

CITIZENS PROPERTY INSURANCE CORPORATION

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

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

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

James Holton, Chairman
John Wortman
John Vaughan
Kelly Booten, *staff*

The following Citizens staff members were present telephonically:

Aditya Gavvala
Barbara Walker
Barry Gilway
Robert Sellers
Sarah Harrell
Stephen Guth
Steve Bitar
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 or changes to the prior minutes. There being none, he asked for a motion to approve the minutes from the November 28, 2017 meeting.

John Wortman made a motion to approve the November 28, 2017, 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 & Operations Update.

2. Chief, Systems & Operations Update

Kelly Booten: Good morning. This is Kelly Booten, Chief, Systems and Operations. Today I just have two brief reports. The conclusion of our network assessment and an overview of open IT audits.

Secure Ideas, an independent security consulting and penetration testing firm, performed an internal, external and wireless assessment of Citizens' network during December of 2017. The final report was received in February.

The report concluded that overall Citizens network is in good shape, as well as the wireless network. No externally facing issues were detected. Once the vendor was allowed access to the internal network a few vulnerabilities were uncovered that require remediation.

The team has developed an action plan that was submitted to the Office of Internal Audit, which has been involved with the process for the entire duration. The plan will be monitored to conclusion, and Joe Martins will be providing his report of the activities at the Audit Committee.

As for other open audits, currently IT is involved in the 2017 Annual Financial Statement Audit, the Auditor General Operational Audit and the Third-Party Access Audit conducted by the OIA. All of those audits are scheduled to complete in the second quarter. As of the end of February, there were no IT findings open.

That concludes my report and I can move into the ISAC charter review, if you would like, if there are no questions.

Chairman Holton: Any questions for Kelly on Systems and Operations? Okay, yes, let's just go into the charter review. Thanks.

3. ISAC Charter Review

Kelly Booten: Okay. Every year, per the charter, we do a charter review. The committee reviews this and if there are any changes, we make them and then present them to the full Board for approval. Last year we tweaked it just a little bit. In my review it still seems to be accurate for what the committee is about and what types of topics we take up. So I leave it to the Committee for discussion.

Chairman Holton: I reviewed that and concur with Kelly's opinion. Has anyone else looked at the charter and have any comments about possible changes or amendments?

Governor Wortman: This is John Wortman. It looks okay to me.

Chairman Holton: Okay. Since we are just leaving it as it is, Kelly, I assume we don't need any approval now. We can just move on, correct?

Kelly Booten: Usually, we approve to leave it as is, and then I will make a note of it to the Board in my ISAC update.

Chairman Holton made a motion to approve the ISAC Charter “as-is”, and John Wortman seconded the motion. All were in favor. Motion carried.

Chairman Holton: I now recognize Aditya Gavvala to provide a Customer Portal Update.

4. Customer Portal Update

Aditya Gavvala: Good morning, my name is Aditya Gavvala, VP of IT Services and Delivery. I would like to provide an update on Citizens Customer Portal Project. Please turn to tab four. In Q4 of 2017, post Hurricane Irma, Citizens started working on a customer portal project using Guidewire Digital Portal Technology to enable custom capability for our policyholders.

In February 2018, we deployed the first version of the project for pilot usage. We soft launched the application in March of 2018. I am very happy to report today that as of last Friday we had 9,800 registered policyholders in the system.

Additional communication is targeted to policyholders later this month. The first version of the product provides three key capabilities to our policyholders. They can review the current information, review the claim status and review the check status online. We are targeting to release the next version of the product in June 2018. This version will allow policyholders to file their first notice of loss online.

The total cost of the project is \$2.33 million spread over five years. That concludes my update, and I will take any questions at this time.

Chairman Holton: Thank you, any questions? Okay, thanks for that update. I now recognize Sarah Harrell to provide a Centerpoint update.

5. Centerpoint Update

Sarah Harrell: Good morning, Governors. Sarah Harrell, Director of Enterprise Programs for the record. The materials for my update are behind tab five in your book.

