

CITIZENS PROPERTY INSURANCE CORPORATION

**Summary Minutes of the
Information Systems Advisory Committee Meeting
Tuesday, March 14, 2017**

The Information Systems Advisory Committee (ISAC) of Citizens Property Insurance Corporation (Citizens) convened telephonically on Tuesday, March 14, 2017 at 11:00 a.m. (EDT).

Roll was called and the following members of the ISAC committee were present telephonically.

James Holton (Chairman)
Juan Cocuy (Board)
Freddie Schinz (Board)
Brian Foley (Advisor)
John Vaughan (Advisor)
Kelly Booten (*staff*)

Call Meeting to Order

Wendy Perry took roll.

1. Approval of Prior Meeting's Minutes

Chairman Holton asked if there were any changes to the prior minutes. There being none, he asked for a motion to approve the minutes from the November 29, 2016 meeting.

Freddie Schinz made a motion to approve the November 29, 2016, Information Systems Advisory Committee (ISAC) Minutes. Brian Foley seconded the motion. The minutes were unanimously approved.

Chairman Holton: Kelly you are up to give us an update on Systems & Operations.

2. Systems & Operations Update

Kelly Booten: Today I have two updates. One is the organizational changes in Information Technology and the other is the IT Audit Activity Report.

Our Chief Information Officer, Curt Overpeck, will be departing Citizens in August of this year. Of course, we will miss Curt tremendously as he has played a key role in information technology leadership for the last 12 years at Citizens.

Anticipating this, Curt and I, along with my leadership team, have been working on a succession plan. Curt will remain here in the near term and play a key role in helping us realign our systems and operations organization. With any succession plan there is an opportunity to take a step

back and assess the organization for opportunities to better align with an ever evolving business and technology environment.

The leadership team and I have worked diligently to assess our current state and design what we think is a good future state that will ensure optimal execution of our many priorities and strategies, and enhance our alignment with and delivery for our business partners.

Some of the main objectives in the design of our future state are to become a value driven organization, proactively sense and better understand customers' needs, secure our strategic and technical practices such as connecting business and technology architectures to road maps, and optimize efficiencies and adopt a lean organizational structure.

With our excellent Systems and Operations leadership team up to the task, we have decided that an optimal structure going forward is to realign IT with the leadership team already in place. The CIO position will not be back filled. Effective March 1, I will fulfill the highest CIO responsibilities such as budget, governance, executive and external relationships.

Robert Sellers will take a new role with responsibilities for IT strategy, planning and enterprise architecture; also for IT risk and security, enterprise business continuity, IT disaster recovery and catastrophe response as well as business partner relationship management with our business units.

Aditya Gavvala will be responsible for IT services and delivery, which includes all things delivery - application development, infrastructure, operations and information services.

Both Robert and Aditya will report directly to me. Curt will remain on in a consultant role until August.

Over the next few months Robert and Aditya will continue to evaluate their new organizations and make adjustments as necessary. In addition, transition activities between Curt, Robert, Aditya and myself will take place.

We want to thank our technical advisers on the committee, John Vaughn and Brian Foley, with whom we consulted and sought input regarding our organizational changes. They gave us some great ideas. Are there any questions?

Chairman Holton: Committee members, any questions for Kelly on this briefing?

A Voice: No.

Kelly Booten: I also wanted to add that Curt is attending a conference where he is doing a catastrophe update on our IT capabilities, so he was unable to join us today.

Chairman Holton: Well, I am sorry to hear that, but I am sure his time is being very well spent.

Kelly Booten: The other topic I wanted to update the Board on is our audit findings that roll up under IT. I am happy to report that we closed our last finding from the network audit.

We only have two open items. One is the medium finding from the Citizens' Insurance Suite access audit which is scheduled to be closed in March, and one low documentational finding from a change management audit which is due to be closed in April. From an audit findings perspective, it is a "good news" story and we have done a great job in getting items closed. And that concludes my report.

Chairman Holton: Okay. Thank you very much. Any further questions for Kelly on this agenda item? Okay, none being heard, Kelly go ahead and brief us on the ISAC Charter, then we will call for a vote to approve that item.

3. ISAC Charter Review

Kelly Booten: On the ISAC Charter Review, we bring this forward every year in March. We don't have any recommendations for change this year. We believe that the charter pretty effectively covers what the committee has been chartered to do and is currently doing, so I leave it to you, the Governors, to offer up any suggestions.

Governor Cocuy: This is Juan Cocuy. I do have something.

