

CITIZENS PROPERTY INSURANCE CORPORATION

DRAFT

MINUTES OF THE
SPECIAL BOARD OF GOVERNORS MEETING
Tuesday, January 31, 2023

The Board of Governors (Board) of Citizens Property Insurance Corporation (Citizens) convened via Zoom on Tuesday, January 31, 2023, at 3:00 p.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' January 31, 2023, Special Board of Governors meeting that is publicly noticed in the Florida Administrative Register to convene at 3:00 p.m.. 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. Would you like for me to 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.

Chairman Beruff: I wanted to introduce Barry for a minute. We had a successful meeting of the minds a few weeks ago and I wanted to thank Barry for the way we handled those negotiations, which really weren't at all difficult because he's such a gentleman. And thank him for his service and I know that we are going to be calling Barry a lot for the next while as the legislation that was miraculously passed at the special session moves forward which will change the insurance industry in Florida as everybody on this phone call recognizes quite precisely. But it will take some time, so, I'd like for Barry to make a couple of comments if don't mind, Barry?

Barry Gilway: Thank you, Mr. Chairman. I'll keep my comments extremely brief. You know, I was going to work for four years when I joined Citizens. It was a four-year contract and it's been almost eleven. And frankly, it has been the privilege of a lifetime, not only to work for the company and represent the state, but to work with a phenomenal leadership team. When you look at the operational executives, you know, Kelly [Booten], Jay [Adams], Jennifer [Montero] and Jeremy [Pope] along with the rest of the leadership team...and as long as we realize that Barbara Walker really runs this organization, then we're going to be in really good shape going forward. (laughter) I've really enjoyed it. It's been a real roller coaster ride, but I complement the Chairman in terms of the way he handled our discussions and his overall approach to it. I wish my successor all the best and as long as he understands that we have a phenomenal leadership team and with an average time of 20-30 years, then I think Citizens is going to be in fantastic shape. So, thank you, Mr. Chairman.

Chairman Beruff: Thank you, and I appreciate everybody's time. Mr. Cerio is leading the efforts here at the moment and I'd like to start with discussion with the board to advance Mr. Cerio's position as we have a lot to do between now and the legislative season which is just a little over a month away from us. We need to make sure that our legislation is properly inputted so we can get the benefits sooner than later in the insurance markets in Florida. So, I'd like to open the meeting for governors to make comments and I think I see...

Governor Lydecker: Thank you, Chairman Beruff. I would echo your comments. I've had the benefit of speaking to staff and speaking to Barry offline and I know his strong feelings with regards to Tim Cerio coming in behind him for a variety of reasons. I think most importantly is that, to your point, is time is of the essence, particularly coming off of this past legislative session and as we go into this next one and continue to try to cure the ills that plague the property marketplace in the state of Florida citizens. A lot of what we're doing with Citizens is requiring legislative fixing, but also and most importantly is stability and continuity for Citizens. It's not often that you have somebody, in my opinion, that you have somebody in the wings and that there's an internal perpetuation plan that is very thoughtful. I've just come out of a search and frankly, my predisposition often times is to do a more formalized search and I just came off of one for the University of Florida where we selected Ben Sasse, former Senator, soon to be called President Ben Sasse, and there was a very thoughtful process that occurred, but in the case of Citizens, the needs to your point are very, very different. A couple of observations I would make, piggybacking on Barry's comments with the operational executives, is how fortunate we are that Barry has surrounded himself by the level of excellence. In the case of Tim, I would put forward a couple of thoughts as to my own view as to why we ought to forgo a search process and move immediately to bring Tim on as the CEO of Citizens. Tim, for starters, has been practicing law for over 25 years. He's

