

SECURIS INSURANCE POOL, INC.
Minutes of the Meeting of the Board of Directors
November 29, 2023

A meeting of the board of directors of Securis Insurance Pool, Inc., was held on November 29, 2023.

Members present: Norman "Brad" Bradley: Northwest Fire District
Ed Mezulis: Sedona Fire District
Josh Tope: Pinewood Fire District
Danny Johnson: Verde Valley Fire District
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 Harper: RPA
Kristy Kersey: RPA
Kyla Ferry: RPA
Lily Leonard: RPA
Anthony Castro: RPA
Elizabeth Glaesman: RPA
David Dodenhoff: RPA
Frankie D'Ambrosio: RPA
Jennifer MacLennan: Gust Rosenfeld, PLC

A. Opening of the Meeting

1. Call to order

Brad Bradley called the meeting to order at 11:04 a.m.

2. Welcome visitors

Patrick Moore: Bullhead City Fire District
Matt Waller: Baker Tilly US, LLP
Abel Coronel: Baker Tilly US, LLP
Tom Palmer: Claremont Capital Management

SECURIS INSURANCE POOL, INC.
Minutes of the Meeting of the Board of Directors
November 29, 2023

Renee Pastor: Industrial Commission of Arizona
Lisa Elliot: Verde Valley Fire District

B. General Business

1. A motion was made to approve the agenda for November 29, 2023.

Brad Bardley, moved
Mary Dalton, seconded
Motion passed unanimously

2. A motion was made to approve the minutes of the August 23, 2023 meeting of the board

Josh Tope, moved
Ed Mezulis, seconded
Motion passed unanimously

C. New Business

1. Discussion and approval of appointment to fill board vacancy

Brad Bradley noted that Securis currently had one board vacancy. Mr. Bradley explained that for a variety of reasons he was recommending that the vacancy be filled by Patrick Moore, fire chief of Bullhead City Fire District. Management supported Chief Bradley's recommendation.

A motion was made to appoint Patrick Moore to fill the board vacancy.

Brad Bradley, moved
Mary Dalton, seconded
Motion passed unanimously

2. Discussion and approval of 2023 audited financial statements

Matt Waller of Baker Tilly US, LLP, provided a high-level discussion of Baker Tilly's risk-based approach to the audit process for the period ending June 30, 2023. He then presented the pool's year-end financial statement audit and accompanying communication letters.

Highlights for the period from July 1, 2022 through June 30, 2023 were as follows:

SECURIS INSURANCE POOL, INC.
Minutes of the Meeting of the Board of Directors
November 29, 2023

- Total assets increased by \$7,583,808, to \$18,594,384.
- Total liabilities increased by \$5,309,470, to \$15,221,572.
- Total net position increased by \$2,274,338, to \$3,372,812.
- Total net revenues increased by \$3,265,497, to \$11,876,982.
- Total expenses increased by \$1,379,168, to \$10,384,525.

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, the financial position of the pool from July 1, 2022 through June 30, 2023.

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

A motion was made to approve the audited financial statements for the period ending June 30, 2023.

Brad Bradley, moved
Danny Johnson, seconded
Motion passed unanimously

3. Discussion and approval of additional assurance audit

Matt Waller informed the board that Securis had also contracted with Baker Tilly to prepare an additional assurance audit for the year ended June 30, 2023. The audit was based on a review of certain agreed-upon procedures and addressed the following:

- pool disbursements (35 randomly selected),
- Securis credit card expenses,
- reimbursement activity for board members,
- payments made to Risk Program Administrators in conjunction with the administrator's contract, and
- the results of 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.

SECURIS INSURANCE POOL, INC.
Minutes of the Meeting of the Board of Directors
November 29, 2023

Brad Bradley, moved
Mary Dalton, seconded
Motion passed unanimously

B. General Business, Continued

3. Financial reports

Garrett Mahoney presented a summary of Securis's October 31, 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 preliminary (pending final audit review) financial statements as of October 31, 2023. Total assets were \$23,940,700. The reserve for reported losses and loss expense was \$5,701,779. Claims incurred but not reported (IBNR) increased to \$9,082,088. Total liabilities were \$18,420,618. Net position as of June 30, 2023 was \$5,520,082.

During his financial presentation, Mr. Mahoney informed the board that although October presented a positive loss experience, the pool was hit by a substantial claim, meaning that November financials would not be as favorable.

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

4. Claims report

Roshell Lee explained that the claims reports included in the board materials contained 2023/2024 claims data through October 31, 2023. Ms. Lee informed the board that the reports were provided for reference and that Ms. Schell would touch on a few highlights from the reports.

