



Enduris Board of Directors Meeting Minutes

Thursday, May 22, 2025

Call to Order: Chair Matt Schanz called the meeting to order at **8:30 a.m.**

ROLL CALL

Board Members Present: Matt Schanz, Chairman; BiJay Adams, Vice-Chair; Donna Watts, Secretary/Treasurer; Jennifer Boie, Board Member; and Sheryl Brandt, Executive Director.

Via Teams: Joe Linquist, Commissioner District No. 3| Skagit PUD; Sara Young, Board Member; Kelly Williquette, Board Member; Noel Hardin, Board Member; Heather Yakely, Enduris General Counsel.

Others Present: Alric Balka, Director of Operations; Kimberly Millikan, Director of Finance; Holly Nelson, Enduris Director of Claims; Joe Davis, Director of Risk Management and Member Relations; 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 agenda as presented. *Motion carries.*

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 – February 20, 2025

WATTS/ ADAMS moved to approve all items on the Board Consent Agenda. *Motion carries.*

EXECUTIVE DIRECTOR CONSENT AGENDA

- Disbursements (February 2025, March 2025, and April 2025)

WATTS/BOIE moved to approve all items on the Executive Director Consent Agenda.

Motion carries.

BOARD ETHICS TRAINING

Board Policy GC-2.2 states that the Board is responsible for its own performance and commits itself to continuous improvement. The Board will ensure that its directors are provided with the training and professional support necessary to govern effectively, including ethics training.

Legal Counsel Heather Yakely conducted ethics training, highlighting the Board's commitment to maintaining Enduris' positive reputation by adhering to ethical standards. She referred to the Enduris Code of Ethics. Additionally, the Board's attendance at conferences is crucial for staying informed about emerging issues, trends, and innovations in pooling.

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 Updates

The Attorney General's office at DSHS asked us to participate in an amicus briefing regarding the public duty doctrine. They are appealing a decision, and we plan to review the case. They are also reaching out to other risk pools for input. After reading the case and discussing it with Ms. Nelson, Ms. Brandt said that she felt it was not in Enduris' best interest to file an amicus brief. After consulting with the other pools, we declined to participate.

Building Update

Ms. Brandt provided a brief update on Selkirk Pharmaceutical and Granite Investments. Granite recently completed a landscaping project to serve as a buffer between the two properties. Selkirk is facing financial challenges, and the future of the rest of the lot is unknown. We will maintain communications with Selkirk and update the board on any significant developments.

Legislative Update

The legislative session has concluded.

Bill 5102, which relates to public records exceptions. This bill passed and pertained to how to fulfill records requests, specifically concerning our rate information, as it is proprietary.

Bill 5721 relates to first-party auto coverage in commercial insurance. Mr. Brandt has asked Ms. Nelson to review this bill. There have been numerous issues with insurance companies' lowballing estimates of total losses.

Another passed bill is **Bill 1842**, which allows public utility districts to form captive insurance. It was created out of a necessity for wildfire protection.

The Coalition for Liability Reform worked extensively to oppose tort reform bills that did not pass, adopting a defensive posture.

AGRIp Governance Conference March 16-19, 2025, Las Vegas, Nevada

Sheryl, Alric, Kimberly, and two board members, Ms. Boie and Ms. Watts, attended the conference. Ms. Boie and Ms. Watts shared positive feedback. It was noted that the primary focus of the meeting was heavily centered on AI. Ms. Boie also mentioned a component related

to health and wellness coaching, which she found valuable. Ms. Watts mentioned that she felt comfortable this year and found some finance-focused classes helpful.

GEM Members' Sessions and Board Meeting Recap ~ April 23-25, 2025, Washington, D.C.

Ms. Brandt directed the board to the synopsis of the board discussions and decisions that occurred at the GEM Board Meeting in Washington, D.C. This was supplied to the Enduris board members before the meeting.