Chairman Holton: Go ahead, Juan.

Governor Cocuy: In looking at it, and in the last several meetings we have discussed IT security - I believe we probably should have a matter of emphasis, a mention in just one of the bullet points ascertaining that IT security is at the maximum, however we want to word it. But I think we should have some kind of a mention about IT Security maybe Disaster Recovery, as well.

Chairman Holton: Okay. That is a point well taken. Other Governors or staff, would you like to comment on that? Juan, any specific recommendations on where you would want to put it, I assume under primary responsibilities?

Governor Cocuy: Yes, I think we could probably just add a bullet point that says the committee will ascertain that management implements or maintains the most up-to-date security systems and protocol.

Chairman Holton: Well, how about just review and assess so it follows the language in the charter? Now, review and assess Citizens IT Security practices.

Governor Cocuy: That is fine, that is great.

Chairman Holton: So it is fine with you just to add that on at the end under the "H" category under primary responsibilities?

Governor Cocuy: Yes, that would be great.

Kelly Booten: And, sir, this is Kelly. We could also add Disaster Recovery.

Robert Sellers: And Risk.

Kelly Booten: And Risk.

Robert Sellers: Security and Risk, which would cover several other areas.

Chairman Holton: Yes, I think that makes sense. A point well taken and thanks for bringing that up, because we are ever evolving with new needs. **So with that done, Juan, do you want to make a motion to add the recommendation as discussed and then we will take a vote on that and then approve the charter?**

Governor Cocuy: **Okay, I will make a motion to add the verbiage that we just discussed adding the matter of emphasis to IT Security, Disaster Recovery and Risk.**

Chairman Holton: Okay. **Is there a second?**

MR. VAUGHN: **This is John Vaughn. I will second that motion.**

Chairman Holton: **Any further discussion? Is there any objection --**

Governor Schinz: This is Freddie Schinz.

Chairman Holton: Freddie.

Governor Schinz: Jim, I would just like to thank Juan for that motion and that wording. I think it is going to be very, very important. I just wanted to interject that real quick. So I echo the committee's feeling on that.

Chairman Holton: No, I totally agree and thanks, again, Juan, for that good remark. As I say, we have to continually do this and I think that is a point very well taken. Sometimes it is not exactly what is before us, but what is not there and what is missing that we need to really focus on, and that happens in contracts and these types of documents all the time. So thanks again for that.

So there has been a motion and a second, any further discussion? Are there objections to the motion? Show it passed.

That said, why don't we just have a second motion then, to approve the charter as amended?

Governor Schinz: **I will make a motion to approve it as amended.**

Mr. Foley: **This is Brian, I will second.**

Chairman Holton: **Is there any further discussion? Are there any objections to that motion? Okay, show that passed as well. The charter is approved as amended.** Again, Juan, thanks for that good comment, good catch.

GOVERNOR COCUIY: You are welcome, thank you.

Chairman Holton: Next agenda item is agenda four. I will turn it over to Sarah Harrell for a Centerpoint Update.

4. Centerpoint Update

Sarah Harrell: Good morning, Chairman and Governors, this is Sarah Harrell, Director of Enterprise Programs, for the record.

Centerpoint is on track to go live on April 3rd. On slide two, if you skip down to the fourth bullet you will see our milestones that we have completed. The user acceptance testing was completed since this report was published; we wrapped that up last week. We added a couple of weeks to the user acceptance testing phase, but with no impact to go-live, so we are on track for go-live for Phase 1 on April 3rd.

We are in the middle of beginning our delivery of training for all impacted employees. We have our cut over plan defined and we are executing all of those items to cover our cut over to production.

We have our facilities planning complete for phases two through five, although they are not officially active. We have three phases in Jacksonville, so we have some facilities needs there that we have cared for. We have also initiated our resource plan validation for the remaining phases so we have the right people doing the right things.

Slide three is one that you have all seen numerous times before. I think the salient observation on slide three is what a busy year 2017 is going to be for the Centerpoint program. As you can see from the graphics for the last half of the year, we have three phases in flight at the same time and there is a three or four-month period where we have four phases in flight at the same time. We have a lot of work ahead of us and we are ready for it to commence. No issues there.

Slide four is a reiteration of the approved action item, and you have seen this before.

Slide five is a summary of the spend to-date. This is a fixed price contract, so we don't need to monitor most of our expenditures. The two items that are variable are the contingency funds - the contingency additional subscriptions and the contingency change orders. To-date, we've expended a little over \$50,000 of the additional subscriptions contingency funds. Even though we haven't been invoiced for any of them yet, we have created a little over \$100,000 in change orders. Well below what was projected and where we should be if we were on a consistent pattern for our contingency funds.

