



**California Fire Safe Council
BOARD OF DIRECTORS MEETING
OPEN SESSION MINUTES**

**September 23, 2019 1:30pm – 4:25pm
September 24, 2019 10:35am – 3:20pm**

Those Present: Bob Roper, Kate Dargan, Jerry Davies, Steve Hawks, David Horne, Pat Kidder, Bob Roper, David Shew, Troy Whitman, Frank Stewart, Pat Frost, Laura Blaul

Phone: Steve Hawks

Staff: Tracy Katelman, Elizabeth Lamar, Michaela Martinez

Bob Roper opened the meeting at 1:37pm

1. PARADISE Tour (10:00am – 12:00pm): Bob thanked Frank and the organizers for the tour of Paradise. The devastation was humbling: 2,000 business buildings and 14,000 residences were destroyed. FEMA funded crews are out in force. Butte County Fire Safe Council involved, testing, and assisting with recovery. Their success stories can be leveraged for future legislative actions and learning opportunities, e.g. if trees treated, 80% survived; if untreated, only 20% survived. Currently, their CFSC has 16 employees and a \$7MM budget.

2. Welcome & Agenda Review

- Bob added Sacramento Leg Day 2020 to tomorrow's agenda

1:51pm: Pat Frost made a motion to move to Closed Session, second by Pat Kidder, unanimous approval

2:15pm: Laura Blaul made a motion to continue Closed Session until a time to be determined and move to Open Session, second by Pat Frost, unanimous approval

3. August 14, 2019 Minutes

- Tracy questioned Item V regarding extension of Dee Tokimitsu's contract; no Board vote was taken to extend
- Item V was removed from the minutes and added to the agenda
- **David Shew moved approval of amended August minutes, second by David Horne, approved with one abstention (Troy Whitman)**

4. Committee Updates

- Lots of committee activity of late
 - Executive Committee conference call every other Tuesday but changing to every other Monday at 1pm

- Policy Committee conference call every other Friday at 7am
- Personnel and Finance meet as needed
- Audit Committee (Finance Committee + Norm) meets annually after the audit is completed
- Ad Hoc Clearinghouse with Amber, Pat and Pat as co-chairs has not met yet
 - Need to clarify mission
- Bob proposed (to be discussed tomorrow) that any member can participate in any committee meeting/conference call to ensure transparency
 - Only standing members vote but anyone can participate
 - Pat Frost added that we need to remember to take notes, especially of decisions made
 - All committee decisions must be ratified by full Board

5. Financial Report

A. IDC – Kate

- We hired a consultant, Kay Sohl, who is reviewing all financial documents as Phase I of IV contract phases
- Yesterday we received a lengthy email of her initial impressions and alternate options to address
- She should be ready to present to us in next few weeks (mid-October)
- Kate has confidence that she is the right person and will identify issues and options
- Bob added that Finance Committee appointed Kate as the direct liaison with Kay who will report back to the Finance Committee
 - Findings to CPA to agree or disagree
 - Recommendations to Board
- Pat Kidder asked if Kay can provide language for our grant agreements that allows us to optimize IDC rates; Kate believes she can

B. Cash Flow – David

- Delays in requests for reimbursements created cash flow problems
- Once discovered, reimbursement requests were made
 - USFS quick to respond: \$200K followed by \$100k reimbursed
 - Back to normal status
- David talked to Norm about the possibility of changing business practices:
 - Request advances for operating expenses
 - need to make request to USFS
 - if approved, should not have any cash flow issues
 - **Norm and David will begin discussing and will have an initial answer by December meeting**
- Tracy would like to work with Finance Committee and Norm to develop a cash flow calendar to help identify timeframes for communication with grantees on submittal dates

C. Auditor email

- Money left on grants that wasn't refunded and represents liability
- Approximately \$184k of old grants (2003-2009) in bank and auditors questioned it
 - Bethany stated USFS dictates when we pay back