Enduris Strategic Plan Dashboard

Ms. Brandt presented an update on the Dashboard and highlighted our progress. She emphasized that this is the third year of our plan, which is scheduled to be completed by August 31, 2025. Additionally, Ms. Brandt provided a high-level update on our strategies and objectives, detailing how we plan to achieve them and the corresponding action items.

Mr. Schanz paused the meeting for a break at 9:54 a.m. and resumed it at 10:08 am.

Quarterly Summary

Ms. Brandt presented the quarterly summary highlights for the year to date, April 30, 2025. Key topics include:

Policy/Reinsurance:

Alliant forecasts property rates will remain stable for PY2026; however, there may be slight fluctuations in either direction. The inflation factor applied to member assets is 2% for real property, personal property, and RC vehicles. We requested quotes for SIRs ranging from the existing \$500k up to \$1M.

The anticipated increase in liability rates is between 10%-15% at the current \$1M SIR. We are actively working to ensure that our members' properties are insured to value, working closely with members and Alliant on over 158 appraisals.

Member Engagement and Risk Management:

Ms. Brandt reported that during the first eight months of FY 2025, 58 in-person visits were completed with members. Additionally, Member Relations attended 13 conferences, presenting at 5 of them. Ongoing investments were made in risk management, resources, and member training, including **MRSC** and **LocalGovU**.

Ms. Brandt noted that we conducted 22 webinars, attracting 770 participants. In addition, we are monitoring new partnerships with members of **Associated Industries**, **KYND** (70 users), **Summit Law**, and **the Aperture IQ** "on demand" HR series (101 registrants).

Claims:

Ms. Brandt reported that the internal claims audit has been initiated. 129 new claims have been processed, with an expected net cost of \$3.0 million. With five months remaining in FY 2025, this number is slightly below the annual average of 315 new claims.

Currently, there are 154 open claims in progress, totaling a net cost of \$13.1 million. This figure is somewhat higher than the Pool's five-year average of \$10 million.

PWC's assessment of the ultimate loss for PY25 is estimated at \$10.3 million, which reflects a reduction of \$1.7 million from their previous estimate used to develop the FY25 budget.

Operations/Finance

Follow-up to the Generative Thinking Workshop held on February 19, 2025, aimed at proposing modifications to the Strategic Plan for the 2026 policy year.

Recertification has been achieved under AGRIP's Advisory Standards for the Recognition Program.

The reporting requirements for the State Risk Manager for FY 2024 have been fulfilled. The SAO's financial and accountability audit reports have been completed without any findings. They recommended a new IT-related policy.

Financial Results:

At the conclusion of FY2024, the Pool's net position reached \$42 million, placing it in the "green zone," which is the target range for risk capital. This impressive increase of \$10.6 million in net position resulted from a \$6.2 million reduction in claims expenses and an additional \$1.8 million in non-operating income compared to what was budgeted.

The results for the first seven months of FY2025 have surpassed budget expectations by \$1.0 million, primarily due to lower claims and reinsurance costs.

The projected net profit of \$5.9 million for FY2025 would increase the net position to \$49.1 million by the end of the year.

Looking ahead, the plan is to finalize the strategic plan; renew member memberships; add new members with the "right" risk profile; finalize pending property appraisals with Alliant; explore the application of artificial intelligence in our business; revise the IGC with members; and finalize claim self-audits.

DISCUSSION/ACTION ITEMS

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 seeking office and the recommendation of the Committee.

Mr. Williquette, Chair of the Board Development Committee, recommended approving the election ballot. The Committee includes Kelly Williquette as chair, BiJay Adams as vice Chair, and Matt Schanz as alternate.

The Board Development Committee reviews the slate of candidates for the annual election and recommends it to the Board for approval. Noel Hardin for Position #1, Sara Young for Position #3, and Donna Watts for Position #4 are running as incumbents and are unopposed.

We received no submissions from eligible members to appear on the ballot. The Board Development Committee has reviewed the ballot and will recommend the slate of candidates.

