

**SECURIS INSURANCE POOL, INC.**

**Minutes of the Meeting of the Board of Directors  
June 25, 2020**

A meeting of the board of directors of Securis Insurance Pool, Inc., was held on June 25, 2020.

**Members present:** David Tharp: Central Arizona Fire and Medical Authority  
Ed Mezulis: Sedona Fire District  
Josh Tope: Pinewood Fire District

**Members remote access:** Norman "Brad" Bradley: Northwest Fire District  
Mary Dalton: Arizona Fire and Medical Authority  
Randy Karrer: Golder Ranch Fire District  
David Maxwell: Daisy Mountain Fire and Medical

**Members absent:** None

**Staff present:** John Ashton: Ashton Tiffany, LLC  
Tracy Foss: Ashton Tiffany, LLC  
Roshell Lee: Ashton Tiffany, LLC  
Wes Gates: Ashton Tiffany, LLC  
Garrett Mahoney: Ashton Tiffany, LLC  
Lori Jundt: Ashton Tiffany, LLC  
Dawn Chambers: Ashton Tiffany, LLC  
Austin Schell: Ashton Tiffany, LLC  
Shelley Hall: Ashton Tiffany, LLC  
Anne Skadeland: Ashton Tiffany, LLC  
Tara Zika: Ashton Tiffany, LLC  
Lauren Scardello: Ashton Tiffany, LLC  
Ashley Perkins: Ashton Tiffany, LLC  
Jessica Schuler: Ashton Tiffany, LLC  
Hannah Soto: Ashton Tiffany, LLC  
Jennifer MacLennan: Gust Rosenfeld, PLC

**A. Opening of the Meeting**

1. Call to order

David Tharp called the meeting to order at 9:20 a.m.

2. Welcome visitors

Renee Pastor, Industrial Commission of Arizona  
Russ Sutter, Willis Towers Watson

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**B. General Business**

1. A motion was made to approve the agenda for June 25, 2020

Randy Karrer, moved  
David Tharp, seconded  
Motion passed unanimously

2. A motion was made to approve the minutes of the May 20, 2020 meeting of the board

Randy Karrer, moved  
David Tharp, seconded  
Motion passed unanimously

**C. New Business**

1. Discussion and appointment of board of directors

John Ashton advised the board that Robert Biscoe resigned as Securis board director and that he had requested consideration of Mary Dalton as his replacement.

The board discussed the issue, and a motion was made to appoint Mary Dalton as a board director.

Randy Karrer, moved  
David Tharp, seconded  
Motion passed unanimously

Mr. Ashton also explained that the bylaws of the corporation state that the number of Securis board members can be extended to a maximum of nine. Based on management experience with other pools, and to allow for expansion should pool membership grow in future years, management recommended that the board proceed with a maximum of seven members at this time.

Jennifer MacLennan noted that the board had authority to appoint additional members prior to the annual meeting of the membership, or that the issue could be put to a vote of the membership. She further suggested that once the remaining board seats were appointed, the board should incorporate a tier system for board terms.

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The board acknowledged a desire for balanced representation from pool members and discussed potential candidates. It was suggested that the number of board director positions be expanded to seven and that the remaining positions be filled by Brad Bradley, David Maxwell, Joshua Tope, and Ed Mezulis.

A motion was made to appoint Brad Bradley, David Maxwell, Joshua Tope, and Ed Mezulis as board directors.

Mary Dalton, moved  
Randy Karrer, seconded  
Motion passed unanimously

Finally, the newly elected board discussed the process for future elections of the Securis board and recommended approval of a tier schedule. It was also suggested that the date for the annual meeting of the membership be amended to June 2021 to limit changes in board oversight in the initial program year.

A motion was then called to amend the resolution to change the annual meeting of the membership to a date in June 2021 and to approve a three year tiered system for Securis board positions with re-elections as follows: Josh Tope and David Maxwell at June 2021, Ed Mezulis and Brad Bradley at June 2022, and Mary Dalton, Randy Karrer and Dave Tharp at June of 2023.

