

**DRAFT
CALIFORNIA CATASTROPHE RESPONSE COUNCIL MEETING
MINUTES**

**February 13, 2025
2:00 p.m.**

Location: 400 Capitol Mall, Suite 670
Sacramento, CA 95814

Members of Council in attendance:

Mark Ghilarducci, Chair, designee of Governor Gavin Newsom
Lisbeth Landsman-Smith, designee of Insurance Commissioner Ricardo Lara
Bryan Cash, designee of Secretary of Natural Resources Wade Crowfoot*
Tracy Van Houten, appointee of the Speaker of the Assembly
Paul Rosenstiel, Vice Chair, Public Member
Rhoda Rossman, Public Member*
Catherine Barna, Public Member*

*Participated remotely.

Members Khaim Morton, designee of State Treasurer Fiona Ma, and Kathleen Ritzman, appointee of the Senate Committee on Rules, were unable to attend.

Members of the CEA staff in attendance:

Tom Welsh, Chief Executive Officer
Shawna Ackerman, Chief Risk and Actuarial Officer
Tom Hanzel, Chief Financial Officer
George Sittner, Chief Insurance and Claims Officer
Suman Tatapudy, General Counsel
Susan Johnson, Governance Liaison

[Note: Agenda Item 9 was taken out of order. These minutes reflect these Agenda Items as listed on the agenda and not the order in which they were actually taken during the meeting.]

1. Quorum: Call to order and member roll call.

Chair Mark Ghilarducci called the meeting of the California Catastrophe Response Council (CCRC or Council) to order at 2:04 p.m.

Ms. Johnson called the roll and announced that a quorum was present.

Mr. Cash asked permission to participate remotely for this meeting as his doctor diagnosed him with the flu yesterday.

Chief Executive Officer Tom Welsh stated, under the rules, a majority of members must be physically present at the meeting location for the meeting to proceed. Because Mr. Cash seeks to participate remotely due to illness/medical condition, he can do so, and his remote attendance can be counted toward the in-person majority as long as the

Council approves the exception. He noted that the approval of Mr. Cash's remote participation will establish the necessary in-person majority requirement for this meeting.

The Council unanimously approved Mr. Cash's remote participation based on his illness/medical condition for today's meeting.

2. Minutes: Review and approve the minutes of the November 14, 2024, meeting of the Council.

MOTION: Ms. Van Houten moved to approve the November 14, 2024, minutes of the California Catastrophe Response Council. Mr. Rosenstiel seconded. There was no public comment on the motion. The motion passed unanimously by roll call vote.

3. Executive Report: Tom Welsh, Chief Executive Officer, and CEA Executive Staff will provide a report on the following topics:

A. January 2025 Southern California Wildfires – Recap of the wildfires and discussion of the CEA's wildfire monitoring and reporting protocols.

Mr. Welsh introduced this Agenda Item and asked his team to give their presentations.

George Sittner, Chief Insurance and Claims Officer, provided a slide presentation overview of the January 2025 Southern California wildfires and their impacts, wildfire monitoring and reporting, and the Quarterly Claims Report. He reviewed key wildfires and loss estimates that the California Earthquake Authority (CEA or Administrator) continues to monitor, including the Mosquito, Dixie, Zogg, and Kincade Fires.

Discussion

Ms. Rossman asked about the timeframe of the investor-owned utility company (IOU) involvement and causation investigation.

Mr. Sittner stated the Administrator is not a part of that investigation so the timeframe is unknown. He stated that it took about six months for a causation determination for the Dixie Fire, but there have been times that causation took longer or shorter, and instances where causation has never been determined.

Vice Chair Rosenstiel asked how the \$1 billion is measured and how multiple fires impact that amount.

General Counsel Suman Tatapudy stated the \$1 billion is in the aggregate per IOU per coverage year. Claims from covered wildfires can be aggregated over a single coverage year that all contributes to the \$1 billion threshold.

