

SECURIS INSURANCE POOL, INC.
Minutes of the Meeting of the Board of Directors
February 21, 2024

A meeting of the board of directors of Securis Insurance Pool, Inc., was held on February 21, 2024.

Members present: Norman “Brad” Bradley: Northwest Fire District
Ed Mezulis: Sedona Fire District
Patrick Moore: Bullhead City Fire District
Danny Johnson: Verde Valley Fire District
Mary Dalton: Arizona Fire and Medical Authority

Members via remote access: David Maxwell: Daisy Mountain Fire and Medical
Josh Tope: Pinewood Fire District

Staff present: John Ashton: RPA
Tracy Foss: RPA
Roshell Lee: RPA
Lori Jundt: RPA
Amy Robinson: 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
John Murphy: RPA
Jennifer MacLennan: Gust Rosenfeld, PLC

A. Opening of the Meeting

1. Call to order

Brad Bradley called the meeting to order at 10:02 a.m.

2. Welcome visitors

Patrick Kohnen: Claremont Capital Management
Renee Pastor: Industrial Commission of Arizona
Lisa Elliot: Verde Valley 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 21, 2024

Mary Dalton, moved
Danny Johnson, seconded
Motion passed unanimously

2. A motion was made to approve the minutes of the November 29, 2023 meeting of the board

Mary Dalton, moved
Patrick Moore, seconded
Motion passed unanimously

3. Financial reports

Lori Jundt presented a summary of Securis's December 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.

Ms. Jundt then discussed the preliminary (pending final audit review) financial statements as of December 31, 2023. Total assets were \$23,367,728. The reserve for reported losses and loss expense was \$6,987,272. Claims incurred but not reported (IBNR) increased to \$9,406,506. Total liabilities were \$18,026,102. Net position as of June 30, 2023 was \$5,341,626.

During her financial presentation, Ms. Jundt informed the board that per the board's direction at the November 29 meeting, staff had opened a sweep account for the pool. Updates will be provided at future meetings of the board.

Patrick Kohlen 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 January 31, 2024. Ms. Lee next informed the board that the reports were provided for reference and that Candy Harper would touch on a few highlights from the reports.

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Candy Harper then provided claims highlights with a focus on the major claims that hit the pool in November 2023.

5. Management report

The following items were discussed in the management report:

- government relations update;
- Assistance To Firefighters grants;
- ICA renewal;
- renewal and marketing update;
- AFDA conference event;
- update: First Amendment to Securis Insurance Pool, Inc., Participation Agreement; and
- future meeting schedule.

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 at the annual meeting of the board by the board of directors and shall include a president, vice president, and secretary/treasurer.

Mr. Ashton explained that Brad Bradley currently serves as interim president, and Mary Dalton currently serves as secretary/treasurer and interim vice president. Next, it was discussed that at the annual meeting of the board in June 2024 officers of the corporation will need to be re-appointed.

Chief Bradley recommended that the board continue with the status quo: He will be president, with Mary Dalton as secretary/treasurer and interim vice president, until the June meeting.

A motion was made to approve continuation of the board officer status quo until the June annual meeting of the board.

Brad Bradley, moved
Mary Dalton, seconded
Motion passed unanimously

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2. Discussion of board member tier nominations

Roshell Lee reminded the board that David Maxwell and Josh Tope are currently serving as Tier 3 directors, with terms expiring on July 1, 2024. Next, she reminded the board of directors of the current nomination and election process, which included allowing members the opportunity to submit nominations. As previously requested by the board, no more than 60 days prior to the annual meeting, staff will submit the slate of nominees—including directors with expiring terms and any additional member nominees—to the membership for election as Tier 3 directors. Election results will then be reviewed at the annual meeting in June.

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.

4. Discussion and approval of Budget Rev—0 and 2024/2025 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 2024/2025 program year. The pool's actuary, Russ Sutter, was on the phone to provide insight and answer questions.

Mr. Ashton then presented the key budget provisions and assumptions incorporated into Budget—Rev. 0 for the year ending June 30, 2025.

Next, the board revisited its previous discussion about loss-sensitive rating and set the base renewal rate at a 0 percent increase/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.)

Finally, the board discussed the pool's capitalization requirement for new members joining the pool. The board strongly believes that the capitalization requirement is a pool benefit that gives new members ownership in the pool. However, now that the pool has been in operation for four years, the capitalization requirement should shift accordingly. The board discussed adjusting the requirement to sixty percent of an incoming member's initial contribution to be paid in annual installments for six years. Jennifer MacLennan,

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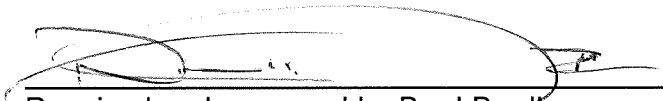
pool counsel, closed the discussion by stating that management will take the board's direction to adjust the capitalization requirement for new members.

A motion was made to approve Budget Rev—0 and 2024/2025 plan rates.

Brad Bradley, moved
Patrick Moore, seconded
Motion passed unanimously

D. Adjournment

Brad Bradley adjourned the meeting at 11:34 a.m.



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