

As approved by the Governing Board on Tuesday, August 26, 2025.

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

**May 27, 2025
1:00 p.m.**

Location: California Earthquake Authority
400 Capitol Mall
Suite 1200
Sacramento, CA 95814

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

Attendance:

Lori Nezhura, Chair
George Sittner, Vice Chair
Tracy Palombo
Eric Swanson

Members of the CRMP Staff in Attendance:

Janiele Maffei, Executive Director
Stephanie Stephens, Managing Director
Mark Grissom, Program Manager
Benjamin Kirwan, Treasurer
Seth Merewitz, Counsel
Maura White, Secretary

1. Call to order and member roll call.

Chair Nezhura called the meeting to order at 1:01 p.m. A quorum was achieved.

2. Consideration and approval of the minutes of the February 11, 2025, CRMP Governing Board meeting.

There were no questions from Governing Board Members and no public comment.

MOTION: The Governing Board unanimously approved the February 11, 2025, minutes of the California Residential Mitigation Program Governing Board by roll call vote.

3. CRMP Treasurer Benjamin Kirwan will review the CRMP financial statements as of March 31, 2025.

Mr. Kirwan reviewed the CRMP financial information as of March 31, 2025:

Balance Sheet:

- Assets
 - The Cash and Cash Equivalents Line Item is approximately \$3.2 million. Cash reserve balances will be reviewed in the next agenda item.
 - The Accounts Receivable Line Item of \$11.8 million is made up of completed retrofits that are waiting to be reimbursed from the California Governor's Office of Emergency Services (Cal OES).
 - The CRMP total assets are approximately \$15 million.
- Liabilities and Fund Balance
 - The Accounts Payable and Accrued Expenses Line Item of approximately \$123,411 is mainly made up of outstanding retrofit payments that have been approved but not yet paid. These were paid after yearend.
 - This Line Item is also made up of small amounts of general and administrative operating expenses.
 - The current total fund balance is approximately \$14.9 million.
 - The total liabilities and fund balance is approximately \$15 million.

Statement of Revenues, Expenditures, and Changes in Fund Balance:

- Revenues
 - Contributions from other governments of approximately \$5.1 million is the total amount of reimbursed retrofit payments both received and outstanding during the first three months of 2025.
- Expenditures
 - The largest expenditures were audit fees of \$10,500, grants to homeowners of \$5 million, inspection services of \$17,920, insurance of \$23,760, software and IT support of \$12,837, and marketing services/program education of \$40,645.
 - Total revenues were \$5.196 million, total expenditures were \$5.162 million for a positive net change in fund balance of \$34,433 for the first three months of 2025.
 - The fund balance at the end of the year was \$14.9 million.

Budgeted Expenditures and Actual Expenditures:

Mr. Kirwan noted that all Line Items are anticipated to be well under budget for 2025. Part of the reason for this is that the rollout of one of the Earthquake Brace + Bolt (EBB) programs took longer than anticipated. Also, the CRMP has lost funding for the two \$25 million Federal Emergency Management Agency (FEMA) Building Resilient Infrastructure and Communities (BRIC) Grant Programs. Revised budget figures will be presented to the Board for approval at a future meeting.

There were no questions from Governing Board Members and no public comment.

4. CRMP Treasurer Benjamin Kirwan and CRMP Managing Director Shephanie Stephens will provide an update and seek direction from the Board on the CRMP funding and cash flow challenges.

Ms. Stephens thanked the Board for their one-on-one conversations and suggestions given to staff to help with funding and cash flow challenges. She stated, since those conversations, staff has received eight payment notifications from the Cal OES Financial Processing Unit, one check for a BRIC payment notification, and updates from Chair Nezhura and Robyn Fennig, Assistant Director, Hazard Mitigation, Cal OES, who was in attendance at this meeting, about the status of the CRMP's Retention Waiver. She stated because of the Board's input, the CRMP has great momentum going into the close of the state fiscal year.

