

As approved by the CRMP Governing Board on December 11, 2108.

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

**Tuesday, August 21, 2018
1:00 p.m.**

Location: Governor's Office of Emergency Services (Cal OES)
3650 Schriever Avenue
Room A118, Media Room
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)
Grace Koch, Chief Deputy Director, Cal OES
Dan Dyce, Consultant, CEA

Members of the CRMP Staff in attendance:

Janiele Maffei, Executive Director
Annde Ewertsen, Managing Director
Seth Merewitz, CRMP Counsel
Anthony Tassone, CEA Financial Lead
Jacqueline Ball, Executive Assistant
Mark Grissom
D'Anne Ousley, Communications Specialist

Also Present:

Bill Rosenberger, JLK Rosenberger Certified Public Accountants
Maria Vigul, JLK Rosenberger Certified Public Accountants

1. Call to order and member roll call.

Mr. Ziemer called the meeting to order at 1:06 p.m. A quorum was achieved.

2. Consideration and approval of the minutes of the May 15, 2018, CRMP Governing Board Meeting.

MOTION: Ms. Koch moved approval of the May 15, 2018, California Residential Mitigation Program Governing Board Meeting Minutes as presented. Mr. Dyce seconded. Motion carried unanimously.

3. Consideration and approval of the minutes of the July 16, 2018, CRMP Governing Board Meeting.

MOTION: Mr. Dyce moved approval of the July 16, 2018, California Residential Mitigation Program Governing Board Meeting Minutes as presented. Ms. Koch seconded. Motion carried unanimously.

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

Janiele Maffei, CRMP Executive Director, stated 5,800 seismic retrofits have been completed thus far this year. She updated the Board on the CEA's mitigation projects:

2016 CEA Brace + Bolt

The new Rate and Form Filing, which is currently in review by the Department of Insurance (DOI), is based on the new understanding of earthquakes - that there is a greater probability of larger earthquakes and series of earthquakes in California. The 2016 CEA Brace + Bolt Mitigation Incentive Program will now offer premium relief that is part of the change in its modeling due to this new understanding.

- The ZIP Code areas have been modified such that policyholders with expected rate increases greater than 15 percent will be invited to participate in this program.
- The new Rate and Form Filing will give those policyholders a 25 percent discount on their premiums when they participate in this program.

Mr. Dyce asked when the improved program will roll out. Ms. Maffei stated it is expected to roll out in late October or early November, based on the DOI approval of the new Rate and Form Filing.

ATC 110 Prestandard

The ATC 110 Prestandard has been completed and will be published by the Federal Emergency Management Agency (FEMA) as FEMA P-1100.

QuakeGrade

The QuakeGrade project is on hold because the Project Lead is currently out on leave.

Research Grant Program

Staff is working on a grant program that maximizes the amount of funding that goes to students and professors after the portion required for their institutions is taken. Danny Marshall is working to put universities under contract in order to get more funding to students and professors. The grant program is expected to roll out next spring.

Updated General Guidelines

The General Guidelines are meant to provide information to assist claim adjusters since earthquakes are infrequent. The piece that was missing was the more technical document for engineers. That document will also be completed under this project.

Ms. Koch stated one of the problems, due to eligible reinforcement criteria with FEMA, is the uncertainty whether damage was caused by seismic activity or if it was preexisting. Public entities are potentially leaving money on the table because they cannot provide proof. They need

to be better informed. She suggested the Napa earthquake would be a good place to look for that information because damage will not be found until after the incident period.

CEA - PEER Research Program

The results to date are good. Staff continues work with the modelers to get the best available science to inform the Rate and Form Filing. It is important to support the development of that science.

Mr. Ziemer asked about the timeline for this project. Ms. Maffei stated FEMA P-1100 will be published this fall. It can be utilized in the program immediately but will take approximately two years to be fully adopted into the code. The PEER project is over a year into the three-year project. The Southern California Earthquake Center (SCEC) is not yet under contract.

5. CEA Financial Lead Anthony Tassone will review the CRMP financial statements as of June 30, 2018.

Anthony Tassone, CEA Financial Lead, provided an overview, with a slide presentation, of the CRMP financial information as of June 30, 2018.

