CITIZENS PROPERTY INSURANCE CORPORATION

MINUTES OF THE
BOARD OF GOVERNORS MEETING
Tuesday, December 13, 2017

The Board of Governors (Board) of Citizens Property Insurance Corporation (Citizens) convened in Sheraton Orlando North in Maitland, Florida on December 13, 2017 at 9:00 a.m. (EDT).

The following members of the Board were present:

Chris Gardner, Chairperson
Gary Aubuchon, Vice Chair
Bette Brown
Blake Capps
Jim Holton
John McKay
Freddie Schinz
John Wortman

The following Citizens staff members were present:

Barry Gilway	Karen Holt	Michael Peltier
Barbara Walker	Robert Sellers	Palicia Francis
Joe Martins	Scott Crozier	Nancy Staff
Steve Bitar	Elaine Thomas	Bruce Meeks
Kelly Booten	Mark Kagy	Matt Gerrell
Jennifer Montero	Andrew Woodward	Bonnie Gilliland
Christine Ashburn	David Woodruff	Chelsea Garfield
Jay Adams	Paul Kutter	
Violet Bloom	Dan Sumner	

The following people were present:

Kapil Bhatia	Nicole Preston	Doug Draper
Dave Newell	Adam Schwebach	Kevin Stokes
Sha'Ron James	Greg Rokeh	Matthew Sansbury
Mark Weinberg	Jason Kutz	Ken Vincent
Kevin Tromel	John Generalli	Matt Williams

Call Meeting to Order

Barbara Walker: Good morning and welcome to Citizens December 13, 2017 Board of Governors meeting. This meeting is publically noticed in the *Florida Administrative Register*. Please do not put your phone on hold. Hit *6 to mute your line and #6 to unmute your line. Our meeting will convene at 9:00 am with a roll call for quorum. Citizens Board and committee meetings are recorded and transcribed minutes are available on our website. Thank you.

Roll call: Chairman Chris Gardner, Gary Aubuchon, Bette Brown, Blake Capps, Jim Holton, John McKay, Freddie Schinz, and John Wortman are present.

1. Approval of Minutes

Chairman Gardner: Good morning, everyone. Thank you for attending our December 13, 2017 Citizens Board of Governors meeting. The first order of business is the approval of prior meetings' minutes.

A motion was made and seconded to approve the September 27, 2017. All were in favor. Motion carried.

2. Chairman's Report

Chairman Gardner: I'll be brief as always. I want to start with acknowledging the hard work on the Hurricane Irma response, particularly Jay Adams and his group. We're never going to be perfect but we're always going to strive for perfections. Jay and his team have done a great job. Jennifer Montero's group has done a great job in financially preparing us. We will certainly take in lessons learned from the past. Every storm creates a learning opportunity and creates variables and situations that we can't appreciate until they are upon us. Hats off to staff, and Barry Gilway, great work there. I would like to acknowledge the services of Juan Cocuy, Jim Henderson, and Don Glisson who left the Board in July. All three were great contributors. We're going to miss them, and we appreciate their service. New today is Governor Blake Capps.

Blake Capps: Good morning. It's great to be part of this Board. I look forward to serving with you all. I had a family roofing company in Hobe Sound, FL for the last 25 years, and we've dealt with a lot of homeowners and their insurance claims for roof jobs in 2004 and 2005. In 2015, we also had a hail storm that hit Martin County where a lot of this kind of thing came up and then again with Hurricane Irma. We're very busy in the roofing business, and we're glad to contribute here in any way that we can. Thank you very much.

Chairman Gardner: We also have past Senate President John McKay.

John McKay: Good morning. Hello, everyone. Pleasure to be here.

Chairman Gardner: Finally, in a déjà vu, we have Governor John Wortman with us who joined with me in 2011. We're very pleased to have you back.

John Wortman: Happy to be back. Thanks.

Chairman Gardner: To conclude my report, we need to elect a Vice Chairperson today as an order of protocol. Does anyone have a motion or a conviction on a Vice Chairperson this morning?

Freddie Schinz: I'd like to make a motion for Gary Aubuchon.

Bette Brown: I'll second that.

All were in favor of appointing Gary Aubuchon as Vice Chair.

3. **President's Report**

Barry Gilway: Good morning. I appreciate the opportunity to present the President's Report this morning. My primary objective today is to get approval on the Operating Plan and the budget associated with the plan. In that regard, I'd like to recognize a couple folks with us to who made the budget process and planning process this year better than it has been in the past. I'd like them to stand: Matt Gerrell and Andrew Woodward.

[audience clap]

Barry Gilway: They've truly made some significant changes in the overall approach. Congratulations. I do want to recognize one other individual. She happens to be here today, but recently elected by her peers as the Leader of the Year for Citizens as part of a rewards and recognition program that we have. That is Palicia Francis.

[audience clap]

Barry Gilway: It's truly an extraordinary honor and we're glad that she's with us today.

