

**SRP CAPTIVE RISK SOLUTIONS, LIMITED
MEETING NOTICE AND AGENDA**

BOARD OF DIRECTORS MEETING

Monday, February 5, 2024, No Sooner Than 11:00 AM

**SRP Administration Building
1500 N. Mill Avenue, Tempe, AZ 85288**

Directors: David Rousseau, President; Chris Dobson, Vice President;
Mario Herrera, Paul Rovey, and Jack White Jr.

Call to Order
Roll Call

1. **CONSENT AGENDA:** The following agenda item(s) will be considered as a group by the Board of Directors and will be enacted with one motion. There will be no separate discussion of these item(s) unless a Board Member requests, in which event the agenda item(s) will be removed from the Consent Agenda and considered as a separate item..... PRESIDENT DAVID ROUSSEAU
 - Request for approval of the minutes for the meeting of January 8, 2024.
2. Request for Approval for the Renewal of Property Terrorism Risk Insurance Coverage Through the Captive KATIE CORMIER
3. Request for Approval of Third-Party Vendors for Audit and Actuary Services for the Fiscal Year 2024 (FY24) Annual Audit KATIE CORMIER
4. Request for Approval of the FY25 Operating Budget JEFFREY WRIGHT
5. Review of Interim Financial Statements JEFFREY WRIGHT
6. Report on Appointment of Directors for FY25..... PRESIDENT DAVID ROUSSEAU
7. Appointment of Officers for FY25 PRESIDENT DAVID ROUSSEAU
8. Report on Conflict of Interest Statements..... SECRETARY JOHN FELTY
9. Adjourn PRESIDENT DAVID ROUSSEAU

The Board may vote during the meeting to go into Executive Session, pursuant to A.R.S. §38-431.03(A)(3), for the purpose of discussion or consultation for legal advice with legal counsel to the Board on any of the matters listed on the agenda.

Visitors: The public has the option to attend in-person or observe via Zoom and may receive teleconference information by contacting the Corporate Secretary's Office at (602) 236-4398. If attending in-person, all property in your possession, including purses, briefcases, packages, or containers, will be subject to inspection.



**NOTICE WILL BE SENT REGARDING THE NEXT
SRP CAPTIVE RISK SOLUTIONS, LIMITED BOARD MEETING**

MINUTES
BOARD OF DIRECTORS
SRP CAPTIVE RISK SOLUTIONS, LIMITED

DRAFT

January 8, 2024

A meeting of the Board of Directors of the SRP Captive Risk Solutions, Limited (the Captive), an Arizona corporation, convened at 12:59 p.m. on Monday, January 8, 2024, from the Hoopes Board Conference Room at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona. This meeting was conducted in-person and via teleconference in compliance with open meeting law guidelines. The Salt River Project Agricultural Improvement and Power District (District) and Salt River Valley Water Users' Association (the Association) are collectively known as SRP.

Directors of the Captive present at roll call were David Rousseau, President of the Captive and SRP; Christopher J. Dobson, Vice President of the Captive and SRP; and Mario J. Herrera, Paul E. Rovey, and John M. White Jr. of SRP.

Also present were Brian J. Koch, Treasurer of the Captive and Corporate Treasurer of SRP; John M. Felty, Secretary of the Captive and Corporate Secretary of SRP; Lora F. Hobaica, Assistant Secretary of the Captive and Assistant Corporate Secretary of SRP; Mmes. Irene R. Avalos, Melissa J. Burger, Katie I. Cormier, Sue Ann Perkinson, and Marcia J. Philpott of SRP; Messrs. Reuben T. Judd, Michael J. O'Connor, Jim M. Pratt, and Jeff A. Wright of SRP; Tempe Robins and Georgina Vorster of Strategic Risk Solutions, Inc. (SRS) of the State of Arizona.

In compliance with A.R.S. §38-431.02, Andrew Davis of the SRP Corporate Secretary's Office had posted a notice and agenda of the meeting of the Board of Directors of the Captive at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Friday, January 5, 2024.

President and Director D. Rousseau served as Chairman and called the meeting to order at 12:59 p.m. He acknowledged the existence of a quorum of the Board of Directors of the Captive.

