

CITIZENS PROPERTY INSURANCE CORPORATION

Summary Minutes of the Information Systems Advisory Committee Meeting Tuesday, November 19, 2024

The Information Systems Advisory Committee (ISAC) of Citizens Property Insurance Corporation (Citizens) convened via Zoom webinar on Tuesday, September 19, 2024, at 10:00 a.m. (ET).

The following members of the Information Systems Advisory Committee were present:

Jason Butts, Chair
Jamie Shelton
Joshua Becksmith
John Vaughan
Aditya Gavvala, *staff*

The following Citizens staff members were present:

Bonnie Gilliland
Eric Addison
Jennifer Montero
Jeremy Pope
Jessica Chapman
Raina Harrison

Ravi Tadiparthi
Ray Norris
Sarai Roszelle
Wendy Emanuelson
Wendy Perry

Roll was called and a quorum was present.

1. Approval of Prior Meeting's Minutes

Chair Jason Butts: Good morning, everybody. Thanks for joining us today. I wanted to just say thank you to Governor Shelton for chairing the September 17th meeting. I appreciate that, and I'm sure it was probably the smoothest meeting we've had in the last year.

Gov Jamie Shelton: You're very welcome, Mr. Chairman.

Chair Jason Butts: Thank you, sir. So, at this point I will entertain a motion to approve the minutes from the September meeting.

Governor Joshua Becksmith made a motion to approve the September 17, 2024 Information Systems Advisory Committee (ISAC) Minutes. Governor Jamie Shelton seconded the motion. All were in favor and the minutes were unanimously approved.

Chair Jason Butts: Great, thanks. Motion passes. With that I think we will get right into it and turn it over to Aditya.

2. Action Item

A. Technology Infrastructure, Software, and Professional and Staff Augmentation Services – Part 2 [AI]

Aditya Gavvala: Hello. Good morning, Chairman and Committee Members. For the record, it was really smooth last ISAC meeting. Jason, thank you for that.

I have one action item and one consent item to present today. The first one is the Technology Infrastructure, Software, and Professional and Staff Augmentation Services - Part 2. Part 1 was presented at the September meeting and got approved at the September meeting. So, we're talking about Part 2 today.

If I can draw your attention to the first slide, I can give you a little bit of background about this Action Item. Just a quick refresher, the Omnibus Action Item is a request for spend authority for a collection of items that are procured through State contracts, GSA, or any other alternate government approved contract. There are two parts to this action item. The first part is primarily focused on any anticipated purchases from January through April 2025, and this was presented and approved at September 2024 BOG. Part 2 is what is coming to you for approval today. This is focused on anticipated purchases from May through December of 2025.

The action item has 3 groups of spend. The first category is Infrastructure, which includes all line items associated with technology hardware, network infrastructure, telephony, and connectivity data center and storage. The second category is Software. This includes both on-prem software and Software as a Service. The third category is Professional and Staff Augmentation Services. Next slide, please.

On this slide we show the holistic picture of the Omnibus, which shows both Part 1 and Part 2. On the left-hand side, the blue pie represents Part 1 which was already approved; Part 1 was \$25.162 million dollars for 2025. Part 2 is shown in the orange color. It is \$5 million dollars and is coming to you for approval today.

In the middle we break the total Omnibus spend by each of the three categories, Infrastructure, Software, and Professional and Staff Augmentation Services. The Blue Bar again represents Part 1 which was already approved. The Orange Bar represents Part 2, which is coming to you for approval today. As you can see, the significant spend in Part 2 is in the Software category. To the right bottom, you will see Part 2 broken down by each of those categories. The \$5 million dollar composition is \$4.43 in Software, \$95,000 in Professional and Staff Augmentation Services, and infrastructure is about half a million dollars. Next slide, please.

On this slide we show you a comparison between 2024 versus 2025. I would like to draw your attention to the section in the middle, which is Part 2. You can see that in 2024, Part 2 total spend was \$8.03 million dollars. Our anticipated Part 2 for 2025 is only \$5.03 million dollars. There is a \$2.99 million dollar reduction compared to 2024.

To the far right you see the Part 1 and Part 2 combined total for 2024 was \$32.58 million dollars. For 2025, we are estimating that to be \$30.2 million dollars. There is a net reduction of \$2.38 million dollars compared to 2024. Next slide, please.