negotiated multi-billion-dollar deals. He served in the highest post in Florida government. Tim also is a respected statewide leader. I love that fact that Tim enjoys a reputation of the highest integrity, which I am of the opinion, aside from Barry's technical skills and experience, Barry enjoyed a reputation for somebody with the highest integrity and that has fared well for us. That was really on display this last legislative session. The executive director's reputations allow the legislature to feel comfortable in make some of the very dramatic changes that they made. And those changes are really more 12–18-month type of changes; we're still going through very difficult reinsurance examination and pricing issues that are facing the state of Florida, so we're not out of the woods yet. But back on Tim...Tim has been appointed by Governor DeSantis to the Supreme Court Judicial nominating commission. He served on the Florida Constitution Revision Commission. Most importantly, he has been a great General Counsel for Citizens. He's been on the forefront, as I mentioned, of massive reforms this past special session that now have to be implemented. So, I think the Florida market – and I live in the Florida market in the insurance world for the last 35 years needs stability. We have to create a competitive marketplace again and we can't take the simplistic route of simply allowing rates to go up. We have to be thoughtful and try to figure out a way to make sure that we don't rely on our methodology for depopulation and for trying to bring rates to some normalcy that we have somebody that can continue Barry's legacy and bring us to the next chapter. So, it's with that in mind and because of the need for a smooth transition and the importance of it and the stage that we're in right now, I would make a motion to name Tim Cerio as the CEO and forego a search process. Those are my comments, Mr. Chairman.

Chairman Beruff: Thank you, Governor Lydecker. Do we have second for discussion?

Scott Thomas: Mr. Chairman. This is Scott Thomas. I'll offer a second and in doing that I would emphasize everything Governor Lydecker said about Tim in terms of his integrity, his ability, his competence, and my absolute confidence in him. I do think that it's important to understand that this is a transition that is not a performance-based transition. The board didn't step in and say we need to make a change, but rather; I think Barry realizes that we're at a situation here where we're teed-off for some really significant improvement and changes in the Florida market based on some historical legislative reform that this was a time that Barry could say it's a good time for him to step away. But the thought that we're well positioned to capitalize on that, but we have to capitalize on it. It's significant, it's important and it's coming up fast. I think the kind of uncertainty or potential confusion that would arise from a needless search, and it would be needless in my view, is one of the few things that can really impact our ability to take this game plan we have and push forward with it. So, when we have the combination of the best circumstances we've had in a long time, there's still a lot of legislative work to do, but when we have that combination and we have someone with the talent and integrity of our General Counsel, Tim Cerio, that there's no point pushing us through the needless delay, uncertainty, expense and so forth when we know what the answer ought to be. And for that reason, I'm very happy to offer a second to Governor Lydecker's motion.

Chairman Beruff: Thank you Governor Thomas. I'd like to open the floor to any other governors that would like to make a comment.

Governor Telemaco: I'd like just to echo the comments. I've just gotten to know Tim as General Counsel, but he was actually one of the folks that actually helped me transition onto the board smoothly. And I know that's not easy to do, but to understand the Florida marketplace, the Florida insurance marketplace, which is no easy feat in and of itself, and helped me to onboard very quickly and smoothly. I was one of the...I was the governor that had questioned whether or not we would conduct a search

and I've come to believe everything Governor Lydecker and Governor Thomas have shared. I am 100% in support of Tim Cerio being the next CEO of Citizens. I think we'd be blessed to have him.

Chairman Beruff: Thank you.

Barry Gilway: Yes, Mr. Chairman, Barry Gilway. May I? So, I will tell you, I truly believe that not only does he have my total support, but I would also echo everything that Governor Lydecker said and much more. I think the real issue as you know, I'm truly a people person, as is Tim, and he not only has my respect, but he really has the support and respect from the entire leadership team. So, I think the transition will be an easy one and I think it would be a real mistake given the state of the market, the legislative changes that have to occur, it would be a real mistake to spend 3-6 months going through a search process where I absolutely believe we have a perfect candidate in front of us. So, I just wanted to put forth my personal support, Mr. Chairman, because I think it's an excellent succession plan and he'll do a great job for this company.

Chairman Beruff: Thank you, Mr. Gilway. Governor Knight.

Erin Knight: Thank you, this is Governor Knight. I would like to echo my fellow board of governors' comments and also just add that we have a very unique situation and the relationship with the Executive Leadership Team and we have the ability to use Barry as a resource, as well during this transition so I think that it would be a risk otherwise to go out and have a search when we've got all the pieces in place for a smooth and stable transition.