Consent Agenda

President and Director D. Rousseau requested a motion for approval of the Consent Agenda, in its entirety.

On a motion duly made by Director J.M. White Jr. and seconded by Director M.J. Herrera, the Board of Directors of the Captive unanimously approved and adopted the following item on the Consent Agenda:

- Approval of the minutes for the meeting of August 17, 2023, as presented

Secretary J.M. Felty polled the Directors on Director J.M. White Jr.'s motion to approve the Consent Agenda, in its entirety. The vote was recorded as follows:

YES:	Directors David Rousseau, President; Christopher J. Dobson, Vice President; and Mario J. Herrera, Paul E. Rovey, and John M. White Jr.	(5)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	None	(0)

Approval for Renewal of Property Terrorism Risk Insurance Coverage through the Captive

President and Director D. Rousseau tabled the agenda item regarding a request for approval for renewal of Property Terrorism Risk Insurance Coverage through the Captive to a future meeting.

Approval for the Renewal of Medical Stop Loss Coverage through the Captive

Using a PowerPoint presentation, Katie I. Cormier, SRP Senior Insurance Risk Analyst, stated that the purpose of the presentation was to request approval for the renewal of Medical Stop Loss (MSL) coverage for SRP through the Captive and procurement of reinsurance coverage.

Ms. K.I. Cormier reviewed the reasons and benefits that the Captive provides to SRP's MSL coverage. She provided an overview of the 2018, 2019, 2020, 2021 and 2022 MSL financials and claim history. She detailed the current MSL coverage structure, as follows:

- SRP retains \$500,000 for each insured life
- SRP Captive retains \$750,000 for each insured life
- Reinsurance reimburses the Captive for all losses in excess of its retention

Continuing, Ms. K.I. Cormier reviewed the MSL financials for 2023 and reviewed the proposed 2024 renewal and estimated totals. She concluded by requesting authorization to 1) renew MSL Insurance for SRP at a cost not to exceed a 15% increase over the expiring annual premium, and 2) reinsure through QBE Insurance Corporation at a cost not to exceed a 0% increase over expiring annual premium.

On a motion duly made by Director M.J. Herrera, seconded by Director J.M. White Jr. and carried, the Board granted approval.

Secretary J.M. Felty polled the Directors on Director M.J. Herrera's motion for approval. The vote was recorded as follows:

YES:	Directors David Rousseau, President; Christopher J. Dobson, Vice President; and Mario J. Herrera, Paul E. Rovey, and John M. White Jr.	(5)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	None	(0)

Copies of the PowerPoint slides used in this presentation are on file in the SRP Corporate Secretary's Office and, by reference, made a part of these minutes.

Approval of Third Party Vendors for Audit and Actuary Services for the Fiscal Year 2024 Annual Audit

President and Director D. Rousseau tabled the agenda item regarding a request for approval of the utilization of recommended third party vendors for the Captive for the Fiscal Year 2024 (FY24) annual audit to a future meeting.

Approval of Operating Budget for Fiscal Year 2025

President and Director D. Rousseau tabled the agenda item regarding a request for approval of the proposed Operating Budget for FY25 to a future meeting.

Review of Interim Financial Statements

President and Director D. Rousseau tabled the agenda item regarding a review of the interim financial statements of the Captive for the six-month period ended October 31, 2023 compared to the same period a year prior to a future meeting.

Report on Appointment of Directors for Fiscal Year 2025

President and Director D. Rousseau tabled the agenda item regarding the appointment of Directors for FY25 to a future meeting.

Appointment of Officers for Fiscal Year 2025

President and Director D. Rousseau tabled the agenda item regarding the appointment of Officers for FY25 to a future meeting.

Report on Conflict of Interest Statements

President and Director D. Rousseau tabled the agenda item regarding the report on Conflict of Interest statements to a future meeting.

There being no further business to come before the Board, the meeting adjourned at 1:11 p.m.

