

TO ALL MEMBERS OF THE BOARD OF GOVERNORS FOR THE LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION AND THE PUBLIC

RE: LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION

 BOARD OF GOVERNORS SPECIAL MEETING

 JULY 20, 2017 MINUTES

Ladies and Gentlemen:

A special meeting of the Governing Board for the Louisiana Citizens Property Insurance Corporation was held on Thursday, July 20, 2017. The meeting was conducted at the offices of the Department of Insurance located at 1702 N. Third St. Baton Rouge, Louisiana, Hearing Room, commencing at 1:00 P.M.

Present were: Denise Gardner, Chairwoman

 Jeff Albright (arrived following roll call)

Jason Dupree

Thomas Enright

Tom Glasson

Craig LeBouef

Eugene Montgomery

Kevin Reinke

Rep. Talbot

Absent were: \*Gene Galligan

Sen. Smith

William (Bill) Starr

\*Brian Van Dreumel

Also present: Commissioner Jim Donelon

Steve Cottrell

Paige Harper

\*These Board members were in attendance at the July 13, 2017 Regular meeting that could not go forward due to a lack of a quorum, but could not attend the Special meeting (the rescheduled Regular meeting) because of scheduling conflicts.

Chairwoman’s Report

Chairwoman Gardner called the meeting to order at 1:02 p.m., asking Ms. Harper to call roll. There being a quorum present, she began by thanking the Board members for showing up for the special meeting and noting that there are several vacancies on the Board, all of them Governor appointees. She is working with Boards and Commissions and the respective nominating associations to get those seats filled. Chair Gardner also noted that in the September meeting she would be asking the Board to approve Committee appointments. She asked Board members to let her know if there are specific committees on which they would like to serve.

Next, she moved on to the second agenda item, the minutes of the May 11, 2017 meeting. After a review of the minutes, Mr. Glasson moved to approve them. Mr. Dupree seconded the motion. With no further discussion on the motion forthcoming, a vote was taken and the motion passed unanimously.

The next item on the agenda was the CEO Report. Since Mr. Newberry, the CEO, could not attend the Special Meeting due to previously scheduled commitments, Chair Gardner asked Mr. Cottrell to address the items under the CEO report.

CEO Report

1. 2005 Deficit Re-Certification. Mr. Cottrell began by giving some history of the 2005 deficit issue for new Board members. He stated that LCPIC issued $978 million worth of tax exempt bonds in 2006 to absorb some of the Katrina and Rita claim expenses which had put LCPIC into a deficit situation. One aspect of the covenants for those tax exempt bonds is that LCPIC is required to re-certify each year that the deficit still exists for 2005. The deficit amount has changed over the last few years due to the amount of money LCPIC has paid as a result of the class actions. To date the company has paid over $200 million in class action payments, therefore the deficit has increased over time. The original deficit was $953.6 million. The deficit as of May 31, 2017 is $1,368,988,776. It is this number that needs to be re-certified. Mr. LeBouef moved to re-certify the 2005 deficit at the May 31, 2017 amount of $1,368,988,776. Mr. Albright seconded the motion. With no further discussion on the motion forthcoming, a vote was taken and the motion carried unanimously.

\*\* In response to a question following the Board meeting, and as clarification, although the total deficit resulting from the 2005 hurricanes has grown through the years, in 2006 LCPIC issued bonds in the amount of $978 million to raise money to cover the initial deficit. The debt from those bonds has been continually paid down and the current outstanding balance is at $466 million. That debt is scheduled to be completely paid off as of 6/30/2026.

1. 2018 Assessment Rate. Next Mr. Cottrell brought the 2018 Assessment Rate to the Board for approval. He explained to the Board the process for calculating the assessment rate and reported that the proposed rate for 2018 is 2.57%, up from 2.52% in 2017. After some discussion, a motion to approve and set the 2018 assessment rate at 2.57% was made by Mr. Albright. Mr. Dupree seconded the motion. With no further discussion forthcoming, a vote was taken and the motion passed unanimously.

The next item on the agenda was the Executive Session. Chairwoman Gardner asked if anyone from the public first wished to address the Board. With no speakers from the public, Chairwoman Gardner stated that she would entertain a motion to go into Executive Session to discuss potential and pending litigation and the HR Complaint Report. Mr. Montgomery so moved. Mr. LeBouef seconded the motion. The Chairwoman called for a roll call vote. The motion passed unanimously and the Board entered into Executive Session. Everyone except LCPIC staff and the Board were asked to leave the room.

--------------------------------------------------------------Executive Session------------------------------------------------------------------

At the conclusion of the Executive Session, Chairwoman Gardner asked for a motion to exit Executive Session and re-enter the public forum. Mr. LeBouef so moved. Mr. Enright seconded the motion. A roll call vote was taken. The motion passed unanimously. Chairwoman Gardner noted that the Board had re-entered the public forum. She asked that the record reflect that the Board did not take any formal action while in Executive Session.

With the conclusion of the agenda, and with no further business to discuss, Chairwoman Gardner stated that the next Board meeting is scheduled for the second Thursday of September at 1:00 pm. Mr. Montgomery moved to adjourn the meeting; Mr. Dupree seconded. There being no opposition, the meeting was adjourned at 1:53 pm.

**Adjourn**

**Paige M. Harper**

**General Counsel and Corporate Secretary/Chief Administrative Officer**

**Approved:**

I hereby certify that these are a true and correct copy of the July 20, 2017 minutes that were adopted by the Board of Directors of Louisiana Citizens Property Insurance Corporation on September 14, 2017.

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Paige M. Harper, Secretary