

SECURIS INSURANCE POOL, INC.
Minutes of the Meeting of the Board of Directors
February 24, 2021

A meeting of the board of directors of Securis Insurance Pool, Inc., was held on February 24, 2021.

Members present: David Tharp: Central Arizona Fire and Medical Authority
David Maxwell: Daisy Mountain Fire and Medical
Mary Dalton: Arizona Fire and Medical Authority
Josh Tope: Pinewood Fire District

Members via remote access: Ed Mezulis: Sedona Fire District
Norman "Brad" Bradley: Northwest Fire District
Randy Karrer: Golder Ranch Fire District

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
Austin Schell: Ashton Tiffany, LLC
Catie Bassett: Ashton Tiffany, LLC
Anne Skadeland: Ashton Tiffany, LLC
Tara Zika: Ashton Tiffany, LLC
Lauren Scardello: Ashton Tiffany, LLC
Hannah Soto: Ashton Tiffany, LLC
Robert Strub: 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 11:00 a.m.

2. Welcome visitors

Renee Pastor, Industrial Commission of Arizona
Tom Palmer, Claremont Capital Management, LLC
Russ Sutter, Willis Towers Watson
Shauna Fisher, Arizona Fire and Medical Authority
Brian Moore, Daisy Mountain Fire and Medical
Mindy Kindelberger, Golden Valley Fire District

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B. General Business

1. A motion was made to approve the agenda for February 24, 2021

Mary Dalton, moved
Brad Bradley, seconded
Motion passed unanimously

2. A motion was made to approve the minutes of the December 2, 2020 regular meeting of the board

Josh Tope, moved
Brad Bradley, seconded
Motion passed unanimously

3. Financial report

Garrett Mahoney provided a summary of the 2020/2021 policy year thus far, through the financial dashboard as of December 31, 2020. The dashboard summarized the pool's financial performance: contributions and capitalization, loss expenses, and paid and incurred amounts compared to the additional budget.

Mr. Mahoney then presented the financial statements as of December 31, 2020. He noted that the total assets were \$3,126,354. The reserve for reported losses and loss expense was \$474,954. Claims incurred but not reported (IBNR) increased to \$649,087. Total liabilities were \$2,208,567. Net position as of December 31, 2020 was \$917,787.

Mr. Mahoney next presented the statements of revenues, expenses, and changes in net position for the one-month and six-month periods ending December 31, 2020.

Mr. Mahoney closed the financial report with an update on the cash flow projections as of January 31, 2021.

4. Claims report

Austin Schell presented the claims performance reports for Securis. The reports contained claims data through January 31, 2021. Mr. Schell noted an uptick in claims for December due to the new claims billing process becoming more

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current, along with a major vehicle accident that occurred at the end of the month.

Mr. Schell advised that open claims through January showed a gross incurred amount of \$972,687, with a total paid amount of \$221,624. Mr. Schell closed the claims report by presenting an overview of common claims by frequency and incurred amount.

5. Management report

The following items were discussed in the management report:

- legislation update;
- programs, services, and resources; and
- 2021/2022 renewal and marketing.

C. New Business

1. Discussion and approval of Ashton Tiffany contract assignment

John Ashton noted that in late December, Ashton Tiffany was acquired by Risk Program Administrators (RPA), a division of Arthur J. Gallagher and Co. Securis pool administration services will continue to be provided by Ashton Tiffany staff under this new corporate umbrella, with the expectation of complete service continuity.

It was recommended that the board of directors approve the consent to assignment letter effective March 1, 2021.

A motion was made to approve the consent to assignment letter effective March 1, 2021.

Randy Karrer, moved
Josh Tope, seconded
Motion passed unanimously

2. Discussion and re-approval of signature authority

Lori Jundt explained that the board of directors typically reviews the authority levels of individuals working on behalf of Securis annually. However, staff revised the current authority matrix to be in line with the pool's new risk management system, Origami Risk, as well as to simplify it.

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Ms. Jundt noted that the revised matrix included a provision for authority on charitable funds. She advised that if the board elected to retain this provision, a written policy for charitable funds would be prepared and presented at the June meeting of the board.

It was recommended that the board of directors approve the revised authority matrix.

