

CITIZENS PROPERTY INSURANCE CORPORATION

**MINUTES OF THE
BOARD OF GOVERNORS MEETING
Wednesday, March 25, 2020**

The Board of Governors (Board) of Citizens Property Insurance Corporation (Citizens) convened telephonically on March 25, 2020 at 9:00 a.m. (EST).

The following members of the Board were present telephonically:

Bo Rivard, Chair
Bette Brown
Blake Capps
Marc Dunbar (joined via phone after roll call)
Reynolds Henderson
James Holton
William Kastroll (joined via phone after roll call)
Carlos Lopez-Cantera
John Wortman

The following Citizens staff members were present telephonically:

Barry Gilway
Barbara Walker
Jennifer Montero
Dan Sumner
Kelly Booten
Jay Adams
Steve Bitar
Christine Ashburn
Violet Bloom
Barbara Walker
Bonnie Gilliland

The following people were present telephonically:

Dave Newell FAIA

Call Meeting to Order

Barbara Walker: Good morning and welcome to Citizens March 25, 2020 Board of Governors meeting. Meeting convened with roll call and quorum confirmed.

Chairman Rivard: Good morning, everyone and thank you for being on the call. We appreciate everyone's flexibility in doing the meeting this way. I have no doubt that it will go well. If anyone

has trouble hearing, please let us know. When you do need to speak up, state your name. I hope everyone is doing well – that you're healthy and safe. I want to congratulate everyone at Citizens on being early adopters of [safer-at-home protocol] to deal with the Coronavirus.

1. Approval of Minutes

Chair Rivard: Our first order of business is approval of the meetings' minutes from December 11, 2019.

John Wortman made a motion to approve the December 11, 2019 minutes. Reynolds Henderson seconded the motion. All were in favor. Motion carried.

2. Chairman's Report

Chair Rivard: Everyone at Citizens has been awesome trying to move quickly to put the right measures in place. We have reduced to 75 employees who are working in the office setting and the vast majority of staff is working from home (WFH). I feel very good what Barry and the team have put in place to keep everyone as safe as possible. I will note that we did have a productive and enjoyable 2020 Leadership Summit in Jacksonville. It was impressive on what they put together.

3. President's Report

Barry Gilway: I will first comment briefly on the overall Florida Insurance Market and then on Citizens' results specifically. We have a very difficult and changing market. Demotech was warning about nine months ago that somewhere between 12 and 18 companies could be downgraded. That would have been a major market disaster for the industry. Since then, the overall profitability of the market has not improved. I have reported previously on the profitability problems experienced by Florida Domestic Market Insurance Companies in 2017 and 2018. Unfortunately, the unprofitable results indicated by the 2019 year-end industry financials not only continued but worsened. The Florida Domestic ended 2019 with a net underwriting loss of \$684 million and negative net income of \$340 million, which is more than double the net income loss in the prior two years. This is having an impact: 80% of company rate filings between June and December of last year, submitting requests for increases (with 55% of these being double digit increase requests). In addition, decisions are being implemented to introduce more restrictive form filings and tighter underwriting criteria. While Demotech has ongoing discussions with Florida domestic companies, they have taken action on three companies this year. Fortunately, solutions have been found that limit the impact on policyholders. Surprisingly, despite many companies announcing more restrictive actions regarding policy form and coverage, and taking significant rate increases, the number of customers we support has remained at the 440,000 level, or about 4% of the market for the past four years. New business has continued at the 6,000 to 7,000 per month range, which is relative standard for us. It has only been the last two weeks where we've seen increases in the 600 to 700 net increase level per week. We are starting to see the front end of what we think is going to be a trend. We do believe that the Demotech announcement late last week, that while they will be reaffirming the financial ratings of 33 of the

46 Florida domestic companies that they rate, Demotech did advise 13 companies to downgrade to an “S” rating which would have made them ineligible to write any new or renewal policies with a federally backed mortgage. Our initial analysis indicated that if Demotech followed through with these downgrades, then this would have impacted close to one million insureds. However, we anticipate Demotech will affirm, and in fact, in a couple major cases, did affirm the Financial Stability Rating (FSR) of the vast majority of these companies which will substantially reduce the number of customers impacted. While most of the customers that may be impacted will be written by companies with acceptable ratings, a combination of any Demotech actions and the challenges already faced by all companies, as a result of the Coronavirus, may change the marketplace. These events are expected to have a significant impact on Citizens new business over the next 18 months. Citizens is prepared both operationally and financially for any impact caused by these events. I won’t comment too much on results because I believe the March Claims Committee Meeting was extensive and extremely well done. It did indicate that the litigation trends show significant improvement with new lawsuits last year, averaging 797 per month reflecting a decrease of 27% compared with 2018 when we averaged 1,004 new lawsuits per month. The improved litigation numbers result from a reduction in Catastrophe (CAT) lawsuits, down 10% from last year. Despite an increase in Assignment of Benefits (AOB) lawsuits in 2019 from 3,678 to 3,959 the monthly trend was very positive with a reduction monthly from 565 in June, prior to 7,065, to 148 in December 2019 and the favorable trend (of 166 per month) continued in January and February. We continue to respond to the trend in new non-weather water losses that are currently averaging over 850 per month. With that, Mr. Chairman, I open it up for any questions.

Blake Capps: Barry, I’m reading in the report that the initial analysis indicated that Demotech followed through with the downgrades of the 13 companies. This would have impacted companies representing just under than one million insureds. Have we thought somewhat about – I know it is very difficult to predict – what’s going to happen to those one million insureds and the growth of Citizens in the coming days? Any preliminary projections?

Barry Gilway: I think the one million estimate – an estimate put out by Demotech after the nine months analysis – they predicted the effect would be one million to two million insureds. After the confirmed rating of the 33 of 46 companies that they do rate, the number dropped to less than one million – about 917,000. Since then, there have been at least two major companies that have affirmed that represent a significant number of the policies, and we are well aware that several companies under discussion and negotiation with Demotech – either increases in surplus, changes in mark stance, etc. – the climates that Demotech has they will in all likelihood be affirmed. We are not anticipating that there will be a significant number of customers looking for a home. Our estimate is probably in the neighborhood of 150,000 to 200,000 customers. If that occurs, we can likely see the same result we got when Florida Specialty was liquidated. Citizens would pick up at the top end about 75,000 to 100,000 policies. We have put financial models together with the reinsurance staff that go all the way up to 250,000 to make sure that the reinsurance program that Jennifer will be negotiating includes the worst-case scenario. But I would think, based up on everything we are seeing, I would say it will be in the 75,000 to 100,000 range, assuming no other major companies are unable to get their rating.

a. Action Item: Exposure Reduction Study

Barry Gilway: At the December 11, 2019 Board Meeting, I presented an approach for your consideration to conduct an independent study to assure that Citizens is taking advantage of all opportunities to further reduce exposure. It is more important today because the market upheaval and all the reasons behind the financial results would benefit a review by an independent third party. This study we are proposing with Florida State University (FSU) will go beyond looking at Citizens as a stand-alone entity and will look at what changes would occur in the overall marketplace to determine if there are changes necessary in the overall Florida market that could improve the competitive nature of the market. The proposed study was put together by FSU. We reviewed it. We recommend that we move forward with the study. While I have a detailed purpose and scope, I do not intend to go through that. I will say that that this is not a budgeted item because we were not sure we could engage FSU and would be willing to commit to the study. The \$265,696 estimate from FSU can be covered within the confines of the approved budget.

Blake Capps: In light of the fact that we anticipate Citizens growing significantly in the next year or so, is this study timed well? The purpose of this study is to see how we can reduce our policy count when we already know it is getting ready to increase. Would it be smart to wait awhile and let the market resettle so we find out how many we are increasing by?

Barry Gilway: My position is that this is more timely than it would have been previously. We will be increasing exposure fairly significantly and it is more important than ever that we understand the drivers behind that increase. What is driving the profitability issues for the companies in Florida? What is driving the competitive business nature in Florida? What actions can the legislature take to impact the profitability and competitive nature of the market? We can take a look at Citizens to see if there are any identified opportunities in the overall approach or structure of Citizens to slow this down. This study, if completed within the timeframe we requested (late fall in 2020), would provide some solid recommendations for the legislature that convenes in March 2021 to consider and improve the overall competitiveness of the Florida market. We were looking at incremental gains but now we are facing a much more significant impact.

Carlos Lopez-Cantera: During this past legislative session, which we know ended only a short time ago, what efforts were made at the legislature to appropriate the funds for this study, especially considering it is a study that would recommend to them changes that they should or could propose to reduce the risk for Citizens? Was there any effort made to have the legislature appropriate the dollars for this study?

Barry Gilway: No, we did not approach the legislature on asking for any budgetary support to complete the study. The industry focused heavily on getting some basic reforms in place, including reforms to multipliers, which unfortunately were held up in committee at the end of session. We worked on several different bills that would have had a positive impact. One of the bills would have applied similar guidelines to first party claims that are being applied very successfully under 7065. We did work on a number of reform bills that would have had an impact on the market, but, no, we did not approach the legislature for funding for this study.

Carlos Lopez-Cantera: All the items that were being proposed during this past legislative session, which could have potentially helped Citizens and eliminated impediments that stand in the way of providing credible alternatives to Floridians . . . so we didn't get those things we think would help the market or Citizens. And, now, we want to do a study to find out what else we can do because we haven't been able to do what we set out to do? I don't understand the logic there.

Barry Gilway: I think the logic is that we believe that the evidence was not sufficient enough for the industry or Citizens to make a strong case for any of the bills that were ultimately turned down. We are hopeful that this study would give us significantly more support if it is conducted by a third party that doesn't have any skin in the game. Hopefully, this provides more support to the legislature to seriously consider some of the recommendations, including reconsidering some of the items that were turned down in this session. I think the intent here is to get more support and more evidence for the items that we believe could make a significant impact. We did provide to all of the Board the items we believe are priority from a legislative standpoint. We're hopeful that a third party taking a look at the market could clearly provide additional evidence to the legislature to prompt them to take a more positive stance on the reforms we think are necessary.

Marc Dunbar: Wasn't the genesis of this study from Senator Brandis?

Barry Gilway: It was initially. We provided that letter to the Board. The genesis was initially from Senator Brandis, and he argued not just for a review of internal operations, but also an evaluation of Citizens' model as it exists today and how that model may change conceptually to change the overall profitability to the market. That is what is intended by this study. You are absolutely right. The genesis of this was initially from Senator Brandis, and he had a great proposal to do an extensive review of the overall marketplace and attempts to determine what's driving the overall property problems in the market to come up with a better model for how we address the market.

Marc Dunbar: I remember during the Board meeting when the letter was presented. I think we got it three days before the September Board meeting maybe. A question I raised was whether or not the study he sought . . . we even had statutory authority to spend money for issues that were highlighted in that. I suggested that we get together and talk about what statutes gave us the authority to do that. Are you comfortable that the study we are looking at is within our statutory purview to spend money to do? The second question is if you have talked to Senator Brandis about the parameters of the study, to use FSU, and what we are looking at.

Barry Gilway: On the first question, yes, from a legal standpoint, the parameters of the study were based on what we felt we had statutory ability to move forward. We did look at it internally.

Dan Sumner: I think that the original comment was very well taken. I think if you look at the scope of services that these are the areas that they're supposed to look at: reducing Citizens actual exposure, promoting the private markets retention of risk depopulated by Citizens, maintaining Citizens tax exempt, protecting the favorable status of outstanding bonds, maintaining Citizens' ability to provide levels of customer service that are comparable to the standards of the private market, and maintaining adequate organizational capacity and capability that enables Citizens to respond to Citizens' significant market fluctuation. I think if you look at

those and then the questions that we have established that really what we are looking at are market influences on Citizens. I think this is very different from what we would consider as an interim legislative study. To Barry's point, I think there will be useful information in terms of the market dynamics and what is driving business either into Citizens or out of Citizens. If you look at the scope and the questions we have asked we have the authority to evaluate Citizens' interaction with the marketplace. That is really what this study is about and I think that discussions with FSU would indicate that they understand that. We certainly would want them to stay closely aligned with the questions that are in task two on page four of this study. I think that within the framework of those questions, it is an exercise of Citizens' market role. Within those confines, yes, I think we have the authority to do it.