a. President's Report

Barry Gilway: Let me talk about 2017. It was a very challenging year. Litigation rates have continued at an unprecedented level. The Assignment of Benefits (AOB) continues to be a crisis. Without legislative reform, we're continuing to make every effort to improve the situation. Final resolution will not be resolved until legislative action, but we've taken some concrete steps in that direction to change policy language change. We introduced the Managed Repair Program (MRP). We've introduced May 1st as the effective date for the policy language about the $10K sublimit that applies if you do not use the MRP. We've taken some steps to attempt to address the AOB issue while at the same time making sure the legitimate claims are handled appropriately and get the full value of their claim. After eleven years of rather minor hurricane activity, Hurricane Irma made landfall on September 10th. So far, there have been 63,500 claims, and we just past the 80% mark in terms of closing those claims. That's far better than the industry. I agree with the Chairman that Jay and his team did a phenomenal job, but I will also say this. From my perspective, I saw the entire company come together like never before. It ranged all the way from Jay's team to Christine Ashburn's communications team. They did a great job. Steve Bitar with the Catastrophe (CAT) Response Center did a phenomenal job. Jennifer Montero got cash for us to pay the claims. I could go on. Human Resources contributed. The whole team came together seamlessly. As you know, Citizens follows the market. If you have a healthy market, we tend to drop in premium. If you have an unhealthy market, we'll increase the premium. I will start off with a brief discussion about the industry. On the first slide, direct written premium in the industry went up by 4.5%. The combined ratio continued its decline. It's gone from 80 to 112. This combined ratio excludes Citizens. The combined ratio is loss adjusted expense (LAE) and operating expenses. It's the primary measure of how the industry is faring financially. These are the numbers through the third quarter. Surplus did deteriorate through the third quarter. It dropped to about $340M for the industry over the prior year. Net income for the first time in five years turned negative from $276M gain in the prior year to a $258M loss. About 51 to 63 insurers show negative income. The industry is going to be under some pressure, including comments made by Joe Petrelli who is CEO of Demotech. He made a presentation to the Market Accountability Advisory Committee (MAAC) yesterday. He's describing where he thinks the industry will go and the impact. You have several things occurring. You do have an impact in terms of the operating results in the Florida domestic companies. There is no question that there will be some level of reinsurance pricing increases which will impact in overall pricing. Without getting into the weeds NEIC is also making changes in the risk based capital. They are introducing a CAT charge at 4.8%. This will have some impact on the amount of capital that insurers will have to maintain in order to maintain their ratings. What does this mean for Citizens? First thing is depopulation. When the market is healthy, depopulation sores. When the market is negative, depopulation drops. We're not expecting a lot of depopulation in the plan. In terms of policy count, what are our expectations? About two years ago, we got sophisticated with our forecasting methodology. We have a space engineer – Paul Kutter – who works with Jennifer's team and March Fisher to get more sophisticated in terms of where we're going. As Governor Aubuchon has pointed out, we're not very accurate in terms of our policy count indications. What we're expecting to happen is that we'll go from 422K back to 500K policies. It's generally driven by three things. In the personal lines account (PLA) where AOB is the worst and the impact is the worst for the industry, we're expecting that to grow by 66K policies. We are expecting continued decline in Commercial Lines Account (CLA) and that's not because of depopulation. It's that the CLA market is so incredibly competitive at this point. We expect the CLA to drop slightly. The Coastal Account – there is still interest in the wind only account. I think one of the surprising things to me is that when you look at Coastal is what has occurred over three years from 200K to about 133K policies at the end of the year. What does it mean for premium? We're expecting premium to grow by $100M driven by the PLA and some reduction in the Coastal and CLA. The unfortunate thing, of course, is that we're growing in the unprofitable lines and losing business in the profitable lines. It's the nature of the beast. It brings more pressure on us to really focus on solutions in the PLA. What this does in the LAE is that we're expecting it to increase from $48M to around $55M. That's the event that's developing as a result of AOB. Briefly on net income, we expect next year to be net income positive with $27M overall gain. But again, we lose money in PLA and lose about $55M in PLA. We expect to earn $38M in CLA and 43M in Coastal. Obviously, that premium is adjusting in the wrong direction. On exposure, this has been one of our greatest areas of success. We peaked at about $512B. We were about 36% of the market 5 years ago. Clearly, the fact that we reduced from 36% of the market to 6% of the market had a huge impact during Hurricane Irma. We do expect exposure that's down to $122B to increase slightly next year because of the PLA increase. There has been considerable discussion in each of the committee meetings regarding each of the initiatives that are driving expenses this year. CenterPoint program will cost us $3.7M in our budget this year. The Guidewire upgrade to version 9 will cost $2.2M. Self-service strategy will include multiple aspects of self-service. There are lessons learned from every event. What we learned from Irma is that we did not have an online claims capability. By that I mean Steve Bitar had a huge issue because of the magnitude of the calls that we were getting in. Initially it was for first notices of loss (FNL) and then later it became upgraded in claims: "Where is my adjuster? Where is my estimate?" In the emergency order, we implemented the self-service and I think it's one of the best things we've done. But it does create by next storm season the ability to go online and report a FNL and an opportunity to go online and get updates on the claim. The economics associated in the long-term will be substantial. From a consumer standpoint, it will be a huge benefit. We talk about personnel costs. My overall view is that we're roughly where we should be at a staffing standpoint. Given our current volume, we're about where we should be. Overall personnel costs will remain constant going forward. We'll gain efficiencies over time because of some of the programs we're talking about. We think personnel costs will remain the same. This shows, however, the impact that claims and litigation is having on personnel costs. The slide shows personnel costs excluding claims, it remains flat. However, incorporating claims numbers, there has been a significant increase in personnel costs in claims. It's only to be expected given our pending claims litigation is increasing substantially over the last two years. For the new Board members, we decided to put this slide in the deck because it will be new for you. We call it the "mountain slide." If you take a look at the dotted line, twice in our history we've been in excess of $3B in premium. Right now, we're down to $890M in premium. We showed the slide because we want to show the fact that we need to be ready for anything. If you look at this slide, when you had the Poe failure, we were in excess of 360K policies came into Citizens overnight. We had to react to that and bring them into Citizens and manage them. This shows the progression over time. Now we're at an all-time low. It shows that we managed the administrative expenses consistently and flatly and the underwriting expenses that do vary with volume. It's been extremely well managed. Expense ratio stabilization – the only reason why we're showing this is that we have good questions on this during the individual session during the review of the budget package. The industry operates between 28% and 30%. We are operating between that 24% and 25% range. Why are we at that low because we have to do more than a typical company? We use this as a standard and it's efficient as they can be. Given the impact of the litigated claims in AOB, I want to show the importance of that impact. This slide shows the percentage of operating expenses relative to claims and litigation growing, it shows 16.16% to about 23% in the current budget. The cost is about $17M increase. Without litigation expense, we'll be reducing. This slide is the one when the Chair and I made calls to the papers in the state. It shows the drivers behind AOB. If you take a look at this, a non-litigated claim is roughly $6,500. A litigated water damage claim is approaching $30K. The whole industry is facing this. What do they do, they settle on the lower end so it doesn't go through the whole litigated process. The most impactful component of the slide is the lower right hand column. These numbers are staggering. In 2011, only 12% of our claims went into litigation. Last year, 55% of our claims went into litigation. The scam continues. Until legislative changes are made it will continue. These numbers are staggering. Department of Financial Services (DFS) provides this information on every single company. If you take a look at the top 10 companies in the workplace, you'll see the litigation trend. The majority of those claims are increasing by 300% to 400% and that's from the Tri-County to across the state. This is a report that we completed recently and it shows the severity in numbers associated to closed claims. It says that if you have an attorney involved and you have an AOB, the severity is $29K. If you have an attorney involved but no AOB, it's $21K. If you have no attorney but an AOB, it's $9,500. If you have no AOB and no attorney, it's $4K. It's staggering. This slide was requested by the Senate. The good news is that we are stabilizing by some of the policy changes we're making. It does not change the fact that the Tri-County continues to be double the overall cost of a water damage claim. The last couple years, at least we're maintaining the same level of severity. Finally, this really relates to a private risk transfer cost, this includes the traditional and non-traditional business. At our peak at $3B, we spent $304M for $3.2B placement and $283M for 3.9B placement. Last year, we got the same surplus for $93M spend. This year, based upon the indications we have right now, it would take us roughly 100M to provide the same level of surplus protection that we had last year. Keep in mind, we have less surplus this year. We still have 6.4B in surplus remaining after the Irma loss. We can cover the same percentage with $100M spend. The final spend comes to the Board in April after we negotiate terms that are acceptable to us. Jay will cover claims in more detail. As you know, our estimated model losses for Irma were 1.22B. The breakdown in that is $370M PLA, $891M for Coastal. As I mentioned previously, we're expecting 70K claims and right now we have 63,500 claims. We've closed 80% of those claims.