John M. Felty
Secretary

SRP CAPTIVE RISK SOLUTIONS, LIMITED BOARD OF DIRECTORS MEETING

**Katie Cormier
Senior Risk Analyst, Insurance Services**

**TRIA PROPERTY RENEWAL
FEBRUARY 5, 2024**



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SRP CAPTIVE RISK SOLUTIONS, LIMITED

CUSTOMIZED COST-EFFECTIVE RISK MITIGATION

- SRPCRS protects against market uncertainty
 - Increased control of SRP insurance program
 - Less dependence on market products and prices
- SRPCRS Benefits
 - Minimal risk of market variability or unavailability
 - Flexible coverage design
 - Cost-effective budget certainty
 - Cost savings to SRP: Premium paid by SRP to SRPCRS instead of commercial market
- Risks of SRPCRS
 - SRP's funding capital at risk
 - Unanticipated losses
 - Limited types of coverage

SRP CAPTIVE RISK SOLUTIONS, LIMITED

TERRORISM RISK INSURANCE RENEWAL

- SRP-owned property damage coverage due to an act of terrorism
- Benefits:
 - Provides enhanced coverage not available through commercial market through reinsurance
 - Keeps premiums within an SRP entity
- Enactment of the Terrorism Risk and Insurance Act (TRIA) of 2002 required carriers which provide liability and property insurance to also offer to provide terrorism risk insurance
- SRPCRS provides coverage to SRP
- Reinsurance TRIA option procured through Lloyds of London

SRP CAPTIVE RISK SOLUTIONS, LIMITED

PROPERTY TERRORISM RISK INSURANCE COVERAGE

COVERAGE

SRPCRS
\$650M
TRIA Property
Reinsurance
through
Lloyds of London

SRP
\$1,000,000

Coverage	Existing Program 6/15/2023 – 6/15/2024	Expected Renewal 6/15/2024 – 6/15/2025
Total Insured Value	\$15,493 M	\$16,183 M
Premium paid by SRP to SRPCRS	\$585,700	\$614,985 or less**
Reinsurance Premium paid by SRPCRS	(\$81,500)	(\$101,875) or less*
Net Premium / Income	\$504,200	\$513,110 (estimate)

** Based on 5% budget increase

* Based on 25% market increase

SRP CAPTIVE RISK SOLUTIONS, LIMITED PROPERTY TERRORISM RISK INSURANCE REQUEST

Request for Approval:

In accordance with the terms presented, request that the Board authorize SRP Captive Risk Solutions, Limited to (a) renew Property Terrorism Risk Insurance for SRP at a cost not to exceed a 5% increase over the expiring annual premium, and (b) reinsure through Lloyds of London at a cost not to exceed a 25% increase over expiring annual premium.



SRP CAPTIVE RISK SOLUTIONS, LIMITED BOARD OF DIRECTORS MEETING

**Katie Cormier
Senior Risk Analyst, Insurance Services**

**APPROVAL OF VENDORS
FEBRUARY 5, 2024**



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SRP CAPTIVE RISK SOLUTIONS, LIMITED PROPOSED VENDORS

SRPCRS Audit Services

- Crowe LLP
- Fee \$23,625

SRPCRS Actuary Services

- Walter Haner & Associates, Inc.
- Fee \$4,800

SRP CAPTIVE RISK SOLUTIONS, LIMITED VENDORS REQUEST FOR APPROVAL

Request for Approval:

In accordance with the terms presented, request that the Board authorize the utilization of recommended third-party vendors for audit and actuarial services for SRP Captive Risk Solutions, Limited for the fiscal year ending April 30, 2024.



SRP CAPTIVE RISK SOLUTIONS, LIMITED BOARD OF DIRECTORS MEETING

**Jeff Wright
Director, Financial Reporting**

**2025 OPERATING BUDGET
FEBRUARY 5, 2024**



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SRP CAPTIVE RISK SOLUTIONS, LIMITED

