

SECURIS INSURANCE POOL, INC.
Minutes of the Annual Meeting of the Board of Directors
June 21, 2023

The annual meeting of the board of directors of Securis Insurance Pool, Inc., was held on June 21, 2023.

Members present: David Tharp: Central Arizona Fire and Medical Authority
Norman “Brad” Bradley: Northwest Fire District
Ed Mezulis: Sedona Fire District
Josh Tope: Pinewood Fire District
Danny Johnson: Verde Valley Fire District

Members via remote access: Mary Dalton: Arizona Fire and Medical Authority

Members absent: David Maxwell: Daisy Mountain Fire and Medical

Staff present: John Ashton: RPA
Tracy Foss: RPA
Roshell Lee: RPA
Garrett Mahoney: RPA
Lori Jundt: RPA
Amy Robinson: RPA
Ginger Schell: RPA
Catie Bassett: RPA
Candy Harber: RPA
Kristy Kersey: RPA
Zach Meredith: RPA
David Dodenhoff: RPA
Jennifer Sherman: RPA
Elizabeth Glaesman: RPA
Jennifer MacLennan: Gust Rosenfeld, PLC

A. Opening of the Meeting

1. Call to order

David Tharp called the meeting to order at 11:32 a.m.

B. General Business

1. President Tharp asked if any board members had questions on or changes to the agenda for June 21, 2023. Hearing none, he accepted the agenda as presented.

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2. A motion was made to approve the minutes of the February 22, 2023 meeting of the board.

Brad Bradley, moved
Mary Dalton, seconded
Motion passed unanimously

3. Financial reports

Garrett Mahoney presented a summary of Securis's April 30, 2023 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 April 30, 2023. Total assets were \$18,397,793. The reserve for reported losses and loss expense was \$4,135,788. Claims incurred but not reported (IBNR) increased to \$7,501,807. Total liabilities were \$14,682,663. Net position as of April 30, 2023 was \$3,715,130.

Next, Mr. Mahoney provided information on the preliminary May 31, 2023 financial statements via the financial dashboard. He closed by informing the board that although May continued to present a positive loss experience, the pool was seeing an uptick in claim severity in June of 2023.

Patrick Kohnen and Tom Palmer of Claremont Capital Management concluded the financial report by presenting an investment market update to the board.

4. Claims report

Ginger Schell presented the claims performance reports for Securis. The reports contained 2022/2023 claims data through May 31, 2023.

The claims presentation resulted in a board discussion regarding lost time and the possibility of creating a standardized return to work (RTW) program for membership. Ms. Lee advised that staff would research the financial impact of lost wage payments by the pool and also identify members with RTW policies as part of the annual member survey.

5. Management report

The following items were discussed in the management report:

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- government relations update;
- renewal update and webinar;
- Origami and claims portal update;
- claims team update; and
- items to be discussed at the next board meeting.

C. New Business

1. Discussion and appointment of officers of the corporation

John Ashton explained that the Securis bylaws state that the officers of the corporation shall be chosen annually by the board of directors and shall include a president, vice president, and secretary/treasurer.

Mr. Ashton reminded the board that for the 2022/2023 policy year, David Tharp, Brad Bradley, and Mary Dalton were appointed as president, vice president, and secretary/treasurer, respectively. The board discussed and recommended reappointing David Tharp as president, Brad Bradley as vice president, and Mary Dalton as secretary/treasurer.

A motion was made to approve the appointment of the designees to the offices of president, vice president, and secretary/treasurer.

Ed Mezulis, moved
Danny Johnson, seconded
Motion passed unanimously

2. Discussion and approval of authority matrix

Lori Jundt reminded the board that during the February 22, 2023 meeting of the board, the directors reviewed authority levels of individuals working on behalf of Securis (for check-writing, for example). She then presented proposed redlined changes to the authority matrix, which staff believes are appropriate considering internal controls and the experience levels of the designated individual.

A motion was made to approve the proposed authority matrix changes.

Brad Bradley, moved
Josh Tope, seconded
Motion passed unanimously

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3. Discussion and approval of Protection of Electronic Files Policy

Roshell Lee explained that Securis has maintained a policy for protection of electronic files since the inception of the pool. Based on a recent review of the policy, staff is requesting removal of employee-related items from the retention schedule, as those items should be managed according to the separate Risk Program Administrators schedule.

A motion was made to approve the Protection of Electronic Files Policy.

Brad Bradley, moved
Mary Dalton, seconded
Motion passed unanimously

4. Discussion and approval of 2023/2024 contracts and policies

Roshell Lee presented the 2023/2024 contract and policy summary that identifies vendors providing services to the pool. The summary included a description of services, fees, and rates. Ms. Lee noted some significant vendor changes. She then advised that the proposed fees were contemplated in the 2023/2024 Budget—Rev. 1, to be presented later in the meeting.

A motion was made to approve the 2023/2024 contracts and policies.

Brad Bradley, moved
Danny Johnson, seconded
Motion passed unanimously

5. Discussion and approval of proposed amendment to the Risk Program Administrators (RPA) contract

John Ashton presented the proposed amendment to the administrative services agreement between Securis Insurance Pool, Inc., and Risk Program Administrators, LLC. Mr. Ashton explained the recommended changes throughout the amendment and noted that pool legal counsel had reviewed a draft of the proposed changes.

A motion was made to approve the proposed amendment to the Risk Program Administrators, LLC contract.

Josh Tope, moved
Ed Mezulis, seconded
Motion passed unanimously

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6. Discussion and approval of Budget Rev—1

Garrett Mahoney led a discussion of key budget provisions and the assumptions incorporated into Budget—Rev. 1 for the year ending June 30, 2024. Key items included the following:

- Estimated payroll provided by Securis members for 2023/2024 was \$206,609,791.
- There was an overall contribution rate decrease, before payroll adjustment, of 1%.
- There was a loss fund decrease of 2% per the actuary's recommendation to fund expected losses, discounted at 2%.
- The self-insured retention remained at \$2 million.
- Administrator fees were 13.5% of standard contributions and 6% for COVID and presumptive cancer contributions.
- Pool membership remained unchanged.

A motion was made to approve Budget—Rev. 1

Brad Bradley, moved
Danny Johnson, seconded
Motion passed unanimously

7. Discussion of the pool strategic plan

Roshell Lee explained that as Securis enters its fourth year of operations, management believes it is a sensible time to create a formal strategic plan. The focus of the plan will be on delivery of programs and services that are valued by members and beneficial to the pool overall.

Ms. Lee continued by informing the board that the Securis team recently held a strategic brainstorming session that resulted in the items presented. For each included item, staff focused on potential impact, that is, the likelihood the item would decrease losses and/or otherwise meet member needs.

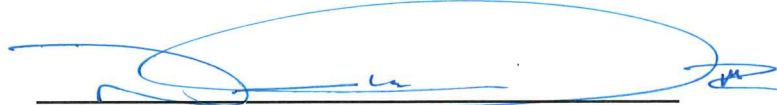
Finally, Ms. Lee asked for the board's feedback and any suggestions or changes, and asked if the board would like to participate in a facilitated brainstorming session. She explained that discussion results would be combined with staff work to establish an internal road map for developing programs, monitoring the pool's performance, and reporting to the board.

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The board asked that the plan be brought to the next board meeting for further discussion and recommendations.

F. Adjournment

David Tharp adjourned the meeting at 1:43 p.m.



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

Norman K. BRADLEY III