b. Action Item: 2018 Budget

Jennifer Montero: Behind tab three, you'll see the spiral bound budget workbook. I'll recap on page 14 some of the budget assumptions. We expect policy count to be at 500K at a net increase of 57K policies. We expect our written premiums to be $1B. We have a placeholder for $100M in the Coastal Account only for private reinsurance. We are also expecting our expense ratio to be 24.3%. If you turn to page 18, this is the statement of operations on a consolidated basis. Our net underwriting loss is $92M with a net $27M. Looking at the PLA, on the next page, premiums are 635M. We are looking at a net underwriting loss of $97M driven by loss in LAE (AOB abuse and litigated claims), leaving $54.9M net loss in the PLA. PIF will be $366K in the PLA. That is the only account we do think will grow. The CLA and Coastal will shrink. In the CLA, has premium of $15.8M with an underwriting gain of $6M with total net income $38.3M and ending with 930 policies, down by 480. In the Coastal, $354M in premium, a net underwriting loss of $490K but a net income $43.8M. That includes the $100M placeholder for risk transfer. PIF are expected to end at 133K which is down by 6K policies.

John McKay: Please remind me what PLA, CLA, and Coastal mean?

Jennifer Montero: Personal Lines Account. Commercial Lines Account. Coastal Account. The PLA is all personal and residential. The CLA is commercial residential and commercial non-residential. The Coastal is a geographical boundary. It's a mix of PLA/CLA and where it is on the coast. It's how many feet away from the coast.

John McKay: Why are they segregated rather than combined?

Barry Gilway: We are required by statute. Although we provide aggregate numbers at times, we're required by statute to manage the accounts separately. This has been an issue raised by Governor Wortman several times. Why are we managing the accounts like this and can't we make a change? We had Kapil Bhatia look at it. There are issues with the account. Technically, you have to manage surplus separately in each of those accounts. You could have a situation where you're technically having redundancy in one account and assessing policyholders in a second account.

John McKay: What's the logic in the statute that requires segregation?

Jennifer Montero: Originally, the FRPCJUA, Citizens' predecessor, was the PCA and CLA. When they merged with FWA which was wind-only, it wasn't until we merged we didn't offer a multi-peril account in the coastal. When those two entities merged by statute, they kept the accounts separate. It happened in 2004 in a deficit in the Coastal and a surplus in PLA/CLA. And we could not net them. We needed assessments on the Coastal Account in 2004. We had surplus in PLA/CLA and they had to be standalones. All financial statements are consolidated but also by account.

Chair Gardner: One of the things we might suggest for the next Finance and Investment Committee (FIC) meeting is the reboot of Kapil's presentation. Governor McKay, we've looked at this for the past several years. I don't like the fact that the accounts are separate. I know Governor Wortman doesn't like it. I know we buy reinsurance only for the Coastal. We don't reinsurance the PLA/CLA. There are some issues with combining the business. They're things that we can overcome but it has to do with the bonds we've issued. I will ask at the next FIC for Kapil to present this to shed some light. I have a comment. It's interesting to see the investment income work for us. It's easy to get convinced that we have a lot of money in the bank that's working for us right now. We've also reduced our surplus by $940M this year, so it's important. We need to be thoughtful and protective of that surplus.

A motion was made and seconded to approve the 2018 Budget. All were in favor. Motion carried.

4. Chief Financial Officer Report

Chairman Gardner: The FIC met yesterday. Jennifer and Kapil did a great job walking through the reinsurance layer chart. We are in the formative stages with where you want to go this year, but I think we're certainly focused on the economics of the spend and of surplus protection.

a. Finance and Investment Committee (FIC) Report

Jennifer Montero: Up on the screen is the Coastal Account with the Probable Maximum Loss (PML). The numbers on these charts are as of August 31st to show our risk level preceding Hurricane Irma. The layer charts presented in June show the PML and risk exposure right before the hurricane season. The 1-in-100 year PML decreased from $4.29B at June 30 to $3.96B as of August 31st. The Coastal contracted more than we projected due to depopulation and organic movement of the commercial business into the private markets. This decrease in PML caused our percentage of pre-hurricane loss exposure in a 1-in-100 year event to fall from 50% in June to 42% as of August 31st. As of August 31st, 58% of the Coastal surplus was protected. The Florida Hurricane CAT (CAT Fund) retention in coverage is based on our PIF data as of June 30th; therefore, any charts produced prior to that are projections. These August 31st layer charts show slightly lower CAT coverage at $1.25B vs. $1.3B in June. A company's CAT Fund coverage is based on the CAT Fund premium share of the total $17B statewide CAT Fund coverage. Citizens' final coverage amount is not determined until the CAT Fund finalizes their review of all the other companies' data. The CAT Fund generally releases this information to make the final coverage in early January. Based on preliminary information released by the CAT Fund in early November, the $1.25B in coverage could creep back to $1.3B, but that remains unknown until January 2018. There was a minor reduction to the CAT Fund attachment point – a reduction of $38M from $429M in August compared to the $438M at June 30th. Moving to the PLA/CLA, the numbers on the chart are as of August 31st. The 1-in-100 year PML decreased by $2.33B to $2.15B in August. The PLA experienced less growth than initially projected. CLA experienced similar reductions in exposure. The projected CAT Fund coverage decreased slightly from $1.04B to $989M. As with the Coastal Account, the final PLA/CLA CAT Fund coverage will not be determined until January 2018. The PLA/CLA coverage in a 1-in-100 year storm decreased from 32% to 28% as of August 31, primarily due to the reduction in PML.

b. Action Item: Investment Policy Changes

Jennifer Montero: We presented our Investment Policy to the FIC. We do this each year and bring any changes to the committee for approval. We had some global taxable policy change.