- Auditors would like us to contact Fed agencies and ask if they want the money
 - ✓ Funds were never mentioned in prior audits by same company (clean results and CFSC classified low risk in last several audits)
 - We use it as Gen Fund dollars
 - Auditor challenging
 - Delays may mean we miss filing deadline
 - May lead to classification as “high risk”
- Bob proposed writing a letter to each agency verifying closure of specified grants
 - Bethany and staff search for our copy of closure letter
- Kate added we should push to close audit with questions pending
- **Action**
 - **Tracy will work with David to draft agency letters, to be signed by Tracy**
 - **Copy to auditors**
 - **Push auditors to close with questions pending**

D. Norm Email

- Norm’s email prompted Executive Committee suspension of spending and hiring of our three non-federal grants: RFFC, Edison Wildfire Assistance Fund (WAF), and CA Volunteers
- It is our fiduciary responsibility to error on the side of caution
- **Pat Kidder moved to ratify Executive Committee Action of September 4 to suspend grants, second by Laura Blaul, discussion:**
 - Intent is to continue CFSC business without increasing unfunded liability
 - **Pat Frost offered friendly amendment that Board, not CPA consultant, indicate resolution. Accepted by Pat Frost & Laura Blaul**
 - **Unanimous approval with Whitman abstaining**
- David Horne asked if the 19 SCE can be started without overhead expenses incurred (hold back on CFSC programmatic side) – Bob asked if David could work with Norm to make a written proposal that examines the issue and ensures no increase in unfunded liability
- **David will contact Norm to determine**
 - **David moved that the Executive Committee be authorized to act upon recommendation of the Finance Committee to move forward on the eight 19 SCE grants, second by Pat Frost**
 - Bob added that there will be no unfunded liability to the organization
 - In addition to releasing the 19 SCE grants, also review using the 2019 Edison funds to cover the 2018 Edison direct expense deficient
- The email from Norm leaves many other issues in suspense
- Best case for resolution would be end of October
- May also need serious restructuring of accounting practices
- Grantors understand the situation
- Edison has some concern as announcements to grantees and public were made

6. Private Grants (State Farm and Farmers)

- Paying current IDC rate so not frozen (actual overhead on both is 41%)

- State Farm
 - Jerry stated the \$53k was to create 4 new FSCs in Sonoma; need to get at least two from \$17 left
 - Tracy plans to contract with Fire Safe Sonoma to create two new FSCs plus training to conduct risk assessment for \$10k (the remaining \$4k would cover staff time/overhead)

7. Approval of 2019 Budget

- David discussed a “simple budget” due to late development
- Finance Committee has approved and recommends Board approval
- **Motion to approve by Jerry Davies, second by Pat Frost**
- Discussion
 - Two-step process to develop:
 - Double YTD expenditure
 - Each item then reviewed by Tracy to determine if doubling reasonable for a particular item and adjustments made as necessary
 - Fairly well balanced
 - Norm concerned doesn’t recognize all indirect costs
 - Difference is only approximately \$60k and have \$27k in bank
 - Bob asked how we address the \$40k deficient
 - David stated by line of credit is best guess
 - Pat Kidder stated we won’t know if we’ll have a deficit nor the amount until 2019 taxes are done
 - Pat added that budgets are an estimate for Board use, not for accounting
 - Tracy stated she would need to begin fundraising for deficit, once she receives board approval to raise private funds.
 - Kate suggested adding the \$60k the CPA stated as a potential deficit as an expense
 - In future, we will develop budget in November for adoption in December, **2020 budget due in Nov. 2019**
 - **Discussion tabled until David talks to Norm about the number to be added to the budget**

4:25pm: Motion by Kate to move to Closed Session, second by Frank Stewart, unanimous approval