Marc Dunbar: Thanks, Dan. Barry, to the second question relative to Senator Brandis and communications with him as we lay out the parameters of the study and where is his thinking?

Barry Gilway: No, I have not had direct contact with Senator Brandis regarding our final proposal. As you are aware, Senator Brandis' proposal, as you indicated, went significantly beyond those areas where we felt we had the statutory authority to conduct the study. Senator Brandis' proposal in the letter went well beyond what we believed would be reasonable for Citizens to get involved in.

Marc Dunbar: I'm a little concerned that a member of the Senate is focused on issues related to Citizens – sending us a correspondence, asking us to look at a thing, and we've had no follow-up with him at all to let him know we're potentially moving forward with some of what he's looking at?

Christine Ashburn: We did follow up with Senator Brandis' office following your comment on our legal authority. He advised that, if necessary, he would be willing to put language in one of his bills this session to move the needle forward so it could broaden our authority to do everything he's looking to do. That never came to fruition in any of his bills; he had a lot of priorities this session. We did keep him apprised that we were going to move forward with what we can do legally under our current authority. I checked back into his office and I talked to him earlier in the session. We have shared information on where we were headed. I feel comfortable with what we are doing is not going to concern him. We did keep him apprised as we were moving forward with based on the comments you made in a previous meeting.

Marc Dunbar: Okay, good. I just wanted to make sure he was looped in what we are all doing.

Marc Dunbar made the motion for the Board to approve the contract for an Exposure Reduction Study with FSU for a total cost of \$265,696 for the term beginning April 2020 and ending December 2020 and to authorize staff to take any appropriate or necessary action consistent with this Action Item. Reynolds Henderson seconded the motion. Carlos Lopez-Cantera voted against the motion.

Carlos Lopez-Cantera: I'd like to debate. I don't believe that this is necessary at this time. You have a legislative session that is over a year away. You have a market that could change two or three different ways as we have learned how the market can shift in 30 days. Speaking as a former

legislator, I can tell you that a lot of times studies were done for the purpose of “kicking the can down the road,” or to [inaudible] the issue was or what needed to be done. I think this is premature. I think this is money that could be spent on something else. I don’t think it is a responsible or a wise move at this time. Maybe it is something to entertain at the next quarterly meeting when we have a better idea on what the Coronavirus will do to the real estate market, what it is going to do to the overall market and the reinsurance market, the bond market . . . all of that stuff. I think it is better to wait at least another three months to see how everything settles with everything we’re going through right now before spending a quarter million dollars on a study that could be moot or pointless once it is done. That is my position.

Chair Rivard: Any other comments from the Board?

[no comments]

Chair Rivard: I have a couple comments. Thank you, Mr. Cantera, for your comments and your concerns. I appreciate the questions that have been asked by Mr. Dunbar as well along with the response provided by Dan, Barry, and Christine. I’m voting in favor of the motion. I feel like that in the context of what is going on that this is an important study. While we could delay it to the next meeting, I’m comfortable that there’s been enough thought put in on the front end of this and that I believe the staff recommendation is based on what staff believes as value coming from this study for us to be prepared to move forward in what certainly could be a different climate. I’m comfortable spending this money to have this study so we can learn more about what we can do. Are there any other objections?

The remaining Board members voted for the motion. Motion carried.

4. Chief Financial Officer Report

a. Finance Investment Committee (FIC) Report

Chair Rivard: The FIC was conducted yesterday. I chaired that meeting, but I will turn it over to Jennifer to do her presentation at this point.

b. Risk Transfer Program Update

Jennifer Montero: I will provide a brief overview of our 2020 Risk Transfer Program and then walk you through the layer charts. Citizens statute requires that the Board make its best effort to procure CAT reinsurance to cover a 1-in-100 year storm at a reasonable rate. The analysis of the purchase of reinsurance is evaluated by staff and Citizens’ financial advisor each year and the resulting recommendation is made to the Board. Central to Citizens’ goal of reducing exposure and eliminating the amount and likelihood of the assessment burden on the citizens of Florida is a transfer of risk through a reinsurance mechanism accomplished through participation in the Florida Hurricane CAT Fund (FHCF), traditional reinsurance market, and the capital market. The proposed 2020 Risk Transfer Program for the Coastal Account incorporates all the strategic elements of prior risk transfer programs, which includes risk transfer alongside CAT Bonds –

annual and multi-year, aggregate risk, and transfer of commercial non-residential (CNR) risk. Citizens plans to transfer exposure in the amount of approximately \$1.4B in 2020 for the Coastal Account. This includes \$400M risk transfer from 2018 that remains in place for the 2020 season. Included in this \$400M is \$150M of multi-year traditional reinsurance and \$250M of capital market risk transfer through Everglades Re. The 2017 multi-year traditional and capital markets of \$480M and the same multi-year aggregate layer expires and will need to be replaced. If you turn to page two of the layer charts, I'll walk you through the Coastal Account Program. The proposed 2020 Coastal Account renewal will include four layers, which includes the replacement of the expiring placement in the and multi-year layer. The first layer refers to [inaudible 42:26] layer sits alongside the CAT Bond and provides approximately \$120M of annual coverage, which covers personal residential and commercial residential losses. It will work in tandem with coverage provided by the FHCF to include co-payment of the 10% of losses not covered by the FHCF. This layer will be provided in the traditional market. The second layer sits above the FHCF; this multi-year aggregate layer provides \$900M of coverage for personal residential and commercial residential losses. This includes the \$400M of risk transfer in 2018. The new placement of \$500M will be split between the traditional and capital markets based on market conditions. The third layer will sit above the \$900M of coverage and covers annual aggregate personal residential and commercial residential losses. This layer provides \$350M of single-year coverage. This layer will be placed in the traditional market. On slide three, the final layer of the Coastal Account Program will provide \$54M of coverage for the CNR losses not covered by other layers of the program, which Citizens has no FHCF coverage. This layer will also be placed in the traditional market. A total amount of surplus exposed in a 1-in-100 year event in the Coastal Account will be approximately 27%. After significant losses in the Personal Lines Account (PLA) due to Hurricanes Irma and Michael, along with non-weather water losses and the Assignment of Benefits (AOB), the PLA surplus has decreased significantly and is now exposing much more surplus in a 1-in-100 year storm than in previous years – approximately 54%. Citizens' strategic risk transfer plans for the PLA is similar to the Coastal Account and considers the transfer of risk in order to reduce the amount of surplus exposed in a 1-in-100 year storm. Citizens plans to transfer the exposure of approximately \$575M for the PLA. The proposed 2020 PLA renewal includes two layers. The first layer is similar to the 2019 layer referred to as the "Wrap Layer" sits alongside and above the FHCF and provides approximately \$175M annual per occurrence coverage, which covers personal residential loss and would work in tandem with the coverage provided by the FHCF to include the copay of 10% of the losses not covered by the FHCF. This layer will be placed in the traditional market. The second layer will sit above the sliver layer and the FHCF. This layer provides \$400M of coverage for personal residential losses. This layer will be split between the traditional and capital markets based on market conditions. The capital markets placements will provide multi-year aggregate coverage. The traditional market placement will provide either aggregate or per occurrence single-year coverage. The total amount of surplus exposed in a 1-in-100 year storm in the PLA would be approximately 43%. Staff is working with Citizens' co-brokers and its financial advisors to evaluate available options as it relates to the structure of terms and other relevant matters in structuring the 2020 Risk Transfer Program. This team began meeting with a number of global traditional reinsurers to market Citizens risk transfer program and will continue via teleconference calls over the next month. Following these meetings, staff will provide recommendation of the Board of Governors at its May 14, 2020 Board of Governors teleconference for Board approval.

(Experienced phone line interference...some calls dropped and rejoined, quorum confirmed)

Chair Rivard: Thank you for everyone's patience in trying to do the meeting this way. But we have everyone back on the line. Hopefully, we will be able to hear each other better. Let's go back to Jennifer. I had fallen off the line as well. I think, Jennifer, you were taking questions on the risk transfer program update.

c. 4Q2019 Results of Operations and Financial Position (unaudited) and 4Q2019 Results of Operations and Financial Position Commentary

Jennifer Montero: The 4Q2019 Results of Operations and Financial Position provides an unaudited overview of Citizens' financial position, including cash flows, invested assets, and surplus as well as the operational results of the fiscal year ending December 31, 2019. The document titled 4Q2019 Results of Operations and Financial Position Commentary provides commentary, discussion, and analysis of those operating results in the financial position. I will be providing a summary of information contained within the commentary document. As of December 31st, Citizens had consolidated cash and invested assets of \$8.9B, a decline of \$373M from the prior year. A majority of reduction cash and invested assets was due to repayments of principle on Citizens' outstanding pre-event bonds. Consolidated surplus as of December 31st was \$6.3B or \$87M more than the prior year and was largely driven by consolidated 2019 net income of approximately the same amount. Consolidated direct written premium at year end \$876.6M, which was substantially unchanged from the prior year (less than 1%). The \$8.1M increase and in the results of the increases in the Policies in Force (PIF) was in the PLA, mostly due to Florida Specialty, that outpaced the decrease in the commercial lines policies in both the CLA and Coastal Account. Premiums Ceded through reinsurance arrangements totaled \$228.2M or \$6.3M (2.7%) less than 2018. The decline in reinsurance premiums ceded was largely driven by declines in premiums ceded to the FHCF, partially offset by an increase in premiums ceded through traditional reinsurance arrangements with the placement of coverage in the PLA. As of December 31, 2019, consolidated ultimate direct losses and LAE related to Hurricane Irma were \$2.160B, marking a \$125.6M increase relative to September 30, 2019. Of the \$2.160B in ultimate loss and loss adjustment expense (LAE), \$879.8M is recoverable under Citizens' reinsurance contracts with both the FHCF and private reinsurers. A majority of the development that occurred during the 4th quarter occurred within the PLA and resulted from an increase in claim counts and loss severity, particularly in the Southeastern region of the state. Ultimate direct losses and LAE related to Hurricane Michael were \$149.M, reflecting a \$1.8M decrease from 2018. No reinsurance recoverables associated with Hurricane Michael were recorded due to the losses and LAE not meeting the attachment levels of reinsurance arrangements. Current accident year losses and LAE unrelated to sinkholes and hurricanes did not experience meaningful variances from prior accident years and development of prior accident year losses and LAE was minimal. Although litigated non-weather water claims continue to be a dominant driver of loss and LAE activity within the PLA, the litigation rate for accident years 2018 and 2019 continues to show improvement in comparison to accident years 2014 through 2017. Within the CLA, volatility in older sinkhole claims continues to contribute to material quarterly variances in the reported loss and LAE ratios. While loss and LAE development within the CLA are less significant to the accident years to which they relate, the diminishing size of the overall commercial lines book of business leaves it more susceptible to material swings in the loss and LAE ratio as a result of development in prior accident years when the commercial lines book of business was considerably larger. The reported loss

ratio for 2019 was driven by favorable development on outstanding loss reserves for older sinkhole claims while the current accident year loss ratio was driven by a sinkhole claim for a loss that occurred in 2019. Administrative expenses incurred during 2019 of \$124M were \$2.2M less than administrative expenses incurred during 2018 and \$14M less than budget. Variances in contingent staffing were primarily due to lower-than-anticipated needs for independent adjusters that were engaged in response to Hurricanes Michael and Irma, as well as a higher-than-anticipated number of claims entering mediation. For the year ended December 31, 2019, Citizens' expense ratio was 24.3%, reflecting a 0.3% decrease from 2018 and a 2.3% decrease compared to budget. Total investment income in 2019 was \$232.5M, or \$34.7M greater than 2018, despite a \$681.2M decline in total average invested assets during 2019. The relative and absolute increases in investment income were principally driven by significant reductions in realized losses, partially offset by \$12.3M in realized losses arising from the disposition of certain legacy assets, and increased yields persisting from investing in a higher interest rate environment. Over the next several months, we will be placing our focus on the 2020 Reinsurance Program with the primary goal of protecting policyholder surplus and continue the elimination of assessment at the 1-in-100 year storm level. Our total assets and surplus remain well-positioned to meet any potential claim payment obligations.