Chairman Beruff: Thank you. I'd like to add...and of course, any governor can raise their hand and I'll be happy to let them speak. First of all, we have the right guy at the right place, in my opinion. Secondly, the timing is very critical for us. The implementation of the legislation that was passed in December through this legislative season...the devil is in the details, and it's got to be done correctly and otherwise the regulatory authorities won't do what we want done and need done in the state of Florida. I think Tim can keep the message true and not let it get improperly implemented. So, I...uh if there are no more comments, I will call the question to authorize me to negotiate a formal agreement with Mr. Cerio to become the CEO of Citizens Property Insurance company.

Charlie Lydecker: So moved.

Nelson Telemaco: I'll second.

Chairman Beruff: All those in favor signify by saying aye.

(Chorus of ayes) Comment heard...

Charlie Lydecker: This may just be a technical observation, but I actually made the motion originally and so we have... I guess too many positive motions is a good thing (laughter)... Whatever that's worth.

Chairman Beruff: Yes, thank you very much Governor Lydecker. You did make that motion; I expanded it by saying authorize to negotiate an agreement. I said it as an amendment on your motion, but we're done with this meeting, I think. And I look forward to meeting with Mr. Cerio and I'm sure it will be a successful agreement for the board to then adopt. Okay? If there are no further comments, we're done. And look forward to seeing you folks sooner than later.

Chorus of congratulations to Tim Cerio.

Tim Cerio: First, thank you all. I'm floored and... I'm wearing my General Counsel hat.

Chairman Beruff: I'm sorry. I didn't see your face on my screen, so I forgot you were there! (laughter)
Please go ahead, your comments, please.

Tim Cerio: First of all, I'm blown away. All kidding aside. We got a little distracted. Did you all actually take the vote, Mr. Chair. As I'm wearing my General Counsel hat...

Chairman Beruff: Yes.

Tim Cerio: You did? Alright, great. I'm just floored. I'm grateful to all of you. I'm grateful to be part of this leadership team. I'm grateful to have been able to watch Barry Gilway in action and just the credibility he has and how that has clothed this organization with a whole lot of credibility. And that's a responsibility I take very seriously. I really feel that after this special session – this really is a new chapter for Citizens and this board has clear direction, you all have given us your direction as your staff. We have been given direction from Governor DeSantis, CFO Patronis and the legislature that we are to return to truly being the state's insurer of last resort and to charge actuarially sound rates, when we're allowed to and to not be competitive with the private market. And again, I won't read it, but there's language in Senate Bill 2A that passed during legislative session that makes this crystal clear. And the Governor and the legislature have also given us the tools to get there. Two very important ones, as you all know, is the elimination of the one-way fees statute and the elimination AOB, but I do think it's important. And Governor Leznoff has talked about this. These changes come with responsibilities and expectations. I believe as the PIF count decreases and litigation begins to decrease over time, as a result of these reforms, we really need to focus on enhancing even more the customer service to our policy holders. I think Citizens already provides unbelievable customer service and we have the comparative data to back it up, but I really think the philosophy is this – we need to work hard to depopulate and truly return to being the state's residual insurer, but if you're in Citizens, we will take care of you and you will receive excellent customer service until you move on to what is hopefully a better policy in the private market. Again, to allude back to Barry, I really want to build on our already strong reputation as a source for reliable information and data and potential market and policy solutions. We really are blessed to be in the position where our state's decision makers, at times, seek our input and it's critical that we maintain our reputation for credibility, for expertise, candor and professionalism. I've got more that I'd love to share, but I'll do it individually. I don't want to belabor the point with the meeting. I want to talk to you individually about the next 90-100 days, but I'm very grateful to have the great team I'm inheriting from Barry.

Chairman Beruff: Glad I caught up and realized you were there, and you could make some closing comments.

Tim Cerio: Thank you, Mr. Chairman.

Chairman Beruff: I'll entertain a motion to adjourn the meeting.

Meeting adjourned.