ADAMS/SCHANZ Moved to approve the Board of Directors election ballot, which includes Noel Hardin for Position #1, Sara Young for Position #3, and Donna Watts for Position #4, as recommended by the Board Development Committee. *Motion Carries.*

STRATEGIC PLAN UPDATE

Following the Generative Thinking Workshop held on February 19, 2025, Ms. Brandt and Mr. Balka presented adjustments to the Strategic Plan Strategies for the 2026 policy year. These adjustments reflect the topics and priorities discussed during the workshop. Updates to the Generative Trends table and the Generative Map were also included.

This agenda item provided a great opportunity for discussion and feedback. Ms. Brandt and Mr. Balka reviewed the Strategy Comparison along with the Generative Trends and Map. There was no recommended motion at this time.

BUDGET APPROVAL FOR POLICY YEAR 2026

Board Policy GC-3.9 states that the Board will adopt and monitor annual budgets.

Enduris Board Policy **OE-5** states that the Pool will produce an annual budget to establish rates and monitor the organization's expenses. Enduris Board Policy OE-5 also states that the Executive Director will develop a budget that ensures the pool's fiscal soundness and meets specific parameters. These requirements have been met.

Projected Net Position Increase

Ms. Brandt stated that the FY 2026 budget projects an increase in the Net Position of \$3.2 million, bringing the total Net Position to \$52.4 million. This represents a 7% rise in Members' Equity compared to the FY 2025 forecast of \$49.1 million, enhancing the Pool's financial stability. It was noted that this increase is solely due to non-operating income. Enduris budgeted a net operating income of \$0 in order to keep member rates as low as possible.

By the end of August 2026, Ms. Brandt, under the proposed budget, expects the Pool's Net Position to be slightly above the midpoint of the Capital Adequacy Assessment Risk Capital Target range. In November 2024, PWC maintained the lower bound at \$36 million and reduced the upper bound from \$64 million to \$62 million. According to the Goal Policy (G-1), the Pool's Net Position should trend toward or stay within this specified range.

FY2025 Forecasted results

For FY2025, we initially budgeted a Net Operating Profit of zero. However, Ms. Brandt noted we anticipate earning \$2.7 million from investments and other non-operating income. Thanks to lower-than-expected reinsurance and claims expenses, the projected change in Net Position for FY2025 is currently expected to be \$5.9 million. Consequently, the estimated Net Position at the end of FY2025 is projected to be \$49.1 million.

FY2026 Budget Details

The Pool has a current cash balance of \$67 million and expects an average balance of \$77 million during FY2026. At a projected average interest rate of 4.17%, our interest income is budgeted at \$3.1 million. Combined with the building lease revenue, budgeted non-operating income is \$3.2 million, and this is the total Change in Net Position budgeted for FY2026.

Ms. Brandt noted that our budgeted contributions of \$29.9 million are \$1 million lower than FY2025. These contributions are limited to covering operating costs, which include claims, reinsurance, and administration/operations.

Member rate increases will be minimal; many members will even see slight decreases.

- **Liability** -2% to 2%
- **Property** -2% to 2%
- **Auto Physical Damage (APD)** -2% to 2%

➤ **Crime/ Named Position -2% to 2%**

These changes compare to PY2025 base rate increases of 5% to 10% for Liability/ Crime/Named Position and 7% to 12% for Property and APD.

In addition to the base rate change, changes in exposure for each coverage (including the APIP required 2% Marshall and Swift inflation factor applied to property and RC vehicle TIVs) will impact individual member contributions. Last year's inflation was 5%.

- \$11.2 million claims expense; up \$0.3 million (3%) under the PWC actuarial report issued in February 2024
- \$11.3 million property reinsurance under the APIP program, up \$0.3 million (3%) compared to the FY2025 forecast, under the APIP property program. Alliant has indicated an increase of 0% to 5%, plus the 2% Marshall & Swift inflation factor and the impact of higher appraisal TIVs for specific members.
- \$1.8M liability reinsurance; up \$0.2M (11%), reflecting 3% exposure growth and Alliant's estimates of a 5% to 10% rate increase for primary coverage and 10%-15% for excess.
- \$5.3M in General and Administrative expenses, up slightly by \$0.5 million (11%), to support staff changes, additional member services/training, technology improvements, and the impact of inflation.