d. Action Item: Financial Data Services

Jennifer Montero: Pursuant to Section 287.057, Florida Statutes, on January 16, 2020, Citizens released Request for Proposals No 19-0025 for Financial Data Services. S & P Global Markets Intelligence submitted the only responsive proposal accordingly, less than two responsive proposals were received and pursuant to Section 287.057(5), Florida Statutes public notice was given that Citizens intended to proceed to negotiations. The Negotiation Team then met with S & P Global Market Intelligence for a demonstration. On March 3, 2020, S & P Global Markets Intelligence was determined to offer the best value for Citizens by the Negotiation Team. The Evaluation Committee and Negotiation Team were comprised of members from Citizens', Financial Services Business Analysis Team, Corporate Analytics Team, Actuarial Services Team and Accounting Operations Team. Subject Matter Experts were provided by Citizens' Corporate Analytics Teams Members. This Action Item seeks Board approval for Citizens to enter into a contract with S & P Global Market Intelligence to provide the following: Industry Data (including Ad Hoc Reporting), Market Share Analysis Tools, Product, Rule and Rate Filings of P & C Carriers, and Industry News Alerts. The contract term is five years: May 9, 2020 – May 8, 2025. The contract amount is \$176,680. This was a budgeted item. This is a continuation of services.

Bette Brown made the motion for the Board to approve the five (5) year term beginning May 9, 2020, in the amount of \$176,680, for Financial Data Services, RFP 19-0025 to S & P Global Market Intelligence and to authorize staff to take any appropriate or necessary actions consistent with this Action Item. John Wortman seconded the motion. All were in favor. Motion carried.

5. Chief Systems & Operations Officer Report

a. Information Systems Advisory Committee (ISAC) Report

Jim Holton: I want to thank Kelly and her outstanding team for the great job they are doing during this crisis. They are keeping things running on the IT level. We had a brief meeting, so I'll go ahead and pass things to Kelly.

Kelly Booten: The ISAC met via teleconference on March 10, 2020. I briefed the committee on the status of IT-related audit findings and Citizens' business continuity actions related to the Coronavirus. A lot has happened since March 10th. We are taking a lot of activities to ensure the safety and the productivity of our employees and to ensure continuity of service to our policyholders. As of tomorrow, 95% (or less than 50) of our employees will be working remotely. We only have a few functions that are required to be performed at the office. The committee reviewed the ISAC charter with the Committee who agreed to leave the charter as-is with no action necessary at the Board meeting. Sarah Harrell, Director Enterprise Programs, provided the committee with an Identity & Access Management Program update, which continues to progress as planned.

6. Chief Claims Officer Report

a. Claims Committee Report

Jay Adams: The Claims Committee met telephonically on March 12, 2020. We provided a strategic update which focused primarily on non-weather water, non-litigated and litigated claims, the Managed Repair Program, and Assignment of Benefits. Craig Sakraida provided a brief update on the 2020 Catastrophe planning and readiness for this year. Lisa Walker provided a year-end overview of the Litigation results and trends. Greg Rowe received approval to move the Court Reporting Services Action Item to the full Board. We do have Operational Assessment Services action item that we will bring before the Board. I want to make clear that all we did at that time was seek their approval to move this to the Board because that contract was actually not awarded until after the Claims Committee met. Governor Dunbar was gracious enough to be the Board observer and he approved that he would speak today on behalf of that solicitation.

b. Action Item: Court Reporting Services

Jay Adams: Court Reporting Services is a continuation of services. It was procured under RFP 19-0020. There are multiple vendors and the list is attached in exhibit A. This is a budgeted item but it is important to note that from a court reporting perspective, these are all expenses that are tied to an individual claim. They are paid at the claim level. The purpose and scope of this is to continue to provide support for court reporting of the 19 firms in support of our Citizens Claims Litigation Department. Currently, we only had eight of those reporting firms and those contracts are set to expire on March 30, 2020. As such, Citizens issued RFP 19-0020 to procure vendors to continue to provide court reporting services in support of the over 13,000 open litigation claims currently handled by Citizens' Claims Litigation Department. This contract is provided on an as-needed basis. Citizens does not guarantee any work or volume of work assignments under this contract or any kind of compensation awarded. The estimated cost for all contracts awarded under Request for Proposals (RFP) 19-0020, including renewals, is \$18,500,000. The proposed contracts will have a three (3) year base term and include two optional renewal terms, the first for two (2) years and the second for one (1) year. The total term of the contracts including all

renewal options is six (6) years. On November 12, 2019, Citizens issued RFP 19-0020 for Court Reporting Services. Vendor responses were due by December 12, 2019 and nineteen (19) proposals were timely submitted. These proposals were reviewed and scored by an Evaluation Committee who ultimately recommended to award contracts to all nineteen (19) of the vendors on January 30, 2020.

Marc Dunbar: Did we ask the Division of Risk Management what they are paying for court reporting services?

Jay Adams: I do not believe we have.

Marc Dunbar: One of the things I've noticed is there is somewhat of an overlap between the services we are doing on the litigation side and then what risk management does. I'm curious relative to their spend. Is there a way to piggyback on their contracts?

Jay Adams: I don't know the answer to that question. I believe they are doing things that are a little different from what we are doing in litigation. That is why we specifically procured this for what we do.

Marc Dunbar: I don't want to hold up the agenda item if you need to have it at this meeting. I would love to know, as comparative because this is a pretty big spend. I'm curious if we're able to piggyback. Court reporting services is court reporting services. Particularly as it is not like Risk management is a [inaudible] so is it possible to hold the item to see what risk management is doing and to see if there is a better deal there or a way we can piggy back in?

Jay Adams: The problem is the current contract ends on March 30, 2020, so we do need to move this forward. I just had a note from my vendor manager and they did indicate that they did review other state contracts and that we are in line with this pricing. They did their due diligence in that space and we are in line with other contracts.

Marc Dunbar: Did they specifically talk to risk management?

Jay Adams: I do not know. I have to find that out and get back with you.

Marc Dunbar: That would be great because if they are in line with the Department of Health that does one-one thousandth litigations that we do versus the Division of Risk Management, which is more comparable, it might not be apples to apples. I'm just curious if you can get an apples to apples answer.

Jay Adams: I will get that to you as soon as I get an answer. My vendor manager is checking on that as we speak.

Chair Rivard: Is that something, Jay, we can find out quickly? It sounds like we are on a time constraint to move forward on the item, but can we table it and get the information quickly?

Marc Dunbar: I don't know if we could just do a 90-day extension or a "existing vendors depending the answer" or, Chair, I'll make a motion to give you authorization to execute pending the answer to that question. I don't want to hamstring our operations but, at the same time, I don't want to commit to five plus years of contracts if we have the ability to save some money.

Chair Rivard: Are there any other thoughts or comments from other board members?

Carlos Lopez-Cantera: I'll make a motion to defer based on what Governor Dunbar said.

Chair Rivard: To defer until when?

Carlos Lopez-Cantera: Until the answer that is satisfactory to Governor Dunbar's request is received, then giving the Chairman the ability to proceed with the contract, if we are statutorily allowed to do that. I'll make that motion.

Chair Rivard: Jay, does that work for you guys and Dan, is that an appropriate way to move forward if the board chose to do it that way?

Carlos Lopez-Cantera made the motion for the Board to defer approval on the recommended award and resulting contracts, including renewal periods, for RFP 19-0020 for Court Reporting Services.

Dan Sumner: I think what Governor Lopez-Cantera has proposed is that there would be a conditional approval of this item; however, the condition would be that we receive response with regard to the comparability of these rates to the Division of Risk Management's that will be communicated to Governor Dunbar. To the extent that he is satisfied, then the Chairman can sign off on it. I think that will be a conditional approval which would be appropriate. We just need to make sure there is no Sunshine violation. I think we can work around that and make it work.

Chair Rivard: Let's say for argument's sake that it comes back and not comparable, would Jay have authority to do a temporary extension until the next Board meeting to decide what we want to do under those circumstances?

Dan Sumner: I believe so. We would have to work out the details, but yes, we can do an extension until the next Board meeting. I feel confident that we can do that.

Chair Rivard: Okay, from my perspective, I think that's acceptable and so other board members have any comments or questions on that? We haven't formally read the recommendation yet, but you want to do that, Jay? We can make a motion along the lines of what Dan has outlined if that's the will of the board.

Jay presented the action item. Carlos Lopez-Cantera made the motion for the Board to vote on a conditional approval on the recommended award and resulting contracts, including renewal periods, for RFP 19-0020 for Court Reporting Services to the list of attached vendors (Exhibit "A"); authorize staff to take any appropriate or necessary actions consistent with this Action Item; and approve this Action Item not to exceed the estimated cost of \$18,500,000. This

conditional approval is based on additional due diligence of whether or not the services can be attached to Risk Management's court reporter contract to save on the spend. If approved Jay Adams will complete diligence, discuss and obtain Governor Dunbar's approval and present to Chairman Rivard to finalize.¹

Chair Rivard: Is there a motion?

Carlos Lopez-Cantera: So moved.

Chair Rivard: So, when you say "so moved" it is to the way Dan outlined just a few moments ago, correct?

Carlos Lopez-Cantera: Correct, although you broke up a little bit on my end, so I just want to make sure that there's language in there that ensures that Governor Dunbar's questions are answered before the execution of the contract.

Chair Rivard: Yes, he addressed that and said that they would report back to Governor Dunbar and then if he is satisfied with the comparability that I, as Chairman, would have authority to proceed.

Reynolds Henderson seconded the motion. All were in favor of the motion. Motion carried.

c. Action Item: Operational Assessment Services

Jay Adams: I would like to recognize Governor Dunbar since he was the Board observer for this. Before I ask him to speak, I'd like to remind the Board that we brought this before the Board on a couple of occasions, once to ask if you thought it was needed and second after we did the request for information (RFI) to understand what was available. What we're trying to do is get some consultation around what we're doing in specific areas under selection of defense counsel roster via a solicitation process for assignment and oversight of cases, appropriate fee structures for legal services, law firm and performance management metrics, processes and remedies for managing law firm performance issues, litigating claims cost management, and structure and workflow of Citizens' in-house litigation resources.

Marc Dunbar: I want to thank the entire team on this. Going from RFI to the Invitation to Negotiate (ITN) with these vendors was a long process. But, I do think what we have is the ability to bring a group from the outside to look at our operations to see how we're doing – one, recommending improvements for, and two, verify the things we have done in response to audits over the years. When I came on the Board, one of the items that Governor Scott raised to me was the amount of money we were spending on litigation. That litigation expense is something that I continue to focus on and I appreciate everyone on the work that was done. The vendors that came in were very helpful and very complimentary of all the steps that Elaina and Jay have done over the last few years to improve our operations. The other thing I think that is of value is

¹ Jay Adams completed additional diligence, submission to Governor Dunbar and final approval from Chairman Rivard.

that the vendor we are selecting is going to have the ability to look inside our operations and bring that expertise to other folks in the marketplace. When we were going through this was that it was apparent that not many consulting firms had any practical experience with the Florida litigation environment and litigation management inside of Florida property insurers. Hopefully, they will be able to look into our operations, and as a significant player in the market and take some of those best practices as they consult other companies in Florida. Maybe that will be a way to collectively improve the litigation environment. I want to thank Elaina, Steve and Jay and the team for putting this together.