B. General discussion of Wildfire Fund Administration:

1. The purpose and function of the Wildfire Fund, and the roles of the Administrator and CCRC; and

Mr. Welsh provided a slide presentation overview of the purpose and function of the California Wildfire Fund (CWF or Wildfire Fund), the Legislature's stated goals, the duties and responsibilities of the Administrator, and the powers and authority of the Council. He stated the Administrator continues to look for opportunities within the claims

procedures to manage claims and liabilities to optimize its ability to meet the legislative purposes of Assembly Bill (AB) 1054 that created the Wildfire Fund in 2019.

2. Wildfire Fund Liquidity Management and Claim-Paying Capacity.

Chief Financial Officer Tom Hanzel provided a slide presentation overview of the investment portfolio, maturity structure and liquidity, and claim-paying capacity of the Wildfire Fund. He stated the current total portfolio has a \$12.6 billion market value. He noted that, as of the end of 2024, after reserving for reported Dixie Fire claims, aggregate claim paying capacity exceeded \$21 billion.

C. Forward-Looking Administration Activities.

Mr. Welsh stated, while it is too early to assess the long-term impact of the January Southern California wildfires on the Wildfire Fund, these wildfires have generated intense interest in the Wildfire Fund, its durability, and its ability to continue meeting its legislative and public policy purposes. Eligible claims from covered wildfires will determine the Wildfire Fund's future. The Administrator is continuing its work on long-range planning, including collaborating with policymakers, the IOUs, and other stakeholders, and will be playing a vital role in any initiatives that may impact the Wildfire Fund.

Mr. Welsh suggested scheduling an additional Council meeting on May 8, 2025, because of the intense policy discussions currently occurring due to the January 2025 Southern California wildfires. He stated staff will work to secure a date that works with most Council members.

Discussion

Ms. Van Houten asked for a standing agenda item updating the Council on any legislation that contains the word "wildfire." She also asked for a simple Council introduction letter that could be sent to legislators that points out that the CEA is the effective and competent Administrator of the Wildfire Fund.

Vice Chair Rosenstiel asked if information about the roles of the Council and Administrator could be included any education materials or letters put out by staff.

Chair Ghilarducci asked staff to draft a letter from the Council to members of the Legislature.

Ms. Van Houten asked for a future agenda item to hear from pre-2019 fire victim advocates as an educational repository for stories.

Chair Ghilarducci asked the General Counsel if it is within the authority of the CCRC to agendize an item to hear pre-2019 public comment, which is outside the scope of the Wildfire Fund.

Ms. Tatapudy agreed that there may be legal issues with agendizing something that is outside the subject matter jurisdiction of the Council. She stated she will research this issue.

Mr. Rosenstiel suggested, if this conversation is agendized, expanding it to include a thorough presentation on why the victims of the pre-2019 wildfires got into this situation, which is because PG&E was in bankruptcy.

Chair Ghilarducci stated he agreed with the concept of providing time during public comment for individuals to share stories of IOU-caused fires pre-2019 for educational purposes, but noted that many variables are associated with wildfire losses. He asked to move Agenda Item 9, the General Public Comment section, up to give the public time to share their stories.

4. Claims Administration Update – George Sittner, Chief Insurance and Claims Officer, will update the Council on the status of administering PG&E's claim arising from the Dixie Fire, and wildfire monitoring for prior wildfire seasons.

Mr. Sittner provided a slide presentation overview of the implementation of wildfire fund claims administration procedures for the Dixie Fire:

Claims Review Services Scope of Work and Timeline

- PG&E has reached the \$1 billion paid claims threshold amount (mid-June 2024).
- Sedgwick Claims Management (Sedgwick) notified the CEA that upon completion of the Threshold Claim Review, a conclusion was reached that claims paid to reach the threshold amount of \$1 billion were settled using Reasonable Business Judgment, as defined in the Procedures.
- Sedgwick has also reviewed Eligible Claims paid in June of 2024, and has found those claims met the Reasonable Business Judgment standard, and CEA has reimbursed PG&E.
- Payments have been made to PG&E for Eligible Claims paid a total of \$257 million from June 2024 to October 2024.
- PG&E, per its 3rd Quarter 2024 SEC 10-Q quarterly report filing, has reported an estimated \$1.925 billion in aggregate liability related to the Dixie fire. This estimate does not include state and federal fire suppression costs.