- Change the ratings requirement from minimum ratings of Baa2/BBB to average ratings of Baa2/BBB with no ratings below Baa3/BBB-. This change increases diversification with minimal risk.
- Add publicly issued asset-backed securities for equipment lease receivables with ratings of Aaa/AAA/AAA (Moody's/S&P/Fitch). At original issuance, deal size must be at least $500 million, and tranche size must be at least $75 million. Maximum limit of 5%
- Include a single issuer exposure limit of 0.75% of the portfolio for asset-backed securities; this will minimize risk of a single issuer.
- For the taxable claims-paying fund and taxable claims-paying long duration fund, increase asset-backed securities composition percentage from 5% to 7.5%
- Increase duration for the taxable claims-paying fund and taxable claims-paying long duration fund
    - Increase percentage of taxable claims-paying fund portfolio from 20% to 25% for securities with final maturities between 85-121 months
    - Increase percentage of taxable claims-paying long duration portfolio from 20% to 25% for securities with final maturities between 12 years and 15 years 1 month

For changes to the Taxable Liquidity Fund, we want to increase corporate floating rate note composition percentage from 35% to 50%. For changes to the Taxable Claims-Paying Long Duration Fund, we want to increase corporate composition from 70% to 75% and reduce

Treasury/Agency composition from 30% to 25%. These changes will allow Citizens to take advantage of market conditions and provide additional diversification and incremental yield to Citizens' Investment Portfolio.

A motion was made and seconded to approve the changes to Citizens' Investment Policy duration, credit quality and composition for the Taxable Liquidity Fund, Taxable Claims-Paying Fund, and Taxable Claims-Paying Long Duration Fund specified in this action item effective January 2, 2018. All were in favor. Motion carried.

c. Financial Summary and Statement of Operations

Jennifer Montero: September 17th marked the end of what was almost a 12 year term of no significant storm events. Despite Citizens incurring more than $1B net loss in LAE from Hurricane Irma, Citizens remained sound. In the days leading up to Irma, Citizens repositioned its investment portfolio and shored up $1B in liquid claims paying resources. Additional efforts were taken in financial services to ensure the availability of additional living expense checks and to support the substantial increase in the claims check-printing volume. Through the end of the third quarter, Citizens consolidated surplus to $6.5B and cash and invested assets were $11.2B. We continue to see declines in the overall PIF (policies in force), mostly within the commercial book. The PLA declined by 1%. The declines in overall premium volume are somewhat parallel with depopulation, which has also decreased substantially. Reductions in reinsured exposure contributed significantly to declines in reinsurance premium, which decreased from $181M in 2016 to 97.2M in 2017; it's almost a 50% increase, while maintaining our goal of surplus to eliminate the assessment risk in a 1-in-100 year event. Ignoring the effects of Hurricane Irma, loss in LAE has not changed considerably. The non-weather water losses continues to be the dominate driver for trending losses in the LAE ratio and represents close to 75% of the indemnity losses within the PLA. The runoff of sinkhole claims and some adverse development on prior accident years contributed to roughly $20M of losses in the third quarter. Modeled Irma losses were $1.2B before applying estimated recoveries with the CAT Fund of $194M. Model losses contemplate 10% for LAE, but we do expect this number to increase. The actual reported claims mature. Estimated modeled results will be replaced with projections based on actual losses in LAE data. Therefore, the estimated losses in LAE reported at September 30th are expected to change at the end of the year-end analysis. The liquidation of approximately $1B invested assets in advance of Irma generated $17M in realized gains. In closing, we want to reiterate to the Board the strength of our financial position and the importance of our insurance program, our investment policies, and operating infrastructure which all service as critical support during and after Hurricane Irma. As we move into 2018, we've placed emphasis on maintaining our operational resources, continuously reviewing opportunities to increase our investment income, and continue to be an active participant in the reinsurance market.

Chair Gardner: I have a comment for our new Board members. Jennifer has been here since the beginning. The company is in the best financial shape it's been in. You've done a great job.

d. 2018 Rate Order Update

Brian Donovan: For the record, I am Brian Donovan, Chief Actuary at Citizens. I will be giving an update on the recent order from the Office of Insurance Regulation (OIR) on the PLA and CLA to be effective in 2018. Generally speaking, the rates were approved as filed. Overall, for all accounts, we've filed for an increase in rates by 5.8%. A 5.6% increase was approved. There was one notable exception and that pertains to Monroe County for the PLA. The OIR asked us to freeze the 2018 rate at the 2017 rate level. With this rate freeze, they have given us four directives to consider prior to making a rate change in Monroe County in the future. We are to evaluate the current rating territories for Monroe. For wind-only policies in Monroe, we have only one rating territory. What the OIR is asking us to do is to analyze that to see if it makes sense to have more territories. The second directive is to review a study by Applied Research Associations (ARA) which addresses the effectiveness of plywood shutters. As a reminder, ARA is the company the OIR commissioned a while back to determine the wind mitigation credits. They are referring to a separate 2003 report, which looks at the effectiveness of plywood shutters and whether or not a credit should be given to those. Currently, we do not offer a credit in PLA. The third directive is to collaborate with Monroe County on the completion of its detailed study to evaluate the effect of building code standards in Monroe County and the impact of those standards on wind mitigation credits. In 2013, Citizens provided a $485K grant for FIRM to study the effectiveness of their building codes and if they were being properly considered in the hurricane models. We received the results of those studies in August 2017 and the OIR is asking if there is any usable information there. The last directive is an evaluation and study of the models accepted by the Florida Commission on Hurricane Loss Projection Methodology using the 2017 standards, which includes the requirement that the county codes be reflected in the model results. It's to make sure that we are using the most up-to-date hurricane models. With those directives, we'll work with OIR to get clarity and properly consider those for the next rate filing. For CLA, rates were approved as filed. Everything that I talked about with Monroe affects PLA only. For CLA, we filed for 8.5% and that was approved.

John Wortman: I have a problem with the rate freeze. We know what happened with the rate freeze last time in terms of the policy count. There is indication that industry rate levels will rise in 2018, and if we freeze our rates, the population will increase. I would suggest that we have more discussion with the OIR on this issue.

Vice Chair Aubuchon: Did the OIR request us to freeze rates before Irma hit the keys?

Brian Donovan: We received the order last week. It was definitely after Irma.

Vice Chair Aubuchon: Interesting.

5. **Chief Systems & Operations Report**

a. Information Systems Advisory Committee (ISAC) Committee Report

Jim Holton: As usual, Kelly and her team have done a phenomenal job balancing all of our projects. One of specific note is the Disaster Recovery Co-Location facility. There was concern about locating this facility in Florida. Occasionally, it's out of state in these situations, but after fully vetting the program, we're convinced the staff has made the right recommendation to locate it to Winter Haven. The facility is very well protected. There are multiple redundant generators to adequately hold the data. The proximity to our office makes sense to have it there. That is the action item that staff recommends and I support.