Marc Dunbar made the motion for the Board to approve the proposed contract with Ernst & Young, LLP for Operational Assessment Services, ITN 20-0010, for an amount not to exceed \$250,000 and a term not to exceed one year, as set forth in this Action Item and to authorize staff to take any appropriate or necessary actions consistent with this Action Item. John Wortman seconded the motion. All were in favor. Motion carried.

Will Kastroll: I would like to thank Governor Dunbar for spearheading and supervising that last action item and process. I appreciate that. Transparency is key in this process. Thank you. I'd also like to thank all of the claims staff and the vendors. Claims is a "contact sport," and in this day and age, we've been trying to *reduce contact* (COVID-19 social distancing). Claims need to be settled. Insurance agents continue to go to people's homes to assess damage. The independent claims representatives who Citizens employs through 1099 contracts continue to go out in times of social distancing to work on claims. I'd like to thank all of those people and I would like to thank Jay for spearheading this and for doing a great job.

Chair Rivard: Thank you, Governor Kastroll, for those comments. You are dead on and I appreciate your making those comments. One comment I'd like to make is as far as the conditional approval on the court reporting services, I think the way we landed that is appropriate, and, Jay, we're going to make sure you don't have gaps. I do think Governor Dunbar's comments were helpful. It is a big spend and we need to ensure we have everything completed as appropriately and as efficiently as possible. Hopefully, this will work well, not create any problems and ensure we are doing the right thing.

7. Chief Underwriting and Agency Services Report

a. Market Accountability Advisory Committee (MAAC) Report

Steve Bitar: I am joined today by Chair Dave Newell who will be providing the MAAC update.

Dave Newell: Good morning. We held our teleconference on March 19, 2020. Carl Rockman, Senior Director of Agency and Market Services, provided an Agency Services update. Specifically:

- Agency and agent counts have declined due to mergers/acquisitions and agency staffing efficiencies, with 7,058 agents and 4,542 agencies respectively.
- An update on the Performance Violation and Late Submission programs was given. That's been monitored closely with staff reaching out to those agents who seem to have issues and helping them with submissions.
- Agent outreach activities including webinars and live education for 2020 were reviewed.

Steve Bitar provided the committee an update on Citizens' response to COVID-19. Business operations are uninterrupted, and Citizens remains prepared to service the needs of its policyholders and agents. Greg Rokeh, who served on the MAAC since the inception, is in the hospital in Orlando, potentially with the Coronavirus. We want to wish Greg, his family, and friends the best and send them our thoughts and prayers right now for a speedy recover as he tries to battle this virus.

b. Actuarial and Underwriting Committee Report (A&U)

John Wortman: The A&U met on March 10, 2020 by telephone. At that meeting, we reviewed two items. Steve presented an action item for Board approval.

c. Action Item: Digital Signature Services for Contracts, Agreements, and Documents

Steve Bitar: We did go over two action items during the A&U meeting. However, one of them is a consent agenda item which will be presented later today. It is a budgeted item. Funding was included in the 2020 Annual Operating Budget and annually for each prior contract year. The contract amount is for a one-year term for Digital Signature Services in the amount of \$26,487.40. This will result in a total spend of \$181,908.53 for Digital Signature Services over a five-year period since 2016. Citizens started receiving Digital Signature Services from DocuSign in 2016. Citizens has continued to purchase the services through one-year purchase orders to third party resellers under GSA Schedule 70 contracts, with a majority of the purchases through Carahsoft Technologies Incorporated. We are seeking a one-year term of service from April 27, 2020 through April 26, 2021. This results in continuous services from DocuSign from 2016 through April 26, 2021. This Action Item is requesting approval for an additional one-year term of Digital Signature Services. These Digital Signature Services provide a secure electronic signature process that allows for signature through a computer or mobile device. The Vendor Management Office, Legal Services, and Underwriting and Agency Services business units use the services to electronically "sign" various documents such as procurement contracts and Agent appointments, etc. It limits the need for time-consuming and more costly "wet" signatures, and it is particularly valuable in the case of a catastrophe when Citizens' staff may be remote or deployed. Citizens is continuing with DocuSign for an additional year in order to provide continuity during implementation of the Agency Management System. Citizens will perform an in-depth market search and procurement for its next purchase of Digital Signature Services in 2021. The requested one-year term was procured utilizing GSA schedule 70 Contract #GS-35F0119Y. All of the above referenced purchase orders have been procured utilizing contracts under GSA schedule 70 Information Technology Equipment, Software, and Services as approved by the State of Florida Department of Management Services.

John Wortman made the motion for the Board to approve an additional one-year term of Digital Signature Services for Contracts, Agreements and Documents with DocuSign beginning on April 27, 2020 for an amount of \$26,487.40, as further set forth in this Action Item and to authorize staff to take any appropriate or necessary actions consistent with this Action Item. Bette Brown seconded the motion. All were in favor. Motion carried.

8. Chief Internal Audit Office (OIA) Report

a. Audit Committee Report

Joe Martins: At the March 24, 2020 meeting, the Office of Internal Audit (OIA) presented progress against the Internal Audit Plan, results from the 2019 Control Self Assessments, the strength of Citizens' Internal Control Framework, and noted that Enterprise Risk completed a Strategic Risk Assessment which recorded seventeen risks. Internal Audit provided an update on key activities completed since the last reporting period. During the period we completed work on the following five (5) audit engagements: Automated Underwriting Project; Adjusters' Payment and Reserve Setting Authority Support; Public Records Request Support; Claims Litigation and Legal Billing Audit; and Cloud Readiness Audit. Opportunities for improvement were noted in both the Claims Litigation and Legal Billing, and Cloud Readiness audits. Improvement action is currently being implemented. All open items are being worked on and Internal Audit follows up monthly to assess progress. Internal Audit is currently tracking three (3) open observations, none of which are of high impact. Citizens' Internal Control Framework (ICF) is designed to strengthen the governance, oversight, and accountability of Citizens' control environment. As part of the ICF, management performs an annual control self-assessment to evaluate the overall operating effectiveness of their primary controls. A total of 126 primary controls were identified and documented. Enterprise Risk (ER) is focused on creating and maintaining a collaborative and engaging risk identification and assessment environment across the organization. ER conducts risk assessment training and facilitates risk assessments that enable management to self-identify and assess risks that may impact the ability to achieve business objectives. As of February, a total of 457 operational risks have been documented for over 70 business processes. Quarterly, ER works closely with the risk owners to ensure existing risks are reviewed and updated. During the first quarter, ER facilitated the completion of the 2020 Strategic Risk Assessment with the Executive Leadership Team (ELT). A total of 17 strategic risks were identified. 3 risks were rated high (Rate Differential, Claims Abuse and External Influences).

Chair Rivard: Thank you, Joe. I know the line is still presenting some problems but all of this information is available in our packets. It is available to the public also. Governor Dunbar, do you want to give a report on the Audit Committee?

[no response]

Chair Rivard: Okay, in the meantime, Violet can get started on Human Resources.

Marc Dunbar: Can you hear me okay? I had to dial back into the line.

Chair Rivard: Joe gave us his presentation and we want to give you a chance to make any comments you wanted to make.

Marc Dunbar: No, I do not want to slow it down. I'm sure Joe did a fine job. Thanks.

9. Chief Human Resources Report

a. Action Item: Retirement Plan Financial Advisor

Violet Bloom: Retirement Plan Financial Advisor – ITN No: 19-0019. The Primary Vendor: SageView Advisory Group, LLC; Contingent Vendor: AndCo Consulting, LLC. Fees are paid from plan participant accounts. The contract amount is not to exceed \$470,000 over a seven-year term, including renewals, as follows:

- \$225,000 in Base Fees for a Five-Year Initial Term (\$45,000 annually);
- \$90,000 in Base Fees for an optional Two-Year Renewal Term (\$45,000 annually);
- \$15,000 for optional professional services, such as assistance with the re-procurement of Plan Administrator Services (the current plan administration contract with MassMutual is anticipated to expire in June 2023); and
- \$140,000 for optional participant education services, if Citizens elects to use the vendor to provide “financial wellness” education services to its employees and plan participants (\$20,000 annually).

This Action Item seeks Board approval to allow staff to execute a primary and a contingent contract for retirement plan financial advisory services. Some of the services to be performed include:

- Assisting the Citizens Retirement Plan Committee in achieving an optimal mix of investment choices for the Citizens retirement plans;
- Providing detailed quarterly reports on investment options;
- Providing advice on whether plan participants have access to adequate services;
- Assisting Citizens to ensure the plans are administered in accordance to applicable laws, regulations, and stated policies; and
- Assisting Citizens with the implementation of sound fiduciary processes.

For the Primary Vendor, the contract will commence on July 1, 2020 and continue for an initial term of five (5) years and may be renewed for an additional two-year term. For the Contingent Vendor, the contract will commence only if the Primary Vendor contract cannot be finalized or has an early termination. On November 18, 2019, Citizens issued Invitation to Negotiate (“ITN”) No. 19-0019 for Retirement Plan Financial Advisor services. Responses were received from ten (10) firms. Five (5) of those firms were advanced to the negotiations phase. On March 10, 2020, following negotiations and receipt of Best and Final Offers, the Citizens Negotiation Team recommended an award to SageView Advisory Group, LLC as the primary vendor, and to AndCo Consulting, LLC as a contingent vendor.

Marc Dunbar: The expenses associated with this contract are being passed along to the employees?

Violet Bloom: Yes, based on their investor choices. That is a standard practice with this type of plan.

Marc Dunbar: With this type of plan?

Violet Bloom: Yes.

Marc Dunbar: I am going to disagree with you on that comment because I’ve been on a Retirement Committee for my law firms, and one of the things we’ve tried to do is absorb this

expense item for employees. If employees are putting \$2,000 a year and you are charging them \$50 - \$100 a year, you are significantly impacting their returns. I'm concerned personally. I am going to vote against the agenda item if it essentially a tax on employees for the privilege of them having a retirement plan. I don't want to bog down too much on it, but I have real concerns and want to know what other options there are other than taxing our employees for the privilege of having this plan.

Violet Bloom: I would have to confer with our CFO, but the option would be to cover the base fees out of our operating budget.

Chair Rivard: Marc, do you have any follow-up on that?

Marc Dunbar: I would like to have some options to come back on how we can do this in a way that pulls our employees from the cost associated with this plan. I just hate for our plan expense to come out of their retirement funds. I am personally and philosophically against that.

Chair Rivard: Do any other Board members have comments along those lines?

Bette Brown: I think we should take a look at other options as well and get an idea of what larger companies do. I know my company does not charge our people for our retirement plan financial advisor. A little more research would be more helpful.

Chair Rivard: So, Violet, if we push this to the next Board meeting so you can bring back options, will that work from a timing standpoint?

Violet Bloom: I believe we can make it work. It will be tight. There will be some lapse in service between the current vendor and the new vendor, but it will be a short period of time.

Marc Dunbar: I'd like for us to do, if we can, a little better job giving us, the board members, more time. This is a second agenda item where we would like additional work to be done, and we are up against a gun from a vendor standpoint. I know we are all busy and doing everything we can on our master procurements. However, I would like, on these items, for us to have time to pause at least before a Board meeting in the event if we have issues like this. As a general comment, going forward, can we please make sure the Board has time to defer items if we need more information or if we would like to potentially tweak some things?

Chair Rivard: I think that's a good idea going forward to build in a little cushion in there so if the Board wants different in information, then we have time to do that. On this item, we do have a Board meeting in May and so, Violet, I was just say that let's see what the Board wants to do, but, if we come back in May and you've got some options, then we can make a decision at that point. As you said a minute ago, you could make that work. What is the pleasure of the Board?

