

CITIZENS PROPERTY INSURANCE CORPORATION

DRAFT

MINUTES OF THE
SPECIAL BOARD OF GOVERNORS MEETING
Thursday, December 22, 2022

The Board of Governors (Board) of Citizens Property Insurance Corporation (Citizens) convened via Zoom on Thursday, December 22, 2022, at 8:30 a.m. (EDT).

The following members of the Board were present:

Carlos Beruff, Chair
Scott Thomas, Vice Chair
Joshua Becksmith
Jason Butts
Jillian Hasner
Erin Knight
JoAnne Leznoff
Charles Lydecker
Nelson Telemaco

The following Citizens staff members were present:

Barry Gilway
Tim Cerio
Jennifer Montero
Barbara Walker
Bonnie Gilliland
Kelly Booten
Jay Adams
Joe Martins
Violet Bloom
Christine Ashburn
Jeremy Pope
Mark Kagy

Call Meeting to Order

Barbara Walker: Good morning and welcome to Citizens' December 22, 2022, Special Board of Governors meeting that is publicly noticed in the Florida Administrative Register to convene at 8:30 am. It is recorded with transcribed minutes that are available on our website. For those attending in today's session through the public link, you're automatically in listen only mode. Chairman Beruff, we have no speaker requests for today. May I proceed with the official roll call?

Chair Beruff: Please.

Roll call: Chair Carlos Beruff, Vice Chair Scott Thomas, Joshua Becksmith, Jason Butts, Jillian Hasner, Erin Knight, Charles Lydecker, JoAnne Leznoff, and Nelson Telemaco.

Barbara Walker: Chairman, you have a quorum.

Chair Beruff: Great. Thank you. Well, first, Merry Christmas everybody since we're only a couple of days away from the big holiday. I hope everybody is with their families and in a good place. I'd like to turn this meeting over for a moment to Mr. Gilway, who has some words he wants to share.

Barry Gilway: Thank you, Mr. Chairman and especially to all the board members who are attending this time of year. My message is this...I've been in the business for 52 years. I've been with Citizens for...closing in on 11 years. And frankly on the heels of a very important and very successful legislative session, I've started discussions with Chairman Beruff on a transition plan. Obviously stepping down and that discussion leading to my retirement. What's been accomplished this month through the legislative session and the legislation passed will absolutely have a lasting impact on the citizens of Florida. Citizens Property Insurance and our entire team has been working alongside lawmakers to strengthen this market and set a new framework for the state. And it's a goal. Frankly, we've been working on it for many years. So, for us, it's not only a legislative success, but it's a huge success for Citizens. I'm just grateful that this has come to fruition during my tenure and I'm proud to have worked with all the countless, dedicated professionals over the past decade. One thing that makes my decision very comfortable is frankly, I'm leaving a place where I have a dream team. I'm leaving a place with incredibly experienced and dedicated Executive Leadership Team and the most committed employees that I've ever had the privilege of working with and that is saying a lot. With this dream team in place, I think Citizens is just in excellent shape to move forward. I thank you so much for your time and I'm going to turn it back to Chairman Beruff.

Chairman Beruff: It goes without saying, in my life, I always say that 'whatever success I might enjoy, it's more about tenacity than it is intelligence'. In Barry's case it's intelligence and tenacity, because if I learned just one millionth of what he has in his brain for insurance is enough to keep you humble. But I certainly understand the challenges for a little over two years working with Barry I found his focus is constantly on the fact that the problems in Florida are literally couldn't be solved without the legislative changes that were accomplished last week, which is a tribute to his continued tenacity. Because I must tell you...ten years is a long time to be tenacious. But he has stewarded the company through a tremendous period and now with the team that he has left behind, we all sleep well at night knowing that the leadership is there to continue the progress and hopefully a huge improvement now that you'll see in our ability to unwind our business through depopulation because of the legislation that Barry and his team were able to accomplish last week. So, I'd like to commend him on that, because I know the company is just solid...well tenured company. But we all have to go on with life sometimes and Barry has put in a long, hard road. Thank you for your service and I'd like to request that Barry and I have your support in negotiating his retirement, but I'd like Mr. Gilway to entertain through the next couple of days or weeks, continuing with the advice that we seek from him because the intellectual power and the institutional knowledge he carries in not insignificant. I think it would be a loss for the organization if we weren't able to retain him for all the board members to call him when they have questions. So, I'd like for you folks to... the Chair would entertain a motion to let me enter into negotiations with Mr. Gilway. And now, I'll let whoever is on the call participate and make your comments.

Erin Knight: Mr. Chairman, this is Governor Knight.

Chairman Beruff: Welcome.

Erin Knight: Thank you. Barry, thank you for all you and the team have accomplished over the past decade-plus. We're certainly sad to see you go but understand at the same time and we'll definitely entertain the Chairman's request. When would this be effective? ...the retirement.

