

As approved by the CRMP Governing Board on Tuesday, December 3, 2019.

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

**Tuesday, September 10, 2019
1:00 p.m.**

Location: Governor's Office of Emergency Services (Cal OES)
3650 Schriever Avenue, MPR2
Mather, California

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

Mitch Ziemer, Chair, Insurance and Claim Director, California Earthquake Authority (CEA)
Christina Curry, Vice Chair, Deputy Director, Cal OES
Dan Dyce, Consultant, CEA
Alex Pal, Chief Legal Counsel, Cal OES

Members of the CRMP Staff in attendance:

Annde Ewertsen, Managing Director, CRMP
Benjamin Kirwan, Treasurer, CRMP
Seth Merewitz, Counsel, CRMP
Tom Welsh, Secretary, CRMP
Jacqueline Ball, CRMP Program Analyst
Mark Grissom, Customer Service Manager
Anthony Tassone, Financial Reporting Lead

Also Present:

Bill Rosenberger, JLK Rosenberger

1. Call to order and member roll call.

Mr. Ziemer called the meeting to order at 1:04 p.m. A quorum was achieved.

2. Consideration and approval of the minutes of the June 5, 2019, CRMP Governing Board Meeting.

MOTION: Mr. Dyce moved approval of the June 5, 2019, California Residential Mitigation Program Governing Board Meeting Minutes as presented. Mr. Pal seconded. Motion carried unanimously.

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

Annde Ewertsen, Managing Director, CRMP stated Janiele Maffei, CRMP Executive Director, was unable to be in attendance. Ms. Ewertsen reviewed the presentation slides provided by Ms. Maffei to update the Board on the CEA's mitigation projects. She showed a sequence of slides showing the effects of the July earthquakes near Ridgecrest, California.

Ms. Ewertsen reviewed Assembly Bill (AB) 548 and H.R. 2053. She stated AB 548 was signed by the Governor on September 4th and only applies to programs in which the state is providing appropriation. It does not apply to CRMP funds. It will apply to future appropriations from the state like the appropriations from the Department of Insurance in 2016 and 2017. She stated more discussion is required on the percentage.

Ms. Ewertsen announced the new public relations and marketing services firm Mercury Public Affairs, LLC.

Questions and Discussion

Ms. Curry asked how this would fold into the current lottery system. Ms. Ewertsen stated it is still to be determined. She stated it may apply to specific areas rather than to individual applicants.

Mr. Ziemer asked if the cost of retrofitting mobile homes has been investigated. Ms. Ewertsen stated it has been considered but there is concern that the current code may change. The California Department of Housing and Community Development (HCD) is looking into whether code changes may be needed on how to retrofit mobile homes.

Mr. Dyce stated current code uses the Earthquake-Resistant Bracing System (ERBS), but older mobile homes sit on posts and piers. Ms. Ewertsen agreed but stated there is concern that the ERBS system did not perform as well as expected and is under review.

Presentation, continued

Ms. Ewertsen reviewed the background, results, and recommendations of the Earthquake Brace + Bolt (EBB) Survey, which goes out after completion or withdrawal from the program and has been going on since early 2015.

Questions and Discussion

Mr. Pal referred to the responses slide and asked if there is a breakdown between Northern and Southern California respondents. Ms. Ewertsen stated there is not because the responses are returned via email.

Mr. Ziemer asked when the evaluation of the surveys was completed. Ms. Ewertsen stated the data was analyzed during the past month for the first time since the survey first went out in 2015.

Mr. Ziemer asked if action plans have been put in place based on the survey feedback. Ms. Ewertsen stated there are.

Mr. Ziemer asked for further details on the homeowner suggestion to increase the timeframes. Ms. Ewertsen stated individuals are given nine months to move forward from the time they are accepted into the program. She noted that the time has been increased from eight to twelve weeks for individuals to locate a contractor and begin the permitting process.

4. CRMP Treasurer Benjamin Kirwan will present the CRMP financial statements as of July 31, 2019.

Benjamin Kirwan, CEA Treasurer, provided an overview, with a slide presentation, of the CRMP financial information as of July 31, 2019.

Questions and Discussion

Mr. Ziemer stated the Contributions from Other Governments revenue line item was for Napa earthquake grant program reimbursements. He asked the Board to pay attention to this when discussing the two grants or funds, so everyone uses the same terminology to refer to those things. Ms. Ewertsen suggested separating out the grants and the potential state contribution in future reports.

