



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

***Thursday, November 16, 2023***

**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; Donna Watts, Secretary/Treasurer; Noel Hardin, Board Member; Sara Young, Board Member; and Sheryl Brandt, Executive Director.

**ABSENT:** *Vicki Carter, Board Member; Kelly Williquette, Board Member*

**OTHERS PRESENT:** Andrew Halsall, President & CEO, Government Entities Mutual (GEM); Douglas Wozniak, Senior Vice President, Alliant Insurance Services, Inc.; Kevin L. Wick, FCAS, MAAA, Managing Director PricewaterhouseCoopers (PwC); 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

**Selkirk Pharma:** Khalil Beznaiguia, Broker Windermere Manito & Windermere Coeur D'Alene; Paul Levernier, Capital Projects Director of Selkirk Pharma

***Mr. Schanz started the meeting with introductions.***

**PUBLIC COMMENTS – RCW 42.30.340**

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

**ADOPT AGENDA**

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

**GUEST PRESENTATION:**

**Khalil Beznaiguia, Broker Windermere Manito & Windermere Coeur D'Alene; Paul Levernier, Capital Projects Director of Selkirk Pharma**

Mr. Khalil Beznaiguia and Mr. Paul Levernier, with Selkirk Pharma, presented a PowerPoint presentation regarding their interest in the easement/common area. They provided Ms. Brandt and the Board **'Discussion Points Regarding Lot 6 – SELKIRK PHARMA'** and a Conceptual Campus Plan, Landscape Agreement, Binding Site Plan, and several other supporting documents that thoroughly

review their proposal of **Lot 6 of Block 2**. The Executive Team and Board of Directors will consider discussing the topic in an executive session if appropriate.

### **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.

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

### **Executive Director Consent Agenda**

#### Expenses:

- August 2023
- September 2023
- October 2023

**ADAMS/WATTS** 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 ensure that the Board is fully and adequately informed about matters relating to Board work and significant organizational concerns.

### **BROKER REPORT**

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

While the aggregate industry balance sheet is strong enough to meet the contractual commitments and obligations to insureds, the ever-increasing challenges from claims cost and expense increases, extreme weather events, legal system abuse, and ongoing regulatory resistance to rate adequacy in a few jurisdictions, continue to have significant adverse financial consequences for insurers.

### **Market Conditions; Impactful issues for insureds:**

- Liability capacity pullback and withdrawals have been significant over the past two years.
  - Social inflation and litigation Financing driving up liability verdicts and settlements.
  - Excess Worker's Compensation remains stable, but the retained layer may be experiencing increased claims volume.
- Property capacity reductions:
  - Further reduction in capacity from incumbents; Coastal, Earthquake, and wildfire capacity continue to be especially difficult; Very few new entrants into the commercial property sector.
  - Insurers produced negligible profit in 2022 – Nearly \$125b in Global Insured CAT losses in 2022 – 2nd Worst Loss Year on record. Record CAT activity in the US pressured US reinsurance prices in recent years.
  - United States accounted for 75% of global insured losses.

- Continued increased pattern of major property catastrophes such as hurricanes, severe convective storms, typhoons, wildfires, winter storms, etc. over the past 6+ years; Consistent increases in attritional property losses (fires, water damage, tornados, hail, wildfires).
  - Inflation continues to add to the valuation issue across all property classes.
- Cyber capacity has improved and created stabilized terms and conditions (Public Entities)
  - Ransomware cyber losses are systemic – Expecting \$10 Trillion by 2025
- **Liability Renewal Outlook** - Excess liability continues to be a challenge.; Engage incumbent carriers early to gain commitment on renewal. We are seeking face time with underwriters for complex risks.
- **Property Renewal Outlook** - Continued scrutiny of data (SOV, COPE, ITV with Increased Construction Cost); Increased retentions and caps on certain types of exposure; Underwriter submission activity remains high – imperative to engage early and access global market; Increased retentions and caps on certain types of exposure; Property markets are affected differently across the nation.
- **Cyber Renewal Outlook - Leading insurers have indicated, “We may have hit rate equilibrium.” 2024 Forecast:** 5 to 10% increases, at a minimum, for “good” risks; increases higher for “poor” risks with worse controls. Overall capacity remains flat, with no new entrants into the primary PE space.

