

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

**Tuesday, December 1, 2015
1:00 P.M.**

Location: Office of the California Earthquake Authority (CEA)
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, Claim Director, California Earthquake Authority
Christina Curry, Vice Chair, Deputy Director, California Governor's Office of
Emergency Services
Nancy Ward, Chief Deputy Director, California Governor's Office of Emergency
Services

Members of the CRMP Staff in attendance:

Janiele Maffei, Executive Director
Bill Donovan, Counsel
Sheri Aguirre, Managing Director
Tim Richison, Chief Financial Officer

1. Call to order and member roll call

Mr. Ziemer called the meeting to order at 1:03 p.m. A quorum was established.

2. Consideration and approval of the minutes of the July 28, 2015 CRMP Governing Board meeting

MOTION: Ms. Ward moved approval of the minutes of the July 28, 2015 CRMP Governing Board meeting; seconded by Ms. Curry. Motion passed unanimously.

Mr. Ziemer pointed out several action items from the minutes that would be carried forward as agenda items today.

3. Before the regular business meeting of the CRMP governing board, CRMP Managing Director Sheri Aguirre will present proposed Rules for Participation in the Earthquake Brace+Bolt (EBB) program.

The proposed rules include the policies and procedures to implement new California Insurance Code section 10089.395, which authorized a grant of \$3,000,000 from the State of California to fund EBB retrofit grants to homeowners.

The Board will consider comments and questions from the public and may approve the proposed rules with any changes the Board deems appropriate or necessary.

Ms. Aguirre discussed the proposed rules. She explained that edits and updates of the rules are intended to clarify them and make them as understandable as possible.

- The Appendices have been deleted.
- Appropriate areas of the program have been highlighted.
- Terminology is supplied.
- Website functionality is improved.
- Chapter A3 rules for <4' and >4' cripple walls have been clarified.

The document is now significantly shorter and is broken into two sections, one for Homeowners and one for Contractors.

Ms. Aguirre made copies of the proposed rules available at the meeting. She said that the proposed rules have been posted on CRMP's website and that no public comments have been received thus far.

Ms. Curry asked whether the rules would be changed for different funding streams. Ms. Aguirre explained that the proposed rules presented today were for the flagship EBB program and that several changes would be necessary for the Napa program funded by the Federal Emergency Management Agency (FEMA). Those changes will be proposed at the next governing board meeting.

Dan Okenfuss of the Department of Insurance asked where copies of the proposed rules are available. Ms. Aguirre replied that they are available on the CRMP website as well as the EBB website via a link.

MOTION: Ms. Ward moved approval of the proposed Rules for Participation in the Earthquake Brace+Bolt program in the form attached to these minutes; seconded by Ms. Curry. Motion passed unanimously.

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

Ms. Maffei reported that the CEA's mitigation activities include developing "End-to-End Mitigation," a dynamic website where users can obtain information in one place about mitigation. The intended audience is homeowners as well as contractors, building officials, realtors, lenders, and policymakers. A copy of her slide presentation is attached to these minutes.

- Users can store information on the website and return to it. They can quantify their risk by understanding their hazard (location) and vulnerability (type of structure).

- The guideline creation program ATC 110 expands vulnerability assessment.
- Lists of mitigation-related professionals are provided, as well as information about funding and insurance.
- The website will be in the planning stage until approximately mid-year 2016, when it will be brought before the CEA Board with costs for development.

In a follow up to the July 28 governing board meeting, Ms. Maffei reported that plans are underway to bring the EBB program to Eureka later in 2016. She explained that Eureka contains about 4300 houses constructed before 1939. The Eureka city manager and the Eureka building official are enthusiastic about the program coming to their community.

5. Mr. Richison and a representative of JLK Rosenberger, LLP, will present the report of the annual audit of CRMP's financial statements for the year ended December 31, 2014.

The report presented by Mr. Richison and Mr. Rosenberger is attached to these minutes. The accompanying audit materials included the Independent Auditor's Report, Management's Discussion and Analysis, Audited Financial Statements and accompanying notes, and Supplementary Information.

Mr. Richison noted that that the auditor did not find anything wrong.

