

SECURIS INSURANCE POOL, INC.
Minutes of the Meeting of the Board of Directors
November 30, 2022

A meeting of the board of directors of Securis Insurance Pool, Inc., was held on November 30, 2022.

Members present: David Tharp: Central Arizona Fire and Medical Authority
Josh Tope: Pinewood Fire District
Ed Mezulis: Sedona Fire District

Members via remote access: Randy Karrer: Golder Ranch Fire District
Norman "Brad" Bradley: Northwest Fire District
David Maxwell: Daisy Mountain Fire and Medical
Mary Dalton: Arizona Fire and Medical Authority

Staff present: John Ashton: RPA
Tracy Foss: RPA
Roshell Lee: RPA
Garrett Mahoney: RPA
Lori Jundt: RPA
Ginger Schell: RPA
Catie Bassett: RPA
Sherna Willis: RPA
Zach Meredith: RPA
Aubrey Bernal: RPA
Jennifer Sherman: RPA
Amy Robinson: RPA
Jennifer MacLennan: Gust Rosenfeld, PLC

A. Opening of the Meeting

1. Call to order

David Tharp called the meeting to order at 11:01 a.m.

2. Welcome visitors

Matt Waller: Henry and Horne, LLP
Todd Lundmark: Lundmark, Barberich, LaMont & Slavin, PC
Tom Palmer: Claremont Capital Management
Renee Pastor: Industrial Commission of Arizona
Randy Chevalier: Timber Mesa Fire District
Brian Moore: Daisy Mountain Fire District Board Chairman
Brian Tobin: Daisy Mountain Fire District

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B. General Business

1. A motion was made to approve the agenda for November 30, 2022.

Josh Tope, moved
Randy Karrer, seconded
Motion passed unanimously

2. A motion was made to approve the minutes of the September 14, 2022 meeting of the board.

Josh Tope, moved
Randy Karrer, seconded
Motion passed unanimously

C. New Business

1. Discussion and approval of 2022 audited financial statements

Matt Waller of Henry and Horne, LLP, provided a high-level discussion of Henry and Horne's risk-based approach to the audit process for the period ending June 30, 2022. He then presented the pool's year-end financial statement audit and accompanying communication letters.

Highlights for the period from July 1, 2021 through June 30, 2022 were as follows:

- total assets: \$11,010,576;
- net position: \$1,098,474;
- total net contributions: \$8,641,320;
- change in net position: (\$392,872); and
- capital contributions from members: \$781,880.

Mr. Waller announced that the pool had received an audit opinion free from qualifications and that the financial statements presented fairly, in all material respects, for the period from July 1, 2021 through June 30, 2022.

Management then offered to leave the room to allow board members to speak with the auditor without management present. The members acknowledged this opportunity and advised that staff could remain for the discussion.

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A motion was made to approve the audited financial statements for the period ending June 30, 2022.

Brad Bradley, moved
Mary Dalton, seconded
Motion passed unanimously

2. Discussion and approval of additional assurance audit

Matt Waller informed the board that Securis had also contracted with Henry and Horne to prepare an additional assurance audit for the year ended June 30, 2022. The audit was based on a review of certain agreed-upon procedures and addressed the following:

- pool disbursements (35 randomly selected);
- expenses charged to the Securis credit card;
- reimbursement of expenses to Securis board members;
- payments made to Risk Program Administrators in conjunction with the administrator's contract; and
- the independent claims audit.

Mr. Waller announced that the pool passed the additional assurance audit with no issues.

A motion was made to approve the additional assurance audit.

Josh Tope, moved
Brad Bradley, seconded
Motion passed unanimously

D. Executive Session

1. A motion was made to enter into executive session at 11:28 a.m. pursuant to A.R.S. § 38-431.03(A)(2).

Josh Tope, moved
Brad Bradley, seconded
Motion passed unanimously

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E. Open Session

1. A motion was made to re-enter open session at 12:03 p.m.

Josh Tope, moved
Brad Bradley, seconded
Motion passed unanimously

2. A motion was made to approve the executive session minutes from the June 22, 2022 meeting of the board.

Josh Tope, moved
Brad Bradley, seconded
Motion passed unanimously

David Tharp then instructed Todd Lundmark, Securis claims counsel, to resolve the claim listed under executive session item D.2. as directed by the board. Both the pool and claim counsel confirmed.

B. General Business, Continued

3. Financial reports

Garrett Mahoney presented a summary of Securis's October 31, 2022 financials via the financial dashboard. The dashboard summarized the pool's financial performance, including contributions and capitalization, loss expenses, and paid and incurred amounts compared to budget.