Chairman Beruff: Mr. Gilway...

Barry Gilway: Yes, I think the concept that we have been discussing so far, Governor, is that it would be good to have individuals in place prior to the next regular session. Because, if you know, the changes, I think, that we have had...that the Senate and the House have been able to accomplish is an unbelievable start. I think the change to the market is long term, but there's still work to be done. So, the intent is to make it relatively soon. We haven't set on any specific date yet. I still have to talk to with the Chairman regarding the actual transition and the effective date, but it would be before the next legislative session.

Erin Knight: Thank you.

Chairman Beruff: I see Mr. Telemaco would like to make some comments.

Nelson Telemaco: Yes. Good morning. Barry, I think I join the rest of the board in saying, and certainly Chairman Beruff's comments, we're going to miss you. You have been an incredible leader. I've had the privilege of watching you lead this team. By the way, I agree with you that you have an incredible team. And having experienced some really difficult crisis moments in the rest of my career, I don't hesitate in saying that what you have had to deal with is legendary. I really don't mean to exaggerate things, but I really do believe that this is one of the hardest jobs in the industry globally, and I think you have done a phenomenal job. Definitely didn't want to see you go, don't want to see you go...I hope you will stay close. I totally support the Chairman's suggestion of figuring out the best way to keep you tied somehow. You know, I think it's going to be better going forward because of all work that you've done, but I have no doubt that there are going to be some significant challenges ahead, still. And for the rest of the team, I want to emphasize that the board is 100% behind you guys. So, I just want to make sure those comments are stated for the record.

Charlie Lydecker: Mr. Chairman, could I make a comment?

Chairman Beruff: Please do, Governor Lydecker.

Charlie Lydecker: I was looking on here to try to figure out how to electronically raise my hand and I can't for the life of me figure that out. I just noticed that Governor Telemaco didn't have any trouble figuring it out, neither did Governor Knight. I do want to say for the record...echo the comments that have previously been stated that we have, here in the state of Florida and Citizens Insurance, the team has been very fortunate to be led by somebody with Barry Gilway's background, character and leadership style that I think has really helped and in a very short period of time that I've been on the board, I am very familiar with the goings-on of this past legislative session and it was Barry Gilway's leadership and thought leadership that guided the legislature towards really making some changes that we hope to be systemic, long term, and help stabilize the Florida property insurance marketplace. Barry, I have a feeling that I speak for everybody on the board, but you have been a hell of a leader and it's a real loss to have somebody with all your experience leave at this sensitive stage for us...just post the legislation that has been passed, that the positive affects we have high hopes for. But this is going to

continue to need to be very thoughtful and strong leadership and the concept that I think Chairman Beruff is speaking to, which is to help keep you involved I think is really powerful and really important. Having said that, Mr. Chairman, my question was...is there a dollar amount and or a time period that you have in mind from your deliberations because I think this probably has to do with back-pay in terms of time served in the state system and then there's an element of this that's to keep him involved and working with our next CEO in some capacity. I wonder if you could shed any light on that, if you have any of those answers yet.

Chairman Beruff: Well, we didn't want to get into deep discussions without the board's authorization, but I think that the number that I'm looking to get authorization from you folks for a multi-year involvement with us is somewhere under \$650,000. I don't know what that is because I haven't, again, there's no sense in negotiating...it's not a negotiation, it's just sort of something that we need to do in my opinion, because we want to engage Barry's services and make sure that the transition goes smoothly, and there are ways to do that and I'm sure, Barry... I think Barry would do it for free, to tell you the truth, but that's not real life, because he cares about the team.

Charlie Lydecker: That's a perfect negotiating starting point, Chairman. (laughter) I like the way you roll.

Chairman Beruff: (laughter) But nonetheless, if the board would make a motion to let me negotiate the terms of our separation for a multi-year involvement with us, that's (inaudible)...I would try to process that.

Erin Knight: So moved.

Charlie Lydecker: There are probably other comments, but I think...

Chairman Beruff: We can continue the discussion, but there's a motion, is there a second?

Nelson Telemaco: Second.

Chairman Beruff: All in favor signify by saying aye.

Chorus of ayes. Motion carries.

Chairman Beruff: Motion carries. Now we can have some discussion. Yes, Governor Leznoff.