Ms. Brandt stated that we expect to have between \$50,000 and \$100,000 in capital expenditure during FY2026.

BOIE/WATTS moved to approve the Fiscal Year 2026 Budget as proposed by the Executive Director. *Motion Carries.*

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.

Ms. Brandt noted that Enduris' property coverage will be renewed on July 1, 2025, while her liability coverage will be renewed on September 1, 2025. Since proposals for reinsurance on property and liability are usually received after the May board meeting, the Board has authorized the Executive Director to secure reinsurance contracts that offer the best value and terms. The Executive Director will then report back to the Board during the August meeting.

Property Renewal Indications

The market conditions for property reinsurance have improved since last year. Our broker, Doug Wozniak from Alliant, has informed us that our property reinsurance rates will renew without any increase, meaning they will remain flat. There is a possibility that the rates may decrease further; however, we won't have clarity on that until we get closer to the renewal date on July 1, 2025.

Enduris currently has a self-insured retention of \$500,000 for each property claim. Doug will provide us with quotes at different retention levels: \$500,000, \$750,000, and \$1,000,000. We have received an analysis from our actuary at PwC, which evaluates the ultimate losses related to property at these different retention levels. This information will help us evaluate our options.

Property coverage must be bound before July 1, 2025.

Liability Renewal Indications

Ms. Brandt informed the board that this year's projected rate increase for liability reinsurance is expected to be between 10% and 15%. Ms. Brandt informed the board that the Liability renewal is set for August, and we will learn more as that date approaches.

Ms. Brandt also reported that GEM offers \$9 million in coverage above Enduris' self-insured retention of \$1 million. Great American provides an additional \$5 million in coverage that exceeds \$10 million, while Everest Re adds another \$5 million in coverage that exceeds \$15 million. This results in a total of \$20 million in coverage. Our self-insured retention remains at \$1 million, and we do not anticipate any changes to this policy.

WATTS/BOIE moved to authorize the Executive Director to renew property coverage with APIP effective July 1, 2025. If the property renewal proposals are outside expectations, the Executive Director will notify the board before binding. *Motion carries.*

BOIE/WATTS moved to authorize the Executive Director to renew liability coverage effective September 1, 2025, using the existing Self-Insured Retention of \$1 million, with GEM providing limits of \$9 million over our \$1 million SIR. In addition, procure \$10 million in coverage in excess of primary for \$20 million in liability coverage. If the liability renewal proposals are outside expectations, the Executive Director will notify the board before binding. *Motion carries.*

STATE AUDIT REPORTS

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.

The Washington State Auditor's Office (**SAO**) conducted Enduris' fiscal year-end audit for the period ending August 31, 2024, along with its financial and accountability audit from January to April 2025. The audit exit interview took place on April 24, 2025, and the SAO published the reports for the financial and accountability audits on April 29, 2025.

Audit Highlights outlined in the Exit Conference with the SAO:

- The Pool responded promptly to all requests and provided all documents necessary to complete the audit on time.
- The Pool continues to have strong processes in place to ensure its financial data is fairly presented in all material respects.

SAO Financial Statement Audit Communication:

- No material misstatements were found during the audit.
- The audited financial statements contained no uncorrected misstatements.

SAO Accountability Audit Communication:

- Pool operations complied, in all material respects, with applicable state laws, regulations, and policies and provided adequate controls over safeguarding public resources.
- In a confidential letter dated April 10, 2025, the **SAO** noted one exit item pertaining to the need for the Pool to adopt formal written policies and procedures for IT patch management. The letter was marked extremely confidential under **RCW 42.56.420** of the Public Records

- Act and, as such, distribution of the record is limited to authorized members of the Pool. As the details are to be excluded from the **SAO's** (and Enduris") publicly available reports and documents, the letter is not included as an Enclosure.
- The **SAO** cleared the prior year exit item matter related to electronic payments

ADAMS/WATTS moved to accept the fiscal year 2024 Financial Statement Audit Report and the Accountability Audit Report as recommended by the Executive Director. *Motion Carries.*

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 Risk Management-Local Government Self-Insurance Program, has not conducted a review; therefore, no report will be available for PY 2025.