Carlos Lopez-Cantera made the motion to defer the action item Retirement Plan Financial Advisor until the next Board meeting scheduled for May 14, 2020. Reynolds Henderson seconded the motion. All were in favor of the motion. Motion carried.

b. Action Item: Software Implementation Services MyService for HR

Violet Bloom: Software Implementation Services for MyService for HR. The recommended vendor is GCOM Software, Inc., as an authorized reseller for Cognizant Technology Solutions, Corp. Funding was included in the 2020 Annual Operating Budget. The contract amount is \$250,000. This Action Item requests authorization to enter into a one-year new contract with GCOM Software, Inc. for the purchase of system implementation services provide by Cognizant. The services are needed to implement new modules of a previously purchased ServiceNow product, which we have internally branded as MyService for HR. This will provide functionality and security for several HR business processes. The new modules will include processing of CAT pay, Education Reimbursement, and secure case management for HR issues and employee service center requests. The implementation of the new ServiceNow modules will support a transition from several current manual or Access/Excel based processes consistent with an enterprise incident and response management strategy already used by the Citizens IT Department and other business units. The contract term is for twelve (12) months (April 2020 through April 2021). The procurement method used was an Alternate Contract Source approved for use by the Florida Department of Management Services (DMS).

Bette Brown made the motion for the Board to approve a one-year contract for Software Implementation Services for MyService for HR with GCOM Software, Inc., as reseller for Cognizant Technology Solutions, for system implementation and other professional services in an amount not to exceed \$250,000, as set forth in this Action item and to authorize staff to take appropriate or necessary actions consistent with the Action Item. Reynolds Henderson seconded the motion. All were in favor. Motion carried.

c. Action Item: Professional Networking and Talent Acquisition Services

Violet Bloom: Professional Networking and Talent Acquisition Services. The recommended vendor is LinkedIn Corporation. It is a budgeted item and funding is to be included in the Annual Operating Budget for each respective contract term year. The contract period is April 10, 2020 to April 9, 2022 for a total amount of \$417,688. This Action Item requests Board approval of a contract renewal with LinkedIn Corporation. LinkedIn is the largest and most unique business-focused professional networking company. LinkedIn is unlike other social media sites as it is designed solely for the purpose of talent attraction, retention and professional networking. LinkedIn continues to assist Citizens in raising brand awareness, promoting career opportunities, and educating potential future employees on the culture and values of our organization. In the last contract term (2018-2019) we filled 51 jobs as a result of having LinkedIn as a part of our talent strategy. That is a half a million dollars in savings that we saved and would have spent if we used through other vendors. The contract term is April 10, 2020 through April 9, 2022. Pursuant to Section 287.057(3)(c), Florida Statutes, a Single Source notice (SS 20- 2002) was posted on February 11, 2020. No other vendor was able to provide the requested service. A notice of Intent to Award as a Single Source was posted on February 20, 2020. There were no protests.

Blake Capps: Of the 51 people who were hired through LinkedIn, would the majority of those people have been entry level or would they have been more advanced?

Violet Bloom: That's a great question. They are jobs at all levels. Back in 2014, that's how I found out about the opportunity at Citizens and came into the organization as a senior leader.

Blake Capps: I think we have talked about promoting within versus seeking people from the outside. Does Citizens endeavor to promote within?

Violet Bloom: Absolutely, we do. That is approximately 30% of our jobs are filled internally. It has been higher in past years. Some of that decrease is due to unique skills and needs of the organization. 30% is quite high relative to other organizations.

Reynolds Henderson: Have we compared this to a number of methods trying to hire to make the cost benefit is there? It is a hefty amount but if it looks like it is working well... I'm just curious, if we went another route what the cost would be. Has there been an analysis of that?

Violet Bloom: We use multiple techniques to attract talent to the organization. For these 51 jobs, had we not used LinkedIn, we would have likely used a search firm and spent close to \$1M. Another technique we use is that we have someone on staff who is dedicated to sourcing candidates for our open positions. We estimate that having that individual on staff is a savings of an additional \$300K we would have spent to attract talent.

Reynolds Henderson: What I would close with is that as we go forward we make sure that we're still getting that benefit. It sounds like you have that under control but things change rapidly.

John Wortman made the motion to approve a contract for Professional Networking and Talent Acquisition Services for two (2) years in the amount of \$417,688 to LinkedIn Corporation and to authorize staff to take any appropriate or necessary action consistent with this Action Item. Governor Dunbar made the motion. Blake Capps seconded the motion. All were in favor. Motion carried.

10. Chief Communications, Legislative and External Affairs Officer Report

a. Consumer Services Committee (CSC) Report

Bette Brown: The Consumer Services Committee met via teleconference on Thursday, March 19, 2020. During the meeting the Committee received a review of the 2019 Consumer Complaint Data from Alden Mullins, Director of Insurance Communications. Additionally, the Committee considered and approved one action item for consideration by the Board of Governors. The item secures a 3-year sponsorship for the Florida Public Media Emergency Response Network.

b. Action Item: Florida Statewide Title Sponsor 2020-2023

Christine Ashburn: Florida Statewide Title Sponsor 2020-2023 (SS20-2001) RECOMMENDED VENDOR Florida Public Media/Florida Public Radio Emergency Network. What it does is allow us a year-long access and updates on their networks regarding tropical oddities using live time radio to present messaging regarding Call Citizens First and other important initiatives from Citizens.

This partnership has been critically important to our success in getting word out following hurricanes we have suffered through in the last few years. During Hurricane Michael, it was essential that we were able to quickly send our messaging regarding CAT Response Centers and needs, and also our current hotline on how to file a claim. This is a budgeted item. Unlike previous years, we want to enter into a three-year contract. Funding for the first year of this sponsorship is included in the 2020 Annual Operating Budget. Funding for the remaining years of the contract term will be budgeted in the appropriate subsequent years. The benefit of going to three years is that we are able to lock in rates. Year one would be the same as we paid in 2019. Year two would include a 5% increase in cost and year three would repeat the same cost structure as year two. The total contract cost is \$613,824, but the actual value would be air-time through the radio, TV, or digital – is \$1.556M over the three year term. This was procured through sole source. We did not have anyone else respond to provide these services. I am happy to provide a couple key points that are outlined in the background material.

Chair Rivard: Christine, it is really difficult to hear you. I'm going to ask the Board if there are questions or comments before we get to the recommendation.

Bette Brown: This has been a very successful program in the past. We've used it for six years. I live in the Keys, I hear it and listen to public radio, and I cannot stress enough how important communication is until you do not have it. We can't stress how important it is that the CSC keeps that going until you need it. It is important. I am totally in favor. We did recommend approval to the Board. We get a lot of air time and I think it is a good source for us.

Reynolds Henderson: Is public radio the only one? Some of these areas in Florida – people listen to other radio networks. I don't listen to the radio but some people in rural areas listen to certain stations that may not be public radio. I'm curious on when you have an event, a catastrophic event, on whether we piggyback on some of those in time of need.

Christine Ashburn: In the June meeting, we will be bringing forward emergency communications, vendor contracts we keep in place following events. Before events occur, we activate that contract and utilize all channels, whether it is TV, radio, internet, public radio . . . we absolutely understand that not everyone listens to public radio.

Blake Capps made the motion to approve the recommended award and resulting sponsorship agreement to Florida Public Media; authorize staff to take any appropriate or necessary actions consistent with this Action Item; and approve the three-year Florida statewide title sponsorship not to exceed \$613,824. The motion was seconded. All were in favor. Motion carried.

11. Chief Legal Officer and General Counsel

a. Action Item: Emergency Response: COVID-19

Dan Sumner: I will be presenting on the emergency response. The concept for this action item originated from Governor DeSantis' Executive Order Number 20-52, which found there was state

of emergency in Florida from the COVID-19 virus. In that Executive Order, he provides direction to state agencies and political subdivisions with regard to their ability to take necessary action in coping with the emergency that may include, but not limited to, a number of things such as “to suspend any and all statutes, rules, ordinances, or orders which affect leasing, printing, purchasing, travel, and the condition of employment and the compensation of employees.” There are three areas where we are seeking Board action:

- Suspend or waive corporate policies “if strict compliance with the provisions would in any way prevent, hinder, or delay necessary action in coping with the emergency”,
- Enter into or amend contracts and lease agreements, when necessary for preparing for and responding to the emergency, and
- Exceed authorizations contained in existing Action Items or Consent Items, when necessary for preparing for and responding to the emergency.

The first step in responding to the Governor’s Executive Order 20-52 was that on March 12th, President/Executive Director Gilway, acting in capacity of “agency head,” did make a written finding that there is immediate danger to the public health and welfare from COVID-19 and authorized Citizens to proceed with emergency purchase procedures under Citizens’ purchasing policy. What this means is that with President Gilway’s authorization, under 287 and Citizens’ purchasing policy, we can proceed with emergency purchases with regard to COVID-19. What the action item relates to is the fact that even though we can engage in emergency purchases, the obligation remains that we must receive Board approval for contracts over \$100K and/or amendments to increases in contracts, which exceed \$100K (which we normally do through consent items). Also, the ability to suspend policy procedures, which would hinder or delay necessary action. What we are doing today is essentially having an action item which gives Citizens flexibility with regard to our normal process of action items and consent items which must occur prior to any contract or amendment being done. One of the things I will point out here, and I really want to emphasize this, is that we are in an unprecedented situation in our lifetime and we are 10 weeks away from hurricane season starting as of yesterday. The likelihood that we will need to have emergency purchases is high. I also want to emphasize that in presenting this action item that we want to have this nimbleness and flexibility with accountability. The purpose of this action is not to reduce accountability but simply to shift the timing. In the Executive Order, for example, when state agencies take the action in emergencies, they are directed to advise the State Coordinating Officer to contemporaneously or as soon as possible. In the action item, you will see that we have provided that these action items will be reported at future Board meetings. Obviously, for Sunshine purposes, that will be the first time the Board as a whole would be able to discuss any emergency action. I think it would also be reasonable and accountable to also have contemporaneous reporting; if we do take any action, we would report to the Board what that was and then to the extent that needed to be discussed, it can be done at a publically noticed Board meeting. We certainly want to be accountability and we want the Board to be comfortable that this flexibility is done in an accountable fashion. Those are the primary comments I wanted to make with regard to this action item.

Chair Rivard: Thank you, Dan, for outlining all of that. We certainly understand that these are unprecedented times that we are in. Let’s open it up to questions from the Board because this is a big item.

Bette Brown: I want to make a comment to that. I agree with the flexibility with accountability, but I want to remind everyone that during these times of uncertainty, that this is when the bad guys are at their worst. We can never let our guard down regarding fraud and other things that can be problematic. I'm not saying that may or may affect it, but keep that in the back of your mind in all areas we want to make sure we're covered, have dual control, and we're not letting the bad guys in when we make these decisions.

Dan Sumner: Can I respond to that? Governor Brown, you're absolutely right. I think, for example, our claims adjusters and policyholders have very legitimate and real questions about the protocol and what sort of precautions will be taken whenever we interact with the public, how we can create alternatives to public interaction, and to the degree of which that we are following procedures that keep our adjusters and our policyholders safe. I think we would certainly, under this emergency provision, want to explore maximizing remote operations and ways in which the claims can be adjusted. But, at the same time, we have the questions from our adjusters and policyholders, we are getting inquiries from plaintiff lawyers and public adjusters, which make it very clear that they are probing, critiquing, and looking at all these issues in such a way to essentially leverage the COVID-19 response in a way that's subject to litigation. There is just no question about that.

Chair Rivard: Thank you for that, Dan. Governor Brown, does that answer your question or address your comments for now?

Bette Brown: Yes. Thanks for that, Dan.

Blake Capps: I assume this timeframe is for 30 days? That's usually what Executive Orders have for a time limit. Also, I'm curious why we think this is actually necessary? I think it is a good thing to do but doesn't the Governor's Executive Order have the ability to give President Gilway and staff the authority to do these things without us taking action on it? Not that we shouldn't take action; I think we should affirm what the Governor's order has said. But theoretically, should this even be necessary?

