

**CALIFORNIA EARTHQUAKE AUTHORITY  
GOVERNING BOARD MEETING  
MINUTES**

**Friday, April 12, 2019  
1:30 p.m.**

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

Members of the Governing Board in attendance:

State Treasurer Fiona Ma  
Michael Martinez, designee of Insurance Commissioner Ricardo Lara  
Jeffrey Wood, designee of Speaker of the Assembly Anthony Rendon  
(via teleconference)

Members of the CEA Staff in attendance:

Glenn Pomeroy, Chief Executive Officer  
Sheri Aguirre, Strategic Advisor  
Tom Hanzel, Chief Financial Officer  
Susie Hernandez, Legislative Director  
Chris Nance, Chief Communications Officer  
Colby Tunick, Acting Governing Board Liaison  
Tom Welsh, General Counsel

Also present:

Alex Barnett, Policy Consultant, Office of California Senator Robert Hertzberg  
John Norwood, Norwood Associates (via teleconference)  
Kasey O'Connor, Legislative Director, Office of the State Treasurer

**1. Call to order and member roll call.**

Acting Chair Fiona Ma called the meeting to order at 1:30 p.m. A quorum was achieved.

- 2. Chief Executive Officer Glenn Pomeroy will ask that the Governing Board adopt a resolution or resolutions authorizing CEA to sponsor and/or actively support the passage and adoption of certain state and federal legislation related to the business of CEA and CEA's seismic mitigation efforts, including California Senate Bill 254 (Hertzberg), California Assembly Bill 548 (Rodriguez), and any federal legislation providing federal**

**tax exemptions for any grants or other seismic mitigation benefits funded through or by CEA.**

**• Senate Bill 254**

Glenn Pomeroy, Chief Executive Officer, provided a summary, with a slide presentation, of Senate Bill (SB) 254 (Hertzberg), the Resilient Homes Initiative. He stated SB 254 will dramatically increase funds available for residential earthquake mitigation programs and will enhance the long-term sustainability of the CEA.

Questions and Discussion

Acting Chair Ma asked about the difference that has caused entities that opposed the last iteration to now be in support of this current version of the bill. Tom Welsh, General Counsel, stated the reason for the robust and diverse list of supporters is due to the CEA's efforts during the last few years to educate individuals on how to take steps to enhance the CEA's ability to be more meaningfully involved in its core mission of mitigating and helping California prepare. This bill represents sound public policy and is the product of a deeper amount of stakeholder communication.

Acting Chair Ma suggested contacting the resiliency officer in San Francisco. Mr. Pomeroy stated staff has had ongoing discussions with Brian Strong, Chief Resilience Officer for San Francisco. Their official position on the bill is not yet known since the bill only became available last week.

Acting Chair Ma offered her assistance. Mr. Pomeroy stated he would appreciate her help.

Mr. Martinez stated Insurance Commissioner Lara feels that this proposal benefits everyone – it strengthens homes and provides sustainability to the CEA. Mr. Martinez referred to the second point on the resolution, which was included in the meeting packet, and stated the need for the Department of Insurance to promulgate regulations to ensure clarity on the part of insurers and the CEA – the collection of the assessment, the enforcement, and the logistics between the insured and the insurer.

Public Comment

John Norwood, Norwood Associates, stated a number of clients have concerns about this bill, including independent insurance agents, the California Insurance Wholesalers Association, First American Corporation, the Independent Insurance Agents and Brokers of California, and Zenith Insurance Company. He stated the amendments to this bill just became available last week and have yet to be digested by the public or the industry. He stated the Legislature should not be looking at competing assessments on non-participating insurers and their policyholders at this time. He suggested that SB 254 be a two-year bill to give time for additional workshops on this issue. He suggested that the CEA bring in experts to come up with a report detailing other possibilities. He stated the

concern that it falls to agents and surplus lines brokers to collect assessments but they do not receive anything in return. He questioned their authority to collect assessments from clients.

Mr. Pomeroy stated he would connect with Mr. Norwood offline to discuss his concerns. He stated he disagreed that the bill should become a two-year bill because of the need to retrofit as many homes as possible as soon as possible.

Acting Chair Ma agreed that there is a great need to retrofit as many homes as possible. She stated the CEA will have an opportunity to work together on concerns because this is just the beginning of the process. She moved to support the resolution to sponsor SB 254 and to continue to bring experts together to continue the dialogue and insure against unintended consequences to the best of the CEA's ability. Mr. Martinez seconded.

**MOTION:** Ms. Ma moved adoption of the resolution of sponsorship of and support for Senate Bill 254 by Senator Herzberg as presented by staff. Mr. Martinez seconded. Motion carried and approved by a roll call vote.

• **Assembly Bill 548**

Mr. Pomeroy continued the slide presentation and discussed Assembly Bill (AB) 548 (Rodriguez). He stated the goal of AB 548 is to encourage the CEA to find a way to make the Earthquake Brace + Bolt program more meaningful to individuals of low-income and vulnerable communities.

**MOTION:** Mr. Martinez moved to authorize the CEA to actively support Assembly Bill 548 by Assemblyman Rodriguez as presented by staff and to authorize CEA staff to work with legislative leaders and members of the Senate, Assembly, and stakeholders to see passage of this bill. Ms. Ma seconded. Motion carried and approved by a roll call vote.

• **H.R. 2053 and Senate Bill 1058**

Mr. Pomeroy continued the slide presentation and discussed H.R. 2053 and SB 1058 to eliminate the tax penalty on grants at the federal level.

**MOTION:** Mr. Martinez moved to authorize the CEA to actively support H.R. 2053 and Senate Bill 1058 in the United States Congress and authorize CEA staff to work with Congressional leaders and members of the United States House and Senate to see passage of these measures. Ms. Ma seconded. Motion carried and approved by a roll call vote.

**3. Adjournment.**

There being no further business, the meeting was adjourned at 2:58 p.m.