

**CITIZENS PROPERTY INSURANCE CORPORATION**

**Summary Minutes of the  
Information Systems Advisory Committee Meeting  
Tuesday, November 27, 2018**

The Information Systems Advisory Committee (ISAC) of Citizens Property Insurance Corporation (Citizens) convened telephonically on Tuesday, November 27, 2018 at 10:00 a.m. (ET).

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

James Holton, Chairman  
John Wortman  
Brian Foley<sup>1</sup>  
John Vaughan  
Kelly Booten, *staff*

**The following Citizens staff members were present telephonically:**

Aditya Gavvala  
Robert Sellers  
Sarah Harrell  
Stephen Guth  
Wendy Perry

**Call Meeting to Order**

Roll was called. Chairman Jim Holton, Governor John Wortman, and Technical Advisor, John Vaughan, were present. Chairman Holton called the meeting to order.

**1. Approval of Prior Meeting's Minutes**

Chairman Holton asked if there were any corrections to the prior minutes. There being none, he asked for a motion to approve the minutes from the September 11, 2018 meeting.

**John Wortman made a motion to approve the September 11, 2018, Information Systems Advisory Committee (ISAC) Minutes. John Vaughan seconded the motion. The minutes were unanimously approved.**

Chairman Holton turned the floor over to Kelly Booten for the Chief Systems and Operations Update.

**2. Chief Systems and Operations Update**

**Kelly Booten:** Good morning. Kelly Booten, Chief Systems and Operations. This morning I will provide a brief update on the Hurricane Michael response from an IT perspective and provide a status update on open audit findings that are owned by IT.

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<sup>1</sup> Mr. Foley joined the call after roll call was taken.

IT's contribution to the successful Hurricane Michael response was exceptional. Each year we have been given different challenges as we continue to have storms impacting Florida in different ways. The various response plans and intricacies of each storm test our flexibility and provide lessons learned for a continuous improvement model.

This year, I had the opportunity to serve at the Tallahassee and Apalachicola CRCs. It was an opportunity to not only serve, but to observe our processes and capabilities firsthand and to appreciate the work that our CRC employees and those that support them each and every event.

Again, this year, we tested some of our business continuity capabilities as the storm directly impacted employees in the Tallahassee office. This year we saw plan improvements in management reporting, overall communications, training environment support, field service vehicle capability, production support of our many key systems, adjuster on-boarding process improvements and catastrophe operation support, which led to improved productivity for adjusters, getting them up running faster and more productive on the first day that they are here. There were telephony improvements in mobile equipment and IVR changes for outbound call campaigns. We had significant outages in communication environments that required us to quickly get more ways to communicate wirelessly and remotely. We had go-bags equipped with everything we needed to go mobile as part of our business continuity program. We had improvements in our emergency notification systems for our Tallahassee business continuity, and, of course, we responded to the emergency order.

Overall, an excellent response to the hurricane and test of our business continuity plans.

I would also like to provide a brief, audit findings update. Since the last update in June, we have made significant progress in closing items and reducing risk. In June, I reported that all items for the network assessment audit would be completed by the end of this year. While significant progress has been made and risk has substantially been reduced, there is some work that will carry into 2019. We are in the process of documenting exceptions where some items cannot be remediated until legacy systems have been retired or additional capability is implemented. Additionally, Hurricane Michael's change moratorium on environmental changes has delayed some mitigation activities but, overall, the plan is moving along as expected.

Process and controls related to the Third-Party Access Management Audit recommendations are scheduled for completion as planned by March 31, 2019.

Most findings from the Human Resource Management Access Audit, the Dixon-Hughes Financial Audit, and the Auditor General Audit have either been closed or will close by the end of December. There's one similar finding from each of those three audits that will carry into 2019 and will be remediated with the implementation of our security information event and management software.

So, we've done a great job in reducing a lot of the cyber risk and getting a lot of things in a better position, but there's always more work to do.

That closes my report, if there are any questions --

**Chairman Holton:** Thank you, Kelly, and good work on those projects. Any questions for Kelly? None being heard, I will recognize Sarah Harrell to provide an update on Centerpoint.

### **3. Centerpoint Update**

**Sarah Harrell:** Good morning. For the record, this is Sarah Harrell, Director of Enterprise Programs. The Centerpoint update material is located behind tab 3. On Slide 2, it is the program at a glance that you're familiar with. My updates have continually become briefer as we deliver the phases of the program, and this will be no exception as the program is drawing to a close.