Dan Sumner: The action item would be for the period of this Executive Order or the continuation of any Executive Order which declares a state of emergency. As long as there is a state of emergency, then this action item would be in place. With regard to your second question, while the Governor and his Executive Order mentions that the duties and responsibilities of certain entities such as the state agency, political subdivisions, local agencies, and other governmental bodies may require action, the two areas where there was specific direction were state agencies (the agencies that are funded through the state budget and political subdivisions which are mostly the counties). Citizens is not either one of those. Even though governmental bodies in general are recognized as having a need for some sort of response, this particular Executive Order really gives specific direction to political subdivisions and counties. Therefore, to make our authority clear, we do need this action item because the Executive Order does not encompass Citizens per se.

Marc Dunbar: A couple things. I want to put the emergency on the side just for a second and talk about the process and authority. Historically, have we had prior declarations of emergency that have been authored by the CEO like this memo that we have in front of us?

Dan Sumner: Yes, but only when there has been an emergency declaration by the Governor. The CEO has not found an immediate danger to the public, health safety, and welfare under 287, except when there is an overarching declaration by the Governor. For example, in September 2017, there was an action item and a finding by the CEO with regard to Hurricane Irma in response to Governor Scott's Executive Order 17-235. But to answer your question, never without a governor signing an emergency.

Marc Dunbar: If you could, offline, can you do me a favor? Can you send the prior memos that provided the emergency declaration to look at them?² Because when I read it, I then went to look at our statute and our plan of operations. I'm concerned about a couple of the statements that are in the memo as being inconsistent with my reading of the statute. I don't see anywhere in the statute or in the plan of operations the unilateral authority for the CEO to make the declarations that he has made here. I don't think anyone here is disagreeing that we are under an emergency. As I've been on this board, the words in the statute and the words in the plan of operation are what should govern us or we throw them out. Right? So, the agency head, when you look at the statute and the plan of operation as it relates to the delegation to the Executive Director/CEO, as agency head, I'm reading sub.19 now: "after the agency had all procedural matters related to a procurement protest pursuant to 627-351,6c, as it relates to all the other agency declarations, the Board is the agency head." So, from a consistency standpoint, I want to make sure we are doing things that are consistent with the statute. I don't believe that there is any statute that has afforded the CEO the ability to make a declaration of emergency. That is the Governor's job. And then we as the Board react to it, which is, I'm sure, this agenda item. I would ask that we pull out all of our prior documents and review the minutes. I don't think the memo is consistent with statute, and I'm concerned about the memo. The memo will not be the basis for my vote. And, if the memo is the basis for the vote, I would encourage everyone to reject this item because I don't think this it follows the statutory steps.

Dan Sumner: May I respond to that please? Under Citizens Statute 627.351-6E, it says, "The Executive Director of the corporation is the agency head under 287.057, except for the resolution of bid protests for which the Board would serve as the agency head."

Marc Dunbar: Dan, I agree with you. I'm reading the same section. That is a sub, sub, sub-paragraph related only to procurement and not for the purpose of the operation of the corporation. You have in front of us a unilateral declaration for the purpose of the operation of the corporation as a whole. As it relates to procurement – and 287.057 doesn't even deal with the issue that is in front of us as it relates to the Executive Order. Maybe the issue is more semantics. I just don't think that the CEO, frankly, I don't think the Chairman of the Board, on their own, can declare there is an emergency. That is the Governor's job and we react to it. You That statement is two sub-paragraphs under sub-E and not its own sub-section.

² Hurricane Irma Action Item, Hurricane Dorian Preparedness (No Action Item) Submitted March 30, 2020

Dan Sumner: Again, going over the purchasing law, according to the section, “if the agency head determines in writing that an immediate danger to the public health, safety, or welfare or other substantial loss to the state requires emergency action,” I think that this finding in correlation with the Governor’s finding is completely consistent. We find all the ones that have been done. All of those have a Governor’s finding underneath it. Obviously, if you look at his (inaudible)

Marc Dunbar: Let’s agree that lawyers can disagree. In the abundance of caution, let’s run this out. Let’s say that Barry has the unilateral ability to run this and operate under a grant of authority and procurements are made, and protests ensue. We wind up with litigating over it and the underlying authority for the procurement was a delegation that is legally debatable. Right? It can undo everything on the backside of it. All I’m saying is under the abundance of caution with how I read the statute, and lawyers can disagree, is that the Board is the one to be making this determination and to make the delegation underneath it. You can recommend that we do this, but I don’t believe that memo puts us on soft legal footing if someone on the backside challenges the authority we have been given because I don’t think that [inaudible].

Dan Sumner: I agree with you that there is room for disagreement here. I think it is much stronger than what you’ve characterized. But certainly since we are in a Board meeting, there would certainly be no harm in the Board affirming that the planning of emergency based on the Governor’s Executive Order to the extent that there would be any room for question, that question would be eliminated by the Board affirming the emergency finding based upon the Governor’s Executive Order.

Marc Dunbar: To that point, so the Governor has made a declaration. Now, I’m looking at it and I’m reading it. I’m just trying to understand how a declaration is made for a public health emergency dominoes over to the same declaration that would occur in Irma or Michael or any other storm event? I just don’t see it in this declaration that this public health emergency is “domino-ing” over to where we as an insurance company needs to be operating under an open-ended emergency delegation which includes all procurement and contracting. I don’t see it [inaudible] with what the Governor’s saying. It says, “Each state agency may suspend” and it goes on to say, “if the findings are relative to the functioning of the agency”. My personal feeling: I don’t see how an insurance company right now is in a place where we need to suspend things in our operations for procurement purposes because of this. I personally would rather have this item tabled pending some storm event and then bring it back to us. We can go on a phone call at a moment’s notice when we have a practical understanding on which way this is going to go. The other part about this is that if anyone believes that this is going to go away in 30 days is not paying attention to the news. We can be operating under an emergency declaration that spans not 30 days but potentially months. I as a Board member do not feel comfortable doing a broad grant that basically waves all of our oversight of the budget and contracting for the entire storm season and beyond, not knowing how long this pandemic could last. I was watching a TEDTalk with Bill Gates this morning and he was saying we could be dealing with this the same time next year. And so I’m just a little concerned about how open-ended this grant of authority is. And with that, Mr. Chairman, others may want to ask questions and I’ll be quiet so other board members may weigh in. If I’m the only one that feels this way, I’m happy to defer.

Bette Brown: I personally don't believe it is our job as a Board to micromanage a business. Having said that, we have special rules and requirements for this business of Citizens. I would like to ask that we have a recommendation or an opinion that we have the authority to do this because it is going to be a fast moving next couple of months. I think we have to be able to move fast with it. We don't run the operations of a company. We are not the management of the company. We are the Board of the company. Sure, we approve things, but we don't run the day-to-day. I believe we have got to give some leverage to our management so that if they need to make a decision, then they can make it. I know and hear what you're saying, Marc, about not getting into trouble. It seems like there can be a happy medium. We can get a letter of opinion on this. We can have a limit. We can have an email approval after-the-fact. The rules are different for our company, but we must give some leeway, in these times, to our management during these times because they are the best and brightest without getting the company into trouble. If we can do that with some form of opinion letter, then that would be my recommendation and preference.

Barry Gilway: I know the current pandemic is not the same as Irma, but I believe if you reference Irma when we took an identical action which is recommended here, within the very brief period of the Executive Order, we were really required to make over 140 emergency procurements that amounted to \$14.2M. There was a subsequent presentation to the Board in December 2017 that clearly laid out every single one of those procurements for the notification and agreement of the Board. In this situation, the current conversation really concerns me. The reason why I say this is that this is unprecedented. This does not only involve Citizens and the ability of Citizens to respond, it involves the ability of all of Citizens' vendors to respond. We have already been notified that some of our call centers, for example, have identified issues that they're dealing with relative to providing secondary and backup services to Citizens because they are facing the same issues that we are. There are claims issues that we may be dealing with. There are issues that Dan referred to that we have to respond to immediately regarding some of the actions being taken by public adjusters today and attorney firms that clearly will put us in a difficult position to respond. I personally believe that there are going to be urgent issues that we need to respond to protect employees, consumers, and the general public as a whole over the course of the next 30 to 60 days or to the extent that this Executive Order exists. Tying our hands relative to decisions that management has to make during this period would be detrimental to the operation of the business and I think it could be detrimental to the health and safety of employees, our ability to serve our customers effectively, and our ability to handle long-term issues we may be handling legally as a result. I would strongly recommend that we come up with a solution that allows us to make emergency decisions so as to not find ourselves in that position.

Carlos Lopez-Cantera: I have a couple of questions. First of all, what are the urgent issues that could come up, especially in regards to issues of public adjusters and attorneys? I want specific examples because last I checked COVID-19 does not create wind. It does not create damage to property because, as I understand it, it is what we insured against. If Citizens insures against loss of business or lack of rent payments on some policyholders, then let me know. But, as far as I know, we only ensure physical structures and I don't believe that this virus affects physical structures. What are the urgent issues that need to be covered by this?

Barry Gilway: Obviously, we don't know what emergency services we'd have to respond to specifically, but there are numerous items that I can imagine. For example, even under a

mandatory work from home order, there are required capabilities that need to be performed by people in an office environment. We could require additional cleaning services without any question. We have multiple vendor agreements that we're, quite frankly, not sure whether those vendors under the same set of circumstances we're dealing with would be able to perform under those vendor agreements. That is a substantial concern. That would require entering into agreements with vendors that have not been identified or would require us – as in the case with Irma – to extend or expand the contracts for those vendors we have procured. While I cannot give you a complete list of areas we may have to respond to, there are multiple areas relative to the operation to the physical environment we operate in. There are definitely issues related to all of the multiple vendor contracts we depend upon operationally we have to respond to. There are definitely issues related to claims management and claims management resources that we may have to respond to. While they're unknown at this point, I think the intent of this is to give us the ability to respond effectively once the issue occurs.

Carlos Lopez-Cantera: As a follow-up, Chairman, to Governor Brown's point, when Governor DeSantis issued his Executive Order on local governments and relaxing some Sunshine laws, he started his Executive Order by describing an opinion that he got from the Attorney General. Why can't we seek an opinion from the Attorney General to clarify whether or not if we have the authorization to do everything that is being contemplated here – more to Governor Dunbar's point from the beginning of this conversation? So, why don't we at least seek an opinion from the Attorney General so that we are not in a position later on where, if we are to approve this and if any contracts were procured in an emergency basis then someone comes back and challenges us and comes undone and creates a whole other mess, why don't we figure out if we can do this first of all? Frankly, we're all self-quarantined, so it sounds like we're all available to jump on a call to approve something as long as we fall within the noticing requirements. I think that would be the responsible way. And, considering that we do not have any specific emergency items that need to be addressed right now, and this is all speculative; there is no urgency in getting this approved today. We can at least defer this until we are at least 100% sure that we are on firm, legal ground to do this.

Blake Capps: I would bring everyone's attention to the purpose and scope of the action item toward the bottom of the page: "Examples of potentially necessary actions include, but are not limited to, procuring equipment and supplies for required public contact, office disinfecting services, augmenting or upgrading audio and video conference capabilities, expanding network services, enhancing home and mobile office functionality, addressing software needs, outreach and communication initiatives, and conforming corporate policies as needed to respond to the COVID-19 Public Health Emergency." What I'm thinking is that this is urgent and we don't want to tie the hands of President Gilway in a time like this. There will be urgent things that will come up just like in Hurricane Irma where he had to make 144 emergency actions. We don't want to be tying his hands and having to convene a teleconference Board meeting to talk about disinfecting offices. I would move approval of the action item as it is stated.

Betty Brown: I second the motion.