Frank had to leave at this point

Tuesday, September 24, 2019

Meeting called to order by Bob Roper at 9:08am in Closed Session

10:35am Open Session resumed

1. Bob introduced **Phil Irwin of CA FAIR Plan** 916-413-8677
 - Insurance cancellations are drastic and unprecedented
 - FAIR plan is an answer
 - Dates back to 1968
 - Gaps exist due to unexpected change in role from riots and earthquakes to fire
 - Independent association run by insurance companies (non-governmental)
 - Everyone has an option for insurance, regardless of issue (socioeconomic, quakes, and now fires/smoke/explosions)
 - Carriers in State fund it per legislative action, amount based on market share
 - 60 employees
 - No marketing as objective is to lose policies
 - FAIR plan has right to adjust cost
 - Non-competitive
 - Needs companion package and costs vary widely
 - Firewise is only discount (10%)
 - Cap is increasing to \$3MM in April (from \$1.5 MM)
 - Need “wrap” or DIC (“difference in conditions”) from “normal” agent, e.g., Farmers, State Farm, etc.
 - Phil works as a consumer advocate in Sacramento and Washington – working for enhancements and discounts
 - Pat Kidder suggested adding FSC, CWPP, work performed as incentives toward a reduction as may be more effective than Firewise; Phil already advocating for it!
 - Need to ensure defined boundary/map
 - CFSC/FAIR would like to partner
 - Bob asked if they will host community forums to better educate public on FAIR plan
 - Yes, with our help
 - Main message – broker/agent/consumer consider every option with FAIR plan as last resort
 - Need to shop and understand DIC (significant cost range)
 - Also need to train agents and staff selling the policies
 - El Dorado Hills is next meeting
 - Kate added that RCRC has formed a task force on wildfire issues with subgroup on insurance
 - July presentation with CA Earthquake, FAIR plan, etc.
 - Planning legislative action next year
 - Kate stated insurance in general is heading toward scientific model rather than membership
 - Influence of industry is modeling or political with top-down approach
 - Our role? Efforts are accessible for them to access so they can include mitigation efforts in creation of model

- Ad Hoc Insurance Group: Chaired by Ed with Laura and David Shew
 - **By mid-October, determine if we're ready for a presentation at Dec meeting: timeframe and what will be accomplished**
 - Develop an agenda with focused time to address (max 2-hours)
 - Produce document for homeowners to understand
 - Understand entire process: Underwriting → claim → adjustment

- 2. **2019 Budget** - Revisit Agenda Item 7 from yesterday
 - Finance Committee discussed and recommends:
Approval of contract with Dee for up to \$25k for HR work only, based on prioritized list from ED
 - **Troy Whitman moved approval with second by Pat Kidder**
 - Discussion
 - Current scope of work is CAO but due to scale-back in programmatic work, Tracy no longer needs assistance in running org other than supervising Bethany
 - Tracy shared list of HR work completed
 - Some of work is frozen
 - Pat Kidder stated list not prioritized
 - stated HR manual should be first
 - salaries last
 - performance review process
 - recruitment up to job offer
 - Bob clarified Dee has no direction from EC and works for Tracy as interim CAO (needed due to complaints and investigation)
 - Kate pointed out that original action from yesterday was to vote on her contract - Why limiting scope?
 - **Troy withdrew motion**
 - Dee's contract is based on CAO job description
 - Kate in favor of \$25k for interim CAO, but if HR only, need to change scope and amount
 - **Bob Roper made motion to approve Finance Committee's motion for extension of contract for an additional \$25k, minus limit in scope, working as interim CAO reporting to ED except for disciplinary issues reported to Chair, Pat Frost seconded**
 - Confusion in CAO scope discussed
 - **Bob withdrew motion**
 - Tracy calculated Dee's contract expenditure to date and it will be depleted by October 1st
 - Pat Frost asked for accomplishments to date:
 - Staff issues
 - Recruitments
 - Job descriptions
 - Bethany
 - Hire and mentor Exec Assistant
 - Tracy concerns
 - Communication and contradiction of ED to staff
 - **Pat Kidder offered friendly amendment to Bob's original motion to limit contract term to next face-to-face meeting in December at amount to total of \$25k, accepted by 1st and 2nd; motion passed: 9 in favor with 2 opposed (Bob Roper and Kate Dargan)**