6. CEA Financial Lead Anthony Tassone will review the Report of Audit on CRMP Annual Financial Statements 2017.

Mr. Tassone welcomed Bill Rosenberger, Partner, JLK Rosenberger Certified Public Accountants. Mr. Rosenberger deferred to Maria Vigul, Senior Auditor, JLK Rosenberger Certified Public Accountants, to present the report.

Ms. Vigul 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 2017 Audit Results. She stated the audit was clean and under budget.

7. CRMP Managing Director Annde Ewertsen will present an Earthquake Brace + Bolt update.

Annde Ewertsen, CRMP Managing Director, provided an overview, with a slide presentation, of the program status, contractor status, retrofit costs by region, engineered and non-engineered retrofits completed, withdrawn homeowners, and Hazard Mitigation Grant Program status for the Earthquake Brace + Bolt (EBB) Programs. She reviewed the Staff Memo, which was included in the meeting packet.

- The 2017 EBB program was officially closed at 2,185 retrofits completed.
- One applicant was moved into the 2018 program due to difficulties with the contractor and engineer.
- The 2018 EBB program is ahead of schedule with over 1,300 retrofits completed to date and over 1,000 retrofits in progress.
- The Napa EBB program was officially closed at 84 retrofits completed.
- The CEA BB program has 92 retrofits completed with 10 in progress. This program will be closed out as the new program is opened to include over 10,000 policyholders to participate.

- 6,000 retrofits total are expected by the end of the month.

Ms. Ewertsen stated a social media policy and procedures have been adopted and posted on the website and on the Facebook page.

Ms. Koch asked who monitors contractor standing. Ms. Ewertsen stated the CRMP uses an application programming interface (API) that verifies that they are in good standing every time a contractor is added as a contractor of choice for a retrofit and again at time of payment.

Seth Merewitz, CRMP Counsel, asked what regulation the Environmental Historical Preservation (EHP) review is based in. Ms. Koch offered to send the Code of Federal Regulations (CFR) to Mr. Merewitz so he could see the citing for that.

Mr. Merewitz stated it would be worthwhile to review the CFR since the EHP review adds five months of delay for every project. Ms. Koch agreed that it affects every project and has been a problem.

Ms. Ewertsen stated the CRMP helps as much as possible by not accepting houses that are on the National Historic Registry and taking care of possible flood issues up front.

Mr. Ziemer asked if staff has considered if the \$3,000 reimbursement amount needs to be updated. Ms. Ewertsen stated it does not need to be updated at this time - the average cost of a retrofit continues to be between \$3,500 and \$5,500.

8. CRMP Managing Director Annde Ewertsen will present a recommendation to transfer money from CEA's Earthquake Loss Mitigation Fund to the California Residential Mitigation Program to fund additional retrofit grants, for approval.

This item was not heard. It was mistakenly left on the agenda from the last meeting.

9. CRMP Managing Director Annde Ewertsen will present a new EBB Inspection Services Agreement with Twining, Inc., for three years of EBB Inspections, September 1, 2018, to July 31, 2021, for approval.

Ms. Ewertsen stated the CRMP issued a Request for Qualifications (RFQ) for inspection services to inspect 10 percent of the completed retrofits annually. Two submissions were received and scored and interviews were conducted. The winning proposer was Twining, Inc., the current contractor. She noted that Twining reduced their fees from \$1,400 to \$1,030 per inspection for this contract period. She stated two Crawl Bot remote inspection devices were purchased at \$2,500 each and will be returned to the CRMP upon request. Ms. Ewertsen stated the Crawl Bots may be helpful during initial investigations following future earthquakes.

Ms. Koch asked if the inspection services company provides reports monthly or after each inspection. Ms. Ewertsen stated reports are provided after each inspection and are saved to each applicant's record.

Ms. Koch asked if substandard work was ever noted. Ms. Ewertsen stated some reports mention contractors that do great work and other contractors that sometimes leave it messy under the house.

Staff Recommendation:

- Approve the CRMP's new Services Agreement with Twining, Inc., for inspection services, as proposed, and authorize Executive Director Janiele Maffei to execute the contract through July 31, 2021, on the CRMP's behalf.

MOTION: Ms. Koch moved approval of the staff recommendation. Mr. Dyce seconded. Motion carried unanimously.

10. 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.

11. Adjournment.

There being no further business, the meeting was adjourned at 2:01 p.m.