January 28, 2006

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

RE: LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION EMERGENCY BOARD OF GOVERNORS MEETING JANUARY 25, 2006 2:00 P.M. MINUTES

Ladies and Gentlemen:

An Emergency meeting of the Governing Board, for the Louisiana Citizens Property Insurance Corporation, was called by the Chairman. The meeting was held on January 25, 2006. The meeting was conducted at the offices of the Department of Insurance located at 1702 N. Third St., Hearing room, Baton Rouge, Louisiana. The following is the official record of the meeting.

Mr. Chad Brown, Chairman presided over the meeting.

ORGANIZATION OR COMPANY: REPRESENTED BY:
Commissioner of Insurance – Designee Chad Brown, Chairman
Louisiana Farm Bureau Blaine Briggs
State Treasurer Hon. John Kennedy
Senate Insurance Committee-Chairperson Sen. Cain
Hanover Ins. Co. Joelle Lapeze
Governor at-large Lee Mallett
IIABL Jeff Albright

OTHERS PRESENT: REPRESENTED BY:
Bear Sterns Ken Hiteshew
Department of Insurance Clarissa Preston
Rich Piazza
Chad Brown, Chairman, welcomed all members and guests to the Emergency meeting of the Board of Directors for the Louisiana Citizens Property Insurance Corporation.

Mr. Brown asked each to identify them self and who they are representing.

**SLC.06:12 SPECIAL ASSESSMENT REVENUE BONDS**

Staff reported that due to the delay in the permanent financing a request was being made to put in place an interim financing vehicle to allow LA Citizens to continue to pay claims while continuing with the placement of permanent financing.

**INTERIM FINANCING:**

Don Wilbon and Michael Mak of JP Morgan reported that JP Morgan/Chase has accepted the role of lead bank and arranger for the interim financing. JP Morgan/Chase has obtained approval to offer $125 million in interim financing.
and is seeking other members for a syndicate to increase total capacity to $200 million. The target date to advance their funds is two weeks from today with other syndicate members contributing at later dates within the following two weeks. There are legal issues that must be resolved, but the banking side is “piggy backing” from the bond side and it is believed that all issues can be resolved.

Jeff Albright questioned whether all issues have been identified and a determination made that they all can be resolved. Mr. Wilbon and Mr. Mak responded they are confident all issues have been identified and can be resolved in time to allow the release of funds in a timely manner.

Mr. Mallett asked about the fees relative to the interim financing. Mr. Mak reported that fees cannot be quantified until the syndicate is completed. The interest rate will be market based and appropriate to the nature of the transaction. Due to the size of the transaction, the speed required for the closing, and short term duration of the commitment upfront fees will be required. Mr. Kling confirmed that the interim financing will not require the approval of the Bond Commission but will subject to approval of the Bond Commission staff.

A motion was made by Jeff Albright and seconded by Blaine Briggs authorizing staff to pursue an interim financing arrangement as necessary to allow LA Citizens to bridge the period of time until permanent financing is in place with the provision that the permanent financing be used in part to retire the interim financing mechanism. The motion passed unanimously.

The terms of the interim financing, including the anticipated fee structure, will be presented to the Board at its regularly scheduled meeting on Thursday February 2, 2006 at 10:00 am at the DOI.

PERMANENT FINANCING:

Don Wilbon reported that with the Special Session scheduled for February 6th – February 17th the following schedule is anticipated for the closing of the permanent bond issue:
Meeting with the rating agencies in New York the week of February 27th. Closing the week of March 27th

Treasurer Kennedy requested that to the extent possible, the meetings with the rating agencies be coordinated around the Governor’s schedule so she will be able to attend. Treasurer Kennedy also questioned the status of the items discussed to include in the call for the Special Session. Chairman Brown responded that the issued need to be identified in very specific terms.

Gordon King inquired as to whether an RFP needs to be issued for the role of issuers counsel. Treasurer Kennedy responded the RFP should be issued. Mr. King responded he will have it issued before the Board meeting on February 2nd.

A motion was made by Lee Mallett and seconded by Jeff Albright to adjourn the meeting.

A motion was make and seconded to adjourn the meeting.

Yours very truly,

TERRY M. LISOTTA

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