

*As approved by the CRMP Governing Board on March 5, 2019*

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

**Tuesday, December 11, 2018  
1:00 p.m.**

Location: California Earthquake Authority  
801 K Street  
10<sup>th</sup> Floor, Suite 1000  
Sacramento, California

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

Mitch Ziemer, Chair, Insurance and Claim Director, California Earthquake Authority (CEA)  
Grace Koch, Chief Deputy Director, California Office of Emergency Services (Cal OES)  
Dan Dyce, Consultant, CEA

Members of the CRMP Staff in attendance:

Janiele Maffei, Executive Director  
Annde Ewertsen, Managing Director, CRMP  
Danny Marshall, Secretary  
Seth Merewitz, CRMP Counsel  
Tim Richison, Treasurer  
Anthony Tassone  
Jacqueline Ball

Also Present:

No members of the public addressed the Board.

**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 August 21, 2018, CRMP Governing Board Meeting.**

**MOTION:** Mr. Dyce moved approval of the August 21, 2018, California Residential Mitigation Program Governing Board Meeting Minutes as presented. Ms. Koch seconded. Motion carried unanimously.

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

Janiele Maffei, CRMP Executive Director, played a sample video advertisement for the Earthquake Brace + Bolt Program for the Board's review. She updated the Board on the CEA's mitigation projects:

#### CEA Brace + Bolt

- The CRMP will be in areas where policyholders will have a greater impact by the new Rate and Form Filing to give them up to a 25 percent discount on their premiums for retrofitting their homes.

#### Research

- Research is ongoing for the Pacific Earthquake Engineering Research Institute (PEER) project.
  - Small-component testing is being done at the University of California, San Diego.
  - Full-scale testing is being done at the University of California, Berkeley.
- Research is ongoing for the update to the Consortium of Universities for Research in Earthquake Engineering (CUREE) General Guidelines.

#### FEMA P-1100 (ATC 110)

- The Federal Emergency Management Agency (FEMA) P-1100 has been published on the FEMA website and available for download.
- FEMA, ATC, and CEA are working to move the FEMA P-1100 prestandard into a standard that will be adopted into the California Building Code.

#### Alaska Earthquake

Ms. Maffei showed photos of the damage done by the November 30<sup>th</sup> Alaska Earthquake. The slides included photos of damage done to homes with living space over the garage. She stated the living-space-over-garage vulnerability still exists in the code today. She stated it is time that the CEA work with other organizations to eradicate that.

#### Legislative Efforts

- H.R. 5610 – the Earthquake Mitigation Tax Incentive might have a chance to pass after refinement.
- The CEA is working on legislation with Senator Hertzberg to reduce the reinsurance paid annually by the CEA, to provide up to \$100 million annually for mitigation, and to provide funding for the CEA for rate stabilization.

#### **4. CEA Financial Lead Anthony Tassone will review the CRMP financial statements as of October 31, 2018.**

Anthony Tassone, CEA Financial Lead, provided an overview, with by a slide presentation, of the CRMP financial information as of October 31, 2018. He stated the Napa Earthquake Brace + Bolt (EBB) Expenditure Report has not yet been closed out, although there was no current activity to report.

Ms. Koch asked when the Napa EBB information had been transferred to FEMA. Annde Ewertsen, CRMP Managing Director, stated she did not know the date but stated it was submitted to Cal OES a few months ago.

**5. CRMP Managing Director Annde Ewertzen will present the CRMP Mitigation (Earthquake Brace + Bolt) update.**

Ms. Ewertzen provided an overview, accompanied by a slide presentation, of the contractor database, regional data, withdrawal rate, and status of the Earthquake Brace + Bolt (EBB), Napa EBB, and CEA Brace + Bolt (CEA BB) programs. She stated the CEA BB program will soon be closed pending final paperwork of the last two homes retrofitted for that program, which will make a clean slate moving forward with next year's program. She noted that the cost of retrofits in both Northern and Southern California have continued to go down since 2016.

Ms. Ewertzen stated the CRMP approved the purchase of two Crawl Bots to be used when accessibility to crawl space is difficult. She showed a short video of the Crawl Bot 6 at work. She noted that the Crawl Bots, as CRMP property, would be available after events should the CEA choose to use them.

Danny Marshall CRMP Secretary, asked what determines a withdrawal from a program.

Ms. Ewertzen stated it means that a homeowner no longer wanted to be part of the program or they did not complete within the timeframe required. A permit is required to be pulled or an extension filed within 60 days. The requirement has been lengthened to 90 days for the 2019 programs.

Mr. Dyce asked if the contractor completes the paperwork for the homeowner. Ms. Ewertzen stated some do but it is not a requirement.

Mr. Dyce stated the need to determine where in the process each homeowner was deemed a withdrawal. A withdrawal on the front end means they did not get through step one. Failure to complete measured from the back end could be for any number of reasons at any point in the process. Ms. Ewertzen stated 98 percent of the homeowners who complete the pulling of a permit complete the retrofit process. To be deemed a withdrawal, the homeowner either decides they want out or they do not do anything within the allotted timeframe.

