

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