Ginger Schell then provided claims highlights. Additionally, as follow-up to a board discussion at the August 23 board meeting, Ms. Schell presented the board with additional trend details for both lag time reporting and occupational training injuries.

5. Management report

The following items were discussed in the management report:

SECURIS INSURANCE POOL, INC.
Minutes of the Meeting of the Board of Directors
November 29, 2023

- government relations update;
- assistance to firefighters grant;
- marketing and renewal plan; and
- items to be discussed at the next board meeting.

D. Consent Agenda

Brad Bradley presented the consent agenda, which consisted of the following items:

- discussion and approval of investment policy and procedure,
- discussion and re-approval of the authority matrix, and
- discussion and approval of Verisk (ISO) for prior claims search services.

A motion was made to approve the consent agenda as presented.

Josh Tope, moved
Ed Mezulis, seconded
Motion passed unanimously

C. New Business, Continued

4. Discussion of claims audit report

Ginger Schell presented findings from the internal claims audit. She noted that Susan Stickler, an independent auditor, completed a review of 20 claims for July 1, 2022 through June 30, 2023. The audit addressed the following issues across 30 specific audit criteria:

- regulatory compliance,
- department operations, and
- claims handling and best practices.

Ms. Schell explained that for the claims reviewed during the 2023 audit, Ms. Stickler found that 28 of the 30 audit criteria were met for each claim. Ms. Schell further clarified regarding the two remaining audit criteria that, one, subrogation, did not apply to any claims reviewed, and that the other, reserve adequacy, saw a 94% compliance rate. Ms. Schell also advised that the audit found an increase in the claims close ratio from 95% in 2022 to 101.6% in 2023.

SECURIS INSURANCE POOL, INC.
Minutes of the Meeting of the Board of Directors
November 29, 2023

She concluded the discussion by noting the audit report's finding that Securis claims staff has the necessary management tools and measurements in place to monitor established best practices, achieve regulatory compliance, and provide quality claims administration.

5. Discussion and approval of pool sponsorship at AFDA conference

Roshell Lee explained that management recommended that the pool engage in sponsorship opportunities at Arizona Fire District Association (AFDA) conferences. Management asked that the board approve event sponsorship and a budget amount for upcoming conferences. The board discussed potential sponsorship opportunities and a budget of \$15,000.

A motion was made to approve pool sponsorship at AFDA conferences with a budget of \$15,000.

Mary Dalton, moved
Patrick Moore, seconded
Motion passed unanimously

6. Discussion of the pool strategic plan (second review)

John Ashton reminded the board that a three-to-five-year strategic plan was presented at the June 21, 2023 meeting. He explained that following the June meeting, staff recorded the board's feedback, completed member satisfaction/district operation surveys, and continued to internally brainstorm potential strategic goals. The additional suggested topics were sent to the board in October 2023.

Mr. Ashton then advised that during this meeting, staff would like to focus on the upcoming 2024/2025 renewal period and address two overarching questions:

1. What are the essential services, partnerships, messages, advantages, etc., that Securis needs to promote in order to be seen as the obvious choice for Arizona fire districts?
2. What are the services, activities, messages, etc., that do *not* resonate with members/prospective members and do *not* provide value in establishing Securis as the obvious choice for fire districts?

The board discussed what the pool has done well since its inception and provided suggestions on improvements.

SECURIS INSURANCE POOL, INC.
Minutes of the Meeting of the Board of Directors
November 29, 2023

Mr. Ashton concluded by informing the board that discussion results from this meeting will be combined with the work to date on the strategic plan. Staff will utilize this information to establish an internal road map for monitoring the pool's performance and will continue reporting to the board.

E. Executive Session

1. A motion was made to enter into executive session at 1:53 p.m. pursuant to A.R.S. § 38-431.03(A)(2) and (3).

Brad Bradley, moved
Danny Johnson, seconded
Motion passed unanimously

F. Open Session

1. A motion was made to re-enter open session at 2:37 p.m.

Brad Bradley, moved
Josh Tope, seconded
Motion passed unanimously

2. A motion was made to approve the executive session minutes from the August 23, 2023 meeting of the board.

Brad Bradley, moved
Mary Dalton, seconded
Motion passed unanimously

3. A motion was made to direct the attorney regarding matters discussed in executive session.

Brad Bradley, moved
Mary Dalton, seconded
Danny Johnson, abstained
Motion passed unanimously by voting trustees.

G. Adjournment

Brad Bradley adjourned the meeting at 2:39 p.m.

SECURIS INSURANCE POOL, INC.
Minutes of the Meeting of the Board of Directors
November 29, 2023



Received and approved by Brad Bradley
Interim Board President
Securis Insurance Pool, Inc.