**6. CRMP Managing Director Annde Ewertzen will present the CRMP request to increase the number of retrofit grants available for the 2018 program, for approval.**

Ms. Ewertzen asked for to increase to the number of retrofit grants for the 2018 program to 3,400.

Ms. Koch asked if it is contingent upon funding or if funding is already available. Ms. Ewertzen stated there is funding already available.

Staff Recommendation:

- Approve an additional 300 retrofit grants for the 2018 program, which will bring the total number of retrofit grants to 3,400.

**MOTION:** Ms. Koch moved approval of the staff recommendation as presented.

Mr. Dyce seconded. Motion carried unanimously.

**7. CEA Financial Lead Anthony Tassone will present the 2019 CRMP Proposed Budget, for approval.**

Mr. Tassone provided an overview of the CRMP 2019 proposed budget. He stated the greatest change is in the FEMA grants to homeowners, legal services, and call center categories.

Mr. Dyce asked about the decrease in the grants for homeowners in the proposed budget. Mr. Tassone stated the decreased grant amount was due to only budgeting the 4308 FEMA project and the 200 carryovers for the 2018 program plus 300 additional. For 2018, funding was available from the CEA Mitigation Fund that covered a larger portion of the 2018 program. It relates to where the funding is coming from and how that correlates to the number of homeowners covered.

Tim Richison, Treasurer, stated the source of funding for the CRMP is dwindling. He stated, after this funding is approved, the Earthquake Loss Mitigation Fund will only have \$3.4 million in the fund from the original \$26 million three years ago. He stated, if Mr. Dyce's question was about whether it could continue to fund at the level it funded in 2018, the answer is it cannot. The Earthquake Loss Mitigation Fund is also the source of funding for the research projects previously reported on.

Mr. Dyce asked when the fund will be replenished. Mr. Richison stated it will only be replenished, upon chief actuary approval, and in the case of another earthquake the chief actuary may not provide approval to move funds.

Mr. Dyce asked about the timeframe. Mr. Richison stated future funding will happen after the audit is completed, which will be reported at either the June or September meetings.

Ms. Maffei stated the one advantage is that the ATC 110 has been completed. She stated the PEER and CUREE projects come out of the CEA Research Department budget. She stated Ms. Ewertsen confirmed with FEMA and Cal OES that the CRMP does not have to do the local math with actual dollars - that the amount that the homeowner puts in can be utilized as the local match. All the FEMA funding does not have to be matched dollar for dollar.

Ms. Koch asked, if the Hertzberg legislation passes, whether the \$100 million annually will be for research, mitigation, or EBB programs. Ms. Maffei stated it is yet to be determined, but the hope is for the majority of the funds to go into mitigation.

Mr. Marshall stated how the funding will be used is intimately tied with the strategy of the legislation.

Mr. Ziemer asked if the typical amount of funding provided to the LMF is based on the premium and what the refund would be. Mr. Richison stated it is based on investment income. This year, it will be approximately \$4.8 million.

**MOTION:** Mr. Dyce moved approval of the proposed 2019 CRMP Budget as presented. Ms. Koch seconded. Motion carried unanimously.

## **8. CRMP Managing Director Annde Ewertsen will present the CRMP Business Plan Update, for approval.**

Ms. Ewertsen summarized the proposed revisions to the business plan.

Ms. Koch asked if there will be two different programs with dedicated FEMA funding for single-family dwellings and larger residential buildings in the new rollout to expand the eligibility for the larger homes to eliminate competition between the two. Ms. Maffei stated there will be.

Ms. Koch asked if expanding to larger residential buildings would be considered a pilot. Ms. Maffei stated that would be ideal.

**MOTION:** Ms. Koch moved approval of the revised CRMP Business Plan as presented. Mr. Dyce seconded. Motion carried unanimously.

**9. CRMP Managing Director Annde Ewertsen will present the CRMP Governing Board Officer Appointments, for approval.**

Ms. Maffei thanked Mr. Marshall and Mr. Richison for their more than 20 years of service to the CEA and contributions to the CRMP. She wished them all the best in their retirements.

Ms. Ewertsen presented Mr. Marshall and Mr. Richison with small gifts of appreciation from the CRMP for their important contributions to the program.

Staff Recommendations for Appointments:

- Treasurer, Ben Kirwan, CEA Controller
- Secretary, CEA Acting General Counsel

**MOTION:** Mr. Dyce moved approval of the staff recommendations as presented. Ms. Koch seconded. Motion carried 2 yes, 0 no, and 1 abstain, per roll call vote as follows:

The following Board Members voted “Yes”: Ziemer and Dyce.

The following Board Member abstained: Koch.

**10. CRMP Managing Director Annde Ewertsen will present the Proposed Governing Board 2019 Meeting Dates, for approval.**

Ms. Ewertsen presented the proposed 2019 CRMP Governing Board meeting dates.

**MOTION:** Ms. Koch moved approval of the proposed 2019 CRMP Board meeting dates as presented. Mr. 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 the public.

**12. Adjournment.**

Mr. Ziemer adjourned the meeting at 2:00 p.m.