

**CALIFORNIA EARTHQUAKE AUTHORITY
GOVERNING BOARD MEETING
MINUTES**

**Monday, December 31, 2012
10:00 A.M.**

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

Members of the CEA Governing Board in attendance:

Pedro Reyes, designee of Governor Jerry Brown
Grant Boyken, designee of State Treasurer Bill Lockyer
Chris Shultz, designee of Insurance Commissioner Dave Jones (via teleconference)
Deborah Doty, designee of Speaker of the Assembly John Pérez (via teleconference)
Dietrich Stroeh, designee of Chair of the Senator Rules Committee Darrell Steinberg

Members of the CEA staff in attendance:

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

- 1. The meeting was called to order at 10:00 a.m. A quorum was established.**
- 2. The Governing Board will consider supporting legislation to modify the employment and staffing constraints imposed by law on the CEA.**

Chief Executive Officer Glenn Pomeroy stated that the focus of the meeting's discussion would be the CEA's statutory staffing-cap provision, which has been in the CEA law since the CEA's inception and increasingly proves to be a troublesome and inefficient way of managing the organization.

Mr. Pomeroy continued that at its upcoming January meeting, the Board would consider other issues to bring before the Legislature in 2013.

In that meeting, the Board may also finalize hiring for the new Chief Information Officer (CIO) position. Staff has identified a particular candidate, and negotiations are in progress—the candidate's relocation costs may require a small, one-time 2013 budget augmentation.

As approved by the CEA Governing Board at its meeting on Thursday, February 28, 2013

General Counsel Danny Marshall explained the terms of the staffing cap: it applies to the civil service staff of the CEA only, and stands at 25, plus one exempt position allowed for boards such as the CEA.

Mr. Marshall continued that the cap is stated in a single sentence at the end of paragraph 1 of subdivision (h) of Section 10089.7.

To deal with the cap, one option would be for the Board to recommend simply striking that sentence; the CEA would go on as before in all other respects, but without the limit of 25 civil servants.

He noted that the CEA does have actual employees who are not civil servants—some of the executives, for example, are common-law employees hired directly by the Board under an employment contract. There would still be opportunity for the CEA to have direct-hire employees.

Mr. Reyes recommended striking the line in question and moving forward with that legislative approach in a trailer bill—it would constitute a statutory amendment noted in the general government trailer bill. He said he had checked with the chief consultant for the Assembly budget committee, who had no concerns with this action.

Mr. Reyes explained that requesting the change to occur through enactment of a trailer bill would make it effective July 1, 2013, but seeking the change in a regular bill would not make it effective until January 1, 2014, even if it were enacted earlier.

Mr. Boyken agreed with the idea of striking the sentence, stating that the simplest solution was probably the best. He also concurred with the use of the trailer bill for that purpose.

Mr. Stroeh inquired about the CEA having unlimited staff. Mr. Pomeroy responded that over time, it had become clear that 25 is not a sufficient number of staff. Because of the limit imposed by law, the CEA has had to increasingly rely on a temporary workforce. Mr. Pomeroy explained that, going forward, it is more efficient to operate any organization with full-time employees.

Mr. Reyes mentioned the administrative expense of temporary staff, as well as the Governor's interest in eliminating contract positions. Mr. Reyes said that the administrative cost of temporary staff is estimated at \$2.9 million per year.

Mr. Pomeroy mentioned that once the bill goes into effect, it will take some time to implement it as there is no internal HR staff.

MOTION: Mr. Boyken moved to direct staff to pursue legislative changes, specifically striking out the aforementioned last sentence in paragraph 1 of subdivision (h) of Section 10089.7: "The total number of authority employees subject to civil service provisions shall not exceed 25." seconded by Mr. Shultz. Motion carried and approved unanimously by a roll call vote.

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- 3. The Board will meet in closed session to discuss personnel matters and litigation matters, as permitted by California Government Code section 11126, subdivisions (a) and (e), respectively.**

The Board entered closed session at 10:12 a.m. and resumed its proceedings in open session at 10:41 a.m.

Mr. Reyes reported that the Board has renewed Mr. Pomeroy's employment contract for four years.

- 4. Public comment on items that do not appear on this agenda and public requests that those matters be placed on a future agenda.**

There was no public comment.

- 5. Adjournment.**

The meeting was adjourned at 10:41 a.m.