6. Ms. Aguirre will present for board approval the proposed EBB website and CRMP website *Terms of Use and Privacy Policy*.

Ms. Aguirre presented the proposed EBB website and CRMP website terms of use and privacy policy. She explained that the documents were intended to achieve consistency in terminology with the Program Rules. The documents are standalone documents that are linked to each other. Both are searchable.

MOTION: Ms. Ward moved approval of the proposed EBB website and CRMP website *Terms of Use and Privacy Policy* appended to these minutes; seconded by Ms. Curry. Motion passed unanimously.

7. Ms. Aguirre will provide an update on EBB activities in 2015 and planned activities for 2016.

In 2015, EBB was available in seven cities and 28 zip codes. The mid-year revised estimate for retrofits complete and in process was 600. Ms. Aguirre reported that the number of retrofits complete and in process as of this meeting date was 593. Retrofits reported as "in process" have building permits and are expected to be completed in January or February.

A copy of Ms. Aguirre's presentation is attached to these minutes.

Mr. Ziemer asked about any supplemental advertising campaigns for retrofits that contractors may be using; Ms. Aguirre was not aware of any. She had heard of neighbors telling other neighbors and contractors moving through neighborhoods that way.

CEA policyholder participation comprises 19% of EBB retrofits.

With 593 total projects, of the 432 having chosen contractors, 93% are using EBB Directory-listed contractors. The remaining 7% are doing the project as owner-builders.

Ms. Aguirre described plans for the 2016 EBB program. The total homes will be about 1,700.

Ms. Aguirre summarized the city expansion process in response to a question from Ms. Ward.

Ms. Ward asked about any new concerns from the new cities. Ms. Aguirre responded that they had previously learned about the value of building department training, and have scheduled training in San Francisco, Pasadena, and South Pasadena; Oakland training has been completed. Clerks, plan checkers, and inspectors receive training. Ms. Maffei noted that each city has its own nuances.

Mr. Ziemer asked about the number of plan set retrofits versus engineered solutions. Ms. Aguirre replied that a handful of people have done engineered solutions.

Contractor outreach has been in progress since September with a special emphasis on Napa. San Bernardino will also receive special attention.

Homeowners are being contacted through a variety of media.

New materials in development are a contractor checklist and a packet to be mailed to homeowners.

EBB website improvement is continuous.

Mr. Ziemer asked about the flooding in past years in the Napa area; Ms. Ward stated that FEMA prohibits putting money into homes in the floodplain. The floodplain could eliminate a few homes from retrofits in that area.

Ms. Maffei introduced Mark Grissom, who has joined EBB as a Customer Service Specialist. He oversees the call center and all of customer service.

Ms. Aguirre introduced Jacqueline Ball who has also joined EBB. She also mentioned D'Anne Ousley, who does communications and social media, and Marianne Knoy, who does application reviews.

8. Bill Donovan, CRMP legal counsel, will present updates and amendments to the CRMP Business Plan for board approval.

Mr. Donovan reported that he and Ms. Maffei and Ms. Aguirre have incorporated all of the Governing Board's edits and comments from the last meeting and that they also made changes in several sections to conform the Business Plan to the rules and the way the program is operating. For example, the contractors section now refers to contractor training rather than contractor education and contains changes to the content regarding trained employees signing off on EBB work and contractors using the CRMP trademark in their advertising.

Mr. Ziemer commented on the program funding on page 107 – it is well laid-out in anticipation of the future different funding sources. He liked the closing sentence of the paragraph for A and hoped to have similar closing sentences for B and C. Mr. Donovan responded that as they are currently working on the FEMA rules and developing the website; possibly the next version could supply detail about that program.

Mr. Donovan confirmed for Ms. Ward that the Business Plan is to be updated at least annually. Mr. Richison added that as different kinds of funding sources come in, the Governing Board will want to update Business Plan..

Ms. Curry pointed out a needed correction – a reference to the *Earthquake Hazard Reduction Assistance Program* that should be *Hazard Mitigation Grant Program (HMGP)*.

MOTION: Ms. Curry moved to adopt the CRMP Business Plan with the edit discussed above; seconded by Ms. Ward. Motion passed unanimously.