As you can see on slide 2, two additional phases have concluded since my last update. They are indicated by the green "complete" on the slide. There are no remarkable issues since production deployment of each of those phases - the budget phase and the Phase 5-D, career development. Phase 5-A, Oracle Learn, is being canceled, and I will give you more detail on that in just a moment.

Slide 3 simply depicts the activities for the two phases that concluded since my last update - all the work related to the budget phase and the career development phase.

Slide 4 is detail on the canceled Oracle Learn phase. As I reported last quarter in my update, this phase was delayed pending resolution of Oracle software defects which have essentially rendered the product unusable.

As of this meeting, the software defects remain unresolved and there is no projected resolution date for the defects from Oracle. So, with sponsor support, this phase will be canceled.

Kelly Booten, Stephen Guth from our Vendor Management Office, and I escalated this with AST, our implementation partner for the Oracle product and our Oracle reseller. We requested that this product be removed from our annual subscription services, and the vendor management office is now actively involved to finalize the contract details related to that with AST and Oracle. SuccessPath is our current learning management tool. SuccessPath is an SAT product and will remain our LMS tool in the short term.

Slide 5 is the ever-popular approved action item for implementation and services.

Slide 6 shows the projected implementation spend over the three-year implementation period which, as I indicated, is drawing to a close. This is a fixed price contract, so no surprises here. The subscription services and implementation services are on a fixed schedule and are proceeding as planned. There will be some updates to these fees for the removal of the Oracle Learn product and the related implementation services.

As we discussed before, the only real variables in this contract are the two contingency fund categories for subscriptions and change orders. Our total approved contingency spend was \$2.1 million and at this time, we have spent approximately \$1.6 million or roughly 74 percent, so there's just a little over \$300,000 remaining in contingency spend for the remainder of the contract.

Slide 7 shows the projections for the post implementation years and, again, we will see some changes to this for the removal of the Oracle Learn subscription services.

That concludes my update. This will probably be my last update to this committee since the program is drawing to a close. Any questions I can answer?

**Chairman Holton:** Thank you, Sarah. Thanks to you and your team for a great job and implementation, and we look forward to your probably final report. Any questions for Sarah on Centerpoint? None being heard, I recognize Aditya Gavvala to introduce the Office Building and Data Center Electrical Services Action Item.

#### **4. Action Items**

##### **a. Office Building and Datacenter Electrical Services**

**Aditya Gavvala:** Good morning. My name is Aditya Gavvala, VP of IT Services and Delivery, for the record. I would like to draw your attention to tab 4, action item titled "Office Building and Data Center Electrical Services." We are seeking Committee approval today to enter into a contract with a licensed electrical contractor to provide routine and emergency electrical maintenance at our office facilities and data centers.

The contract term is up to four years. This includes a three-year base term and a one-year renewal term. The estimated contract spend is \$146,000 for the base term and \$25,000 for the one-year renewal term, for a total of \$170,000. Funding is included in 2019 budget. The funding for the subsequent years will be budgeted in the appropriate budget year. Through an ITB in September 2018, Miller Electric Company was chosen as the vendor for this contract.

If there are no questions, may I go for the recommendation?

**Chairman Holton:** Yes, please.

**Aditya Gavvala:** Okay. Staff recommends the Information Systems Advisory Committee approve the contract, including the option of renewal for the Office Building and Data Center Electrical Services, ITB No. 18-0037, to Miller Electric Company, authorize staff to take any appropriate or necessary actions consistent with this action item, and approve this action item not to exceed \$170,000 for the contract term as described above.

**Chairman Holton:** Okay, thank you. We've heard the recommendation of staff. Do I have a motion on the recommendation?

**Brian Foley:** This is Brian. Can I ask a question? What is driving the need for this?

**Aditya Gavvala:** This is for regular routine maintenance and any emergency maintenance. This is our annual support that we need for any electrical services at our facilities.

**Brian Foley:** Okay, thank you.

**Brian Foley made a motion to approve the Office Building and Datacenter Electrical Services Action Item. John Wortman seconded the motion. All were in favor. Motion carried.**

**Chairman Holton:** I will now recognize Kelly Booten, again, on her action item.

**b. Information Technology Research and Advisory Services**

**Kelly Booten:** Good morning. This morning I am looking for approval on an action item behind tab 4 called Information Technology Research and Advisory Services. This spend is usually included in the yearly consent item that goes with the budget that I will cover later in this meeting; however, this year the state term contract is a new contract and, therefore, needs to be presented as an action item.