Mr. Mahoney then discussed the interim financial statements as of October 31, 2022. Total assets were \$15,437,818. The reserve for reported losses and loss expense was \$3,486,831. Claims incurred but not reported (IBNR) increased to \$4,795,511. Total liabilities were \$11,758,435. Net position as of October 31, 2022 was \$3,679,383.

Tom Palmer of Claremont Capital Management then presented an update on the investment market to the board.

4. Claims report

Ginger Schell presented the claims performance reports for Securis. The reports contained 2022/2023 claims data through October 31, 2022. Ms. Schell focused on the claims drivers under each broad loss cause.

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5. Management report

The following items were discussed in the management report:

- AFG grant update;
- loss control update;
- 2023/2024 marketing and renewal plan; and
- items to be discussed at the next board meeting.

C. New Business, Continued

3. Discussion of investment policy and procedure

Lori Jundt presented the current pool investment policies and procedures to the board. She explained that the policies and procedures must be reviewed and approved annually, and are intended to ensure the preservation of capital, current income as necessary to meet the pool's needs, and long-term growth of capital and income.

A motion was made to approve the investment policy and procedures.

Josh Tope, moved
Ed Mezulis, seconded
Motion passed unanimously

4. Discussion and approval of non-firefighter volunteer coverage for the 2023/2024 policy year

John Ashton explained that in preparation for the 2023/2024 renewal season, management had reviewed the payroll reporting process regarding non-firefighter volunteers and the administrative burden these volunteers pose for members regarding tracking and reporting of estimated payroll.

Mr. Ashton advised that annual pool contributions related to non-first responder volunteers is exceedingly small and recommended that Securis automatically cover these individuals beginning with the 2023/2024 policy year. He noted that staff would work with members on the minimal required reporting for regulatory purposes.

The board discussed the matter and then requested that automatic coverage only extend to non-first responder volunteers who do not respond to or assist with operations considered "immediately dangerous to life or health" (IDLH).

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A motion was made to approve automatic non-emergency responder volunteer coverage for the 2023/2024 policy year.

Ed Mezulis, moved
Josh Tope, seconded
Motion passed unanimously

5. Discussion of ARPA funding

John Ashton provided the board of directors with an update on the outstanding ARPA funding. He explained that the Governor's Office of Strategic Planning and Budgeting (OSPB) had yet to release any funds or finalize the request process. He further commented that he believed OSPB was working to make the distribution fair for all Arizona fire districts.

Jennifer MacLennan advised that she had reviewed the requirements for compliance with ARPA funding, and although there are some gray areas, workers' compensation costs were specifically stated within a footnote.

Mr. Ashton suggested that the board could continue with the stance the pool had taken thus far in waiting for further direction from OSPB or, alternatively, direct counsel to proactively communicate with OSPB to move forward in hopes of getting the funding distributed to membership as soon as possible.

A motion was made to approve moving forward with communication from counsel.

Ed Mezulis, moved
Josh Tope, seconded
Motion passed unanimously

6. Discussion and approval of additional 2022/2023 contract for legal services

Roshell Lee notified the board that Todd Lundmark, lead claims counsel, was preparing to scale back his services. Staff was proposing, therefore, that the pool expand its legal counsel resources by contracting with Rachel Brozina of Norton & Brozina, PC. Ms. Lee explained that Ms. Brozina comes highly recommend by Ms. Schell, Securis's lead claims adjuster, and that RPA staff has worked with Norton & Brozina on other RPA-managed pools. Ms. Lee then presented the firm's hourly rates of:

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- \$175/partner;
- \$160/associate; and
- \$85/paralegal.

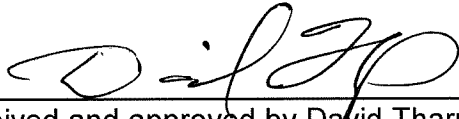
Finally, it was recommended that the pool enter into a short-term contract with Norton and Brozina, PC, for the period from 12/1/2022 through 6/30/2023 to align with the pool's existing contract expiration dates.

A motion was made to approve a contract with Norton and Brozina, PC, for the period ending June 30, 2023.

Randy Karrer, moved
Brad Bradley, seconded
Motion passed unanimously

F. Adjournment

David Tharp adjourned the meeting at 1:34 p.m.



Received and approved by David Tharp
Board President
Securis Insurance Pool, Inc.