Blake Capps made the motion for the Board to approve the Emergency Response: COVID-19 Public Health Emergency Action Item and to authorize staff to take all necessary action

consistent with this Action Item. The authority granted by this Action Item shall not exceed the timeframe of the Governor's Executive Order, as may be extended, modified or superseded. Bette Brown seconded the motion.

Marc Dunbar: Mr. Chair, I don't think we're done with questions.

Chair Rivard: I don't intend to stop the conversation on this, but we do have a motion and a second on the table. We will continue the debate, questions, and comments.

James Holton: I concur with Carlos and Marc on this. I respect Barry's urgency. It is a business matter and a practical matter. We need to find a quick solution but we need to be on legal, firm grounding. Pursuant to that, state and counties in my own area, in Tampa, (Pinellas County) may be challenging the mayor's ability to declare an emergency and quarantine folks. This is an issue that's being faced all over the nation. I think we need to get a firm, legal opinion, perhaps from the Attorney General for a written opinion, citing case law before we move forward on this. I'm not comfortable with the brief presentation today by Dan. I know the urgency of it and I would like to move quickly. But, I think we do have the time to get a firm, legal opinion before we take this action. I'm concern of potential lawsuits two to five years from now that render basically, everything we did pursuant to this order and then the board having an issue because it was not properly adopted. I hate to stand on legal rigidity but I think we need to get a firm legal opinion on this matter.

Will Kastroll: I would hate for any employee at Citizens to contract the virus because we weren't cleaning something. During my tenure here at Citizens, I've seen Barry and his staff appropriately manage resources during two hurricanes and do a very good job – very prudently. I think we should give them the authority to do so because of their track record and because it would be a help to the employees. Thank you.

Reynolds Henderson: I would echo what some of the others are saying. We certainly do not want to put anyone in harm's way by not voting on something to expedite this. Can we limit it to a specific timeframe and then re-vote on it at some point so that we're not doing anything negligent, but at the same time, as this thing progresses, we can figure out what makes sense to continue or not?

Chair Rivard: That is a reasonable thought and question. I have a couple thoughts. As I understood Governor Dunbar's discussion with Dan that there is a question in Governor Dunbar's mind about the appropriateness or the legal sufficiency of Barry having the authority to make the declaration. But, if the Board were to make the declaration and then I heard Dan say that there certainly would be no harm in that if that would clear it up. I would like to hear Governor Dunbar, before I go to Governor Lopez-Cantera . . . I want to make sure I understand the basis of your fundamental concern about relying on the framework of this or the foundational memo if you think it is flawed – can we fix it today, in your opinion, where you'd be comfortable with proceeding. If the answer is "yes," then is there a way the Board can ratify the declaration that Barry has already made? And, if not, already waived the normal policies and rules under Barry's declaration and we "fix that" if it needed to be fixed today. If we had the proper foundation laid, would there then be a way to proceed today to give the team the authority they need to do some

of these things that are outlined and to make sure that are not being negligent in any way causing problems for our employees or others? With some type of a backstop. I appreciate some of the comments that Governor Kastroll made that during his tenure on this Board that management has done an excellent job in emergency situations with the understanding that they're different from this but that they are always professional and do things appropriately. I don't think anyone on the Board who would disagree with that. I think it is a concern for future problems that could be created if we don't handle this the right way. But there is an urgency. This thing changes by the hour. I don't want to get off this call leaving our management in the lurch for things they need the flexibility to do. If we fix the foundational problem and there is an appropriate comfort level there, is there a way to give management the authority to proceed, perhaps having updates? Maybe there is a way of an actual real time weekly or daily update since we had the declaration "this is where we had to use that." Maybe it is used for additional cleaning supplies. I don't know if we can have regular updates so we know what's going on without having a Board meeting every single day to micromanage operations but to have meetings that satisfies the concerns of the Board members, there may be legitimate concerns – not that there are concerns about trust level with leadership but there are concerns that we are making sure we are not opening up ourselves to problems on the backend. In my mind, I would like for you to have the flexibility to do some of the things you'll need to do while we make sure we lay the proper foundation and that we have accountability measures built in with regular updates on what is being done. And, then to Reynolds point, if there needs to be a time limit on this, it could be a time limit in which we reconvene or it is a time limit in which we get the updates and at any time we can call an emergency meeting to discuss any of those things.

Marc Dunbar: Actually, I agree with the vast majority of the comments that have been made. I guess this is part of the "clunkiness" of government in the Sunshine. If I could have talked to you and given you the heads up, we may have been able to work this a little more smoothly. When I first saw the agenda item, it was Monday and I emailed Barry to express my concern. My recommendation was that we tailor the grant of authority a little more limited with a checkoff from you, Chair, and I would be fine with that. Just so you understand what I'm thinking...Obviously, none of us want to prevent the office from being cleaned. None of us want to put our employees in harm's way. We already know most of our employees are working remotely. All that was done without Board authority. I don't at all mean to try and clip management's wings from doing the job that they do very, very well and have proven that they can do very, very well in the face of a disaster declaration. I believe the right method is for the Board to declare an emergency and then provide a grant of authority pursuant to it . . . actually accept the Governor's declaration of authority and then provide a limited grant to staff on what they can do. My recommendation is that the grant of authority be tailored to the health emergency and not to the operation of the insurance company. If there needs to be some emergency procurement related to the health emergency (e.g., cleaning our offices or protecting the public in some form or fashion), lining up if a storm hits, you know, ways that we can safely create safe spaces for people who are trying to get back in their homes or get their claims paid or things like that. All of that is a logical step from a health emergency. As it relates to amending an adjuster contract, I don't think that relates to a public health emergency. What I would suggest to the Board that the first thing we do is that – and I know we have a motion pending – I was going to try to put a series of motions to put it in the proper place, so what I was thinking is that the Board accepts and affirms the Governor's declaration. The next thing we'd do is provide a limited

grant. That would be my recommendation. My request would be to withdraw that motion so that we can go through a series of procedural steps. Personally, I believe that we should be providing the executive team the ability to do what they need to do to respond so that we can operate consistently with the health emergency, but not allow... I don't believe this declaration provides a broad waiver of all procurement statutes and amendments to contracts. To Governor Capps' point, I read the same language you did as it related to the agenda item but it says "examples include but are not limited to." So, some of those are software needs. I don't know what that means. That could be to re-procure an entire software platform that is completely unrelated to this. Some of these items are too open-ended to grant, which is what I pointed out to Barry. If we do something that is consistent with the declaration of emergency, Chair, you sign off or you're fine with it, then I'm comfortable after that.

Barry Gilway: My only concern – and I am sure that we would have no issues on what you're proposing – is the overall scope. The real key issue is that this was "not operational" to a health response emergency" – this health emergency can affect all of the operations of the organization. For example, we are having huge phone problems today. We have had two vendors who have dropped calls. We are operating in a very different environment. That relates to the COVID-19 emergency. It is the same issue with all of the call operations and the typical vendor operations that we work with. Most of the emergency procurement decisions made under Irma, for example, related to extending the prior procurements because vendors could not effectively respond. I am in agreement with where we are going, I would suggest that if the grant is not broad enough, I don't think it is going to respond effectively to our needs.

Marc Dunbar: It might be worth providing I don't want everyone to have to go through another phone call. Mr. Chair, I can get with Barry or you can get with Barry and Dan to circulate something that we can look at. The one good thing about the Governor's Sunshine waiver is that we have the ability to act on something quickly and do it in a virtual fashion. We can do it by email acclamation if we need to. There does need to be some legal wordsmithing done here. Which I was hoping could be done when this first came to my attention. I'm sort of throwing darts at a dartboard here and I'm not comfortable that this is the best way to put us in the strongest position legally. I think the agenda item needs to be tabled. I don't think this is "right" right now and I don't know if I can legally draft via conference call right now, something I am comfortable with, I think I provided some suggestions. I think Barry and Dan, Chair, can work with you, trying to provide some suggestions. I think that Barry and Dan, Chair, could work with you probably to get something comfortable and then also work with me and circulate it to the Board and provide it through some acclamation after the fact.

Carlos Lopez-Cantera: First, on the Governor's Executive Order on Sunshine statutes, it is my reading, and I could be wrong, that this one is specific to local government. I don't know if it covers us. We're definitely not a local government. I'd defer to an attorney to determine if that Sunshine Executive Order applies to Citizens. Second, maybe we can amend this action item because nobody wants to do anything that is going to jeopardize the health of employees, so maybe we can limit this to the health and welfare of Citizens' employees and maybe even their subcontractors so we can get off the call today, knowing we gave the executive team all the resources they need to ensure everybody is safe. That may include disinfecting the offices or other work spaces and keeping everybody safe. The broad language in this order basically delegates all

authority. As Mr. Dunbar points out, “examples of potentially necessary actions include, but are not limited to.” That basically means everything. And at the end, it specifically calls out conforming corporate policies. That means you can change any corporate policy of Citizens which clearly falls under the purview of the Board under this executive action. This is not to say that none of us trusts Barry. It is just big picture setting a precedence that could be used in the future. It seems like it is not pragmatic or prudent to make it so broad, because this is basically delegating all authority. Entirely. Unilaterally. I think we should limit it. And based on the comments I’ve heard, everybody is concerned about the health and well-being of the employees and I think we can all agree on that unanimously. Why don’t we, at least for now, limit it to taking care of the health of our employees and then seek the opinion of the Attorney General to figure out if we’re allowed to do this. Then, we make a responsible, rational decision as a Board sometime in the future without having to address something like this so quickly with very short notice. Thank you, Mr. Chairman.

Dan Sumner: I think that Governor Lopez-Cantera has made a good point. I do not believe we have ever suspended or altered a policy as part of our emergency response, and I don’t think in the near term that this is the focus of this. And, if that needs to be set aside, I don’t think it’ll do any real harm. I think what this is about is the ability to procure and to deal with the 287 responsibilities primarily Board approval of emergency action. With regards to the ability to take emergency action under Statute 287, that if the Board ratifies the Governor’s emergency order and then adopts the emergency action that President Gilway has made under statute 287, then I don’t think there is any legal issue anymore. I don’t think there is any question that if this is limited to procurements that we can make emergency procurements under 287 with the Governor’s declaration and the Board’s ratification of the findings of Barry Gilway. I just don’t think there’s any legal issue there at all. And I would certainly want to make sure that that is Marc Dunbar’s position, because it is certainly mine.

Chair Rivard: Okay, thank you for that, Dan. That was my understanding from what Marc just went through with his suggestion to try to put something together and then follow up quickly after this meeting to perhaps see if there is a way to do that. Marc, would you like to address the comments Dan just made?

Marc Dunbar: We can agree that lawyers can disagree. To Dan’s point, we have the ability to waive the procurement statute under the Governor’s declaration. I think the Board need only to accept the Governor’s emergency declaration. Again, if we want to make the motion to accept the emergency declaration, I’ll make the motion. The next part of it is that I’m not comfortable granting a blanket 287 waiver under this public health emergency for an insurance company. To Carlos’ point earlier...I’m missing the nexus between COVID-19 and our ability to pay claims. I understand the telecommunication breakdowns, I know we need to clean offices and I get that and we should be able to move forward with all those things. But to the point that’s being made throughout this, this authority, and I’m just talking about the document that’s in front of us, is a blanket waiver of everything related to the functioning of our entity for the entire declaration of emergency for COVID-19. To me, that is way too big. I would like for something to be tailored much smaller than this because essentially the Board need not meet until the coronavirus has left our country if we approve this document. I think that would be an abdication of our role as a Board of Governors, and I also don’t think it is within our authority. Because I don’t think the

declaration that the Governor has declared extends to all aspects of the operations of this insurance company.

Chair Rivard: Okay. Thank you. Other Board members who might have been trying to speak a moment ago...I had a lot of voices coming at once. Would anyone else like to speak?

Bette Brown: I think there is a motion and a second on the table. I would make a recommendation that you call the motion but maybe we amend it to put a timeframe on it.