### **REINSURER REPORT**

Enduris’ reinsurer, Mr. Andrew Halsall from (GEM) Government Entities Mutual, presented an overview of some factors by which GEM enhances members’ pool operations. Mr. Andrew Halsall described the GEM operations. GEM continues to maintain high standards in new membership and underwriting, managing risk exposure and knowledge of pooling. There have been no significant changes in operations or services compared to prior years.

### **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. Kevin Wick, PricewaterhouseCoopers, gave a presentation on Enduris’ actuarial review as of August 31, 2023. In summary, Mr. Wick reported on key findings. There have been no significant changes.

Mr. Kevin Wick also presented the board with a slide summarizing the actuarial update of the Pool’s Capital Adequacy as of August 31, 2023. In summary, Mr. Wick reported that the Pool is headed in the right direction, and the Capital Adequacy Assessment will be monitored regularly to provide the Pool with a framework for overall financial health. Each pool’s capital needs are different as they are a function of the financial uncertainties of their specific program. Mr. Wick stated that these risks are often managed and monitored using more qualitative approaches, such as ratios, but he feels that a quantitative approach (the actuarial Capital Adequacy Assessment) is more appropriate. The Capital Adequacy Assessment update reflects that in the next one-year time horizon, there is a 0.5% chance (1-in-200-year event) that the financial risks (current balance sheet and next year’s business) will result in more than a \$35 million demand on program capital (i.e., the minimum risk capital target). Different amounts of capital are required to manage various levels of risk, which can be used to determine a range of target capital. Ms. Brandt and Mr. Kevin Wick have recognized that the target

range should be reviewed and adjusted yearly. PwC and Enduris are dedicated to collaborating to ensure the financial stability of the pool, and these studies will be ongoing projects.

*Mr. Schanz recessed the Board meeting at 10:25 am for a break. Mr. Schanz reconvened the meeting at 10:42 am.*

## **EXECUTIVE DIRECTOR REPORT**

**Board Policy OE-8** states that the Executive Director shall ensure that the Board is fully and adequately informed about matters relating to Board work and significant organizational concerns.

### **Pooling and Membership Update**

Ms. Brandt gave a brief overview of the GEM briefing during the board meeting, which covered the Roundtable on innovation facilitated by Michelle Béchamps. During the Roundtable, members discussed coverage structures, underwriting processes, risk control programs, and member engagement. Ms. Brandt also informed the board that six Executive Directors of Risk Pools in Washington met to discuss "Tort Reform" and possible solutions. Ms. Brandt is an active member of the Liability Reform Coalition and will continue to participate and provide updates during the legislative session this year.

### **Association of Governmental Risk Pools (AGRiP) Updates**

The AGRiP (Association of Government Risk Pools) Ms. Brandt shared some updates regarding the Association of Government Risk Pools (AGRiP). She informed the group that she had been reelected to the AGRiP Board of Directors and that four staff members attended the Staff Fall Forum. Ms. Brandt also mentioned that she had the opportunity to meet with all of the reinsurers, including Great American and Everest Re, which was a valuable experience.

Ms. Brandt encouraged the board to attend the upcoming AGRiP Governance Conference, which will take place in Nashville, TN, from March 3-6, 2024. She also shared that AGRiP has hired an expert in the field to be the new resident for the year, focusing on "How to Build a Conscious Culture within Your Organization." Ms. Masterton will notify the board when registration for the conference opens.

### **2023 Claims Satisfaction Survey Results**

Ms. Brandt presented the results of the PY 2023 claims satisfaction survey to the Board. She commended Holly Nelson and the claims team for their hard work, which is reflected in the outstanding survey results. Mr. Schantz also recognized the claims staff in the survey and expressed his appreciation for their hard work.

