

Executive Summary

Finance & Investment Committee, September 26, 2023

Board of Governors Meeting, September 27, 2023

Defeasance & Redemption of Series 2015A-1 Coastal Account Senior Secured Bonds

Topic

Legal defeasance and redemption of Outstanding Citizens' 2015 SeriesA-1 Coastal Account senior secured bonds in the amount of \$275 million.

History

In 2015, Citizens issued \$1 billion of senior secured bonds in the Coastal Account for purposes of providing additional claims-paying resources following a storm or series of storms. Two series were issued in connection with this financing: \$700 million of fixed-rate senior secured bonds (Series 2015A-1) with an initial maturity of June 1, 2018 and a final maturity of June 1, 2025; and \$300 million of floating-rate senior secured bonds (Series 2015A-2) with an initial maturity of June 1, 2018 and a final maturity of June 1, 2020. The outstanding 2015A-1 series bonds in the amount of \$275 million can be called at par value on December 1, 2024.

As a condition precedent to consolidating Citizens' accounts, no financial obligations can remain outstanding. Therefore, Citizens' staff is seeking approval to execute a legal defeasance of the remaining outstanding Series 2015A-1 bonds in the amount of \$275 million, by no later than December 2023.

Recommendation

Staff proposes that the Finance & Investment Committee review, and if approved recommend the Board of Governors to:

- a. Authorize the legal defeasance of remaining outstanding Citizens' Series 2015A-1 Coastal Account bonds in the amount of \$275 million by approving the attached Authorizing Resolution and 2023 Escrow Deposit Agreement; and
- b. Authorize staff to take any appropriate or necessary action consistent with this Action Item.

Defeasance & Redemption of Series 2015A-1 Coastal Account Senior Secured Bonds

ACTION ITEM

New Contract

Contract Amendment

Other _____

CONSENT ITEM

Contract Amendment

Existing Contract Extension

Existing Contract Additional Spend

Previous Board Approval

Other _____

Action Items: Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

Move forward as Consent: This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

Consent Items: Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

Purpose/Scope	As a condition precedent to consolidating Citizens' accounts, no financial obligations can remain outstanding. Therefore, Citizens' staff is seeking approval to execute a legal defeasance of the remaining outstanding Series 2015A-1 bonds in the amount of \$275 million, effective December 2023.
Contract ID	N/A
Budgeted Item	N/A
Procurement Method	N/A
Contract Amount	N/A

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Contract Terms	N/A
Committee Recommendation	<p>Staff proposes that the Finance & Investment Committee review, and if approved recommend the Board of Governors to:</p> <ul style="list-style-type: none">a. Authorize the legal defeasance of remaining outstanding Citizens' Series 2015A-1 Coastal Account bonds in the amount of \$275 million by approving the attached Authorizing Resolution and 2023 Escrow Deposit Agreement; andb. Authorize staff to take any appropriate or necessary action consistent with this Action Item.
Board Recommendation from Committee	<p>If approved at its September 26, 2023 meeting, the Finance & Investment Committee recommends that the Board of Governors to:</p> <ul style="list-style-type: none">a. Authorize the legal defeasance of remaining outstanding Citizens' Series 2015A-1 Coastal Account bonds in the amount of \$275 million by approving the attached Authorizing Resolution and 2023 Escrow Deposit Agreement; andb. Authorize staff to take any appropriate or necessary action consistent with this Action Item.
Contact	Jennifer Montero, Chief Financial Officer

CITIZENS PROPERTY INSURANCE CORPORATION

Summary of Resolution Authorizing Defeasance and Redemption of Coastal Account Senior Secured Bonds, Series 2015A-1

(proposed for approval by Board of Governors on September 27, 2023)

I. Board Resolution

- A. Approves and authorizes defeasance and redemption of all outstanding Coastal Account Senior Secured Bonds, Series 2015A-1 scheduled to mature on June 1, 2025 (\$275,000,000).
- B. Defeasance – on or after December 4, 2023.
- C. Redemption – on or after December 2, 2024.
- D. Available Moneys:
 - 1. Portion of bond proceeds in Series 2015A Bonds Proceeds Subaccount.
 - 2. Other moneys available in the Coastal Account.
- E. Approves Escrow Deposit Agreement.
 - 1. Appoints Regions Bank as Escrow Agent.
- F. Appoints Raymond James & Associates, Inc. as Structuring Agent.
- G. Appoints Integrity Public Finance Consulting LLC as Verification Agent.
- H. Authorizes payment of all fees and costs associated with defeasance and redemption of Series 2015A-1 Bonds.
- I. Authorizes Notice of Defeasance and Notice of Redemption.
- J. Authorizes any additional required actions.

II. Escrow Deposit Agreement

- A. Provides for deposit of Available Moneys in Escrow Deposit Trust Account held by Escrow Agent to defease Series 2015A-1 Bonds.
- B. Defeasance escrow to be gross funded.
 - 1. Available Moneys to be invested in Government Obligations, with investment earnings received to be released to Citizens.
- C. Establishes redemption date of Series 2015A-1 Bonds – on or after December 2, 2024.
- D. Contains forms of Notice of Defeasance and Notice of Redemption.