Randy Karrer, moved  
Brad Bradley, seconded  
Motion passed unanimously

**2. Discussion and re-appointment of officers of the corporation**

David Tharp explained that officer appointments were approved at the prior board meeting in order to complete the required operational documents of the pool. At that time David Tharp was appointed to the position of president, and Robert Biscoe was appointed secretary and treasurer. With the expansion of the board, Mr. Tharp recommended re-appointment of officers of the corporation by the current board.

A motion was made to retain David Tharp as president.

Joshua Tope, moved  
Ed Mezulis, seconded  
Motion passed unanimously

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Randy Karrer nominated Brad Bradley to be appointed to the position of vice president.

A motion was made to appoint Brad Bradley to the position of vice president.

Randy Karrer, moved  
Mary Dalton, seconded  
Motion passed unanimously

Finally, the board discussed whether the offices of secretary and treasurer should be held as separate positions.

A motion was made to retain the office as secretary/treasurer, and to further appoint Mary Dalton to the position.

Brad Bradley, moved  
Randy Karrer, seconded  
Motion passed unanimously

**3. Discussion and approval of actuarial report**

Russ Sutter, lead actuary from Willis Towers Watson, presented the actuarial study findings and outlined the recommended rates. He discussed several key items, including the \$2 million self-insured retention (\$5 million for presumptive cancer); inclusion of data from the 62 fire districts that had previously submitted applications; and the fact that COVID-19 was not contemplated in the analysis due to the very recent timing of the exposure. Mr. Sutter explained the expected confidence level (45–55%) and that a projected 2 percent discount factor was assumed on the Securis budget.

The motion was made and amended to approve the actuarial report as presented, with the 2% discount factor.

Josh Tope, moved  
Brad Bradley, seconded  
Motion passed unanimously

**4. Discussion and approval of Budget—Rev. 0**

Garrett Mahoney presented the budget for fiscal year 2020/2021. The proposed budget included the following:

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- \$147 million estimated payroll;
- \$3.8 million operating expenses; and
- \$40,595 excess revenue.

John Ashton noted that the most significant factor for future budgets will be the pool's losses during the year.

A motion was made to approve Budget—Rev. 0 for the year ending June 30, 2021.

David Maxwell, moved  
Mary Dalton, seconded  
Motion passed unanimously

5. Discussion and ratification of ICA approval

Tracy Foss welcomed Renee Pastor, Industrial Commission of Arizona (ICA), who played a vital role in the pool receiving such a timely approval. Ms. Foss noted that on June 11, 2020 the ICA approved Securis as a self-insured insurance pool, and that an amendment to the board's previously approved Resolution 20-013 was needed in order to adequately address the required security deposit.

A motion was made to ratify and approve the amendment of Resolution 20-013 to include the ICA security deposit requirement.

Josh Tope, moved  
Randy Karrer, seconded  
Motion passed unanimously

6. Discussion and approval of coverage agreement

Tracy Foss outlined the July 1, 2020 coverage agreement for Securis Insurance Pool membership. She advised that the agreement had been reviewed by outside coverage counsel. Jennifer MacLennan also noted that she had reviewed the agreement as part of the board materials.

A motion was made to approve the coverage agreement.

Randy Karrer, moved  
Brad Bradley, seconded

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Motion passed unanimously

**7. Discussion and approval of administrator contract**

John Ashton explained that at the May 20 meeting of the board, Ashton Tiffany, LLC, was approved as pool administrator pending review and acceptance of the administrative services contract. He then presented a proposed contract for a one-year team. He advised that if either party wishes to terminate the contract, a 90-day notice is required. He also noted that the service contract will be presented to the Securis board each year for reconsideration. Finally, Mr. Ashton highlighted key service provisions and addressed the proposed compensation of 13 percent of annual contributions, excluding capitalization.

