

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

**Tuesday, July 28, 2015
1:00 p.m.**

Location: California Earthquake Authority (CEA)
801 K Street, Suite 1000
Sacramento, California

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

Christina Curry, Vice Chair, Deputy Director, California Office of Emergency Services
Dan Dyce, Consultant, California Earthquake Authority
Nancy Ward, Chief Deputy Director, California Office of Emergency Services
Mitch Ziemer, Chair, Insurance Director, California Earthquake Authority

Members of the CRMP Staff in attendance:

Janiele Maffei, Executive Director
Sheri Aguirre, Managing Director
Bill Donovan, Counsel
Tim Richison, Treasurer
Marianne Knoy
D'Anne Ousley
Celia Luna
Jasmine Vaughn

Also Present:

Glenn Pomeroy, Chief Executive Officer, California Earthquake Authority

1. Call to order and member roll call.

Chair Mitch Ziemer called the meeting to order at 1:01 p.m. A quorum was achieved.

2. Consideration and approval of the minutes of the April 21, 2015, CRMP Governing Board meeting.

MOTION: Board Member Dyce moved approval of the April 21, 2015, California Residential Mitigation Program Governing Board Meeting Minutes as presented. Board Member Ward seconded. Motion carried unanimously.

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

Ms. Maffei said that CRMP Managing Director Sheri Aguirre would report on CRMP's EBB Program and that she would update the governing board on the CEA's mitigation projects. A copy of her presentation is attached to these minutes. She described the following five CEA projects.

- ATC 110. This project is intended to create documents that can be adopted into the state building code to address high cripple walls, soft story residences (living space over a garage), and hillside homes.
- Mitigation discount research – contract negotiations are ongoing
- South Napa earthquake research – Phase 1 (survey of homeowners) is complete and phase 2 (visit and inspect homes) is underway.
- Federal Emergency Management Agency (FEMA) P-50 training for home inspectors – six training sessions to be completed by January 2016
- Release of FEMA cripple wall plan set for cripple walls greater than 7 feet tall.

Board Member Dyce asked if the home inspector training was for individuals in the home inspection business. Ms. Maffei stated that trainees are predominantly single proprietors and small organizations.

Board Member Dyce asked what the homeowner is left with after such a home inspection. Ms. Maffei stated that a table is to be provided to the homeowner that lists the mitigation steps to address each deficiency noted by the home inspector.

Chair Ziemer asked how many home inspectors are expected to complete the P-50 training by January 2016. Ms. Maffei asked Marianne Knoy to respond. Ms. Knoy stated that 75 home inspectors went through the first training. She said the goal is to have 200 home inspectors through the training by this time next year.

Vice Chair Curry asked if the target areas for the training will be in the geographic areas of greatest need. Ms. Maffei stated individuals who attend the workshops tend to come from larger metropolitan areas.

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

Mr. Richison discussed the financial information as of May 31, 2015, attached to these minutes. Funds being contributed to CRMP by the CEA are being kept in the CEA Loss Mitigation Fund to earn interest and will be moved to CRMP as needed. Mr Richison noted that the CRMP budget will be revised later this year to add funding for incentive payments to homeowners projected to be received from the State of California and from FEMA.

Mr. Richison reported that CRMP will begin reporting on a project-by-project basis as new funding sources materialize to paint a better picture of what is happening with each project.

Vice Chair Curry asked when the financial report will show the percentage of revenue necessary to operate CRMP. Ms. Aguirre stated there should be an estimate available for the January governing board meeting after CRMP's EBB Program has been in operation for a full year. The retrofits completed in 2015 will provide a refined estimate of the average cost to retrofit. She said that she hoped to show that the percentage of revenue necessary to operate CRMP would average from 5 to 10 percent.

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

Mr. Richison stated that CRMP planned to renew its directors and officers insurance and its general liability insurance effective on August 15, 2015, with the same coverage and limits as currently in effect. He said that he planned to have an outside expert evaluate CRMP's cyber risk insurance needs before the renewal of CRMP's cyber insurance policy in 2016.

Vice Chair Curry stated she would be interested in hearing more about CRMP's cyber risk management and the information security measures that are in place.

6. Ms. Maffei, assisted by Bill Donovan, CRMP legal counsel, will present updates and amendments to the CRMP Business Plan for Board approval.

Ms. Maffei and Mr. Donovan summarized the proposed revisions to the business plan. The members of the governing board offered comments and corrections, and Chair Ziemer stated the resulting revisions will be made and an updated version of the business plan will be submitted for governing board consideration and approval at the next governing board meeting.

7. CRMP Managing Director Sheri Aguirre will present an update on the Earthquake Brace + Bolt (EBB) program.

Ms. Aguirre provided the governing board with an update on the EBB Program. She discussed the 2015 numbers to date, projections for the balance of 2015, highlights of the survey of homeowners who have gone through the CRMP program and those who withdrew, the projected \$3 million in state funding, the status of the proposed FEMA grant program to retrofit 100 houses in Napa, "powered-by" branding, and the steps required to successfully increase the size of the EBB Program. A copy of her presentation is attached to these minutes.

