

**SECURIS INSURANCE POOL, INC.**  
**Minutes of the Meeting of the Board of Directors**  
**February 22, 2023**

A meeting of the board of directors of Securis Insurance Pool, Inc., was held on February 22, 2023.

**Members present:** David Tharp: Central Arizona Fire and Medical Authority  
Norman "Brad" Bradley: Northwest Fire District

**Members via remote access:** Mary Dalton: Arizona Fire and Medical Authority  
Josh Tope: Pinewood Fire District  
Ed Mezulis: Sedona Fire District

**Members absent:** David Maxwell: Daisy Mountain Fire and Medical  
Randy Karrer: Golder Ranch Fire District

**Staff present:** John Ashton: RPA  
Tracy Foss: RPA  
Roshell Lee: RPA  
Garrett Mahoney: RPA  
Ginger Schell: RPA  
Catie Bassett: RPA  
Kristy Kersey: RPA  
Zach Meredith: RPA  
David Dodenhoff: 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 11:03 a.m.

2. Welcome visitors

Renee Pastor: Industrial Commission of Arizona  
Randy Chevalier: Timber Mesa Fire District  
Lisa Elliot: Verde Valley Fire District  
Danny Johnson: Verde Valley Fire District  
Patrick Moore: Bullhead City Fire District  
Russ Sutter: Willis Towers Watson

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**B. General Business**

1. A motion was made to approve the agenda for February 22, 2023.

Brad Bradley, moved  
Josh Tope, seconded  
Motion passed unanimously

2. A motion was made to approve the minutes of the November 30, 2022 meeting of the board.

Brad Bradley, moved  
Josh Tope, seconded  
Motion passed unanimously

3. Financial reports

Garrett Mahoney presented a summary of Securis's December 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 December 31, 2022. Total assets were \$14,390,266. The reserve for reported losses and loss expense was \$3,221,078. Claims incurred but not reported (IBNR) increased to \$5,480,573. Total liabilities were \$10,043,666. Net position as of December 31, 2022 was \$4,346,600.

Finally, Mr. Mahoney provided information on the preliminary January 31, 2023 financial statements via the financial dashboard. He closed by informing the board that the pool saw an uptick in claim severity in January 2023.

4. Claims report

Ginger Schell presented the claims performance reports for Securis. The reports contained 2022/2023 claims data through January 31, 2023. Ms. Schell focused on the pool's top 10 total incurred claims.

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**February 22, 2023**

5. Management report

The following items were discussed in the management report:

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

**C. New Business**

1. Discussion and approval of signature authority

Ed Mezulis entered the meeting at this time.

John Ashton explained that authority levels of individuals working on behalf of Securis need to be reviewed annually by the board of directors. He explained that management was not proposing any changes to the matrix.

A motion was made to approve the authority matrix.

Brad Bradley, moved  
Mary Dalton, seconded  
Motion passed unanimously

2. Discussion of loss-sensitive rating and the pool's initial three-year commitment

John Ashton presented the board of directors with an explanation of loss-sensitive rating. The board discussed the pool moving to a loss-sensitive rating structure and the impact this could have. Throughout this discussion, Mr. Ashton reminded the board that the initial three-year commitment is coming to an end for 42 members. The discussion ended with the board providing management with direction to move forward with a loss-sensitive rating structure for the 2023/2024 policy year.

3. Discussion of 5-year pro forma

During the meeting, staff presented a five-year pro forma template for review and discussion by the board. The pro forma allows for various financial assumptions. The goal of this exercise was to help the board better understand the impact of rate and program changes over time.

**SECURIS INSURANCE POOL, INC.**  
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**February 22, 2023**

4. Discussion and approval of Budget Rev—0 and 2023/2024 plan rates

John Ashton explained that annually the board must approve a budget for pool operations and plan rates for the upcoming fiscal year. Mr. Ashton presented an overview of the process, approach, and findings. Next, he presented the actuarial rates for the 2023/2024 program year. The pool's actuary, Russ Sutter, was on the phone for questions.

Mr. Ashton then presented the key budget provisions and assumptions incorporated into Budget—Rev. 0 for the year ending June 30, 2024.

Finally, the board revisited its previous discussion about loss-sensitive rating and set the base renewal rate at a 1 percent decrease. This will be modified by loss adjustments within a range not to exceed +/-7 percent. (The adjustment is capped at 7 percent to mitigate the impact to members with significant losses.)

5. Discussion and approval of 2023/2024 meetings of the board

Roshell Lee explained that the board needs to establish a regular meeting schedule, per the bylaws of the corporation. Ms. Lee presented a schedule of meeting dates for the 2023/2024 policy year, with a start time of 11:00 a.m., as follows:

- August 23, 2023;
- November 29, 2023;
- February 28, 2024; and
- June 26, 2024 (annual meeting).

A motion was made to approve the schedule of regular meeting dates for the 2023/2024 policy year with a start time of 11:00 a.m.

Brad Bradley, moved  
Ed Mezulis, seconded  
Motion passed unanimously

6. Discussion of board member tier nominations, resignations, and vacancies

Roshell Lee reminded the board that Dave Tharp, Mary Dalton, and Randy Karrer are currently serving as Tier 1 directors, with terms expiring on July 1, 2023. Ms. Lee also explained that Chief Karrer is retiring on March 31, 2023, and the pool will have an open board seat. She reminded the board of directors of the current nomination and election process, which included allowing

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**February 22, 2023**

members the opportunity to submit nominations before sending out the official ballot. The board elected to follow the same election procedures as in the 2021/2022 policy year. Finally, Ms. Lee confirmed that the board was in agreement with having an open position until Randy Karrer's seat could be filled at the annual meeting of the membership in June.

**D. Executive Session**

1. A motion was made to enter into executive session at 12:28 p.m. pursuant to A.R.S. § 38-431.03(A)(2).

Brad Bradley, moved  
Josh Tope, seconded  
Motion passed unanimously

**E. Open Session**

1. A motion was made to re-enter open session at 1:20 p.m.


Brad Bradley, moved  
Ed Mezulis, seconded  
Motion passed unanimously

2. A motion was made to approve the executive session minutes from the November 30, 2022 meeting of the board.

Brad Bradley, moved  
Josh Tope, seconded  
Motion passed unanimously

**F. Adjournment**

David Tharp adjourned the meeting at 1:22 p.m.

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