Slide two is the program at a glance. Everyone is familiar with this, at this time, with the details of the program at the bottom there. As you can see, we essentially completed two phases, phases two and four, which were the Advanced Procurement and the HCM, the HR module, since our last meeting.

We also have kicked off, and have in flight, the final two phases of the program -- phases three and five -- which are the Budgeting phase and the Advanced HCM phase. I will give you a little more detail on those in just a moment.

We also have removed from scope phase six, which is the project and portfolio management phase, of course, with sponsor approval. There will be implementation of approximately \$330,000 that will not be expended by our removal of that phase from scope, and we are working through the details of the subscription services fees that will not be incurred. We are working through that with Oracle.

On slide three we have phase two and phase three - the milestones and the completion. As you can see, phase two is completed. The warranty period for phase two, that is Advanced Procurement, actually expires this week. We will be having updates acceptance this week; it is in flight in production.

Phase three, the Budget phase, also known as Planning and Budget Cloud Service (PBCS), that phase is on track for an August go-live date.

On slide four, we have phase four and phase 4-A. Those were the two phases for the HCM functionality, the HR functionality. Phase 4-A was completed in early March, and phase four HCM is complete and in production, but we did extend the warranty period by 30 days to provide some continued support for us as we work through post implementation improvements.

Slide five is the Advanced HCM modules. That is also on track for a second quarter delivery, and you will notice that there are two deployments for that phase. We are breaking up our learning management system for our internal users and our external users, so we will have two different deployment dates for that phase.

Slide six is the approved action item. All of you have seen this numerous times before.

Slide seven is the projected spend for the two year implementation. This is a fixed price contract so the software and subscription fees are on a fixed schedule and there is no variance, they are proceeding as planned. As we have discussed before, the only variable or the only real tracking is for our contingency funds.

We started with a total of \$2.1 million contingency fund and we have, so far, consumed \$1.2 million of that, about 66 percent of that with a little over 900K remaining. So at this point in the program it is well within acceptable spend levels.

The final slide, slide eight, is just the projected spend for the remaining years of the contract, which again will be subscription services fixed payment schedule.

That concludes my update. I will be happy to take any questions.

Chairman Holton: Thank you, Sarah. Great job. Any follow up questions of Sarah? Okay, moving on, I will recognize Robert Sellers to provide the Disaster Recovery Facility update.

6. Disaster Recovery Facility

Robert Sellers: Good morning, this is Robert Sellers. Behind tab six is the Disaster Recovery Strategy Implementation Update. The teams are continuing to work their magic, so to speak. The current schedule and budget are on track and on time.

The quality of deliverables from the vendor, DSM, down in Winter Haven, Florida, have continued to be at a very high level of quality. They are executing very well on their contract. Our teams here are developing the move planning activities.

On page three, the key objective timeframes, we are targeting for completion of the facility with all of our equipment available and tested by June 4th of this year, with a completion of the move activities targeted for the end of June of this year, as well.

We should be ready for storm season with the disaster recovery center in the new facility in Winter Haven per current schedule and plan.

That concludes my report on the disaster recovery.

Chairman Holton: Thank you, Robert. Any questions for Robert? Okay, Robert, let's move on to item seven then, where you will brief us on Business Continuity Management.

7. Business Continuity Management – Workspace and Resource Strategy

Robert Sellers: Behind tab seven is our Workspace and Resource Strategy Development. This one is hot off the press. As of yesterday morning, we completed the solicitation process with the vendor. So the information that you are getting here has been in process for a number of months, working through the activity.

The executive leadership team received an impact analysis from our Enterprise Resiliency Organization, led by one of my team members, to identify the resource requirements that would be necessary if we were to have a significant impact to the Everbank Center here in Jacksonville or to one of our other facilities around the state.