Kelly Booten: For the recording, Chief of Systems and Operations. The ISAC met on November 28th. We had a number of agenda items. I provided an update on the Systems and Operations Irma response. We covered three notable projects in the 2018 budget: Customer Portal implementation, Guidewire Version 9 upgrade, and a storage platform refresh. In addition, we've been covering the Centerpoint update. Sarah Harrell provided an update on that. Then we cover the Disaster Recovery Facility. As far as an Irma update, Jay is providing an update on that later. I want to mention that we have four departments that contributed to the response behind the scenes in an enabling capacity; Information Technology, Facilities Management, Vendor Management Office, and Strategy and Continuous Improvement Department. I am very proud of the work that they did to respond to the hurricane and to continue working on the other projects as well. As for the Customer Portal, we brought it in under the Hurricane Irma response, so that we could improve our customer experience. Today, there is additional money included in the IT consent item for technology because that capability can be used beyond hurricane response. It can be used for daily claims. The Guidewire Version 9 upgrade . . . it's hard to believe we're at the five year mark of purchasing that software. It's time to upgrade. It'll get us ready for cloud rollout. It's included in the budget at $4.1 million for three years. I want to mention the storage refresh project because it has been a resounding success. We are replacing our technology to more updated faster high performing hardware. That project will save $4M over the next five years. Centerpoint is our project system that replaces all of our back office operations. Sarah reports on it at every ISAC meeting. We went live with the financials in April. It was a success. We're now getting ready this weekend to have it up and running on December 18th – our HR and recruiting module. We've made some scheduled timeline changes to get us into 2018. We'll implement budget, advanced procurement, and advanced HCM in 2018.

b. Action Item: Disaster Recovery Co-Location Data Center and Services.

Kelly Booten: The item we have today is behind tab five. It's an abbreviated presentation of the Disaster Recovery facility that Robert Sellers briefed the ISAC on. Slide two is a recap of the Data Center Strategic Plan and Implementation goals. Barry sent an email a few weeks ago regarding the Tampa facility where we took a step back and looked at our needs in Tampa, which is where the Disaster Recovery Center is located. We were already looking at getting out of our lease space. With the recent decision to cut back from 60K square feet down to 5K, we wanted to get out of there quicker. We put the project on hold to spread some budget costs through 2017. We're now picking it back up to get it in place by storm season of next year. Slide three is a recap of that procurement activity. Slide four describes the proposed space option. It's through a company called DSM Disaster Recovery, a State of Florida vendor. The site is located in Winter Haven, Florida and rated to withstand a CAT 5 hurricane. It's 168 feet above sea level and 116 miles from our primary data center, which is located in Jacksonville. The facility meets our facility and power supply and redundancy as well as security requirements. Slide five lists the state agencies currently utilizing the proposed space. DSM is on the State of Florida preferred vendor contract for disaster recovery services and has numerous service offerings including multiple types of Cloud Solutions, Managed Service Solutions, and Professional Services. Slide six is a graphical representation of the property location outside the wind-borne debris region and how it's situated from a flood and coastal location. This contract does have the option to go out of state if we so choose. It does have a facility in Atlanta and a couple other places. The big reason for staying inside is that it meets all of our needs and it is much more economical because we can run on the State of Florida network. That'll save us $2.1M. Slide seven shows the cost of establishing Data Center co-location services monthly, ongoing, yearly, and one-time costs. Contracting approval in the amount of $3,180,000, as further described below, is requested for technology data center space, infrastructure, software, and associated services available under State Term Contracts and Alternate Contract Sources approved by the State of Florida Department of Management Services. The contract is for three years with two one-year renewal services.

A motion was made and seconded to approve the Disaster Recovery Co-Location Data Center and Services State of Florida Disaster Recovery Contract #991-268-11-1 (vendor DSM Technology Consultants) in the amount of $3,180,000 and to authorize staff to take any appropriate or necessary actions consistent with this action item. All were in favor. Motion carried.

6. Chief Claims Officers Report

a. Claims Committee Report

Vice Chair Aubuchon: I want to echo Mr. Chairman's comments. Jay, we appreciate your leadership during Hurricane Irma. You communicated with the entire Board before, during, and after the storm. We appreciate being kept in the loop. In the Claims Committee, you talked about some of the out of the box thinking you had to do to meet the demands of our policyholders. We appreciate the fact that customer service was foremost in your mind, getting out to the areas that were impacted the greatest. Finally, you talked about how this was an enterprise-wide response. I want to thank the entire staff for working collaboratively. The amount of hours you had to put in is a yeoman's effort. Thank you to the entire staff.

b. Action Item: Property Loss Estimating Software

Jay Adams: For the record, Jay Adams, Chief Claims Officer. The first item is an action item called ClaimsXperience. ClaimsXperience is an add-on to the Xactware that we already have. This gives us the ability to work with an insured or adjuster in the field by a smart device. It opens up a Skype-type session where we can communicate and take photos. That gives us technology and the ability to write estimates from our desk on our lower severity claims. We leveraged this product during Irma, specifically in the Keys. We struggled a little bit with its usage due to the lack of contiguous cell service. However, this is something we want to engage in our normal claim activities. For the next CAT, we'll have something that's tried, true, and tested. We would like to increase our cost estimating contract 15-14-0006-00 Xactware Solutions, Inc. We would like to increase the spend by $60K to incorporate this software.

A motion was made and seconded to approve the recommended increase of the total contract authority by $60,000, from $15,175,000 to a total of $15,235,000 for Property Loss Estimating Software, ITN 14-0006 Action Item; approve the contract not to exceed $15,235,000; and authorize staff to take any appropriate or necessary action consistent with this action item. All were in favor. Motion carried.

c. Emergency Order Contracting Analysis

Jay Adams: The next item I'd like to talk about is the order for contracting analysis. I'd like to thank the Board for holding the emergency meeting on September 6th. This emergency teleconference gave us leverage to use the governance emergency order to be able to open up and contract more directly to get assets and the things we need to be able to respond to the storm. At that Board meeting, we said we would be transparent and bring back to the Board exactly what we did and what we contracted for. Some of the terms must be directly related to and necessitated by Citizens Hurricane Irma response and recovery effort. It was only valid beginning 09-06-17 and ending 10-04-17. It permitted us to pursue new contracts, amend existing contracts, and exceed originally approved contractual spend authority. On slide three if you look at the key data points, the emergency order total spend was $14.22M; the Board authorized us to spend up to $50M. It consisted of 140 procurements, and today, we're going to bring back $2.9M of spend that requires Board approval. Kelly just brought two of her items and I just brought the loss estimating piece. If you look at the bottom of slide three on the left hand side, the chart shows that there is a sum of contracted spend per business unit. The majority is claims, which is what you expect. If you look at the right chart on the sum of contracted spend by category, it was adjusting and estimating. On slide four, the key data points show that claims procured 119 of the total amount of contracted amendments that happened. On slide five, it shows it by category, and 95% of the procurement activity was around adjusting and estimating. Slide six is looking at existing contracts versus new contracts. Most of the activity occurred with the existing contracts – 60% of that did. Slide seven shows the actual number of new contracts that we entered into, which were 59. We amended 15 of the existing contracts. Slide eight talks about the existing contracts that extended beyond