2025 OPERATING BUDGET

	Projected FY 2024	Proposed FY 2025	Year-over-Year Change
Premiums Earned	\$2,759,746	\$3,153,999	\$394,253
Income from Investments	500,719	535,000	34,281
Total Income	3,260,465	3,688,999	428,534
License Fee	5,500	5,500	0
Directors & Meeting Expense	1,389	2,100	711
Management Fee	61,800	63,654	1,854
Audit Fee	22,500	23,625	1,125
Actuarial Fee	4,800	5,000	200
Bank Fee	0	0	0
Conferences & Memberships	575	3,325	2,750
Project Consulting	0	10,000	10,000
Paid Losses & Reserves	2,550,000	2,473,086	(76,914)
Total Expenses	2,646,564	2,586,290	(60,274)
Net Income Before Tax	\$613,901	\$1,102,709	\$488,808

SRP CAPTIVE RISK SOLUTIONS, LIMITED PROPOSED 2025 OPERATING BUDGET

Request for Approval:

Request that the Board approve the Operating Budget for fiscal year 2025, as presented herein.



SRP CAPTIVE RISK SOLUTIONS, LIMITED BOARD OF DIRECTORS MEETING

**Jeff Wright
Director, Financial Reporting**

**INTERIM FINANCIAL RESULTS
FEBRUARY 5, 2024**



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SRP CAPTIVE RISK SOLUTIONS, LIMITED

INTERIM FINANCIAL RESULTS

	Period Ended 10/31/2023	Year Ended 04/30/2023	Six Month Change
Total Assets	\$17,006,435	\$16,285,611	\$720,824
Total Liabilities	7,545,594	6,315,597	1,229,997
Equity	\$9,460,841	\$9,970,014	(\$509,173)
	Six Months Ended 10/31/2023	Six Months Ended 10/31/2022	Year over Year Change
Income	\$1,310,414	\$1,186,792	\$123,622
Expenses	2,037,592	1,498,009	539,583
Investment Income	250,360	52,795	197,565
Net Income (Loss) before tax	(476,818)	(258,422)	(218,396)
Income Taxes	32,355	0	32,355
Net Income (Loss)	(\$509,173)	(258,422)	(\$250,751)

SRP CAPTIVE RISK SOLUTIONS, LIMITED

INTERIM FINANCIAL RESULTS

	Actual 10/31/2023	Budget 10/31/2023	Variance
Premiums Earned	\$1,310,414	\$1,308,384	\$2,030
Income from Investments	250,360	173,750	76,610
Total Income	1,560,774	1,482,134	78,640
License Fee	5,500	5,500	0
Directors & Meeting Expense	694	1,050	(356)
Management Fee	30,900	30,900	0
Audit Fee	11,250	11,250	0
Actuarial Fee	2,400	2,500	(100)
Bank Fee	0	25	(25)
Conferences & Memberships	0	4,750	(4,750)
Paid Losses & Reserves	1,986,848	1,335,000	651,848
Total Expenses	2,037,592	1,390,975	646,617
Net Income (Loss) before tax	(476,818)	91,159	(567,977)
Income Taxes	32,355	0	32,355
Net Income (Loss)	(\$509,173)	\$91,159	(\$600,332)



**SRP CAPTIVE RISK SOLUTIONS, LIMITED
BOARD OF DIRECTORS MEETING
PRESIDENT ROUSSEAU
FEBRUARY 5, 2024**

SRP CAPTIVE RISK SOLUTIONS APPOINTMENT OF DIRECTORS



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SRP CAPTIVE RISK SOLUTIONS, LIMITED APPOINTMENT OF DIRECTORS FOR FISCAL YEAR 2025

- **Christopher J. Dobson**
- **Mario J. Herrera**
- **David Rousseau**
- **Paul E. Rovey**
- **John M. White Jr.**



SRP CAPTIVE RISK SOLUTIONS, LIMITED BOARD OF DIRECTORS MEETING

**David Rousseau
President**

**APPOINTMENT OF OFFICERS FOR FY25
FEBRUARY 5, 2024**



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SRP CAPTIVE RISK SOLUTIONS, LIMITED

APPOINTMENT OF OFFICERS FOR FISCAL YEAR 2025

Title	Name
President	David Rousseau
Vice President	Chris Dobson
Secretary	John M. Felty
Assistant Secretary	Lora F. Hobaica
Treasurer	Brian J. Koch
Assistant Treasurer	Jason I. Riggs