### **2023 Member Satisfaction Survey Results**

Ms. Brandt presented the results of the 2023 Member Satisfaction Survey to the Board. The previous schedule of conducting the survey every three years has been revised, and we are preparing to conduct more frequent surveys. The survey was consolidated into seven categories with 2-3 questions each. Despite Enduris sending multiple follow-ups, the survey received only 73 responses, which was lower than expected. However, the results were highly rated and very positive across all categories.

### **Strategic Plan Dashboard Update**

Ms. Brandt directed the board's attention to their packet and highlighted that the team had met their targets and accomplished their goals in the 4th quarter of 2023. She added that the dashboard would be thoroughly reviewed while discussing the goal monitor reports.

## **Year in Review for PY 2023**

Ms. Brandt and Ms. Millikan presented the “Year in Review” for PY 2023, Optimizing Change. They touched on the following highlights:

- **Policy/ Reinsurance:** Continued to work to minimize and stabilize rate increases in an environment where reinsurance costs continue to rise; Insurance-to-value appraisals have been implemented for the Increased APIP Property program, with a \$500k SIR for PY24.
- **Member Engagement:** Explored third-party cyber support for members, hired new Member Relations/Marketing staff, increased member visits/consultations, and continued to invest in risk management resources and member training, such as MRSC, LocalGovU, seminars, and conferences.
- **Claims:** Managed and settled several complex, significant claims. Hired and trained a new claims adjuster. A new claims auditor through the RFP process. Successful Claims Audit. Improved processes in Origami. Joined Arbitration Forums.
- **Operations:** Improvements were made to physical security at the office building, and language was incorporated into board policy for the Capital Adequacy Study. An Employee Appreciation Program was implemented, and state Risk Manager requirements were complied with. The State Auditor’s Office reports were clean.
- **Strong Financial Results:** Our financial results for fiscal year 2023 show considerable strength, bringing us closer to our Capital Adequacy targets. We will discuss the \$4.6 million increase in net position in more detail during the financial section of the presentation.

Looking ahead, Ms. Brandt shared with the board some essential goals Enduris will focus on in Policy Year 2024. The board was informed of the following goals:

- Acquiring property excess coverage and normalization
- Enhancing capital adequacy
- Boosting property appraisals – insured to value.
- Achieving strategic plan objectives
- Having a coverage attorney review the Liability MOC
- Using in-house podcasts as a valuable asset

The board discussed the goals presented by Ms. Brandt. It was agreed that the goals are essential for the success of Enduris and should be pursued.

## **DISCUSSION/ACTION ITEMS**

### Approval of Monitoring Reports for Operational Expectation Policies 1-10

**Board Policy OE-8.1** Board Policy OE-8.1 states that the Executive Director will submit required monitoring data (see policy B/EDR-5–Monitoring Executive Director Performance) in a thorough, accurate and understandable fashion, according to the Board’s annual work plan schedule, and including both Executive Director interpretations and relevant data to substantiate compliance or reasonable progress.

Mr. Balka and Ms. Brandt presented the Operational Expectations (*OEs*) **Policies 1-10**. The Administration executes these policies responsibly and receives regular updates every year. It is worth noting that a monitoring report is provided each year to the Board to showcase the administration's compliance with the policies. Ms. Brandt confirmed that the administration has consistently upheld all the expectations.

**WATTS/ADAMS** *Moved to approve the Operational Expectations Monitoring Dashboard for Policy Year 2023 as evidence of compliance with noted exceptions. Motion carried.*

Mr. Schanz recessed the Board meeting for lunch at **12:18 p.m.** Mr. Schanz reconvened the meeting at **12:48 p.m.**

### **Approval of Goal Monitoring Report for PY 2023**

**Board Policy OE-8.1** states that the Executive Director will submit required monitoring data (see policy **B/EDR-5–Monitoring Executive Director Performance**) in a thorough, accurate, and understandable fashion, according to the Board’s annual work plan schedule, and including both Executive Director interpretations and relevant data to substantiate compliance or reasonable progress.

Ms. Brandt shared valuable insights about The Goal policy, which aims to secure Enduris' long-term financial stability by protecting its members from property and liability losses. She provided a detailed overview of the current GOAL (G-1) interpretation, along with the indicators used to measure progress towards it. The Goal Indicator tracks progress over a rolling average of five years. The board believes that reasonable progress is being made if the financial ratios controlled by the Executive Director are trending toward the target.