On this slide we show you a little bit more detail behind exactly what is going in and what's going out. You have seen this slide before, and I'm going to focus primarily on Part 2, which are the right two bars in the graph. The 2024 Part 2 was \$8.03 million dollars. A significant chunk of that was in the Software category in 2024, which was \$6.9 million dollars. Compared to that you can see in 2025 Part 2 Software is only \$4.4 million dollars. Even the Professional and Staff Augmentation Services was reduced significantly. That's primarily because in 2024, we bought some of the software for multi years; we bought them for 3 years, and we don't have to incur the cost in 2025, 2026, and 2027. So that is why you see a \$2.56 million dollar reduction because we bought it for 3 years in 2024

Infrastructure we are reducing by \$94,000. If you recall, we implemented our Unified Communications as a Service (UCaaS) which takes our telephony on prem to the cloud. In 2025 we are getting rid of legacy components and also some of the backup components that we have, so that's reducing by \$94,000 in 2025.

In Professional and Staff Augmentation Services there is a net reduction of \$343 thousand¹ dollars. Some of the big projects that we had in 2024 are wrapping up. There's a little bit of work left that should be wrapped up in the first quarter of next year, so that leads to some reduction in professional services and staff augmentation.

That's the summary of the Omnibus.

There is one other item I would like to draw your attention to. Since we presented and got approval for Part 1, DMS, Florida Department of Management Services, added an additional contract to their approved contract list. It was not included in Part 1 because it was not available at that time, so we would like to request you to give us permission to include that contract in Part 1. That is documented in the action item. Bonnie, if you could take us to the section titled Contract ID. Can you scroll up, please? Right there.

If you look at the second paragraph, that documents that we are seeking approval of the new contract that was approved by DMS to be included for Part 1.

That concludes my presentation. I'll take any questions before I go to the recommendation section.

Gov Joshua Becksmith: Mr. Chairman, can I ask a quick question?

Chair Jason Butts: Yes, please, Governor Becksmith.

Gov Joshua Becksmith: Can you elaborate just a little bit more? Maybe I'm not picking up what exactly you're saying on adding a contract to Part 1 that the committee and Board already approved. What exactly are we adding, and what's the spend ask, I guess, on that?

Aditya Gavvala: DMS, as you know very well, manages a list of all approved contracts. So, it's a snapshot. Throughout the year they keep adding more contracts to that approved contracts list. At the time we brought Part 1 to you for your approval, we took all the contracts that were already approved on DMS and we said we could use any of these contracts for our needs, but it looks like DMS added one additional contract that provides audio video equipment and accessories and

¹ Verbatim correction: Stated as millions.

services. We would like to leverage the approved contract for setting up our conference rooms using audio video equipment; as we are going to relocate to a new facility, we might need it. Also in Tampa, if we set up audio video equipment in that new facility, we'll probably need to leverage this contract.

Gov Joshua Becksmith: Sure. So, just to clarify, you're not asking for an additional spend, you're just asking to use a new vendor or contractor.

Aditya Gavvala: That is correct, sir. Yes.

Gov Joshua Becksmith: Okay. So, Mr. Cerio can't go and update all of your conference rooms for you with all this technology stuff?

Aditya Gavvala: He is certainly capable.

[laughter]

Gov Joshua Becksmith: Thank you for the clarification; appreciate that.

Chair Jason Butts: Great, any other questions? Thank you. We'll entertain a motion to -- do you want to read the action item?

Aditya Gavvala: Yes, I would like to read the action item.

Staff proposes that the Information Systems Advisory Committee review, and if approved, recommend the Board of Governors: a) Authorize the Technology Infrastructure, Software, and Professional and Staff Augmentation Services - Part 2 contracts for an amount not to exceed \$5,037,502, as set forth in this Action Item; b) Authorize the newly identified, available DMS Approved Contract Source for use under the previously approved Action Item for Technology Infrastructure, Software, and Professional and Staff Augmentation Services - Part 1, as set forth in this action item; and c) Authorize staff to take any appropriate or necessary action consistent with this Action Item.

Chair Jason Butts: Great. Thank you. Motion to accept as read.

Governor Jamie Shelton made a motion to approve the Technology Infrastructure, Software, and Professional and Staff Augmentation Services – Part 2 Action Item. Governor Joshua Becksmith seconded the motion. All were in favor, and the Action Item was unanimously approved.

Chair Jason Butts: Moving on, Aditya.

3. Consent Item

A. Document Generation Software and Professional Services [CI]

Aditya Gavvala: Moving on to the next item on the agenda, which is the Document Generation Software Consent Item.