Chair Rivard: Governor Capps, we are on your motion. I think one thing that has happened through this discussion is that there is agreement by all that having the Board ratify the Governor's declaration would be a smart move regardless if we do anything else. I don't know if you'd like to add that to your motion or if you would like to withdraw your motion and we could do a separate motion to have the Board consider that ratification. What is your preference?

Bette Brown: Since there is a motion on the floor, maybe Blake could modify it for a short term or limit it to XYZ. Then we can readdress. At least we will have something to cover it until we get back together again.

Chair Rivard: I think that if everyone agrees that we're on more solid ground to have the Board ratify/accept the Governor's declaration explicitly, then the issue of whether Barry's declaration or acceptance of the declaration (whether it is sufficient or not) that issue goes away if the Board takes that action. That's what I was trying to figure out...if we wanted to add that to the motion that is on the table.

Blake Capps: I'm very concerned about locking the arms of the management of Citizens in an emergency situation. When you're running a company, a lot of fast decisions have to be made. Assembling the Board of Governors for what could be fairly small matters is very cumbersome. I think we have to give Citizens' staff some leeway in a situation like this. Like what Barry was saying, the issues of health of employees and procurement issues are interwoven. A lot of the risk that are being described here are not likely to be problems. Citizens has gone through this issue before in a hurricane context. Things have worked out. What I don't want to do is put Barry and his team in a murky situation where they have to worry about whether they have the authority to do things. What's going to happen in those things is that he's going err on the side of caution, assemble a Board of Governors meeting for every little thing that comes along because he is not sure of the will of the Board.

Chair Rivard: Governor Capps, is your preference to leave your motion to approve staff's recommendation as presented by staff?

Blake Capps: Yes, because I think trying to put limitations on it right now on the fly is very cumbersome. This is an urgent situation.

Chair Rivard: Would you be open to withdrawing your motion to allow some work offline after this meeting to see if we can wordsmith this and then follow up with the Board by email as to how to move forward. It may require having to reconvene the Board to adopt something we may have

broader comfort for the Board. Or, would you rather proceed with the motion that's on the table with the second?

Blake Capps: I would like to proceed with the motion.

Carlos Lopez-Cantera: May I speak? I move to table the motion.

Jim Holton: I'd like to second.

Carlos Lopez-Cantera made the motion for the Board to table the original motion. Jim Holton seconded the motion.

Chair Rivard: Yes, there's a motion and a second and now, Governor Lopez-Cantera would like to table the motion. I'm going to ask Dan to weigh in, because as a relatively new Chairman, I'm not sure how ... I need Dan to speak up as the parliamentarian. Where are we?

Dan Sumner: I may not have as much experience with parliamentary procedure as Governor Lopez-Cantera, but I think at this point if there is a motion and a second, I'm not sure if it can be tabled at this point. Obviously, to table it, you'd have to vote for that. A vote for that would be a vote against the motion. I think in an abundance of caution we need to hear the motion to table and then vote on the motion to table before we go and vote on the motion.

Carlos Lopez-Cantera: A motion to table is a non-debatable motion. All you have to do is be recognized, which I was, and it takes precedence over all pending motions.

Marc Dunbar: I actually had the privilege of writing a book on this for a community association. That is correct. A motion to table is non-debatable and goes straight to a vote.

Chair Rivard: Why am I not surprised that you wrote that book? (laughter) So, we have a motion to table. Barbara, please call the roll.

Chair Rivard, Bette Brown, Blake Capps, William Kastroll, Reynolds Henderson, Governor Kastroll and John Wortman voted against the motion. Carlos Lopez-Cantera, Marc Dunbar, and Jim Holton voted for the motion. Motion did not carry.

Marc Dunbar: So procedurally where we are... I'm assuming that was a motion to table that motion, so now we would be on the motion in front of you to approve it as is. So the only other thing that would be out there would be a motion to amend or a motion to withdraw.

Chair Rivard: Thank you for that, Marc. Barbara, please call the roll on the motion and second.

Carlos Lopez-Cantera: Mr. Chairman, are you going to entertain an amendment?

Chair Rivard: We have a motion on the table first. I'm calling for a vote for the motion on the table with the second.

Barbara Walker: Chairman, has that recommendation been read to the Board?

Chair Rivard: Out of an abundance of caution, Dan please read the recommendation.

(Dan Sumner reiterated the recommendation that Governor Capps made the motion for on page 28)

Chair Rivard: Okay Barbara, please call the roll.

Marc Dunbar: May I just make a point of order? A motion to amend actually takes precedence.

Chair Rivard: When I had called the question, there wasn't a motion to amend.

Marc Dunbar: That was the question Carlos just asked.

Chair Rivard: But when he asked the question, I think I already asked Barbara to call the roll.

Carlos Lopez-Cantera: Mr. Chairman, with all due respect, to call the question, that is a motion to be voted on. Until that motion is voted on, a motion to amend this item. Therefore, I make a motion to amend this item.

Chair Rivard: Okay.

Governor Holton: I'll second that.

Chair Rivard: Okay, so you're going to make a motion to amend then we'll find out what your amendment would say? If the motion to amend passes? Or do you want to tell us how you'd like to amend it?

Governor Lopez-Cantera: I'll make the motion to amend, one – to put in the "Whereas the Board acknowledge the Declaration of Emergency to deal with the question of whether or not that is legitimate, until we...as Dan and Marc stated earlier. And two- to limit it to items of \$100k or less in cost or scope, except as it relates to health and welfare of employees of Citizens. Those will have unilateral control by the Executive Team. Anything else that is not related to health and welfare is limited to \$100k expenditure or contract or amendment of contract or procurement. That is my amendment.

Chair Rivard: Is there a second to the motion to amend in that way?

Governor Holton: I'll second that.

Chair Rivard: Okay, Barbara, please call the roll. Do we have to have discussion on that or can we just vote on that?

Governor Lopez-Cantera: Normally, you would allow for questions and/or debate.

Chair Rivard: Are there any questions, debate or comments? (none) Barbara, please call roll on the motion to amend.

Carlos Lopez-Cantera made the motion to amend the motion to put in “whereas the Board recognizes the Declaration of Emergency” and to limit it to items \$100K or less except when it relates to health and welfare of employees of Citizens (those will have unilateral control by the executive team). Anything else not related to the health and welfare is limited to \$100K or less for contracts or amendments to contracts for procurement. Jim Holton seconded the motion. Chair Rivard, Bette Brown, Blake Capps, William Kastroll, and John Wortman voted against the motion. Carlos Lopez-Cantera, Marc Dunbar, Reynolds Henderson, and Jim Holton voted for the motion. Motion did not carry.

Chair Rivard: Are there any other motions to amend?

[no response]

Chair Rivard: Hearing none, Barbara, please call the question for Governor Capps’ original motion.

Blake Capps made the motion for the Board to approve the Emergency Response: COVID-19 Public Health Emergency Action Item and to authorize staff to take all necessary action consistent with this Action Item. The authority granted by this Action Item shall not exceed the timeframe of the Governor’s Executive Order, as may be extended, modified or superseded. Bette Brown seconded the motion. Chair Rivard, Bette Brown, Blake Capps, William Kastroll, and John Wortman voted for the motion. Carlos Lopez-Cantera, Marc Dunbar, Reynolds Henderson, and Jim Holton voted for the motion. Motion carried.

Chair Rivard: Dan is there anything else that you have?

Dan Sumner: I think that as Governor Dunbar and I have talked about, I do not think it would do any harm. I do not think it would be a bad precedence to have the Board ratify the emergency findings that Barry made. Just as a stand-alone motion. I think that if it gives the Board more comfort, then I think it would be a worthwhile thing to do.

Chair Rivard: Is there anyone on the Board that would like to make a motion where the Board ratifies the declaration. I think it is a good idea.

Jim Holton made the motion to ratify the Barry’s Emergency Declaration. Marc Dunbar seconded the motion. All were in favor. Motion carried.

12. Consent Agenda Items

A motion was made by Governor Henderson and seconded by Governor Wortman to extend the Board meeting another 15 minutes. All were in favor. Motion carried.

Bette Brown made the motion for the Board to approve the Consent Agenda items. Marc Dunbar seconded the motion. All were in favor. Motion carried.

New Business

Carlos Lopez-Cantera made the motion to have a Board observer over any of the emergency procurement items that take place or we reconvene in 30 days. Or, we can get daily email updates on emergency procurements.

Carlos Lopez-Cantera: I'd like to make a motion that we either have a Board observer watching any of these emergency procurement items that take place or we reconvene in 30 days to get a report or...and email report on what's been going on as it relates to this emergency (unprecedented) delegation of authority that we passed today.

Chair Rivard: I like having updates from Barry to the Board on where this is being exercised. I'd like to get Barry's thoughts on that but, I think that would be a reasonable and prudent thing to keep the Board informed in real time as they're using this authority if they need to. And Governor Lopez-Cantera, I'd ask you in consideration of your motion if we could, after Barry responds to that, but if we have updates on a regular basis, whether that's weekly, so we can see or just as they're exercising their authority, if they are, then we could get those updates and then maybe instead of having a meeting scheduled in advance, based on the volume of activity under that authority, at any time, I suppose we could call an emergency meeting if that would be agreeable with you. Barry, could you weigh in here on how we might be updated so that we know what's happening?

Barry Gilway: My recommendation would be updates every two weeks, consistent with Governor Lopez-Cantera's recommendation with a complete report in terms of any emergency actions we take along with costs associated with those items.

Carlos Lopez-Cantera amended his motion that the updates will not need to be daily but limit it to every week.

Chair Rivard: Okay, so there's a motion that we get a weekly update on any exercises of this authority. Am I summarizing that correctly, Governor Lopez-Cantera? You also want to have a meeting scheduled or are you comfortable waiting to see how the emails go whether we need a meeting between now and our May Board meeting?

Carlos Lopez Cantera: With weekly updates, we do not need to schedule a meeting. The only thing I would ask Dan is how much advertising time do we need to give the public in order to convene a meeting of the Board?

Dan Sumner: It would normally be a minimum of seven days, unless it was an emergency. I think just a meeting to get an update probably would not be an emergency meeting. In all likelihood, the meetings to keep the Board apprised would be 7 days minimum to keep the Board updated.

Chair Rivard: I think this is in the context of an emergency. If we are getting weekly update, and if at any point the Board wanted to have an emergency meeting, because we were not happy with how things were going or felt we needed to do something differently or ask questions, I would think, under those circumstances, that we could call an emergency meeting requiring less than seven-day notice.

Carlos Lopez-Cantera: I agree, as long as we are getting the weekly updates, if the Board needs to convene....even if it is a week, that's plenty of time to convene a meeting, but as long as we are getting the weekly updates on any actions taken per this order that was passed by the Board, I think that's fine. I think that is prudent.

Dan Sumner: This is the emergency meeting procedures: "The chair may notice the emergency of the board for purposes of acting upon emergency matters requiring immediate attention to address public health, safety, and welfare concerns. Notice must be reasonable under the circumstances if possible – at least 72 hours will be provided."

Chair Rivard: Okay, great. We'll get the weekly updates and if we need an emergency meeting, we just heard how to do it.

Reynolds Henderson seconded the motion. All were in favor. Motion carried.

Chair Rivard: This has been laborious, but important and I appreciate everyone's patience and time on the call today. Thanks again to Barbara and the team for setting all this up. It went relatively well in terms of the tech side of things. A lot of weighty issues here, but I appreciate everyone's participation and voicing your opinions. I think we're in a good place. I have confidence in our executive team. We will handle things the right way. I look forward to receiving the updates on those items and anything else you think we need to know, Barry. I look forward to meeting with you again in May if there is no need to meet before that by an emergency meeting.

CLC: I want to wish the board and everyone at Citizens, and everyone on the call, well, good luck and hope that everyone stays safe. Look forward to seeing everyone in person sometime soon.

Meeting adjourned.