We also looked at what requirements might be needed for support of catastrophe operations, our claims organization requirements, in the case that they need facilities immediately due to a storm impact. That requirements analysis was completed last year and the solicitation was initiated in 2017. We have concluded this with the requirements for resiliency, looking at all the different options that were available for the risks that I just mentioned earlier.

We have worked with different organizations to receive their responses for different example scenarios. We supplied them with a significant number of scenarios that we could be impacted by. They met and supplied answers to those.

We saw not only the facility type solutions that they could provide, but also the technology solutions that they can supply with PC equipment, communications, generators, everything

necessary to support our organization during a business continuity event or a catastrophe claims event.

On page 4, we have details about the specifics of what they could provide. And one of the benefits of the organizations that did respond to this is that they are national in scale, national in scope. They can provide equipment that is scalable to us for both the fixed office type solution we might need for an event here in Jacksonville, as well as mobile units to support overflow and CAT operations.

Page 5 will give you some examples of the types of facilities that they can support us with. Looking at the different equipment, the different types of solutions all the way down to restroom capability, if we were to need that in the remote field operations. It really is an all-encompassing set of solutions.

8. Action Items

a. Business Continuity Services – Workspace and Technology

The recommendation that we are making today is to approve the award and the resulting contract, including the optional renewal for this ITN.

There is an action item supporting this for your review and approval to go to the Board at the upcoming Board meeting.

The long term services contract that we are proposing with a national provider, which is Agility Recovery Solutions, will supply us with stand-by physical office space here within the Jacksonville area for up to 150 seats for our staff to man.

We do have a significant work at home program in place today that would be an alternative workplace for many of our employees, but there is a need for a central office on an ongoing basis if we were to have an event.

There is standby mobile office space across multiple regions of the state, including Jacksonville, for CAT operations, or other requirements such as desktop and office technology solutions, communications solutions, which include satellite communications, that they would provide, as well as cellular to support the need of connecting to our data centers for systems application use. Then, of course, the power side -- the power generators required to actually run these facilities.

This action item is a multiyear action item with a base term of five years, supported by renewal terms of an additional five years. The action item is behind tab eight and covers the components as I just described, with the pricing there as well.

The annual retainer fee for these services is \$202,000 per year, \$1,012,270 over the life of the five-year term, and would continue for the additional terms of the additional five years on a year by year basis at the \$202,000, as well.

That does provide us with certain capabilities. For example, in the first 90 days of use of the mobile units, that would be at no charge to Citizens for anything other than transportation fees and actual fees in both.

Similar for the office space requirement, if we had a requirement to use that, we would have the use of that facility for 30 days before we were charged for any additional costs.

We are asking for the contract amount of \$6,024,540. The additional \$4 million is contingency funds that would only be utilized in case of declaration of event and the use of these facilities and services from the vendor, Agility Recovery Solutions. The primary contract commit dollars is the \$2,024,540.

Mr. Chairman, if you will permit, I would like to propose that we request that the Information and Services Advisory Committee approve and recommend that the Citizens Board of Governors approve this contract to the recommended vendor not to exceed \$6,024,540 as set forth in the action item and then authorize staff to take any appropriate or necessary actions consistent with this action item.

Chairman Holton: Okay, let me ask a quick question. We just got the name of the vendor, I think yesterday, because the contract hadn't been awarded, yet. Can you give us a brief synopsis of who the vendor is, where they are based and how large a company they are?

Robert Sellers: Yes, sir. The company, Agility Recovery Solutions, is a national company. They have centers -- or what they would call their depots -- scattered around the nation. They have multiple depots in every state that support the potential for declaration of activity in that region.

They are able to pull from different parts of their organization. They have been around 20 plus years supplying these services. They have met 100 percent of their contractual requirements with other organizations as part of these types of contracts with the units for both fixed and mobile type facilities.

They are a well-known, well established organization, and one of two that actually supplied responses to our solicitation.