3. Health Care Premiums

Tracy received notification from Dee yesterday that health care premium is increasing

- Originally received by staff a week ago but Dee sent it to Tracy/Board yesterday
- Recommend Board absorb cost increase of \$4200 for policy term (\$50/mo/employee, Oct-Oct), all reimbursable (employee match will also increase for some employees)
- **Pat Frost moved approval, second by Kate Dargan, motion passes with 10 in favor and 1 opposed (David Shew)**
- Tracy to follow-up on lack of rate notice & report to BOD

4. Revisit Item 5C from yesterday (Auditor email)

- Dave spoke to Norm about letter to Fed agencies
- He advised we include the answer -- we want to keep money
- **Laura Blaul moved to write letter of discovery with resolution proposed, second by David Shew, unanimous approval**
- Tracy will draft letter to include:
 - Grants Closed
 - Several previous audits with no mention
 - Resolution is to allow us to keep funds

5. 2019 Budget Revisited (Item 7 above) – David spoke to Norm

- Norm accepts adding to budget as recognized deficit with plan to address through fundraising; He believes auditors will accept
- **David recommends adding SCE grants to budget approval**
 - Pro:
 - grantees get what promised
 - Projects reduce risk
 - Edison sees results
 - Decreases IDC rate
 - Con:
 - adds \$14,000 to projected deficit
- **Jerry Davies moved to accept, Pat Frost second**
- Bob Roper cautioned we're adopting a budget that works for auditors and may not be prudent for us, but with 19 SCE added simultaneously
- **Laura Blaul moved to suspend the standing motion, second by Pat Frost, unanimous approval**
- **Pat Frost made a motion to reconsider yesterday's action regarding 19 SCE and give ED approval to carry out grant, second by David Horne, approved with 1 abstention by Troy Whitman**
- **Pat Frost made a motion to approve the 19 SCE of \$141k plus associated direct and indirect, second by Pat Kidder, approved with 1 opposed (Roper) and 1 abstention (Whitman)**
- **Laura Blaul moved approval of the 2019 budget including the 2019 SCE and deficit, second by Kate, approved with 1 opposed (Roper)**

Pat Frost left at 12:45

6. December Meeting

- David Horne reported on efforts to make arrangements in Laguna Beach
 - Laguna Beach Water District Board Room on Dec 10 at 9am
 - City Hall Council Chambers from 9am – 3pm on Dec 11
 - Four hotels on PCH with price ranges around \$300
- Alternative that may have same or lower attract more FSCs is San Diego (40 vs 5)
 - Stay near train station
 - Contact Countywide FSC for best, accessible location
 - Frank's daughter is Program Manager at Hyatt and may assist
 - Coordinate with SDFSC to make an evening presentation for a more social meeting that doesn't detract from our meeting time
 - **Tracy will follow up to make it happen**

7. Sac Leg Day 2020

- May with Wildfire Preparedness Week
- May 7 & 8; Leg Day May 7 and BOD meeting May 8
- We need a leader – David Shew volunteered!
- Dave's helpers:
 - Kate Dargan
 - Laura Blaul offered to serve as Plans again
 - Pat Kidder
 - Ed Mertens

1:35pm: **Open Session adjourned**

3:15pm: **Jerry Davies made a motion to close Closed Session and return to Open Session, second by Pat Kidder, unanimous approval**

Bob Roper reported on Closed Session

- ✓ Minutes of August Closed Session approved
- ✓ Discussion with CFSC staff
- ✓ Discussion with Butte County FSC
- ✓ No action taken on Ontario office
- ✓ Update on personnel issues
- ✓ **Decision to move November 13 conf call to either a Sacramento all-day meeting on November 5 or 6, depending on quorum, otherwise face-to-face on November 13. Tracy to follow-up.**

3:20pm: **David Horne made a motion to adjourn, second by Jerry Davies, unanimous approval**

Meeting Adjourned at 3:20pm