A motion was made to approve the revised authority matrix dated February 24, 2021.

Mary Dalton, moved
Ed Mezulis, seconded
Motion passed unanimously

3. Discussion and approval of Claremont Capital contract

Lori Jundt reminded the board that at its December 2, 2020 meeting, members approved utilization of investment management services through Claremont Capital Management, LLC (Claremont). Ms. Jundt advised that a proposed contract for services had been obtained and reviewed by staff and pool counsel. She then provided the board with an overview of the key provisions and compensation between Securis and Claremont. She noted that the proposed contract renewal date was set for June 30, 2021 in order to align with the pool's other vendor contracts. Finally, Ms. Jundt introduced Tom Palmer, principal of Claremont Capital Management, LLC. Mr. Palmer provided the board with a briefing on the firm's background.

It was recommended that the board of directors approved the contract with Claremont Capital for investment manager services.

A motion was made to approve the contract with Claremont Capital, LLC.

Brad Bradley, moved
Josh Tope, seconded
Motion passed unanimously

4. Discussion and approval of investment policy and procedure

Lori Jundt presented the proposed Securis investment policy and procedure. Ms. Jundt explained that investments for Securis will be undertaken in a manner that seeks to ensure the preservation of capital, generation of current income as

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necessary to meet the needs of Securis, and long-term growth of capital and income.

It was recommended that the board of directors review and approve the investment policy and procedure as presented.

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

Josh Tope, moved
Mary Dalton, seconded
Motion passed unanimously

5. Discussion and approval of revised claims policy and procedure

Roshell Lee explained that at a previous Securis board meeting, the pool's claims policy and procedure was approved. However, due to additional discussions at the December 2, 2020 meeting of the board, staff revised the claims policy and procedure to include denial protocols. The proposed revisions were submitted to pool counsel for review prior to the meeting.

It is recommended that the board of directors approve the revision to Securis's claims policy and procedure.

A motion was made to approve the revision to Securis's claims policy and procedure.

Brad Bradley, moved
Ed Mezulis, seconded
Motion passed unanimously

6. Discussion and approval of loss control program

At the September 23, 2020 meeting of the board, staff discussed steps for creating a member-centered loss control program. The process for developing the program was to include site visits with member districts.

Robert Strub presented his findings from the site visits and member discussions. He explained that recommendations for the Securis loss control program were based on elements drawn from site visits and other research and analysis. He then highlighted the following program recommendations:

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- semi-annual individual district check-ins, including an annual site visit to increase member interaction, promote education, and address safety needs and concerns;
- on-site safety assessments to address specific concerns and assist Securis members in improving outcomes at members' request;
- monitoring of workers' compensation losses for purposes of evaluating trends (e.g., fitness-related injuries) and collaborating with the Securis team to identify possible solutions;
- implementation of a communication and education program through newsletters, "do's and don'ts," tips, short video reminders, etc., to promote awareness of NFPA standards and additional safety guidelines;
- creation of a communication portal to help pool members connect with each other and share guidelines and best practices; and
- evaluation of industry-specific vendors and programs for online training, fitness assessments, medical screenings, etc., to identify resources that are valued by members and can help mitigate losses (staff has already begun this process).

Mr. Strub closed by addressing next steps and advising the board that a program update will be provided at the June meeting of the board.

It was recommended that the board of directors approve the Securis loss control program.

A motion was made to approve the Securis loss control program.

Brad Bradley, moved
Mary Dalton, seconded
Motion passed unanimously

7. Discussion and approval of firefighter medical exam program

John Ashton explained that in accordance with NFPA 1582 guidelines, fire districts should have a medical evaluation program in place. He stated that evaluation services may be obtained through a variety of providers, and that Securis staff had recently produced an overview of the general requirements and program elements to consider when selecting a provider.

Mr. Ashton then presented an opportunity for Securis and Kairos Health Arizona (Kairos) to help coordinate firefighter health screenings in two areas: cancer and

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cardiac issues. Mr. Ashton explained program options offered through 1582 and the pros and cons of a sponsored program.

The board discussed the proposal and asked to see the 2021/2022 Budget—Rev. 0 before making a decision. Upon reviewing the budget, the board decided to table discussions.