Ms. Brandt also elaborated on the health of the Pool, which is measured by its growth in net assets, strong retention, managed growth, conservative confidence level, and consistent financial ratios in line with industry benchmarks. To safeguard our fiscal soundness in the future, Enduris is committed to making reasonable progress toward the net position range defined by the capital funding study.

Overall, the board noted that Ms. Brandt's presentation was impressive and thought-provoking, highlighting Enduris' commitment to the financial well-being of its members. The Board expressed their appreciation for her sincere efforts to provide valuable insights.

**HARDIN/YOUNG** *Moved to approve the Goal Policy Monitoring Report for Policy Year 2023 as evidence that reasonable progress has been achieved. **Motion carried.***

### **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 received the financial reports for July 31, 2023, and August 31, 2023. Also provided was the performance investment report as of October 31, 2023, from the Spokane County Investment Pool.

**WATTS/YOUNG** *Moved to approve the July 31, 2023, and August 31, 2023, financial reports as presented. **Motion carried.***

**WATTS/YOUNG** *Moved to accept the activity report from the September 30, 2023, Spokane County Investment Pool fund as presented. **Motion carried.***

### **Actuarial Review/Capital Adequacy Assessment**

**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 PricewaterhouseCoopers (PwC) to perform an actuarial review at the end of the policy year. This report is considered Evidence of Compliance for several Board Policies.

The Board acknowledges receiving the actuarial review, which is recorded yearly as a Board motion.

- Actuarial Review
- Capital Adequacy Assessment ~ As of August 31, 2023

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

**WATTS/YOUNG** *Moved to recognize the Actuarial Review receipt as of August 31, 2023. Motion carried.*

## **EXECUTIVE SESSION**

*At 1:11 p.m., the Board went into an Executive Session to assess the status of open claims, discuss the real estate matter about Selkirk Pharma, and discuss the Executive Director's Evaluation. The record indicates that Mr. Schanz reconvened at 1:45 pm, but discussions were not complete, so the Executive Session was extended until 2:15 pm. The time stamp was recorded that the executive session ended and the open meeting at 2:21 p.m.*

## **DISCUSSION ACTION ITEMS**

### 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.

**Board Policy B/EDR-5.7** Each November, the Board will conduct a formal summative evaluation of the Executive Director. The written summative evaluation will be based on data collected during the year.

The Board chair allotted time for the Executive Director's evaluation during the executive session to accommodate a thorough review. Matt Schanz distributed the Executive Director Evaluation form for PY 2023 to the Board before the meeting. He also provided the summarized results from the completed Staff Satisfaction Survey. As noted above, there was further discussion in the Executive Session, and the evaluation form was finalized for approval.

**YOUNG/WATTS** *Moved to authorize the results from the executive director evaluation and a compensation adjustment effective October 1, 2023, as determined during the executive session. Motion carried.*

### **SELKIRK PHARMA CONTINUED:**

At the start of the board meeting following Selkirk Pharma's presentation, it was noted that the Board may discuss the real estate matter in Executive Session. Any action items or motions would be addressed when the regular meeting convened.

**WATTS/YOUNG** *Moved to authorize the Executive director to complete the negotiations with Selkirk Pharma with the intention of terminating/releasing the current landscape agreement, not objecting to Granite Investment's removal of the landscape easement designation of lot 6 and entering a binding covenant/agreement for adjacent landscaping that protects the aesthetics of the Enduris property. 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 assess the quality of each meeting by debriefing the meeting following its conclusion.

It was noted that the Board members expressed their appreciation for the informative presentation given during the board meeting. Their feedback was overwhelmingly positive, and it is clear that the information presented was well-received and helpful. The members appreciated the informative and valuable information shared, and their feedback was positive.

## **ADJOURNMENT**

*Mr. Schanz adjourned the Board meeting at **2:28 p.m.***

**WATTS/YOUNG** *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 actions. The minutes are not a verbatim record of everything said at the meeting. The minutes include all actions taken by the Board.*