Discussion

Chair Ghilarducci asked for verification that the process with the IOUs has gone relatively smoothly and the quality of the data received is timely.

Mr. Sittner stated the claim work is high quality and includes more documentation than is normally seen in claim files.

Chair Ghilarducci asked how the Federal Emergency Management Agency (FEMA) enters into the process, including the duplication of benefits issue.

Mr. Sittner stated FEMA has not yet put in an interest claim.

Chair Ghilarducci asked if staff has proactively worked with the IOUs to ensure that the claim-paying process goes smoothly.

Mr. Sittner stated he meets with the IOUs regularly. They are well aware of the process and the steps it will take.

5. Enterprise Risk Management (ERM) – Shawna Ackerman, Chief Risk and Actuarial Officer, will report on CEA's ERM program.

Chief Risk and Actuarial Officer Shawna Ackerman provided a slide presentation overview of the Risk Assessment Scorecard, legislative monitoring, mitigation, and IT systems and data security. She stated the quarterly status for each priority risk on the Scorecard was unchanged from the November 2024 report to the Council, except that the inherent risk score for reputation was changed to high, based on increased interest in the Fund. All IOUs have received their safety certification as of December 2024.

There were no questions from Council Members and no public comment.

6. Financial Report – Tom Hanzel, Chief Financial Officer, will provide the Council with a financial report on the Wildfire Fund as of December 31, 2024.

Mr. Hanzel provided a slide presentation overview of the financial report as of December 31, 2024.

Balance Sheets:

- Total assets increased year-over-year by approximately \$1.4 billion, to approximately \$12.9 billion at the end of the year.
- The Wildfire Fund's Total Net Position increased year-over-year by approximately \$1.3 billion, to approximately \$12.2 billion at the end of the year.

Statements of Revenues, Expenses, and Changes in Net Position:

- The Total Additions to Fund Assets was approximately \$1.5 billion this year, after the prior year of approximately \$1.7 billion.
- The Total Deductions to Fund Assets was approximately \$278 million this year, after the prior year of approximately \$850 million, for a Total Net Position of approximately \$12.2 billion at the end of the year.

Contributions and NBCs Received – from inception through 12-31-2024:

- Approximately \$13.1 billion of proceeds have been received from the IOUs and ratepayers as of the end of the year.

Investment Analysis:

- The Income Return Net of Fees increased this year to 2.84 percent, as compared to 2.53 percent for the prior year, due to the reinvestment of maturities into higher-yielding securities.
- The duration continues to increase and ended the year at 3.69 years.

There were no questions from Council Members and no public comment.

7. Proposed 2025 CWF Budget: Mr. Hanzel will seek approval of the proposed 2025 California Wildfire Fund Budget.

Mr. Hanzel provided a slide presentation overview of the budget process and proposed budget for 2025. He stated approximately \$611 million of paid wildfire claims is estimated for this year. \$169 million of wildfire claims were paid last year. Personnel Expenses and General and Administrative Expenses were approximately \$2.79 million for this year, as opposed to \$2.72 million last year.

Staff Recommendations:

- Approve the proposed 2025 CWF budget as presented; and
- Direct staff to operate the CWF business within the total approved budget amounts.

Discussion

Vice Chair Rosenstiel stated the Department of Water Resources (DWR) costs are only included as an asterisk item for the Rate Payer Monthly non-bypassable charges (NBCs), Net Line Item. He stated it may be more useful to the Council to see the gross NBCs year-by-year for the DWR, rather than the net.

Ms. Van Houten agreed. She asked if the Personnel Expenses Line Item takes the enhanced impact of the January Southern California fires into consideration.

Mr. Hanzel stated the budget slides were made prior to the January fires. A revised budget will be presented to the Council in May, if necessary.

MOTION: Ms. Landsman-Smith moved to approve the staff recommendations. Ms. Barna seconded. There was no public comment on the motion. The motion passed unanimously by roll call vote.

8. Administrator Evaluation: Mr. Welsh will ask the Council to appoint one CCRC member to review the 2024 Wildfire Fund evaluation form to be distributed to members.

Mr. Welsh asked for a volunteer to work with staff to ensure the right questions are being asked in a survey to be subsequently sent to the Council.

