

CITIZENS PROPERTY INSURANCE CORPORATION

BOARD OF GOVERNORS MEETING TELECONFERENCE

Wednesday March 15, 2017

The Board of Governors (Board) of Citizens Property Insurance Corporation (Citizens) convened via teleconference on Wednesday, March 15, 2017 at 4:30 p.m. (EST).

The following members of the Board were present:

Chris Gardner, Chairperson
Don Glisson, Vice Chair
Gary Aubuchon
Bette Brown
Juan Cocuy
Jim Henderson
James Holton
Freddie Schinz

The following Citizens staff members were present:

Barry Gilway
Jennifer Montero
Barbara Walker
Dan Sumner
Joe Martins
Steve Bitar
Christine Ashburn
Kelly Booten
Violet Bloom
Carrie Thomas
Mark Casteel
Michael Peltier
Jay Adams
Andrew Woodward
Jennifer Montero

Call Meeting to Order

Barbara Walker: Good morning and welcome to Citizens March 15, 2017 Board of Governors Teleconference. This meeting is publically noticed in the *Florida Administrative Register* to convene at 4:30 p.m. this afternoon (EST). Please press *6 to mute your line and #6 to unmute your line. We Request that you do not place this call on hold. Citizens Board meetings are recorded and transcribed minutes are

available on our website. Thank you for your patience. We are still on hold for a few moments and will convene as soon as possible.

Chris Gardner: Do you want to do a roll call Barbara?

Barbara Walker: Yes, sir. (Roll was called: Chairman Gardner, Governor Don Glisson, Governor Aubuchon, Governor Bette Brown, Governor Juan Cocuy, Governor Jim Holton, Governor Jim Henderson and Governor Freddie Schinz, were present.) Chairman, you have a quorum.

1. 2015 CAT Bond

Chairman Gardner: Our first item of business is the 2015 CAT Bond. Jennifer Montero you are recognized. Good afternoon.

Jennifer Montero: Good afternoon, thank you Chairman. You should have received an Executive Summary and an Action Item and I'll briefly go over the Executive Summary. As you know in 2015 Citizens entered into a 3 year reinsurance contract with Everglades Re II for coverage of 300 million dollars. The coverage was provided through the issuance of Series 2015-1 CAT Bonds with the initial attachment probability of 1.46% and initial exhaustion probability of 1.19%. The initial expected loss probability was 1.31% with an initial rate online of 5.15%. Each year the attachment probability is reset to maintain the expected loss within a range of 1.21% and 1.41% which is +/- .10% of the initial expected loss. Based on the projected placement of the bond for the 2017 contract year the expected loss is estimated at 1.35% which would increase the gross rate online from 5.15% to 5.31%. The 2015 CAT Bonds are callable on May 3, 2017 subject to Citizens' Coastal Account total insured value as of February 28th, 2017 and are callable without a call premium if the Coastal Accounts total insured value is less than or equal to 68.2 billion. As of January 31st, 2017 the Coastal Account total insured value was less than 59 billion which permits Citizens to call the bond at par value and without a call premium. Citizens must notify investors of its intention to call the bond at least 35 days and no more than 75 days prior to the option redemption date of May 3. Based on these factors we believe it is the most efficient option to call the Everglades Re II Series 2015-1 Cat Bond on the option redemption date of May 3, 2017. This will allow Citizens to place its 2017 risk transfer program both in the traditional capital markets as approved by the board on 12/17/2016. With the understanding that the 2017 risk transfer program must be brought back to the board for final approval prior to the execution of any financial transaction. I'll pause now for any questions before reading the recommendation for the action item.

Chairman Gardner: Are there any questions for Jennifer?

(No questions)

Please proceed with the recommendation.

Jennifer Montero: Thank you.

Citizen's staff recommends the Board of Governors:

- a) Approve the recommendation to call the 2015 Everglades Re II Catastrophe Bond without a call premium; and
- b) Authorize staff to take an appropriate or necessary action consistent with this Action Item.

Chairman Gardner: Is there a motion?

Jim Henderson: This is Jim Henderson, I'll move to approve.

Chairman Gardner: Is there a second?

Gary Aubuchon: Gary Aubuchon will second it.

All were in favor. Motion carried.

2. Consent Items

Barbara Walker: There is one consent item.

- Janitorial Services-Tallahassee (Contract #16-16-0003-02) Amendment #2 will add \$501,000.00 (initial term ending June 30, 2019 and inclusive of three (3), one-year renewal options) in cost to the existing contract. Recommendation: Approve contract Amendment #2 for ABM Janitorial Services – Southeast, LLC increasing the contract amount by \$501,000 to add Tallahassee Citizens Centre I as set forth in this Janitorial Services Consent Item; and Authorize staff to take any appropriate or necessary action consistent with this Consent Item.

A motion was made and seconded to approve the above said consent agenda item. All were in favor. Motion carried.