Ms. Stephens stated concern that reimbursements have recently been taking the Cal OES Financial Processing Unit up to 100 days from the date of request to approve and forward them to the Cal OES Accounting Department, when they historically have taken approximately 42 days. The Accounting Department then takes an additional two weeks to process requests. She stated the question is where the CRMP is financially if these reimbursements are not received by the end of the fiscal year.

Ms. Stephens stated the Accounts Receivable balance is currently \$11.2 million. This includes reimbursement requests and retention because the Cal OES withholds 10 percent of all grant reimbursement requests until closeout of the process. She stated staff has asked about reducing the Hazard Mitigation Grant Program (HMGP) retention percentage to help with funding and cash flow challenges. The recommendation was that the CRMP submit a formal request to waive 100 percent of retention. The formal request was submitted to Cal OES on April 8, 2025. To date, the CRMP is carrying \$6.1 million in reimbursements and \$5.1 million in retention as the end of the state fiscal year draws near.

Mr. Kirwin provided a slide presentation overview of the outstanding Accounts Receivable reimbursement and retention schedules for approved FEMA hazard mitigation grants. He stated, if no reimbursement requests from FEMA are received, the CRMP will be out of money by November of 2025. It is imperative that the CRMP receive the \$11.2 million of reimbursements before the state's shutdown moratorium takes place in June.

Staff Recommendations:

- The Cal OES Financial Processing Unit (FPU) implement a two-week maximum turnaround time for payment notifications from submission of reimbursement requests.
- The CRMP's Retention Waiver request be formally approved and past due retention paid prior to June 2025 budget moratorium.
- The Cal OES provide the CEA with advancement of funds.
- A percentage (recommend 5%) of all HMGP disaster funding be prioritized for the CRMP.

Discussion

Chair Nezhura asked whether the \$5 million from the Loss Mitigation Fund pays for seismic retrofits.

Mr. Kirwan stated the \$5 million covers operating expenses and is a buffer to cover the lag time between the request and funding of reimbursements.

Vice Chair Sittner asked for more information about the lag time.

Mr. Kirwan stated there are many unknowns with regards to when reimbursement requests will fund from FEMA and Cal OES. He stated, decreasing the time that reimbursement requests are funded will address worse-case scenarios that may develop during the remainder of 2025.

Vice Chair Sittner asked why the lag time for reimbursements has increased.

Ms. Stephens stated it is due to an executive order for FEMA to review each reimbursement request on an individual basis. Although the executive order was lifted in March, the backlog created by the executive order still causes reimbursements to take 100 days. She noted that even 42 days for this first step in the reimbursement process seems long because the other two steps are at a standstill waiting for the first step to be completed. She stated this would not happen if there was a two-week turnaround for each step in the process.

Ms. Stephens noted that several payment notifications have been received in the last seven days, indicating that FEMA is shortening their turnaround time. She stated the hope that, within the next three to four weeks, the CRMP will be receiving all reimbursement checks. She stated, although this is good news, the protocols in the Staff Recommendation need to be put in place to ensure that this backlog does not continue to happen at the end of the state's fiscal year. She asked for feedback on the Staff Recommendations.

Vice Chair Sittner asked about the third recommendation that the Cal OES provide the CEA with advancement of funds.

Ms. Fennig stated the Title 2 Code of Federal Regulations (2 CFR) would not allow for that to happen. The CEA would have to take on additional requirements from a grants management perspective. Also, the Cal OES has never advanced funds to a single sub-recipient in its program. The CRMP will be the first to get a full retention waiver.

Chair Nezhura stated this will require more conversations internally in the Cal OES. She stated her team has talked with FPU leadership about removing the lockdown of the current reimbursement rate. Another conversation will be required about the two-week turnaround. She stated her team has talked with the Director about the Retention Waiver and is waiting for the Director's formal approval.

