

**CALIFORNIA EARTHQUAKE AUTHORITY
GOVERNING BOARD MEETING
MINUTES**

Thursday, February 5, 2009, 1:00 p.m.
[Adjourned to Wednesday, February 11, 2009, 1:00 p.m.]

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

Members of the CEA Governing Board in attendance:

J. Clark Kelso, designee of Governor Arnold Schwarzenegger, Chairperson
Bill Gausewitz, designee of Insurance Commissioner Steve Poizner
Paul Rosenstiel, designee of State Treasurer Bill Lockyer

Members of the CEA Staff in attendance:

Glenn Pomeroy, Chief Executive Officer
Tim Richison, Chief Financial Officer
Chris Nance, Director of Communications and External Affairs
Susan Pitton, Governing Board and Advisory Panel Liaison
Danny Marshall, General Counsel

1. The meeting was called to order at 1:00 p.m. A quorum was established.

- Mr. Kelso noted that this meeting is Mr. Rosenstiel's last, since he is leaving state service. Mr. Kelso, Mr. Gausewitz, and Mr. Pomeroy publicly thanked him for his participation and dedication while serving on the Board.

2. Discussion and consideration by the Board of recent directives regarding civil service personnel and office closure.

- Mr. Pomeroy stated that, although the CEA employs staff members subject to civil service provisions, the CEA is not a state agency and is not funded through the state budget. He said he had hoped that the Governor's furlough order would not apply to civil-service positions at the CEA, because furloughing CEA employees provides no cost savings to the state.
- Mr. Pomeroy explained that, following a recent court order and after discussions with DPA, it appears the furlough order will apply to CEA staff subject to civil service provisions and there will be no exemption by DPA of CEA or its employees. Although the situation may change following clarification or appeal of the judge's order and the CEA will monitor further developments, Mr. Pomeroy said he and his executive staff have concluded it is prudent to prepare for a furlough plan of action.

- Department of Personnel Authorization has granted CEA permission to conduct a furlough program on a “rolling basis,” meaning that the CEA’s offices will remain open for regular office hours and employees will be permitted to take furlough days when they choose, although they must take them within a particular period.
 - Mr. Kelso suggested that the rolling furlough process be started as soon as possible to give employees maximum flexibility under the furlough rules; Mr. Pomeroy concurred.
 - Mr. Rosenstiel remarked that one explanation for the furlough program is cash savings—under the program, the state’s pool of cash would be preserved. But since the CEA is neither state general fund nor special fund, the CEA’s money is not borrowable for the general fund. Thus, furloughing CEA employees subject to civil service provisions will produce neither budgetary nor cash savings.
- 3. 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
- 4. The Board will meet in closed session to discuss litigation matters, as permitted by California Government Code section 11126, subdivision (e).**
- The Board entered closed session at 1:22 p.m. and resumed open session at 2:24 p.m.
- 5. Adjournment.**
- The Board voted to adjourn the meeting to a date, time, and place certain, as provided by law. With the Board’s concurrence, Chairman Kelso adjourned this meeting until Wednesday, February 11, 2009, at 1:00 p.m. at 801 K Street, Suite 1000, Sacramento, California.
- 6. Resumption of the Board meeting, as adjourned to and continued on February 5, 2009, at 1:00 p.m. at 801 K Street, Suite 1000, Sacramento, California**

Members of the Governing Board in attendance:

Bill Gausewitz, designee of Insurance Commissioner Steve Poizner
Grant Boyken, designee of State Treasurer Bill Lockyer

Members of the CEA Staff in attendance:

Glenn Pomeroy, Chief Executive Officer
Susan Pitton, Governing Board and Advisory Panel Liaison
Danny Marshall, General Counsel

- The Board reconvened in public session at the date and time, and at the location noted immediately above.

- Mr. Boyken called the meeting to order and noted the presence of a quorum. In the absence of the Governor and his designees, Mr. Gausewitz was elected to chair the meeting.

CEO Report

- Mr. Pomeroy reported that a tentative budget agreement had been reached with at least one state bargaining unit, but no details were available. The CEA continues to gear up to implement the rolling furlough, if needed.
- He suggested that the meeting adjourn until next week, in light of the need to obtain more information about the budget agreement and the time needed to digest that information.
- Mr. Marshall suggested that the Board move adjournment of today's meeting session to February 18, 2009, at 1:00 p.m. at the same location, but if for any reason that meeting session does not go forward, the meeting session that began today will effectively be declared adjourned without the necessity for a further Board meeting.

MOTION: Mr. Boyken moved to accept Mr. Marshall's suggestion; Mr. Gausewitz seconded the motion. Motion carried unanimously.

The Meeting adjourned to a date, time, and place certain at 1:33 p.m.