The last slide is the projected spend through the lifetime, the remaining years of the contract after we complete implementation. That concludes my update.

Chairman Holton: Thank you, Sarah. Kudos to you and your team for keeping this on the straight path, on schedule and under the change order budget projections. You have done a great job with it, congratulations and keep up the good work. Any further questions for Sarah on Centerpoint? I will turn it over to Robert Sellers to introduce the Consent Item.

5. Consent Items

a. Telecommunication Network and Services - Extension

Robert Sellers: Good morning, Governors, this is Robert Sellers, Vice President and Chief Technology Officer. The consent item is an extension of an existing contract we have with AT&T which provides us long distance services.

We are in the process of finalizing the orders to the State of Florida for the replacement technology that will supply us with long distance services through a contract vehicle provided by the State.

This extension puts us in a position to ensure that we have continuation of services during the time frame it takes us to implement those new services.

As you all may recall, we had a prior extension come forward. Our hope was that we would have finished the activity here; however, we did run into some delays. The State of Florida and AT&T took a significant amount of time to finalize their negotiations for the services, specifically for Citizens, but they have done so at this time. All signatures are on that contract and we have now started to place the appropriate orders against that contract. So this extension will take us through December of this year.

Our hope is that we will finish this early and not have to use the entire amount that is being requested, but the request is for a six-month extension in the amount identified at \$730,000. Are there any questions from the Governors?

Chairman Holton: One question I have - Is this extension, do you think, going to cost us more than it would have had the contract been implemented as planned? In other words, are we out of pocket any money for this extension or would it have pretty much been in parity with what we were going to spend anyway?

Mr. Sellers: I do believe that if we had been able to accomplish this implementation earlier, we would have had significant savings. We are having to carry the cost of this contract for an additional period, hopefully no more than six months, and that is by plan - no more than an additional six months, if not earlier.

The costs that we are getting these services for under the new State of Florida contract is significantly less than what our existing contract has, so it is to our advantage to move this as

rapidly as possible. We have had significant pressure from our vendor management office, from our senior legal organization, and from our senior IT organization on both AT&T and the State of Florida to complete this contract for the reason you just gave, sir.

Chairman Holton: Is AT&T willing to give us any kind of break, do you think, in the contract to be executed as a result of this? I mean, this seems like it was not our fault for the delay. I'm just wondering, if they do so much volume business with the State, are they willing to potentially give us some concessions in the contract coming up? I know that is speculative but can you comment at all on that?

Mr. Sellers: AT&T does see us as a valued partner in this relationship. We have a number of different services from them in both our long distance, our interactive voice response units, even in our mobile technology capabilities with our cell phone contracts. We have a number of different vehicles where we are able to work with them to ensure that we get some consideration as we go forward.

Chairman Holton: Okay. I think it would be advantageous to keep the committee briefed on that as you move forward in the hopes of potentially recouping some of that extra money we are spending as a result of the extension. So any other questions for Robert?

Mr. Foley: This is Brian. If I am reading the math correctly, it said we did an extension of \$730,000 in September, and then another one on top of this with a budgeted amount of \$1.3 million. Saying we are \$160,000 off of our budget. Maybe that is a negotiating point with AT&T, saying you have got to keep us whole, otherwise we are going to have budget impacts and it is going to impact them, et cetera, et cetera.

Mr. Sellers: A very good point, sir.

Mr. Foley: I hope that makes sense. It is worth a try.

Chairman Holton: It makes perfect sense. Any further questions? **Okay, none being heard I will entertain a motion to approve the consent item.**

Brian Foley: **This is Brian, I will make a motion.**

Chairman Holton: **Is there a second?**

Governor Cocuy: **This is Juan. I will second.**

Chairman Holtong: **Is there any further discussion? Is there any objections to the motion? Show it passed.** Thank you, Robert, for the explanation and briefing. We are on to the final item which is New Business.

6. New Business

Chairman Holton: Is there any new business to come before the committee? With none being heard I will remind everyone that we will have a teleconference prior to the June 20th Board of Governor's meeting. I look forward to seeing everyone later this month. Anyone have any other comments or suggestions? **None being heard I will entertain a motion to adjourn.**

Freddie Schinz made the motion to adjourn and Chairman Holton adjourned the meeting.

(Whereupon, the meeting was concluded.)