Ms. Van Houten volunteered to review the 2024 Wildfire Fund evaluation form.

[Note: Agenda Item 9 was taken out of order and was heard before Agenda Item 4.]

9. Public Comment: Public comment on matters within the California Catastrophe Response Council's subject matter jurisdiction that do not appear on this Agenda. Please note that while the Council may hear general public comments on matters within its subject matter jurisdiction, Council members may not otherwise deliberate, including providing substantive comments in response to, any matter not specified on this Agenda.

Lauren Weetman attended virtually. Ms. Weetman's full public comment is attached to these minutes.

10. Adjournment.

Ms. Van Houten asked to adjourn the meeting in honor and in memory of the 29 individuals who lost their lives in the Eaton and Palisades Fires.

Chair Ghilarducci thanked everyone and adjourned the meeting at 3:51 p.m.

CALIFORNIA EARTHQUAKE AUTHORITY
WILDFIRE FUND ADMINISTRATOR

PUBLIC MEETING OF THE
CALIFORNIA CATASTROPHE RESPONSE COUNCIL

PARTIAL TRANSCRIPT -
PUBLIC COMMENT RECEIVED DURING THE MEETING

HOSTED BY THE CALIFORNIA EARTHQUAKE AUTHORITY
400 CAPITOL MALL
SUITE 670
SACRAMENTO, CALIFORNIA

THURSDAY, FEBRUARY 13, 2025
2:00 P.M.

Recorded by: Rebecca Hudson

APPEARANCESCalifornia Catastrophe Response Council Members:

Mark Ghilarducci, Chair, designee of Governor Gavin Newsom

Lisbeth Landsman-Smith, designee of Insurance Commissioner
Ricardo Lara

Bryan Cash, designee of Secretary of Natural Resources Wade
Crowfoot*

Tracy Van Houten, appointee of the Speaker of the Assembly

Paul Rosenstiel, Vice Chair, Public Member

Rhoda Rossman, Public Member*

Catherine Barna, Public Member*

*Participated remotely

Members of the CEA staff in attendance:

Tom Welsh, Chief Executive Officer

Shawna Ackerman, Chief Risk and Actuarial Officer

Tom Hanzel, Chief Financial Officer

George Sittner, Chief Insurance and Claims Officer

Suman Tatapudy, General Counsel

Susan Johnson, Governance Liaison

Members of the Public Offering Comment

Lauren Weetman*

*Participated remotely

PROCEEDINGS

3:17 p.m.

9. Public Comment: Public comment on matters within the California Catastrophe Response Council's subject matter jurisdiction that do not appear on this Agenda. Please note that while the Council may hear general public comments on matters within its subject matter jurisdiction, Council members may not otherwise deliberate, including providing substantive comments in response to, any matter not specified on this Agenda.

LAUREN WEETMAN: Hi. Thanks for the time. I just wanted to ask about any mechanisms to kind of replenish the Fund or how you guys would think about to the extent that damages or anything were to happen that would kind of exceed the current amount either funded or the overall sort of cap. How you would think about kind of the future of the fund?

CHAIR GHILARDUCCI: Great question.

Tom or Tom?

MR. WELSH: I will try to address that. One of the challenges that we have with public comment is always making sure that it's something that is agendized. And so, we certainly, Ms. Weetman, would be happy to hear any thoughts that you have as public comment about that topic so that we can put them on the record and the Council can

1 be aware of them.

2 We can't really use this forum to deliberate or
3 discuss topics that we haven't properly agendized because
4 we have to follow rules related to open meetings, but,
5 please, if you have thoughts about that, feel free to share
6 them with the Council.

7 MS. WEETMAN: I'll defer to the experts for that
8 one for now, but I appreciate the time.

9 (The meeting continued but was not transcribed.)

10 (The meeting was adjourned at 3:51 p.m.)

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CERTIFICATE OF REPORTER

I, REBECCA HUDSON, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing meeting of the California Catastrophe Response Council and thereafter transcribed the recording.

I further certify that I am not counsel or attorney for any of the parties in this matter, or in any way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 19th day of February, 2025.


REBECCA HUDSON