FINANCIAL REPORT AND FINANCIAL STATEMENTS/SCIP REPORT

Board Policy OE-5 The Executive Director shall develop and maintain a financial plan in the form of an Annual Budget that is related directly to the Board's **Goal** priorities and **Operational Expectations** goals, minimizes the dependency upon the forces of the excess or reinsurance markets, and avoids long-term fiscal jeopardy to the organization.

The Board of Directors formally monitors the pool's financial position quarterly. Ms. Brandt and Ms. Millikan will present the financial reports.

The Spokane County Monthly Investment Pool (SPIF) Report shows an effective rate of return of 3.67% for April and 3.58% for the SPIF Fiscal year to date. The Market Value of invested assets are \$1.6 billion. The Enduris investment is \$11.4 million (0.7% of total SPIF assets).

The Local Government Investment Pool (LGIP) Report shows an effective rate of return of 4.39% for April and 4.85% for the LGIP Fiscal year to date. The Market Value of invested assets is \$29.8 billion. The Enduris investment is \$54.4 million (0.2% of total LGIP assets).

Recommended Motion #1:

WATTS/ADAMS To approve the **January 31, 2025, February 28, 2025, and March 31, 2025,** financial reports as presented. *Motion Carries.*

Recommended Motion #2:

WATTS/BOIE to accept the activity reports from **the Spokane Public Investment Fund (SPIF)** dated **April 30, 2025,** and the Local Government Monthly Investment Pool (**LGIP**) dated **April 30, 2025,** as presented. *Motion Carries.*

Approval of Changes to Board Governing Policies

The Board has expressed interest in establishing a role for retiring or former board members, as their continued involvement could add significant value to the organization. The Executive Director has drafted proposed language to be incorporated into the Enduris board governing policies, creating an 'Honorary Board Member' position.

A draft was provided that introduced a new board policy: Governance Culture 10—Honorary Board Members, which outlined the rules and responsibilities associated with this role.

BOIE/HARDIN Moved to approve the proposed changes to the Board Governing Policies with the additional stipulations of regular review and limits on terms for the honorary role

Motion did not pass

The Board determined that further discussion would be necessary to determine the best approach to this topic.

Executive Session Entry

*Mr. Schanz announced that the Board will enter Executive Session at **2:12 p.m.** for **60 minutes** to review the status of open claims. The regular meeting was reconvened in open session at **3:15 p.m.** Due to the need for further discussion, the meeting was extended by **47 minutes**, and the Board entered a second Executive Session at **3:16 p.m.**, concluding at **4:03 p.m.***

Recommended Motion (Post-Executive Session):

HARDIN/YOUNG moved to approve a hiring committee. The process involves hiring a new Executive Director and forming a hiring committee that includes Mr. Matt Schanz, Ms. Donna Watts, Ms. Sara Young, and Ms. Sheryl Brandt.

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 of directors provided brief comments and assessments regarding the meeting, yielding positive feedback. The staff received commendations for their fantastic efforts. Ms. Young expressed her admiration for the responsiveness of the Enduris staff. Ms. Brandt appreciated the discussion about the honorary board member. Ms. Young echoed Ms. Brandt's sentiments, stating it was a great meeting. Mr. Schanz thanked everyone for a productive meeting.

ADJOURNMENT

*Mr. Schanz adjourned the Board meeting at **4:20 p.m.***

BOIE/YOUNG moved to adjourn the meeting. *Motion carries.*



Matt Schanz, Chairman

The minutes of the Enduris Board meeting are intended to serve as a reasonable summary of the Board's discussions and decisions. They do not provide a verbatim record of everything said during the meeting, but they encompass all actions taken by the Board.