



**Enduris
Board of Directors
Meeting Minutes**

February 16, 2023

*To meet both the Open Public Meetings Act and COVID-19 requirements announced by Governor Inslee in **Proclamation No. 20-05**, the Board meeting was changed to a hybrid of in person and virtual video/telephone conference meeting. A link and access code were provided to those requesting to join the meeting.*

Call to Order: Chair Matt Schanz called the meeting to order at **10:20 a.m.**

ROLL CALL

Board Members Present: Matt Schanz, Chair; BiJay Adams, Vice-Chair; Vicki Carter Secretary/Treasurer; Noel Hardin, Board Member; Kelly Williquette, Board Member; Donna Watts, Board Member; Sara Young Board Member; and Sheryl Brandt, Executive Director.

Others Present: Heather Yakely, Enduris General Counsel; 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; Shawna Masterton, Executive Assistant; Ryan Wilson, Technology/Business Systems Coordinator

Mr. Schanz started the meeting with introductions.

Public Comments – RCW 42.30.340

➤ *No public present. – No comments were made.*

ADOPT AGENDA

ADAMS/CARTER moved to adopt the revised 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 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

- Annual Board Meeting Minutes – November 17, 2022
- Special Board Meeting Minutes – December 16, 2022

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

Executive Director Consent Agenda

- Expenses (November 2022, December 2022, January 2023)

WATTS/WILLIQUETTE 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.

GEM Board Meeting Update:

Ms. Brandt stated that she attended the in-person GEM Members Sessions and Board Meeting held in Newport Beach, on January 25-26, 2023. Ms. Brandt gave a high-level overview summary of the major discussions and decisions that occurred at the GEM meeting; made mention that a copy of the meeting recap was in the board packet. Ms. Brandt stated that this is an exciting time to be serving as a board member, not only to gain insight, also to give her thoughts and input, but she is learning a great deal, and gets to hear what is going on throughout the country and what other Risk Pools' major focuses are. One interesting takeaway, GEM has started implementing "Member Work Groups" this year's focus is on '**Loss Control and Extreme Weather Risk Management.**' This is a significant topic, for both GEM and Enduris. GEM is a liability reinsurer which affects the Risk Pools.

Pooling and Membership Update

Ms. Brandt informed the board that she has had conversations with Enduris' Broker, Doug Wozniak, Alliant Insurance Services, Inc. looking ahead to PY2024 renewal and what the market is doing, talking with the reinsures on Property and Liability, it is looking a lot like last year with a 15-25% rate increase on Property and were not seeing any relief in Risk Pools. Ms. Brandt pointed out it is a very uncertain business, and she is doing her best to stay on top of all pertinent information in case any shifts or adjustments need to be made. Ms. Millikan noted that the 15-25% is just the 'rate increase' and another significant element is the inflation factor at 7.5% for both personal and real property, which means in best case that the Property Insurance rate increase could be 22.5% or even over a 30% increase. It is an extremely critical part to think about that this year. Mrs. Brandt noted that we are consistently looking at options, like last year there were quotes on different deductibles, and will be doing that again this year. Ms. Brandt will continue conversations and continue to report any updates.

Ms. Brandt briefly updated the board on the Pre-Judgment Interest Senate Bill 5059. Ms. Brandt spoke with Judy Gladstone about the impacts it would have on litigation and increased costs. Ms. Brandt gave her facts from the Risk Pooling point of view.

An update was given to the board by Mr. Balka, on the redesign of the Enduris Website. In addition, the new Board Portal is active, and the board members can now log into the portal to access any essential board related documents. Mr. Wilson gave a quick training to the board which included a quick presentation of the new portal and welcomed any feedback. If there are any additions that the board would like added, please reach out to Mr. Wilson or Ms. Masterton.

Staffing Update:

Ms. Brandt informed the board that we recently hired a new Claim Analyst, Cassie Sneddon. Ms. Brandt complimented her attitude and with her broad background in liability and property she is working out great and is expected to make a terrific addition to the team. Kathy Johns worked in the claims department for many years, and recently moved to the Member Relations department, and her previous claims position has now been filled by Cassie.

Association of Governmental Risk Pools (AGRiP)

Ms. Brandt discussed the AGRiP (Association of Government Risk Pools) Governance Conference that is coming up next month and will be held in-person in Orlando, FL March 5-8, 2023. The focus will be on Governance; we have two directors and three board members attending the conference.

Ms. Brandt mentioned that Mr. Balka and Ms. Watts will be taking part in a “Board Assessment Panel.” AGRiP approached Enduris and asked if any staff or board members would be willing to sit on the panel and present since we are one of the few Pools that do the Board Self-Assessment. Mr. Balka asked the board members for feedback on how they feel about the Board Self-Assessment, so that he and Ms. Watts can implement their suggestions into their presentation and present it favorably on behalf of Enduris and its Board of Directors. The board supplied excellent responses for Mr. Balka and Ms. Watts.

Strategic Plan Update:

Ms. Brandt supplied a high-level overview of the Strategic Plan Dashboard, which was approved at the last board meeting; Ms. Brandt applied the strategic plan goals, strategies, and her expectations to the team leads; The teams promptly started to drive timelines for the long-term goals to ensure all targets are met. The Strategic Plan Dashboard is a tracking tool so that when staff completes action items or a certain goal, we can report the status back to the board. Ms. Brandt is pleased with her team leads on how quickly they progressed in collaborating with their individual teams. They are staying focused on the ‘Goal’ and the overall success of the Organization. Ms. Brandt and Mr. Balka plan to update the board with the outliers.