Mr. Swanson stated the FPU has been working overtime on requests. It is working under COVID-19 priority protocols until they are instructed to update the priorities.

Ms. Palombo asked where the CRMP reimbursements are in the FPU priorities and if they will be prioritized before the cutoff period in June.

Chair Nezhura stated the FPU has gone through every request and made notifications to forward them to the Accounting Department.

Ms. Palombo asked about the confidence level that the Cal OES will fund the CRMP reimbursement requests prior to the June cutoff.

Mr. Swanson stated the Department of Finance has revenue priorities for the big things that benefit the General Fund. Their priorities shift during the year.

Mr. Kirwan suggested opening up a line of communication with the FPU so he can receive updates on where the CRMP is in the process for reimbursement requests.

Vice Chair Sittner asked if getting the Loss Mitigation Fund and the retention funding plus the money in the bank puts the CRMP past the November date.

Mr. Kirwan stated it does.

Ms. Palombo asked if that takes into account any new retrofits that are still in the process.

Mr. Kirwan stated it does. The \$5 million of retention will put the CRMP to the end of December.

Ms. Maffei stated the CRMP typically reimburses homeowners within two weeks of the completion date, when the industry standard is a few months. Although not ideal, the program's one lever is to delay approval for payment.

Vice Chair Sittner stated the need to ensure that the CRMP does not get into a position where it cannot reimburse homeowners. He stated the reputational risk to the CEA is high if a reimbursement that was promised is not paid. He asked about the number of grants currently in the process that have been promised to be reimbursed.

Mr. Kirwan stated there are just under 4,000 retrofits in the process. He noted that this is the first time the CRMP has asked the Cal OES to help by speeding up their process. He requested at least the \$10.3 million before the June 6th moratorium begins. The finance team is currently running scenarios on how to solve this issue.

Ms. Fennig stated, as soon as the requested waiver of partial retention is approved by the Cal OES executive leadership, the request can be made immediately since all the documentation has already been submitted.

Vice Chair Sittner stated, if nothing is received in the next couple of weeks, the CRMP should consider not accepting additional applications into the grant process.

Ms. Maffei stated future grants do not have the issues that the June moratorium and the FEMA backlog have created.

Ms. Fennig stated the worst-case scenario would be receipt of an official Notification for Termination from the FEMA, but the federal government has many requirements it must meet prior to terminating an award and all eligible expenses incurred until receipt of that official notification. There will be time for the CRMP to take action.

Ms. Fennig stated the BRIC Grant Program is the first grant program under attack. The HMGP is different, since the funding is obligated and awarded. While other FEMA regions are not awarding new projects, the CRMP's FEMA region has been approving and obligating more grants throughout this entire time, since January.

Ms. Maffei stated, in the reimbursement program, "obligated" is an important word.

Ms. Stephens noted that \$27 million has been obligated as of three weeks ago.

Ms. Maffei stated staff will be submitting requests for payment throughout June, July, and August. The grant process will be ongoing; it will not have to restart in August after the moratorium is lifted. Cal OES is currently dealing with the FEMA backlog.

Ms. Stephens stated the Staff Recommendations may change over the coming weeks, depending on the progress of the FEMA backlog. She suggested voting on recommendations at the next meeting.

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

Ms. Maffei updated the Governing Board on the CRMP and CEA mitigation interests and projects:

Earthquake Brace + Bolt (EBB) and CEA Brace + Bolt (CEA BB) Retrofits to Date

- Retrofits strengthen four vulnerabilities as identified in the Applied Technology Council (ATC) 110 Research Project: cripple wall (mitigated by the EBB Program), living-space-over-garage (mitigated by the Earthquake Soft-Story (ESS) Program), hillside house, and chimney.
 - The EBB Program mitigates the cripple wall vulnerability.
 - The ESS Program mitigates the living-space-over-garage vulnerability.
- Over 31,000 retrofits have been completed to date.
- Supplementary Grants for income-eligible homeowners have been included in this year's registration period. This grant provides 100 percent of the funds needed to help strengthen houses in disadvantaged communities.
 - Over 2,391 Supplemental Grants have been paid to date.

