

SECURIS INSURANCE POOL, INC.
Minutes of the Meeting of the Board of Directors
December 11, 2024

A meeting of the board of directors of the Securis Insurance Pool, Inc., was held on December 11, 2024.

Members present: Norman "Brad" Bradley: Northwest Fire District
Lee Barnes: Central Arizona Fire and Medical Authority
Josh Tope: Pinewood Fire District

Members via remote access: Ed Mezulis: Sedona Fire District
Danny Johnson: Verde Valley Fire District
Mary Dalton: Arizona Fire and Medical Authority
Patrick Moore: Bullhead City Fire District

Staff present: John Ashton: RPA
Roshell Lee: RPA
Lori Jundt: RPA
Amy Robinson: RPA
Catie Bassett: RPA
Julie Paine: RPA
Zach Gage: RPA
Elizabeth Glaesman: RPA
David Dodenhoff: RPA
Frankie D'Ambrosio: RPA
Jenna Arico: RPA
Kendra Callaghan: RPA
Jennifer MacLennan: Gust Rosenfeld, PLC

A. Opening of the Meeting

1. Call to order

Mary Dalton called the meeting to order at 10:01 a.m.

2. Welcome visitors

Matt Waller: Baker Tilly US, LLP
Brian Hemmerly: Baker Tilly US, LLP
Tom Palmer: Claremont Capital Management

B. General Business

1. A motion was made to approve the agenda for December 11, 2024.

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Ed Mezulis, moved
Josh Tope, seconded
Motion passed unanimously

2. A motion was made to approve the minutes of the September 18, 2024 meeting of the board

Lee Barnes, moved
Patrick Moore, seconded
Motion passed unanimously

C. New Business

1. Discussion and approval of the 2024 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, 2024. He then presented the pool's year-end financial statement audit and accompanying communication letters.

Highlights for the period from July 1, 2023 through June 30, 2024 were as follows:

- Total assets increased by \$8,683,562, to \$27,277,946.
- Total liabilities increased by \$4,364,688, to \$19,586,260.
- Total net position increased by \$4,318,874, to \$7,691,686.
- Total net revenues increased by \$969,681, to \$12,846,663.
- Total expenses decreased by \$1,059,659, to \$9,324,866.

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, 2023 through June 30, 2024.

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, 2024.

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Danny Johnson, moved
Josh Tope, seconded
Motion passed unanimously

Brad Bradley entered the meeting at 10:20 a.m.

2. 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, 2024. 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
- an independent claims audit (addressed in a separate resolution).

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
Mary Dalton, seconded
Motion passed unanimously

B. General Business, Continued

3. Financial reports

Lori Jundt presented a summary of Securis's October 31, 2024 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 October 31, 2024. Total assets were \$32,501,982. The reserve for reported losses and loss expense was \$6,730,899. Claims incurred but not

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reported (IBNR) increased to \$11,382,436. Total liabilities were \$21,990,564. Net position as of June 30, 2024 was \$10,511,418.

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 2024/2025 claims data through October 31, 2024. Ms. Lee informed the board that the reports were provided for reference and that Ms. Bassett and Ms. Paine would touch on a few highlights from the reports.

Catie Bassett and Julie Paine then provided claims highlights.

The claims report concluded with a discussion of the claim graphs presented in the board book. Staff asked if board members believed these graphs were still providing the details necessary for claims review, or if they would like to see claims presented differently. The board indicated that they would like the graphs updated to provide a more concise picture of claim trends over time. Staff is revamping the claims graphs and will present updated graphs at the February Meeting of the Board.

5. Management report

The following items were discussed in the management report:

- government relations update;
- AFDA conference; and
- mid-year membership update

Danny Johnson exited the meeting at 11:40 p.m.

C. New Business, Continued

3. Discussion of investment policy and procedures

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.

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

Brad Bradley, moved
Josh Tope, seconded
Motion passed unanimously

4. Discussion of claims audit report

Roshell Lee presented findings from the internal claims audit. She noted that Susan Stickler, an independent auditor, completed a review of 20 claims for the period from July 1, 2023 through June 30, 2024. The Securis Best Practice Adjuster Performance Audit Sheet was used as the primary tool during the audit. This form was developed and is used by Securis internally for adjuster performance review. The form includes measures for:

- timely claims set-up;
- injury/illness investigations;
- claim denials;
- file documentation;
- compliance;
- reserving practices;
- excess reporting;
- litigation, IMEs, settlements;
- quality; and
- system accuracy.

Ms. Lee explained that for claims reviewed for the 2024 audit, Ms. Strickler found that best practice requirements were met at a 100% level. This represents 533 points out of a possible 533 total, indicating that Securis has the necessary management tools and measurements in place to monitor and adhere to established best practices, achieve regulatory compliance, and provide quality claims administration.

5. Discussion and possible approval of continued exploration of a Securis-sponsored firefighter medical exam program

Roshell Lee reminded the board that at its September 18 meeting, the board approved exploration of a Securis-sponsored firefighter medical exam program in consultation with the then-to-be-established Securis Safety Committee. Ms. Lee told the board that the committee held its first meeting on October 17, 2024. At the meeting, staff discussed medical exam program options and alternatives with

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the group. The resulting recommended program features/action steps were as follows:

- Create a panel of vendors that will allow members to choose the option that works best for their organization.
- Negotiate a Securis rate with the vendors.
- Offer standard, 1582-recommended services, with districts that want additional services having the ability to work directly with their chosen vendor.

In conclusion, Ms. Lee noted that upon board approval to proceed, staff will continue with the following steps and provide vendor and pricing recommendations at the February board meeting:

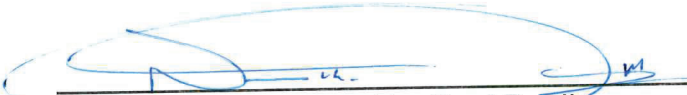
- conduct a request for information (RFI) to identify vendors; and
- negotiate a per-firefighter rate.

A motion was made to approve the continued exploration of a Securis-sponsored firefighter medical exam program.

Brad Bradley, moved
Mary Dalton, seconded
Motion passed unanimously

D. Adjournment

Brad Bradley adjourned the meeting at 12:10 p.m.



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