Legal Counsel Contract Amendment Update:

Ms. Brandt informed the board that Ms. Heather Yakely, Enduris Legal Counsel, has changed Law Firms, from Kutak Rock, LLC, to Evans Craven, Lackie P.S. – Enduris has worked very closely with Chris Kerley, at Evans, Craven & Lackie, P.S. for years. Ms. Brandt noted that the terms in the contract with Evans, Craven, Lackie, P.S. have remained the same. The contract was presented to the Board Chair, Mr. Schanz, he then agreed to sign. The contract has been fully executed.

Quarterly Summary

Ms. Brandt presented the quarterly summary and reviewed key topics.

Ms. Brandt concluded the quarterly summary with the financial presentation with data to show Budget to Actual Analysis for the Fiscal Year Ended August 31, 2022. **Budget Vs. Actual (4 Months)**

Key points include that the financial results for the first four months of fiscal 2023 are strong. The \$1.6M increase in Net Position is \$1.2M higher than the \$405k budgeted. \$ 8.6M Member Contributions are \$ 498k (6%) higher than the \$ 8.1M budget. \$ 7.3M Operating Expenses (Claims, Reinsurance & Operations) are \$ 553k lower than the \$ 7.8M budgeted.

The board commended Ms. Brandt and Ms. Millikan for the quarterly presentation; there were no questions from the board. Ms. Brandt noted that is positive, there is nothing unusual or unexpected in the 4-month results and we are in alignment and within budget.

Mr. Schanz recessed the meeting for lunch at 11:44a.m.

Mr. Schanz reconvened the meeting at 12:02p.m.

EXECUTIVE SESSION

The Board entered into Executive Session at 12:03p.m. for 44 minutes to review the status of open claims. Short break taken at end of Executive Session. The meeting reconvened in Open Session at 12:47p.m.

DISCUSSION/ACTION ITEMS

Financial Report and Financial Statements/SCIP Report

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 financial reports for October, November, and December 2021. Also provided was the performance investment report as of December 31, 2021, from the Spokane County Investment Pool. Ms. Brandt and Ms. Millikan presented the January 31, 2022, financials.

WATTS/WILLIQUETTE moved to approve the September 30, 2022, October 31, 2022, November 30, 2022, and December 31, 2022; financial reports as presented. Motion carried.

CARTER/ADAMS moved to accept the activity report from the December 31, 2022, (SCIP) Spokane County Investment Report as presented. Motion carried.

Capital Adequacy Assessment Discussion

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 PricewaterhouseCoopers (**PwC**) to conduct an actuarial review at the end of the policy year. At the November 17, 2022, board meeting PricewaterhouseCoopers provided the Enduris board with a Capital Adequacy Assessment. This report provided three examples of capital target ranges for the organization to consider. Ms. Brandt provided an analysis of the three options and her recommendation to help facilitate Board discussion.

- **Capital Adequacy Assessment Discussion** – The capital range described in the PwC's report as '**Option #3**' as the desired target range.
- **Subsequent changes to board policy** - Once the Board determines and agrees upon the capital target range option, the Executive Director will evaluate the current Board policies and recommend changes to reflect these targets.

CARTER/WATTS to approve the capital target range described in PwC's report as 'Option #3' as the desired capital target range of the board, and to direct the Executive Director to review policy and recommend appropriate changes that reflect this target. **Motion carried.**

DEBRIEF BY BOARD

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

The Board provided the following comments and assessments of the meeting: Mr. Hardin was amazed with all the knowledgeable work that was done and covered in the workshop; he is extremely impressed with the overall organization, and it is the best he has seen since serving on

the board. Ms. Carter enjoyed the workshop facilitated by Michelle Béchamps, and Ken Giffin with Sedgwick, thanked them for their consistency in the work and the group activities; the work being done covers deeply experienced and valuable lessons learned that will help this organization. Ms. Carter mentioned, "From a historical perspective," this organization gets better and better, she is excited about the leadership within the organization; the quality of the staff and board members in this group is top notch. Ms. Watts appreciated the work that was done over the last year; she feels the staff can bring ideas to the board for clear direction. The generative thinking workshop takes time, but in the end, it pushes the organization forward and we have completed a great deal of work. The Capital Adequacy Assessment that was approved is a huge milestone and congratulated the team on the challenging work. Mr. Williquette stated the workshop that Sedgwick facilitated was beneficial to him being a new board member, it helped him understand the overall goals of Enduris. Ms. Young said she continues to be impressed by this organization; in terms of administration, the team does such a beautiful job on the processes that are complex, technical subjects and help make them digestible. It helps the board to do their job better. Mr. Adams was impressed with the workshop, appreciated the newfound work that came out of it, and is looking forward to implementing the overall process and accomplishing the action items; he also respected the open exchanges and constructive collaboration. Mr. Schanz noted the structure of the workshop exercises was integral in connecting the engagement of the board and staff. It felt meaningful, and it was nicely blended. The constructive interaction that exists between the board and the staff is truly invaluable. Mr. Schanz, as Board Chair, is extremely impressed and thankful for the work that went into the Capital Adequacy Assessment. Mr. Schanz echoed the appreciation of professionalism in this organization and its staff, and the respect he has for the staff in doing their job.

Ms. Carter's stated that she may not be able to make it to the November 2023 board meeting. There were discussions about rescheduling the meeting to a new date. In the end, it was noted that it will be tabled for now, and discussed at the May 16, 2023, meeting.

ADJOURNMENT

Mr. Schanz adjourned the Board meeting at 2:02pm.

CARTER/ADAMS 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.