Hurricane Irma. Some of these we'll be able to carry forward. The bottom three contracts listed there had to do with a solicitation we already had in place like for sinkhole demolition services. We were able to get that done during the emergency time. Those contracts were already in the process. Those contracts will be able to stand up well beyond Irma. Slide nine talks about the three procurement contracts beyond Irma that needed additional Board support which were the Guidewire Digital Portal, Claims Xperience, and DSM Disaster Recovery Services. I'm not going to go through the entire appendix, but what we wanted to do was provide you with the entire contract spend by category. The details behind all the pie charts are in appendix. It also lists out every emergency contract that entered through that emergency contract period.

d. Hurricane Irma Update

Jay Adams: I have presented this three times, so the only thing I really want to talk about is that we spend a lot of our time trying to make contact and trying to keep our policyholders informed. We leverage the call centers. We lean on Steve Bitar's group. They were making out bound calls indicating that we had a customer's claim. We contacted every Keys policyholder whether they had a claim or not. We spent a lot of effort in the Keys specifically because of its geographic nature. There is only one way in and one way out. Most the damage occurred between Marathon and Key West. On a good day, that's a two hour commute from South Florida. In order to respond effectively, we have a little over 9,100 claims to date in the Keys. We could not operate a response from South Florida. We felt that we needed to be in the Keys to respond to those claims. We set up a Strike Force office in Key West and handled the claims in the Keys. That gave us the ability to handle a reinspection, a customer complaint, and the ability for a customer to come into the office and discuss the claim. We received a lot of good feedback about that. We're starting to get a lot of concerns from our policyholders specific to the Keys that there is a shortage of contractors. They are unable to get a contractor to sign up and provide an estimate or review Citizens' estimate. Once they receive that, then they have to get on a list for the repair on their dwelling. We spent a lot of time and effort in the Keys to give the best response that we could, and this is a piece that Citizens has no control over. In the months to come, we think there will be considerable pressure on housing toward where our season opens back up in January. The rates for those units are going up, yet again in January. The folks who have additional living expenses on their policy is based on 10% of the value that their home is insured for. Those additional living expenses will rise very soon after the first of the year. We're still in the Keys to help the customers the best we can. We hope to have a presence there until June of next year. As far as the statistics are concerned, we're over 63,600 claims. We've closed about 80% of those claims. Overall, we feel pretty confident that most of our metrics and results are in line or exceeds the industry. One of the industry numbers that is good to speak about is the cycle time. When we get the FNL until we close that claim, Citizens has averaged 40 days. Keep in mind that includes large losses and those that we needed engineering on. Overall, we've done a good job cycling through these claims.

Bette Brown: I don't have a question, but I did send an email to the Board. I want to make sure it's on the record how the Keys people really appreciated Citizens' outreach. From day three, we had offices there, and I heard nothing but nice compliments on how we've handled the Keys claims. I know it's a small portion in a long skinny area, but I appreciate that. They appreciate that, too. I know we do that to everyone but it's a special place. You've done an awesome job. Thank you.

John McKay: My congratulations on a great job. All of the reports I've heard have been extremely positive. I'm curious about how the deployment of realtors and atypical adjusters operated in the field and if that's something that we need to look at expanding in the future in mobilizing this force.

Jay Adams: What you're referring to is the training program we set up with Worley – a contracted vendor. We leveraged people who were in the home industry. We targeted this group to be trainees. They are not adjusters. All they did was go out and obtain the scope of the information and then Citizens desk adjusted that file. That program leveraged a software package that went on a smart device. As those trainees were taking photos, that software started to ask questions which would help build out the estimated items that needed to be done. When that was concluded, that information was then pushed back to Xactimate and an estimate was produced. Worley then had live adjusters and team leads to review those estimates before they were submitted to Citizens. Once at Citizens, a full desk adjustment was handled. To answer the second part of your question, we do believe there is a shortage of Independent Adjuster (IA) resources. We plan to do some future solicitation after the first of the year about setting up a more solid trainee program to get those inspections done to help facilitate the shortage of adjusters.

7. <u>Chief Underwriting and Agency Services Report</u>

a. Market Accountability Advisory Committee (MAAC)

Dave Newell: From the MAAC, I want to welcome the new Board members. For the record, I'm Dave Newell, Chair of the MAAC. Yesterday, we heard several reports from Steve Bitar and Carl Rockman based on the discussion surrounding education and some of the platforms they set up to help agents educate other agents, specifically on AOB. Carl's team has done a lot of agency visits. The heavier users need help and guidance. We received an update on Irma, both from an agent's perspective and a claim's perspective. Steve's team, Barry, Jay, reached out to our group and several agents opened up their offices, especially in the Keys. Big Pine was an example where Citizens staff could gather and be a helpful hand. That happened in Lee County and Naples. There was cooperation between the agents and Citizens to help fill those needs to get boots on the ground. Lastly, we received a robust report from Demotech. We follow that closely here in Florida, specifically in domestics. Joe walked through that process, not only from the team's perspective, but more on what he has seen pre-Irma than post-Irma. He gave a little prediction of what he expects in 2018.

Chair Gardner: I think Steve has put his mark on customer service at Citizens. Do you want to talk about how the agents perceive Citizens?

Dave Newell: I will tell you that I've been in this position as the liaison for our organization for 10 years. I've seen a lot over the 10 years. Steve has been a constant as part of that process.

It's evolved. As we have progressed and communication being the key, the working relationship, the knowledgebase and the commitment, and then follow-through with Irma, they have showed how far they've come and how they engage. Quite frankly, I don't think 10 years ago we would have gotten a phone call to collaborate on some office space that some of our agents would make available to him. It was a different time, but now it's the norm. Kudos to Barry, Steve, Kelly, and all for the team for pulling this together. It could have been worse. It was a time to show what the capabilities are.

b. Actuarial and Underwriting Committee (A&U) Report

John Wortman: The A&U met yesterday. We covered the following topics. Scott Crozier went over the OIR emergency order and the steps Citizens took to comply. Brian Donovan did go through the rate increase. We talked about the possible freeze and the need to get into that. Karen Holt updated the committee on product changes that have occurred. We do have an action item that we discussed that Steve will talk about. It was a brief but interesting meeting. It sure shows how far your organization has gone over the last several years.

c. Action Item: Business Process Outsourcing – Inbound & Outbound Call Center Services

Steve Bitar: I have one action item. As you know, Citizens is heavily reliant on outsourced partners to service the call center needs of Citizens. We recently embarked upon a public solicitation and the results of that are detailed for you in this action item.