This is for research and advisory services provided by Gartner for a host of services for leadership and cross-functional members within my leadership team. It actually goes beyond IT and is used by the Vendor Management Office and also by Strategy and Planning. Robert Sellers, myself, Aditya Gavvala, Stephen Guth, and Brian Weaver are all part of the main team for this, and it provides a team leader in CIO partnering. It provides analyst research. We have the ability for IT staff and others to utilize their research services. We highly use this for expanding our knowledge, getting advice, and we use it to do some contract comparisons in the Vendor Management Office. We've also used it on our key strategic initiatives like Cloud, and a variety of other services. We meet with our Gartner representatives biannually, at a minimum, to review our usage of the services, and we receive reporting on how to utilize the services. This is a key component, really, of my succession plan in making sure that all of us have the knowledge and expertise we need from an ongoing perspective.

So, with that, if there are no questions, I would like to read the action item.

**Chairman Holton:** Please do.

**Kelly Booten:** Staff recommends the Information Systems Advisory Committee approve the contract for Information Technology Research and Advisory Services with Gartner for a one-year term, authorize staff to take any appropriate or necessary actions consistent with this action item, and approve this action item not to exceed \$293,492.

**Chairman Holton:** Thank you. Any questions for Kelly?

**Governor Wortman:** Jim, John Wortman here, just one question. So, Kelly, this is really a renewal, right?

**Kelly Booten:** It really is a renewal, but the way the consent item works, that we're going to talk about here in a minute, is that it is off of state term contracts that were already existing. Since this one had expired, the state went out and renegotiated it. It has a new contract number. So, this one had to come forward as an action item this year.

In addition, we upgraded our services. So, we have added what's called the EXP Team Plus, which allows us to have much more CIO leadership advisory services than we had the prior year. So, it is a little bit higher than last year's spend.

**Governor Wortman:** What was the cost last year?

**Kelly Booten:** Last year, it was \$98,000.

**Governor Wortman:** Okay.

**Kelly Booten:** I'm sorry, \$198,000. [Additional Clarification: The cost in 2018 was \$156,000.]

**Chairman Holton:** Okay. So, this is a little under \$100 grand more this year because of the upgrades?

**Kelly Booten:** Correct.

**Chairman Holton:** Okay. And there was no price increase other than basically the additional services you added on there, correct?

**Kelly Booten:** Correct. [Additional Clarification: For similar services the amount would be \$6,000 more for a total of \$162,100. Therefore, the cost of the additional services is \$131,392.]

**Chairman Holton:** Okay. Any other questions for Kelly? Okay, none being heard, I will accept a motion on the action item.

**John Wortman made a motion to approve the Information Technology Research and Advisory Services Action Item and Brian Foley seconded the motion. All were in favor. Motion carried.**

**Chairman Holton:** Next, we turn to agenda item 5a, and I will recognize Aditya Gavvala for that consent item.

## **5. Consent Items**

### **a. Document Generation Software License and Service**

**Aditya Gavvala:** Hello, good morning again. I am on tab five, the first consent item, 5a. Citizens is currently contracted with Thunderhead, Incorporated, also known as SmartComm, LLC, for document generation software.

The contract was approved by the Board in 2012. The base term of the contract was from March of 2012 to March of 2017. One of the two five-year renewal options was exercised in 2017. The second five-year term remains available with the overall contract term expiring in 2026. The approved contract amount is \$1.2 million for the initial five-year term and \$1.18 million for the two optional five-year terms combined. So, the total approved spend is \$2.39 million.

This consent item requests approval to amend the current contract with the vendor to upgrade the software from on-prem to the Cloud version, and to increase the total contract spend from \$2.39 million to \$3.94 million. The incremental cost difference of \$1.5 million is associated with migrating on-prem to the Cloud.

I would like the committee members to know that we are still negotiating the cost with the vendor. The numbers presented here are the worst-case scenario, as we are anticipating discounts from the vendor.

We will have the consent item updated with the discounted numbers before the Board meeting. Funding is included in 2019 budget. The funding for subsequent years will be included in the appropriate budget year.

Migrating to the Cloud version of the software provides us with the business abilities that we need, meaning we can scale up during catastrophes or scale down during normal business operations easily. This eliminates on-prem operational costs. Also, software updates will be performed by the vendor, and it provides us improved security as the vendor applies security patches regularly, and it also provides improved performance.

I will take any questions at this time.

**Chairman Holton:** I have a quick question. You anticipate potentially negotiating further down the price on this - what would be a target price that you would like to reach as opposed to the outside number you have here?