Ms. Aguirre stated the 2016 expansion is projected to include 1,600 retrofits – 1,000 with the \$3 million in state funding and 600 that the CRMP already had planned to undertake with funding from the CEA. Additional retrofits will be undertaken if funding is received from FEMA.

Ms. Aguirre stated the program is on target to complete 600 retrofits in 2015. The 50 homeowners on the waiting list in Napa will be given the option of applying for retrofits funded by FEMA. The other 699 homeowners on the waiting list will be offered spots in the current EBB Program as part of Expansion 3 as presented to and approved by the governing board on April 21, 2015.

Ms. Aguirre stated the survey indicated a large percentage of homeowners who withdrew from the program did so because they did not understand the next steps and found the program confusing or overwhelming. Management is considering having the Saberi consulting firm begin in September to analyze the CRMP program from a consumer perspective to ensure that consumers are being helped through the process as well as possible.

Vice Chair Curry stated that sometimes details and language can be an issue, such as the difference between a cost estimate from a contractor and a bid.

Chair Ziemer referenced the survey section that asked how individuals heard about the program and noted that the door hanger percentage was surprising low. Ms. Aguirre agreed and stated door hangers are not recommended in the future. She added that, although the neighborhood meetings percentage was low, neighborhood meetings are important to connect with council members and local authorities.

Chair Ziemer asked how many customer service representatives answer calls from the public. Ms. Aguirre stated three or four representatives answer an average of fifteen calls per day.

Mr. Richison asked if the 43 percent of homeowners surveyed who had withdrawn but wished that they had completed the program will get a second chance. Ms. Aguirre said that they were being given a second chance and that to date, 45 homeowners have been sent an email invitation to return.

8. California Earthquake Authority CEO Glenn Pomeroy will present and discuss possible funding sources and requirements for an EBB program that would operate to retrofit vulnerable homes owned by CEA policyholders in high-seismic-risk areas.

Mr. Pomeroy's presentation is attached to these minutes. He introduced a concept that would allow the CEA to fund a CRMP seismic retrofit program for long-time policyholders with homes built before 1940 in high earthquake-hazard areas. These grants would benefit all CEA policyholders due to reduced risk-transfer costs. The CEA's chief actuary has completed a supporting analysis. Mr. Pomeroy said that he plans to bring this matter before the CEA board in August.

Board Member Dyce asked how many homeowners meet the criteria. Mr. Pomeroy stated about 3,000.

Board Member Ward asked how many completed EBB Program retrofits were for CEA policyholders. Ms. Aguirre stated that information has not been analyzed, but, at one point, she thought that about one-third of the homeowners in the program were CEA policyholders. Mr. Donovan added that information about CEA policyholders has not been collected because the program is aimed at the general public and it is only happenstance that a participant is a CEA policyholder. Chair Ziemer asked staff to research Board Member Ward's question and report back to the Board.

9. Ms. Maffei will outline EBB selection protocols used to date to define EBB eligibility and present for approval protocols for subsequent expansions.

Ms. Maffei's presentation is attached to these minutes. She provided an overview of the selection protocols used to select the ZIP codes where the EBB Program is offered. The protocols are an expansion of the protocols for the pilot program. She stated the protocols focus on "risk" as hazard plus vulnerability. "Hazard" is the location relative to fault lines, and "vulnerability" is the structure.

Ms. Maffei stated the CEA's chief actuary assisted in developing the selection protocol of applying 50 percent weight to hazard and 50 percent weight to vulnerability.

MOTION: Vice Chair Curry moved approval of the protocols for subsequent expansions subject to continuous review, improvement, and information; and that the protocol be a combination of hazard and vulnerability weighing 50 percent each as presented. Board Member Ward seconded. Motion carried unanimously.

10. Ms. Aguirre will present for Board approval proposed EBB program-eligibility expansions, based on Board-adopted protocols.

Ms. Maffei presented the attached list of the top 26 ZIP codes numerically ranked according to the protocols for expansion approved by the governing board, and a map depicting each of the proposed 2016 expansion areas.

Ms. Maffei stated that one ZIP code for Eureka was included in the top 26 ZIP codes; but that Eureka will not be included in the proposed first expansion but will be part of a second expansion because of the lessons learned by CRMP about efficiencies in messaging and going to building departments that cover as much area as possible. The Eureka ZIP code ranked high because of its location and because it has a high concentration of older homes.

Board Member Ward asked when Eureka will be addressed. Ms. Maffei stated it can be included in the next expansion, which should begin around November 2016.

Mr. Richison asked how many homes are potentially qualified in the Eureka area. Ms. Aguirre said she would prepare an estimate.

Ms. Maffei said the staff would contact the building departments in the Eureka area, find contractors to train for the contractor list, and come back to the governing board in September with proposed future dates when Eureka can be included.

MOTION: Board Member Ward moved approval of the proposed EBB program-eligibility expansions, based on Board-adopted protocols. Board Member Dyce seconded. Motion carried unanimously.

11. 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 members of the public.

12. Adjournment.

Vice Chair Curry asked staff to put the Eureka presentation and the risk management update on the next agenda.

There being no further matters to consider, Chair Ziemer adjourned the meeting at 2:57 p.m.