARTICLE III, Section 5. "Vacancies" Vacancies and newly created Directorships resulting from an increase in Directors shall be filled by a majority of the remaining Directors, though less than a quorum, and each person so elected shall be a Director until his/her successor is elected.

Ms. Brandt shared matters of the recent board vacancies caused concern that a quorum may not be met with the absence of a single director from a meeting. The board had in depth discussions on the policies and provisions of the quorums and matters at hand and decided it was best to table the discussion but have Ms. Brandt and Ms. Yakely work on the language.

CARTER/ADAMS moved to table for further discussion by the board and to direct the Executive Director, Ms. Brandt and Legal Counsel, Heather Yakely, to work on amending the proposed language within the bylaws to address the concerns until the next meeting. Motion carried unanimously.

Approval of Modification of May 2022 Meeting

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.

At the August 19, 2021, Board Meeting Policy Year 2022 meeting dates were approved. Due to a scheduling conflict, the administration is proposing to change the May 2022 Board Meeting date from May 19, 2022, to May 12, 2022. There were calendar discussions, and it was decided that the meeting will be held on Thursday, May 5, 2022.

ADAMS/CARTER moved to approve the modification of the May Board Meeting date from May 19, 2022, to May 5, 2022. Motion carried unanimously.

EXECUTIVE SESSION

The Board entered Executive Session at 1:58 p.m. to review the status of open claims and discuss the Executive Director's Evaluation. Let the record show that Mr. Schanz reconvened in Open Session at 2:40 p.m.

Executive Director Evaluation

Board Policy B/EDR-5 states that the Board considers Executive Director performance on the *Goal and Operational Expectations* 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 Executive Director performance. In addition, the Board will evaluate the Executive Director on core competencies and performance based on individual goals.

The Board met in Executive Session earlier in the meeting to discuss the Executive Director's evaluation for PY 2021. Mr. Schantz stated that given the depth of the review process necessary and the materials given to the board members they would like the opportunity to continue and complete the evaluation process. The board felt there wasn't enough time review and complete the evaluation in its entirety and recommend scheduling a Special Board of Directors Meeting.

CARTER/ADAMS moved to schedule a special meeting to continue the discussion of the Executive Director's evaluation. Motion carried.

The special board of directors meeting was scheduled for December 8, 2021, at 12:00pm

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.

The Board provided very positive comments. They expressed appreciation for the information they received in the board meeting.

ADJOURNMENT

Mr. Schanz adjourned the Board meeting at 2:52p.m.

CARTER/WATTS 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.