A motion was made and seconded to approve the recommended awards and resulting contracts to the recommended vendors as set forth in this action item; to authorize staff to take any appropriate or necessary actions consistent with this action item; and to approve contracts for BPO Inbound and Outbound Call Center Services not to exceed $47,850,803, which is over the lifetime of the contract that is ten year term. All were in favor. Motion carries.

[10 minute break]

8. Chief Internal Audit Office (OIA) Report

a. Audit Committee Update

Bette Brown: I really enjoy working with Joe and we welcome John McKay to the committee. We talked about the Audit Plan and Enterprise Risk Management (ERM) Plan and 2018 Audit Plan and Budget. We had a nice presentation with Brian with Dixon, Hughes, and Goodman.

Joe Martins: At the meeting we talked about changes made to the 2017 Audit Plan. We also talked about the progress of the Plan and confirmed that 100% of the projects are completed or are in progress. Recent audit response and focus – please note that there are no high impacts at this moment. We presented the 2018 OIA Budget to the committee for discussion and approval. We also presented the 2018 Risk-based Audit Plan, which was created through collaboration across the organization and represents 15 audits, 7 advisories, 7 project reviews, and 10,000 hours of work. We talked about the progress of our rollout of internal control framework. 54% of the process reviews have been completed. We discussed the progress of the ERM framework and the procurement of the ERM tool.

b. Action Item: Enterprise Risk Management System

Joe Martins: This tool will be used throughout the organization. The purpose of the contract is to provide the Enterprise Risk Office (ERO) as well as the broader Citizens' organization with a Software-as-a-Service (SAAS) enterprise risk management tool. The ERM system will facilitate the identification and evaluation of risks throughout the organization and support the use of a consistent aligned approach to the treatment of identified risks throughout Citizens; and enable management across all levels of the organization to self-identify, evaluate, record and manage risks through the provision of guidance, training and a software solution. On July 19, 2017 Citizens issued Request for Proposal (RFP) No. 17-0021 for the procurement of an Enterprise Risk Management System. Six (6) proposals met Citizens' mandatory requirements and were evaluated by an Evaluation Committee. On September 14, 2017, the Evaluation Committee conducted a publicly-noticed telephone meeting and recommended awarding the contracts to Resolver. The total cost of the awarded contract will not exceed $600,000 over the five (5) year base term and the five (5) year optional renewal terms. The contract will have a five (5) year base term, with five (5) optional, one (1) year renewal terms, which may be exercised at Citizens' sole discretion by delivery of written notice to the vendor any time prior to the expiration of the then current contract.

A motion was made and seconded to approve the recommended award and resulting contract, including renewal for Enterprise Risk Management system RFP No. 17-0021 to Resolver and authorize staff to take appropriate or necessary action consistent with this action item. All were in favor. Motion carried.

9. Chief Human Resources Officer Report

a. 2017 Citizens' Employee Engagement Survey

Violet Bloom: For the record, Violet Bloom, Chief Human Resources Officer. This morning I am very pleased to report on the highlights of our most recent employee engagement survey. Behind tab 9 is a presentation. In June, Citizens conducted the employee engagement survey with a third party vendor – McClain and Company. Since our first employee engagement survey in 2011, Citizens' overall engagement score has increased from 41% to 60% in 2014 and now to 75% of our employees reported to being engaged. 82% participated in the survey. A culture with 75% of employees being engaged far exceeds national benchmarks. On slide three, the horizontal bars represent items that drive the 75% engagement results. If you look at the top green bar, 89 rated our culture as a 5 or 6 on a scale to 1 to 6, with 6 being the highest. In 2014, this was 71%. The benchmark was at 66%. The 89% was 18% better in 2014 and 23% than the McClain benchmark. I'm not going to go through the entire slide. The results in every area in the survey increased notably from 2014 and exceed all national benchmarks. The top drivers were culture, work environment, benefits, customer focus, co-worker relationships followed closely by manager relationship work-life balance, and employee empowerment. On the next slide, I want to share with you the actions we took since the 2014 survey. Based on those results in 2014, Citizens created an action plan that focused on breaking down department silos, building collaborative relationships, increasing transparency, and communicating organizational decisions as well as increasing senior leadership visibility. The improvement shown in each of those areas range from 14% to 20%. They reflect a meaningful change in our culture and work environment. The real value on focusing on employee engagement is reflected in how we dealt with Irma. A highly engaged workforce provides us with a competitive advantage and the ability to provide high quality customer service to our policyholders when they need us most.

b. Action Item: Professional Networking Services

Violet Bloom: The recommended vendor is LinkedIn. The funding is included in the Annual Operating Budget. LinkedIn was procured as a Single Source contract (SS17-2003) which includes the following services and licenses. The total cost is $199,135. LinkedIn is a business-focused professional site that allows members to network. Last year 50% of employees were candidates from LinkedIn. That represents a cost $2K per position filled. The contract is two years: April 9, 2018 through April 9, 2020.

A motion was made and seconded to approve the two-year Professional Networking Services contract to LinkedIn for $199,135 and to authorize staff to take appropriate or necessary action consistent with this action item. All were in favor. Motion carried.

10. Vice President Communications, Legislative & External Affairs Report

a. Consumer Services Committee (CSC) Update

Freddie Schinz: I want to thank everyone for keeping the consumers online during Irma and reaching out to them. I'd like an update on the mobile homes if you don't mind and the new brochures for our new members.

Christine Ashburn: The CSC met via teleconference on November 30th. The committee received updates from Jay Adams, Steve Bitar, and me on our overall Irma response efforts. They also received an update on our self-service strategy which became a higher priority that both Barry and Kelly discussed. There were no action items on the agenda.

b. Legislative Update

Christine Ashburn: January 9, 2018 is the first day of the session. It's a 60-day session and the last day will be March 9, 2018. Following cancellation of meetings due to Hurricane Irma, the legislature has met in interim meetings between October and November, concluding their interim work last week. Our legislative year remains unchanged from 2017 which means our focus will be on AOB change. The House will introduce the same legislation that Citizens supports from the 2017 session as a House Bill (HB) 7015. The bill was passed out of a judiciary committee and is now on the House calendar to be heard in early January. In the Senate, Senator Hukill has filed her legislation that Citizens has supported, but we do not anticipate that bill getting a hearing in the Senate. Late last week, Senator Steube filed for Senate Bill (SB) 1168 that we expect will be the vehicle in the Senate if anything is to move on this issue. His bill does contain several components that we've had concerns in the past, most notably a provision that would prohibit insurance companies from passing through attorney fees paid under 627.428 statute rate base. That could have a dramatic impact on the market. It's not done that way in any other state. It would hit the bottom line of companies, and for the market, it would cause companies to make different decisions in where and what they write. Finally we're working with Senator Brockton and Representative Lee on a public exemption for Citizens with respect to IT security plans. This is the last thing you want to do with your IT security plans to be a public record. We're piggybacking on legislation that has been filed and passed for state agencies. For the new members of the Board, we worked real hard the last few years with the CSC to create consumer focused brochures for different lines of business – what to expect if you have a claim and how the claims process works. There is mobile home specific information. We are mailing in our renewals and new business package AOB – what you need to know pamphlet. We will share those with you. Our goal is that it's in plain English; the goal is to help them understand the key things. I would like to recognize my team as part of the Irma response. Many even worked from home during the storm. They did an awesome job and I'm proud of their efforts.