Mr. Ziemer stated he was coming from a retrospective approach. He stated the reason the Contributions from Other Governments line item is on this report is because contributions have recently been received on the Napa fund category of \$48,000. Mr. Kirwan agreed and stated those were for expenses that originally were considered non-reimbursable but were since reimbursed.

Mr. Ziemer asked what the more standard reimbursements for the Napa program were called on the financial report.

Anthony Tassone, CEA Financial Reporting Lead, stated there was a line item for the Department of Insurance funds in the past. Those funds will show up differently on the balance sheet because, if the funding was received but not yet earned, then the balance sheet will reflect that. The receipt of funds is different for the Federal Emergency Management Agency (FEMA) grants. Because of the timing difference, the FEMA grants are recorded as accounts receivable (AR) showing revenue until the funds have been received. It may sit on the CRMP books as an AR for a number of months.

5. JLK Rosenberger, LLP, will report on the audit performed of CRMP's financial statements for the year ended December 31, 2018.

Bill Rosenberger, CPA, Partner, JLK Rosenberger Certified Public Accountants, provided an overview, with a slide presentation, of the audit scope and timing, auditor's report, areas of emphasis, and communication with corporate governance of the 2018 Audit Results. He stated the audit has been completed, was a clean audit, and is under budget. He stated, although there were no significant audit adjustments, there was one past error that would have helped the balance sheet. There was a slight over-accrual of expenditures due to a complex contract. He noted that his staff would have done the same thing. It resulted in a minor error, which was not material to the financial statements, so it was left unadjusted. This means, in theory, there is \$28,000 of income for the current year that related to a prior year.

Mr. Kirwan added that this year's expenditures for marketing is \$27,000 higher than it should have been in 2018 and the 2019 expenditures will be \$27,000 lower. Mr. Rosenberger stated it is an insignificant issue.

Mr. Rosenberger continued his slide presentation and discussed the federal grants received from FEMA, which will be part of the 2019 audit. The receipt of this federal funding will result in the CEA being subject to the 2019 Uniform Guidance requirements, which consists of an audit of the expenditures around the federal program receipts and a report on internal control. He stated the

CEA would not be subject to these requirements if less than \$750,000 of the federal funds was spent per year.

6. CRMP Managing Director Annde Ewertsen will present the CRMP Mitigation (Earthquake Brace + Bolt) update.

Ms. Ewertsen showed the Board the redesigned demonstration house used to help individuals better understand the process, how a seismic retrofit would look, and how it would add stability. She provided an overview of the CEA and CRMP Earthquake Brace + Bolt Programs, FEMA-trained contractor data, regional cost, and retrofit data.

Ms. Ewertsen stated 4,000 individuals have been invited to participate in the DR-4344 \$20 million grant. She stated, when the grants are moved over to FEMA, the DR-4308 grants will be fulfilled first. She stated enough people may withdraw from the program within the next few months to allow the rest of the book to be brought in. At that point, it will be decided how to open the registration moving forward.

Ms. Ewertsen stated two additional grants have been applied for under DR-4407 – an EBB soft story (soft story ESS grant) and another EBB grant. FEMA did not move forward the pre-disaster mitigation grant for a multi-family program.

Questions and Discussion

Chair Ziemer referred to the contractor data slide and asked about the location of the 13 contractors who have completed 100 to 399 retrofits and the 5 contractors who have completed 400-plus retrofits. Ms. Ewertsen stated one is in Northern California and the other 12 are in Southern California.

Ms. Curry asked if there are a comparable number of ZIP Codes for Northern and Southern California. Ms. Ewertsen stated there are a larger number of eligible houses in Southern California. Mr. Ziemer added that Southern California comprises roughly two-thirds of the CEA book.

Ms. Curry asked if homes that have been retrofitted through this program have been tested. Ms. Ewertsen stated staff overlaid homes in the Ridgecrest area that had participated in the program on a shake map. No home that had been retrofitted experienced any great shaking. Any time there is a minor earthquake, the team does a shake map and overlays not only the individuals who have completed the retrofits but also any individual who is currently going through the process.

Mr. Ziemer suggested overlaying the map with claims versus retrofit.

Mr. Pal asked for a briefing on AB 548 at a future Board meeting, targeting low-income households, and defining what will constitute low income households.

7. 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.

8. Adjournment.

There being no further business, the meeting was adjourned at 2:14 p.m.