Chairman Holton: Okay, and one final question I had. In the event of a massive CAT, the contingency there is, I assume, if there was a need to extend that you would go for emergency procurement and get Board authorization for that, because \$4 million seems reasonable, but with the kind of storm activity we have had, you know, in the past cycle we need to be concerned as to a massive kind of CAT in the state. So, in general, is my thinking correct?

Robert Sellers: Yes, sir, it is. One of the scenarios that we did take a run at was a six-month loss of service of the Everbank facility, itself, which would require us to exercise the use of the physical office space and an exercise of the mobile space of approximately seven units which would supply us 350 seats. That would support not only our current standard staff and business

continuity requirements, but also the staff space necessary to support the catastrophe operations during that same event. That cost to us is approximately \$4 million. During that six-month period we would be monitoring that and would immediately return to the Board for approval for additional spend as required against this contract.

Chairman Holton: Got it. Any other questions for Robert?

Governor Schinz: Good morning, Robert, this is Freddie Schinz, how are you?

Chairman Holton: Good morning, Freddie.

Governor Schinz: I have one question, please.

Chairman Holton: Okay.

Governor Schinz: The question is, the money you are requesting, has that already been previously budgeted and is it in the budget for funding?

Robert Sellers: Yes, sir, it is. The annual retainer fee is a budgeted amount for 2018. The additional \$202,454 will be continued budget in 2019 and years beyond. The \$4 million is not budgeted and would be part of the CAT contingency requirements necessary to support a business continuity event.

Governor Schinz: Okay, great, thank you very much. That answers my question. Thank you.

Governor Wortman: One other quick question. Did Irma do anything to the Everbank building to let us test any of these things?

Robert Sellers: Irma was an interesting storm, as we all know. We did have an event here in Jacksonville, which was primarily a flood event. We had a little bit of wind damage to the facility, but it was not of the nature that kept us from utilizing the facility.

The flood process that came close to this facility, and did affect the Wells Fargo building here in town, was a close event. We did shut down our operations for several days, sent people home to work and exercised the business continuity plan from the people work at home program, but we did not have to use any outside organizations for recovery facilities.

Governor Wortman: Okay.

Chairman Holton: Was there another question for Robert?

John Vaughan: Yes, this is John Vaughn. I've got, I think, three questions.

The first one, so 10 years is a pretty long length of time. Are there provisions in your contract to make sure that the computer equipment stays in line over 10 years? Because a laptop or a PC

that is good today, probably won't suffice to perform properly in the environment 10 years from now. So I was wondering if there is a provision in the contract for that.

Robert Sellers: The equipment that is going to be provided to Citizens is, what I would call, pretty standard equipment from a PC or a laptop technology standpoint.

Citizens is going to provide images of our computer software to them for execution on the machine. We will have a testing cycle each year to validate, so that not only do we have an understanding of their facility operations and the mobile use operations, but also the technology components, including satellite communications, cellular and the PC technology to ensure that it can continue to function at the level that we need to run our operation.

John Vaughan: Okay, you answered my second question, which is will you have annual test cycles. So that is good, and -- now I don't remember what my third question was.

Robert Sellers: We actually will have one of our tests, to your question number two, one of the tests will be a deployment test that during the first year we will likely have them deploy to our location or to a location, to be decided mutually. And the other five years will be at their location.

John Vaughan: I just wanted to make sure there were testing provisions, and it sounds like that testing provision would also encompass making sure that whatever PCs, laptops they are providing, communication equipment would still suffice to work with our images.

So my last question had to do with the \$4 million, it looks like it is just a contingency. I think it said in there that that was a contingency that they estimated would cover two disasters during the 10 years or something like that. So my question is, the \$4 million is a round number and sounds like it is just a ballpark. Have they provided any sort of example types of what the costs are? Because they are calling in communications equipment, a generator company, there is a bunch of pools of things that end up being basically subcontracts under these guys, I think is how it works, which end up being bills. Besides the \$4 million round number, have they been able to provide a list of all of the various things you would expect to be charged in the event of a disaster? They should be able to do that, and I am wondering if they have and whether it lines up properly to the \$4 million contingency?