11. <u>Chief Legal Officer and General Counsel</u>

a. Action Item: Directors & Officers (D&O) Liability Insurance

Dan Sumner: I have two action items for consideration and they both have to do with the corporate insurance package for Citizens. The first has to deal with the D&O. The Board members and staff have – under the Citizens statute – extremely strong immunity. It prohibits any liability or cause of action against a Board member for all causes other than a willful tort. There is also a very strong indemnification provision in the Plan of Operations. In looking at D&O coverage, we are able to put together a package with the knowledge that the Board members have strong immunity. However, that immunity does not necessarily carry over to the corporation itself. In looking at D&O coverage, one of the things that we're insuring against is that it does not have the same immunity as the Board members. We have put together a package of D&O coverage. What we have before you today is that we have a $10M base coverage with Star Insurance, which is new coverage. Then we have a renewal of a $5M excess layer of $10M to $15M layer with Argo which is a renewal of existing, and then we have an additional $5M layer with up to $20M with AIG and this is a renewal. This is for approving the new insurer of our base with Star Insurance. Total package is for $20M.

A motion was made and seconded to ratify the purchase of the 2017/2018 Directors & Officers Liability Insurance policy with Starr Insurance Company, Argo and AIG as provided above; and to authorize staff to take any appropriate or necessary action consistent with this action item. All were in favor. Motion carried.

b. Action Item: Business Insurance

Dan Sumner: These are our insurance policies for our business owners, workman's compensation, business auto, and the financial institution bond. The business owners policy is with Zurich. That is a policy we're happy with. We've got a rate decrease on that. Last year, for workman's comp, we reduced our experienced modification factor 1.3 to 1.21. We want to still look at improving that, but we are taking it in the right direction. With regard to business auto, we have 67 vehicles that we use for field adjusters. We have coverage for rental cars for business purposes. We recommend that we go with Zurich. We have a policy which is for a bond that is a policy we need in a bonding process for our financial people who handle money and need to be bonded.

John McKay: Do you have an umbrella policy?

Dan Sumner: We would consider business owners which has a $36M aggregate limit.

John Wortman: It says there is a $2M aggregate limit on the liability. That seems low to me. Normally, you'd expect an umbrella.

Dan Sumner: We can look into that. In this package we did not have that. We can add that to a supplement as a coverage and report at the next Board.

A motion was made and seconded to approve the purchase of the 2018 corporate business insurance policies (Business Owners, Workers' Compensation, Business Auto, and Financial Institution Bond) above; and to authorize staff to take any appropriate or necessary action consistent with this action item. All were in favor. Motion carried.

12. <u>Consent Agenda Items</u>

Dan Sumner: Throughout the course of the meeting so far, we've addressed several action items. The origin of the action items under Citizens' enabling statute, the Board must approve any contract for goods and services valued over $100K. What you've been presented today are contract approvals in various areas that are valued to be over $100K. Now there is a second element to the process which is the consent items. In situations where Boards approved a contract, there are instances where there is additional action needed for cases like amendment or extension. Since the contract has already been approved by the Board and the statutory has been met, those actions that are related to an approved contract are handled as a consent item. If the item needs additional discussion, then it can be pulled out. Otherwise, the consent items are organized as a group proposal for the Board and voted as a consent unit.

John McKay: In light of John Wortman's comments, would it be appropriate to make a motion for staff to look at the umbrella policies since we don't meet again until April? I don't want to see anyone uncovered.

Chair Gardner: It would not be inappropriate.

A motion was made and seconded for staff to look at the umbrella policies, and if it is deemed necessary, then to purchase the policy. All were in favor. Motion carried.

Barbara Walker:

- **Office Supplies Contract Florida State Term Contract No. 44111513-17-01: budgeted up to $300,000 annually – Approve the continued use of the Office Supplies Contract and any successor or supplemental contracts established or authorized by DMS through April 17, 2022 and authorize staff to take any appropriate or necessary action consistent with this Consent Item.**
- **Investment Management Services – budgeted and a renewal - Fees are based entirely on the total average annual assets under management. The fee will be calculated as a basis point fee of the aggregate amount of assets: Yearly fees for all 16 contracts are estimated at $4,500,000, based on the amount of assets under management which now stands at $9,435,000,000. Total fees paid will fluctuate based on the total market value of Citizens' assets. – Approve the recommended second-year renewal for the named Investment Management Services firms and authorize staff to take any appropriate or necessary actions consistent with this Consent Item**
- **Co-Location Data Center Maintenance Services 12-12-0005-01 – W. W. Gay Mechanical Contractor, Inc. 12-12-0005-02 – Miller Electric Company – Renewal and budgeted item - The estimated aggregate cost for the recommended contract extensions is $100,000, $50,000 for each contract. Approve this Co-Location Data Center Maintenance Services Consent Item with estimated aggregate cost for the recommended contract extensions of $100,000, $50,000 for each contract and authorize staff to take any appropriate or necessary actions consistent with this Consent Item.**
- **Technology Infrastructure, Software, Professional Services, and Staff Augmentation – renewal and budgeted. Approve this Technology Infrastructure, Software, Professional Services, and Staff Augmentation Consent Item of DMS approved contracts totaling $27,175,144 and authorize staff to take any appropriate or necessary actions consistent with this Consent Item.**
- **Telecommunication Network and Services - Extension Citizens Contract Number: 0908003100 Recommended vendor: AT&T – Approve the contract extension for AT&T Telecommunications Network and Services in the amount of $540,000 for a term of December 11, 2017 to June 10, 2018, and authorize staff to take any appropriate or necessary action consistent with this Consent Item.**

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

New Business

Chairman Gardner: All Board meetings for next year will be held at this location. We will adjourn and reconvene the FMAP meeting. It's a brief meeting. I wish everyone a good holiday season. I'd like to thank my colleagues on the Board. Continuity is important for this Board. It's a great act of service and we do good work here.

Meeting adjourned.