A motion was made to table discussion and approval of a firefighter medical exam program to be re-visited at a future meeting.

Randy Karrer, moved
Josh Tope, seconded
Motion passed unanimously

8. Discussion of five-year pro forma

During the meeting, staff presented a five-year pro forma template for review and discussion by the board. The pro forma allowed 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.

9. Discussion and approval of Budget—Rev. 0 and 2021/2022 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 introduced Russ Sutter of Willis Towers Watson, Securis's actuary. Mr. Sutter presented an overview of his process, approach, and findings. His report included the proposed actuarial rates for the 2021/2022 program year. Mr. Sutter further advised that due to the limited experience of the pool, he continues to maintain a conservative approach in his reporting.

Next, Mr. Ashton presented the key budget provisions and the assumptions incorporated into Budget—Rev. 0 for the year ending June 30, 2022. He suggested that the board discuss additional program considerations, included by separate resolution, before finalizing the budget. The additional considerations were reviewed, and the board directed staff to budget for the presumptive cancer actuarial analysis and proceed with the fitness training injury evaluation program.

Finally, the board considered plan rates for the 2021/2022 policy year and suggested a 5% rate increase to maintain the healthy financial position of the pool.

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A motion was made to approve the Budget—Rev.0 (with the approved Resolution 20-043 program considerations) and plan rates with a 5% increase for the year ending June 30, 2022.

Brad Bradley, moved
David Maxwell, seconded
Motion passed unanimously

10. Discussion and approval of 2021/2022 program considerations

Prior to approval of the 2021/2022 budget (discussed above), John Ashton presented a list of potential program options for board consideration for the 2021/2022 renewal program. The items included:

1. presumptive cancer actuarial analysis,
2. NFPA 1582 medical evaluation program,
3. fitness training injury evaluation program,
4. firefighter exposure tracking system, and
5. other resource programs

Mr. Ashton requested that the board provide direction to staff regarding program options and authorize staff to finalize contracts as appropriate. He noted that staff will present any necessary budget revisions and formal contracts to the board in June.

A motion was made to budget for the presumptive cancer actuarial analysis, and to grant staff authority to move forward with the fitness training injury evaluation program.

Brad Bradley, moved
Mary Dalton, seconded
Motion passed unanimously

11. Discussion and approval of board member tier nomination process and elections

John Ashton reminded the board that David Maxwell and Joshua Tope are currently serving as Tier 3 directors, with terms expiring on July 1, 2021. Mr. Ashton suggested that the board discuss and recommend a nomination process for the upcoming election. Counsel advised that the board had authority to affirm the nominees at this time; however, the board could also elect to open the two Tier 3 nominations to the membership.

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The board discussed initial feedback from the Securis membership and recommended that the pool open the nomination process to the members for the two Tier 3 director positions expiring on July 1, 2021. Mr. Maxwell and Mr. Tope noted their willingness to continue to serve the program and to be presented on the ballot. The board affirmed this and requested that staff include Mr. Maxwell's and Mr. Tope's names with any additional nominees from the membership.

A motion was made to approve the member nomination process and nominees for the Tier 3 director positions expiring on July 1, 2021.

Josh Tope, moved
Randy Karrer, seconded
Motion passed unanimously

12. Discussion and approval of 2021/2022 meetings of the board

Roshell Lee explained that the board needs to establish a regular meeting schedule, per the bylaws of the corporation. Ms. Lee presented a schedule of meeting dates for the 2021/2022 policy year, with a start time of 11:00 a.m., as follows:

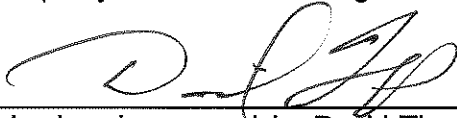
- September 22, 2021;
- December 1, 2021;
- February 23, 2022; and
- June 22, 2022 (annual meeting).

A motion was made to approve the schedule of regular meeting dates for the 2021/2022 policy year.

Randy Karrer, moved
Brad Bradley, seconded
Motion passed unanimously

D. Adjournment

David Tharp adjourned the meeting at 2:21 p.m.



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