Single-Family Earthquake Soft-Story (ESS) Program

- The Single-Family ESS Program to mitigate the living-space-over-garage vulnerability will launch early next year to address this pervasive and dangerous problem.

Earthquake Multi-Unit Retrofit (EMR) Grant Program

- The number-one residential target among the earthquake engineering community in California is the multi-family soft-story, which will be part of the EMR Grant Program.

Discussion

Chair Nezhura asked if Residential Retrofit Program Grant Management Systems (GMS) are customizable.

Ms. Stephens stated there are opportunities for automation such as giving FEMA or Cal OES direct access to information.

Public Comment

There was no public comment.

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

Ms. Stephens stated 1,496 retrofits have been completed since the last Board meeting and 3,008 are currently in the process. She reviewed the EBB and ESS registration and program cycles and the Hazard Mitigation Grant Program (HMGP) funding updates. She noted that FEMA terminated the BRIC Program on April 4, 2025. This means a loss of approximately \$33 million in Phase 2 funding for EMR grants.

Discussion

Ms. Palombo asked about turnaround times for the HMGP.

Ms. Stephens stated HMGP 4856 has 12 months from date of declaration with 15 months of extensions, if necessary.

Chair Nezhura stated the Cal OES has not yet accepted applications for the EMR Grant Program, since it is a different type of program that deals with landlords and may require a longer process.

Ms. Maffei stated the EMR process is projected to take six months to a year for the construction alone.

Public Comment

There was no public comment.

7. CRMP Managing Director Stephanie Stephens will provide an update of the Business Plan for review and approval. Board to act on proposed revisions or provide direction.

Ms. Stephens reviewed the proposed changes to the CRMP Business Plan, which were included in the meeting materials. She noted that there are no substantive changes proposed.

Discussion

Vice Chair Sittner stated the need for an indemnification and hold harmless section in the Joint Powers Agreement (JPA) holding harmless the CEA and Cal OES officers and directors.

Seth Merewitz, CRMP Counsel, stated there are plans to discuss this later this week. He agreed that this language would more appropriately belong in the JPA over the Business Plan.

Vice Chair Sittner asked about the limits of the CRMP cyber insurance.

Ms. Merewitz stated all insurance policies are managed by the CEA.

Vice Chair Sittner asked if the retrofit completion sign-off paperwork includes hold harmless and claim language.

Mr. Merewitz stated over the 15- to 16-years that the CRMP has been in existence, there has never yet been a claim filed against the CRMP or any liability proposed of the CRMP, the Board, or any Members. The program is structured in such a way that does not allow for liability by the CRMP not contracting with any contractor.

Vice Chair Sittner noted that there has not been a major earthquake during that 15- to 16-year period. This may be one reason why no claims have been filed against the CRMP, the Board, or its Members. He asked staff to share the document that is signed upon completion of a retrofit.

Vice Chair Sittner stated the revenue stream is changing, which causes uncertainty. He suggested including a short-term plan in the strategic plan, such as borrowing money, getting a line of credit, asking Cal OES to lend money, or other ways to alleviate possible future funding shortages. He suggested including longer-term strategies, such as resources through philanthropy, corporate donation, or other types of grants. He stated the need to think about other possibilities and other hazard mitigation efforts besides earthquake.

MOTION: Vice Chair Sittner moved staff's proposed changes to the CRMP Business Plan. Ms. Palombo seconded. There was no public comment on the motion. The motion passed unanimously.

8. 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.

9. Adjournment.

Chair Nezhura stated the next CRMP Board meeting is scheduled for August 26, 2025. There being no further business, the meeting was adjourned at 2:36 p.m.