David Tharp thanked the Ashton Tiffany team for its support in this endeavor and acknowledged the company's willingness to work without compensation during the implementation phase.

A motion was made to approve the July 1, 2020/2021 administrator contract for the period ending June 30, 2021.

Randy Karrer, moved  
Ed Mezulis, seconded  
Motion passed unanimously

**8. Discussion and approval of excess insurance contract**

Tracy Foss presented the excess insurance provisions with Safety National Insurance Company for board approval. She advised of the market challenges within this class of business and noted that the program was subject to a \$2 million self-insured retention per occurrence and \$5 million for presumptive cancer. She also noted that the annual/deposit premium was included in the budget.

A motion was made to approve of the placement of excess insurance with Safety National.

Josh Tope, moved  
David Maxwell, seconded  
Motion passed unanimously

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9. Discussion and approval of claim service providers

Tracy Foss presented the proposed list of claims vendors for Securis and explained that Ashton Tiffany was in the process of finalizing Securis-specific contracts with each of the service providers. In nearly every case, the service providers agreed to the same contract terms and rates offered to the Arizona Schools Alliance for Workers' Compensation, Inc. John Ashton noted that the expense for these vendors was included in the budget.

A motion was made to approve the claims service providers.

Mary Dalton, moved  
Ed Mezulis, seconded  
Motion passed unanimously

10. Discussion and re-approval of signature authority

Lori Jundt presented an updated authority matrix outlining authorities granted by the board. She explained that the proposed update included granting the vice president the same signing authority as the president, along with a change from John Flanders to Shelley Hall for in-house legal signing authority.

A motion was made to approve these changes to the authority matrix as amended.

Randy Karrer, moved  
Josh Tope, seconded  
Motion passed unanimously

11. Discussion and approval of Union Bank custody account

Lori Jundt noted that Securis has elected to post eligible securities that will be restricted and held in custody with MUFG Union Bank, NA (Union Bank) in lieu of a guarantee bond. Union Bank has requested a formal board resolution stating that the board president, the board vice president, the board secretary/treasurer, the executive director, the director of operations, and the principal of Ashton Tiffany have individual authority to execute agreements, open bank accounts, and provide instruction to Union Bank.

John Ashton and David Tharp had already signed the required resolution, but formal approval from the board was still needed to ratify the resolution and to amend the motion as presented by counsel.

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A motion was made to ratify the resolution and approve the Union Bank custody account.

Randy Karrer, moved  
Brad Bradley, seconded  
Motion passed unanimously

**12. Discussion and approval of financial auditing services**

Lori Jundt presented the recommendation of Henry + Horne, LLP (H+H), as a provider of financial auditing services for Securis for the period ending June 30, 2021. David Tharp suggested that the board look into a three-year engagement letter from Henry + Horne, LLP. Management agreed to discuss a three-year option with the auditor and present an update at the next board meeting.

A motion was made to approve Henry + Horne, LLP (H+H), as a provider of financial auditing services for Securis for the period ending June 30, 2021.

David Tharp, moved  
Josh Tope, seconded  
Motion passed unanimously

**13. Discussion and approval of future meeting dates**

John Ashton led the discussion regarding future meeting dates. He recommended that the Securis board meet four to five times each fiscal year. It was suggested that the next meeting date be set for Wednesday, September 23 to allow for greater reporting on claims and financial data. The board discussed holding future meetings on a Wednesday of the appropriate month and requested that management send an email with the proposed dates to the board.

**D. General Business Continued**

**1. Management report**

The following items were discussed in the management report.

- Securis logo and website;
- new member introduction webinar;
- claims services and support;
- Alpine Fire District coverage; and



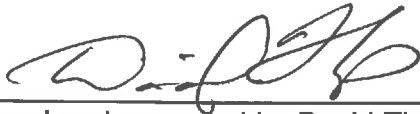
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- items to be discussed at the next board meeting.

**E. Adjournment**

David Tharp adjourned the meeting at 10:51 a.m.



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