You may recall that this was previously reviewed at ISAC but got pulled on Chairman's request to seek the cloud spend information from the vendor. We since then reached out to the vendor and got the information. We have it, so I would like to go through the Consent Item with you today. Document Generation Software is software that Citizens uses to produce policy, agency, claims, and billing electronic documents that could be subsequently printed, mailed, or archived. The incumbent software was procured through an invitation to negotiate issued back in July 2011 and got Board approval on December 2011 for a 5-year base term and two optional 5-year renewals. We implemented the solution. Next slide.

The contract with the vendor expires in March of 2027. Board thus far has approved a total of \$4.7 million dollars since the inception in 2011 through March of 2025. For the remaining term from March 2025 through March 2027, Citizens is requesting the Board approve \$743,763 to cover that term; that's the ask.

If you would like me to get into details, I'm prepared. Let me know. But I'll pause here for any questions.

Chair Jason Butts: So, this is based on the anticipated policy count, Aditya, declining, so what kind of chance is there that you'll need to come back and ask for more spend on this?

Aditya Gavvala: Yes, excellent question. I can answer that. Let's go to the Appendix, slide number 2, please.

On this slide, you can see that the left section on the top is our spend to-date and on the right side is where we have the remaining term that we anticipate to spend. Let me draw your attention to the bar graph at the bottom. The blue color bars represent our projected PIF volume. We typically project out our PIF volumes for the future. Back in 2021, our projected PIF volume was 686,334 policies. By the end of the year, we had 686,334 policies; the black bar represents the actual volume. Our focus is on the right side where you see the blue bar. I'm going to go to year 2024/2025 where you can see that back in 2021, we projected our policy volume for 2024/2025 to be at 1.85 million, but we know what our policy volumes are today, it's roughly at 1.12 million. So, based on the projections, now look at the bar right above that PIF graph, based on the assumption that we would be having 1.8 million policies our projected document generation spend was at \$1 million dollars, but we revised it down because we know that today our anticipated volume for this year is only 1.1, so we brought it down to \$593,000. That's our projected spend. So, that should give you an idea how to interpret this graph. On the right-hand side, our projected PIF volume for 2025/2026 is 941,000, and for year 2026/2027 is 1 million policies. If those estimates change next year that could potentially cause change to the dollars that we are asking for today. So, it's based on the assumption that that's the PIF volume. The other variable that actually could change these numbers is if we have some unanticipated mega event, catastrophe event, we would then be required to produce a lot more documents that could also change the parameter. The third variable to this equation is the number of depops that we do. The more depops that we do, the more depop letters that we have to produce, so that could also cause the spend to go up. So, our assumptions are documented on the next slide.

We are requesting a total of \$743,763 with the assumption that our PIF is as projected on the previous slide, and we assumed approximately 600,000 policies are going to be depopped between now and March of 2027, and we estimated approximately 200,000 claims to be handled between now and 2027. If any of those parameters change, there is a possibility that we'd be

coming back to board asking for more dollars. If those don't change, then we'll remain as is. Does that help?

Chair Jason Butts: That helps. Thanks. Let's just hope we're spending a lot of money on the depop letters and none on claims, and we'll be good.

Aditya Gavvala: Yes.

Chair Jason Butts: Perfect. So, what do you need from us on this?

Aditya Gavvala: I'm going to go to the recommendation next.

Staff proposes that the Information Systems Advisory Committee review, and if approved, recommend the Board of Governors: a) Approve additional spend authority in the amount of \$743,763 for the Document Generation Software License and Services Agreement contract; and b) Authorize staff to take any appropriate or necessary action consistent with this action with this Consent Item.

Chair Jason Butts: Great. Any additional questions?

Gov Jamie Shelton: None.

Chair Jason Butts: Great. We'll entertain a motion to go ahead and approve this to carry forward.

Aditya Gavvala: Thank you, Chairman.

Governor Joshua Becksmith made a motion to approve the Document Generation Software and Professional Services Consent Item. Governor Jamie Shelton seconded the motion. All were in favor, and the Consent Item was unanimously approved.

Chair Jason Butts: Great. I think we're all set then. Anything else, Aditya?

Aditya Gavvala: That concludes our presentation today. Thank you very much, Chairman and committee members.

4. New Business

Presiding Chair Shelton: Great. I think that that will wrap it up and we'll see everybody at the next Board of Governors meeting December 3rd and 4th. I appreciate everybody joining us today, and with that we will adjourn the meeting. Have a great day.

(Whereupon the meeting was adjourned.)