**Aditya Gavvala:** We are anticipating at least \$500,000 savings from what they quoted originally. We're still negotiating, but we are anticipating that to be around a million dollars or less --

**Chairman Holton:** Okay.

**Aditya Gavvala:** -- to be determined.

**Chairman Holton:** Any other questions?

**Brian Foley:** This is Brian. Question: I would assume migrating from on-prem to Cloud, there's going to be some savings both from a labor perspective and a hardware and system software perspective on-prem, correct?

**Aditya Gavvala:** Absolutely, yes. Today we are hosting the software on our servers. We are also paying for licenses for the operating systems and other middleware software. So, we expect all of those dollars to go away once we migrate to the Cloud.

**Brian Foley:** So, do you think those dollars equate to somewhere around a million that we are spending extra for the Cloud?

**Aditya Gavvala:** Not quite a million dollars, but there's also administrative overhead associated with maintaining the service on-prem and keeping the lights on on a regular basis. There are also enhancements that come with the Cloud version that are new features, new capabilities that the Cloud version gives us.

And like I mentioned, the Cloud version also gives us the elasticity that we seek. If we want to scale up number of servers in the Cloud, we can do it relatively easily. We can't do that today with on-prem. It requires purchasing new hardware, installing the software, going through the process of configuring them. It is an expensive field today. But the Cloud definitely gives us more functionality and also the elasticity.

**Brian Foley:** Yeah, I agree that there are other benefits going to the Cloud. I was just trying to do a quick, high-level cost benefit. You're matching out the one million additional versus what can be saved internally, but I think we're okay with that.

**Chairman Holton:** Any other questions?

**Marc Dunbar:** Mr. Chairman, this is Marc Dunbar. I know am not on the committee, but to avoid having to ask questions at the full Board meeting, could I ask a couple now on this item?

**Chairman Holton:** Absolutely, Marc, please do.

**Marc Dunbar:** Okay, thanks. This contract was let in, what was it, 2012 or 2011, and it was an ITN, right?

**Aditya Gavvala:** That is correct. It was March 10, 2012.

**Marc Dunbar:** In the ITN, was Cloud-based services part of the ITN specs?

**Aditya Gavvala:** It was not, and back then there were not many vendors that offered Cloud-based services for this particular software.

**Marc Dunbar:** That's what I figured. And so, here's the concern that I have. I don't want to delay this item, but I'm not sure it would be right for it to be a consent item for the full Board with these concerns.

Basically, we have a 15-year contract, right, we have five years with two five-year renewals? We renewed the contract, we bid it without it being a Cloud-based service, we renewed it without it being a Cloud-based service, and now we're going to turn it into a Cloud-based service, and we are essentially negotiating a sole source vendor.

Now, I fully acknowledge the savings, but I think that we need to have legal take a look at this and make sure that we are complying with the requirements that are placed on us in 285, because I am a little bit concerned that -- or I mean 287 -- that we essentially are doing a full contract modification and we are not putting the service back out to bid properly, and I'm just a little bit concerned.

Now, if Dan and company are comfortable that we're in full compliance with the requirements that are on us in Chapter 287, then I'm okay with that. But where it is right now, it looks like we're doing an end around the procurement statute. So that's just the general concern that I have. Can you give me any guidance? Have we talked to Dan and company about this?

**Kelly Booten:** Yes --

**Chairman Holton:** Kelly, go ahead.

**Kelly Booten:** I was just going to say yes, obviously we would work directly (with Dan). Stephen Guth, who is also in the room with me, worked directly with Dan's team. Dan reviews all of these items. You know, that wouldn't preclude us from going back and taking one more look at this, but if Dan is on the line, I'll let him speak to it.

**Dan Sumner:** We did take a look at this, Governor Dunbar. We will take another careful look at this. Certainly, you're right, you don't need to expand past the scope. We will look at this and we will have some comprehensive feedback on exactly how this fits into 285 for the Board meeting.

**Marc Dunbar:** Great, thanks.

**Kelly Booten:** If you don't mind, I would like to also add that I would like to go back and look at the original specifications one more time, too, because in 2012 when we did this, we did ask for, where possible, if cloud services were available, I believe.

I want to check on that one more time to make sure that we didn't ask for it and it just wasn't available at that time. So, again, we will take a much more deeper dive.

**Marc Dunbar:** That would be great, and to Brian's point, from a full cost benefit analysis, it would be nice -- certainly we want to make sure we are complying with the statute -- but it also would be nice to know that we are netting out an overall savings by making this move.