JoAnne Leznoff: I just want to echo what everyone else has said, Barry, and to add to it that it is rare to see those qualities of intelligence, tenacity, a wealth of background, and the ability to work with others to gain the support of others and that is due to his integrity which I think is apparent to all of us and is sometimes hard to maintain in the environment in which we find ourselves. And in the industry where there have been others who have taken advantage of situations and Barry just stands out as always above board. And I want to personally thank you, Barry, for allowing me to pester you to death in sharing with me openly and honestly everything that you possibly could to help me gain a little bit of knowledge about this industry. It is a huge loss for us. I wanted to add to the motion that we include that the retirement is effective before session 2025, but I don't think that would be what you really want so I'll back off those two years. Having you available to consult with us I think would be a tremendous asset because I know whoever the next CEO the board chooses will be talented, knowledgeable, and able to take on the task. The benefit that you could provide is extremely meaningful

and important to us. One comment on the negotiations is my hope that while keep industry standards in mind, we also keep the standards that are applicable to public employees in mind as well. I don't believe those standards apply to Citizens, but I do think that we sort of dance the line between public and private existence. I have all confidence in the Chairman's negotiations, I just want to emphasize that point, a little bit about the dance that we do on the public line. With that, I wish you every success and hope that I'm not saying goodbye and there are many more conversations.

Chairman Beruff: Thank you, Governor Leznoff. I've seen that Governor Telemaco, who knows how to raise his hand electronically...and Governor Lydecker and I are still trying to figure it out. (laughter)
Governor Telemaco.

Nelson Telemaco: Yes, I want to kind of lean in and wanted to make a point that I think Governor Leznoff, you're going to help me focus the point I'm about to say and that is...Barry Gilway has done a phenomenal job, for lack of a better term, dumbing down a super complicated industry. The insurance industry is a very complicated machine, and you know, we haven't had a board that has as much experience in insurance as we do today. I think that we're in a great place, but what I've observed Barry do is take some very complex issues – he and his team and make it palatable for a public that doesn't understand insurance and all its nuances. And to piggyback off of Governor Leznoff's comment in trying to make sure we dance appropriately here, I do want to state that the responsibility of being the CEO of this company is very complex and a position of Barry Gilway's stature in private industry, it's not even comparable from a compensation standpoint. I mean, it would be multiple times I'm sure what he's made as a CEO and leader of Citizens. So, I just wanted to state that, for the record, we do have to be careful, and we do perhaps have to keep in mind how public employees are compensated but I do want to make clear this is a very different animal. He and his team have done a great Job of simplifying things for the public, but there's a lot that goes on that is worthy of adequate compensation. I do trust Chairman Beruff's ability to negotiate on behalf of the citizens of the state.

Chairman Beruff: And I just want to show everybody that I did figure out how to raise my hand on the screen. (laughter) But I did want to say thank you for the kind remarks that everybody has made. I think I'm at the top of the heap as far as I'm concerned...what little I know of the insurance industry; I know that the complexities and Barry does absolutely dumb it down for me because he's done it a hundred times because I've asked him to. So, there was no question. So, I'd like to also, as we negotiate this separation, I'd like to entertain a motion to name Mr. (Tim) Cerio as interim to take affect when we have successful conclusion to our negotiations with Mr. Gilway...if the board is inclined to make a motion like that.

Josh Becksmith: So moved.

Chairman Beruff: We have a motion; do we have a second?

Jillian Hasner: Second

Chairman Beruff: Okay, all those in favor signify by saying aye.

Chorus of ayes.

Chairman Beruff: I think Mr. Cerio has built a good report in his tenure with Citizens, with the staff, and that important for me, personally, because I know that the leadership is very important, but the staff

has to believe in the leadership. Barry certainly...first the staff believed in Barry because Barry cares about the staff so, it's funny how that works, you know? It works both ways, so I appreciate everyone's participation today. I think that will conclude the meeting unless there are more comments, which I am happy to entertain.

Governor Telemaco: Chairman, may I? I think it's important that we adequately explore options. I also have confidence in Mr. Cerio's ability to lead the charge in the interim, but we do at some point discuss adequate exploration of candidates and make sure that the future is in good hands. I'm not saying Mr. Cerio is not the right person. He probably is the right person; I just wanted to make sure that we put that on the table.

Chairman Beruff: I certainly appreciate the comments and we will consider that as we all collectively move forward. But, for now, it gives us some steadiness at the rudder as we move forward to this period.

Governor Telemaco: Right.

Chairman Beruff: ... if that's okay with everyone... so, if there are no more comments, I'll entertain a motion to adjourn the meeting. And again, sincerely wish you and everyone a Merry Christmas and enjoy the holiday season with your family and we will regroup sooner than later, I'm sure.

Charlie Lydecker: I was going to make a motion to adjourn, but just a quick comment to Chairman Beruff, thanking him for his leadership during this delicate time period and this transitional time period. I know that this sounds to me...from having gone through situations like this before that it's a great deal of time and effort that goes in. So, we appreciate you and look forward to our next meeting. And Happy Holidays to everyone.

Jillian Hasner: JoAnne (Leznoff) and Governor Lydecker's remarks... but also wanted to say that I just believe the entirety of Tim's career has prepared him for this...to serve in this capacity. And so, I just support you in your decision on that and I also move to adjourn this meeting.

Chairman Beruff: Alright folks, everybody be well.

Meeting adjourned.