9. Mr. Donovan will present for board approval a proposed resolution accepting the transfer to CRMP of \$3,000,000 if made by the California Earthquake Authority (CEA) as a contribution of funds received by CEA as a grant from the State of California, Department of Insurance, for further implementation and expansion of EBB, and authorizing Ms. Maffei to execute a Memorandum of Understanding with the CEA pertaining to that matter.

The process for disbursing state funding to CRMP was described by Mr. Donovan and Mr. Richison.

MOTION: Ms. Ward moved to approve the resolution accepting the transfer to CRMP of \$3,000,000 if made by the CEA as a contribution of funds received by CEA as a grant from the State of California, Department of Insurance, for further implementation and expansion of EBB, and also authorizing Ms. Maffei to execute a Memorandum of Understanding with the CEA pertaining to that matter; seconded by Ms. Curry. Motion passed unanimously.

10. Mr. Donovan will present for board approval a proposed resolution accepting the transfer to CRMP of funds if made by the CEA as a contribution of funds received from the California Governor's Office of Emergency Services (Cal OES) as a subgrant of funds from the Federal Emergency Management Agency to fund a modified version of the EBB program to be offered in Napa, California, and authorizing Ms. Maffei to execute a Memorandum of Understanding with the CEA pertaining to that matter.

Mr. Donovan described the application process for a subgrant from FEMA through Cal OES.

Ms. Curry and Ms. Ward asked if there was a potential conflict because they are employees of Cal OES as well as CRMP Board members. Mr. Donovan said that the joint powers agreement forming CRMP states that a quorum must be present at CRMP governing board meetings and the board members present must vote unanimously in favor of any action; he did not view the roles of Ms. Curry and Ms. Ward as preventing them from voting as CRMP governing board members to accept the subgrant. After a discussion, it was agreed that the subgrant would be accepted but that the proposed memorandum of understanding would not be signed without prior approval of counsel for Cal OES.

MOTION: Mr. Ziemer moved to accept the proposed resolution accepting the transfer to CRMP of funds if made by the CEA as a contribution of funds received from Cal OES as a subgrant of funds from the Federal Emergency Management Agency to fund a modified version of the EBB program to be offered in Napa, California, and authorizing Ms. Maffei to execute a Memorandum of Understanding with the CEA pertaining to that matter after first obtaining the prior approval of that document by counsel for Cal OES. The motion was seconded by Ms. Curry. Motion passed unanimously.

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

Mr. Richison presented and discussed the financial report for the year-to-date ended October 31, 2015, attached to these minutes.

12. Mr. Richison will present a proposed 2016 budget for board approval.

Mr. Richison presented the attached budget as a total budget and also as sub-budgets: Napa, main program, and state funds. He explained that this would make it easier to track the different programs.

Mr. Richison and Ms. Aguirre discussed the marketing budget. Ms. Aguirre added that last year CRMP had approved \$500,000 for the marketing budget, thinking that there would be two efforts for homeowner registration, which did not happen. Some of that has been budgeted for 2016.

MOTION: Ms. Curry moved to approve the 2016 budget; seconded by Ms. Ward. Motion passed unanimously.

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

Mr. Richison reported that in January 2015 CRMP purchased cyber insurance to protect the organization in case of a cyber breach.

CRMP's broker, Willis Pooling Practice, recently assisted CRMP staff in a review of CRMP's cyber insurance coverage. The current CRMP cyber insurance coverage appears adequate for the current EBB program but should be increased in connection with the renewal in January, 2016, on account of the expansion of the EBB program. Mr. Richison said that he has in mind increasing coverage to a \$2 million policy.

Ms. Aguirre reported that special counsel is helping CRMP develop a cyber breach response plan.

14. Ms. Aguirre will present a proposed 2016 board meeting calendar for board approval.

Ms. Aguirre presented the proposed meeting calendar attached to these minutes.

MOTION: Ms. Ward moved to approve the proposed 2016 board meeting calendar; seconded by Ms. Curry. Motion passed unanimously.

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

There was no public comment.

16. Adjournment.

Mr. Ziemer adjourned the meeting at 2:55 p.m.