It certainly would make me feel a lot more comfortable going down the road knowing that, and when we contract with this vendor for these services, recognizing that we're likely going to be married to them for a number of years into the future, that it is a net savings, not even a small increase at the end of the day to do this.

If not, let's just go ahead and put it out to bid and see if somebody else can bring us a net savings. Does that make sense?

**Kelly Booten:** Correct.

**Chairman Holton:** Yeah, I think --

**Kelly Booten:** You'd have to consider the cost of conversion and all of those other factors in that, as well, and --

**Marc Dunbar:** Absolutely.

**FEMALE VOICE:** But we will have those numbers for the Board meeting.

**Marc Dunbar:** Thank you.

**Chairman Holton:** Yes, Governor Dunbar. I would recommend that the committee recommend approval for this to the full Board subject to your concerns and the other concerns raised here, which is the legal review and compliance with the procurement statute. So, if --

**Marc Dunbar:** Yes, that makes total sense, Mr. Chairman. I appreciate that. Thank you.

**Chairman Holton:** Thank you. That being said then, I will go ahead and get staff to make the recommendation.

**Aditya Gavvala:** Okay. Staff recommends the Information Systems Advisory Committee approve the amendment to Contract No. 12-11-0043-00, adding \$1,554,483 to the contract amount for the contract term, and authorize staff to take any appropriate or necessary actions consistent with this consent item.

**Chairman Holton:** Okay, thank you. And I would accept a motion that would add the proviso of subject to the legal review and other reviews mentioned earlier, if someone wants to make that motion.

**Brian Foley made a motion to approve the Document Generation Software License and Service Consent Item and John Wortman seconded the motion. All were in favor. Motion carried.**

**Chairman Holton:** Thank you, and thanks again, Governor Dunbar, for those good comments. That's a good catch. On to item 5b, I will recognize Kelly Booten for her consent item presentation.

**b. Technology Infrastructure, Software, Professional Services and Staff Augmentation**

**Kelly Booten:** Good morning. This is the annual submission of Technology Infrastructure Software, Professional Services, and Staff Augmentation that will be purchased off state term contract and alternative contract sources approved by the State of Florida, Department of Management Services. It also includes some staff augmentation services purchased under Citizens' procured contract.

Contract approval is in the amount of \$29,771,560. It is requested for a broad array of technologies and goods and services. Of that amount, \$16,502,908 is included in the 2019 budget that will be presented to the Board in December.

The consent item lists the possible contracts that are state term, GSA and other listed in the "Contract ID" section. In the "Contract Amount" section is an estimated contract spend by category.

In addition, there's a breakdown by category that describes the applicable contracts and lists the major expenditures for each category. There is a vast array of goods and services required to run the business and implement initiatives planned for 2019. To highlight a few, some of the major categories of spend that we procure for yearly are data circuits, long distance, telephony expenses for adjuster voice mail boxes, network hardware, server maintenance and support, catastrophe response.

One of the significant software expenditures is for Microsoft, and that is a multi-year spend that's included. Java support, which is new. Various professional services and contingent staffing for key business and IT initiatives such as migration to the Cloud, identity and access management, centralized logging, data infrastructure for more granularly tracking loss-adjusting expenses, and self-service initiatives, to name a few.

Are there any questions before I move to the recommendation?

**Chairman Holton:** Questions for Kelly? Go ahead, then, please.

**Kelly Booten:** Staff recommends the Information Systems Advisory Committee approve this consent item totaling \$29,771,560,000 and authorize staff to take any appropriate or necessary actions consistent with this consent item.

**Chairman Holton:** Thank you, Kelly. Any further questions for Kelly?

**Governor Wortman:** Kelly, how much was it last year?

**Kelly Booten:** Last year's amount was – one moment. It was \$27 million, approximately. Yes, \$27,175,144.

**Chairman Holton:** Any other questions? Okay. None being heard, I will accept a motion on staff's recommendation.

**Brian Foley made a motion to approve the Technology Infrastructure, Software, Professional Services, and Staff Augmentation Consent Item and John Wortman seconded the motion. All were in favor. Motion carried.**

#### **6. New Business**

**Chairman Holton:** Thank you, Kelly. Thank you, guys. Our final item of business is New Business. Is there any new business to come before the Committee?

None being heard, I will remind everyone that our next Committee teleconference is on March 12, 2019. I look forward to seeing everyone at the Board meeting next week. Without any other comments, I will accept a motion to adjourn.

**John Wortman made the motion to adjourn. Meeting adjourned.**