

**CALIFORNIA EARTHQUAKE AUTHORITY
CALIFORNIA RESIDENTIAL MITIGATION PROGRAM
GOVERNING BOARD MEETING
MINUTES**

**Tuesday, January 17, 2017
1:00 p.m.**

Location: California Earthquake Authority
801 K Street
10th Floor, Main Conference Room
Sacramento, California

Members of the California Residential Mitigation Program (CRMP) Governing Board in attendance:

Mitch Ziemer, Chair, Insurance Director, California Earthquake Authority (CEA)
Christina Curry, Vice Chair, Deputy Director, California Office of Emergency Services
Dan Dyce, Consultant, CEA

Members of the CRMP Staff in attendance:

Janiele Maffei, Executive Director
Sheri Aguirre, Managing Director
Danny Marshall, Secretary
Seth Merewitz, CRMP Counsel
Tim Richison, Treasurer
Jacqueline Ball

Also Present:

Chris Shultz, Department of Insurance, CEA Board Member

1. Call to order and member roll call.

Mr. Ziemer called the meeting to order at 1:00 p.m. A quorum was achieved.

2. Consideration and approval of the minutes of the November 15, 2016, CRMP Governing Board Meeting.

MOTION: Ms. Curry moved approval of the November 15, 2016, California Residential Mitigation Program Governing Board Meeting Minutes as presented. Mr. Ziemer seconded. Motion carried unanimously.

3. CRMP Executive Director Janiele Maffei will present her executive report.

Sheri Aguirre, the CRMP Managing Director, presented the executive report in Janiele Maffei's absence. Ms. Aguirre updated the Board on the CEA's mitigation projects:

- Research
 - The CEA will expand the research program by adding a grant program – one for graduate and post-graduates and new professionals.
 - The new grant program will be kicked off at the Research Forum on February 1st and 2nd at the Sacramento Convention Center by invitation only. 175 invitations will be sent out. The findings from the Napa Survey will be presented at the forum.
- CEA Brace + Bolt Program
 - 90 homeowners have asked to participate to date.

Ms. Aguirre introduced Seth Merewitz, the new CRMP Counsel.

4. CRMP Treasurer Tim Richison will present a financial report.

Tim Richison, the CRMP Treasurer, provided an overview, accompanied by a slide presentation, of the CRMP financial information as of November 30, 2016. He stated all main program expenses came in well under their budgetary amounts and a draw-down request has been made to Cal OES for additional mid-point funding for the Napa EBB Project.

Mr. Dyce stated it is nice to see the \$3.8 million expenditure amount for grants to homeowners.

5. Mr. Richison will present a proposed 2017 budget for Board approval.

Mr. Richison provided an overview, accompanied by a slide presentation, of the proposed 2017 CRMP budget. He stated, upon approval of the proposed budget, he will make a request to the CEA Board in March for \$4.3 million to be transferred from the CEA Loss Mitigation Fund to CRMP to cover the proposed 2017 CRMP budget.

MOTION: Mr. Dyce moved approval of the 2017 budget as presented. Ms. Curry seconded. Motion carried unanimously.

6. Mr. Richison will provide an update on CRMP insurance coverage.

Mr. Richison provided a recap of the CRMP insurance policies. He stated the cyber insurance expenditure has increased to cover the greater record flow coming in to the CEA. He stated the cyber insurance effective date will be changed from January to August to align with the effective dates for all other insurance.

7. CRMP Managing Director Sheri Aguirre will present an update on the Earthquake Brace + Bolt program and the Napa Brace + Bolt programs.

Ms. Aguirre provided an overview, accompanied by a slide presentation, of the 2016 EBB Program retrofit goals, March/April Program wrap-up, the Napa EBB Program goals and progress to date, and the 2017 EBB Program goals, marketing, and outreach. She highlighted sample EBB postcard mailers advertising the program, which was included in the meeting packet. She stated a press event is scheduled for February 27th in Studio City at the home of a homeowner who has been through the program. Assemblymember Nazarian and the Insurance Commissioner will be attendance, along with Glenn Pomeroy, Janiele Maffei, and Mona Bontty, from Cal OES.

Ms. Curry suggested that all past ZIP codes be included in the next offering because her experience has been that the neighbor who does something to prepare for earthquakes influences their circle. It would be interesting to see if neighbors near homes that have been retrofitted sign up for the program.

Mr. Dyce suggested giving incentives to past customers who have done the retrofit such as a gift card.

Ms. Curry suggested a lawn sign to advertise the retrofit.

Ms. Aguirre said they have brainstormed ideas like creating a post-retrofit plaque to put in the crawlspace to raise awareness about the retrofit for future homeowners. Retrofit information is generally not transferred from one homeowner to the next.

Danny Marshall stated incentivizing on the front end may be safer, since a post-retrofit plaque would last many years and is more about the work of the contractor than the EBB. The CEA does not have control over additional updates the homeowner may do over the years.

Incentivizing on the front end and encouraging homeowners to come into the program is more about the CEA.

Chair Ziemer asked what homeowners get at the completion of their retrofit. Ms. Aguirre stated policyholders in the CEA Brace + Bolt Program get a verification form to receive their homeowner discount which states they have been through the Brace + Bolt program. This feature is being added to the entire program in 2017 so homeowners have a document to prove their home has been braced and bolted through EBB and, therefore, can receive a discount on earthquake insurance should they choose to purchase it.

Chair Ziemer asked about the average cost of a retrofit and if that figure needs to be increased. Ms. Aguirre stated the average remains the same at approximately \$5,600, but is much higher in Northern California. A large number of retrofits come in at \$3,000 in Southern California due to the lower cost of labor and, often times, they are bolt-only because more homes sit directly on the foundation and do not require bracing. The \$3,000 grant figure per home seems correct.

Mr. Marshall agreed and suggested learning if there are nuances that can be worked into the structure to improve it. He noted that, if the per-home grant figure was increased to \$4,000, as an example, the cost of a simple retrofit most probably would increase to the \$4,000 figure and should be avoided. The \$3,000 reimbursement was originally arbitrary but has proved to hold up well.

Public Comment

Chris Shultz, from the Department of Insurance and CEA Board Member, stated the Board recently submitted a report to the Legislature about expenditures, including the \$3,000 retrofit grant incentive. He stated the Legislature wants to know if \$3,000 is the right incentive to move individuals to action who were not otherwise going to take action while not being a handout. He stated \$3,000 seems to be the right balance – it moves some individuals to action yet does not cover the entire cost in most cases. He stated the CRMP Board monitoring this on an ongoing basis is helpful.

Ms. Aguirre recognized the EBB staff for their hard work to make the EBB Program successful.

8. Public comment on items that do not appear on this agenda and public requests that those matters be placed on a future agenda.

There were no questions or comments from the public.

9. Adjournment.

Ms. Curry suggested a legislative update be added to the agenda for the next CRMP meeting.

There being no further business, the meeting was adjourned at 1:52 p.m.