Robert Sellers: They have provided us that as part of the scenario activity, as well as some of the detailed pricing. One of the areas that is a little more difficult to get exact numbers on is the transportation cost of the facility to a location. That really is based upon mileage.

But the cost of the execution of the generator, the satellite communications, telephone communications, we have some basic numbers on those.

The scenarios that make up the \$4 million, they are numbered differently so scenarios can be put together to come up with that number. When we look at a situation that might be, for example, three months of the Everbank Center being declared uninhabitable while we go out

and make other arrangements for facility space, and/or we utilize maybe two or three CAT response units, we are talking about \$1.4 million of expend in that particular situation. If we had a major CAT, but no damage to the Everbank building for six months or 12 months we would still be underneath the million dollars' worth of spend in that time frame.

We believe that given the risks that we have seen, the pricing that we have received, not only for the fixed units and physical space, but also for the sub components that make that up, the \$4 million is a reasonable number to request from the Board for a contingency fee.

John Vaughan: Okay, I am satisfied with that answer. Thanks.

Chairman Holton: Okay, any other questions for Robert?

Governor Capps: This is Blake Capps. Can you hear me?

Chairman Holton: Yes.

Governor Capps: This temporary continuity work space and technology, where would this be set up in the event that it is needed? The real estate, where will the real estate be where these mobile work space units would be set up?

Robert Sellers: Agility maintains a real estate component of their operations, both for the physical space, as well as for temporary space. And they have arrangements with different suppliers of locations which could include the use of large box store type parking areas to set these mobile units within.

It might be on other land that they would acquire for a short term lease. They work with us to identify where we want to go from a general area, and then work to the specifics with our team to get a suitable landing pad for that. That includes any other types of activities that need to go on with local government or other regulatory type organizations, as well.

This is their business. They know how to get that space and land us in there at a reasonable cost to them that fits within the model of the charge activity to us, and we have confidence that they can deliver that based upon prior examples that they have provided to us.

Governor Capps: Great, thank you.

Chairman Holton: Okay, any further questions for Robert? I think, Robert, you already made the recommendations. I will entertain a motion to accept staff's recommendations.

John Vaughan made a motion to approve the Business Continuity Services – Workspace and Technology Action Item. John Wortman seconded the motion. All were in favor. Motion carried.

Chairman Holton: We will now recognize Aditya Gavvala, again, for the 8b action item.

b. VTC Audio Visual Systems Repair, Maintenance and Support Services

Aditya Gavvala: Hello, this is Aditya Gavvala, again. Please turn to tab eight. This is for the action item titled Audio Visual Systems Repair, Maintenance and Support Services.

Citizens previously procured the audio video system repair and maintenance through the state term contract. The state term contract expired in 2017. Through our competitor solicitation in December 2017, Citizens selected two vendors, AVI Systems, Incorporated, and Miller Electric.

The estimated cost of the service is approximately \$400,000 over four years. If there are no questions may I go for the recommendation?

Chairman Holton: Yes, please.

Aditya Gavvala: Staff requests that Citizens Information Services Advisory Committee approve and recommend the Citizens Board of Governors approve the recommended award and resulting contract, including the option of renewal for RFP number 17-0024, Audio Visual Systems Repair, Maintenance and Support Services to Audio Visual Innovations, Incorporated and Miller Electric Company as set forth in this action item, and authorize the staff to take any appropriate and necessary actions consistent with this action item.

John Vaughan made a motion to approve the VTC Audio Visual Systems Repair, Maintenance and Support Services Action Item and John Wortman seconded the motion. All were in favor. Motion carried.

9. New Business

Chairman Holton: The final order of business is new business. Is there any new business to come before the committee? None being heard, I will remind you that our next ISAC teleconference will be June 5th. If there are no additional comments or questions I will entertain a motion to adjourn.

John Wortman made the motion to adjourn. Meeting adjourned.