

California Fire Safe Council
Board of Director's Public Meeting Minutes
January 31, 2018
Wildland Fire Education Center – Room: **E121**
McClellan, CA

Present

Dave Bischel
Kate Dargan
Jerry Davies
Pat Frost
David Horne
Pat Kidder
J. Lopez
Troy Whitman

Absent

David Shew
Niel Fischer

Staff Present

Stephen Gort
Bethany Perez

Call to Order

Chair Jerry Davies called the meeting to order at 9:48 AM.

Approval of Minutes:

The Board reviewed the minutes of the October 25, 2017 Public Session Meeting and December 22, 2017 Teleconference. It was noted that a correction be made on the October Minutes to reflect the correct spelling of the name Bob Fenton. All agreed. David Horne made a motion to approve the corrected meeting minutes from October 25th and the December 22nd. Pat Frost seconded the motion. The motion carried unanimously. **The October 25, 2017 Public Session Minutes and the December 22, 2017 Teleconference Meeting Minutes were approved.**

Chair Topics – J. Davies

Farmers

Jerry briefed the Board on the Farmers Insurance 2018 Grant proposal. The renewal proposal of approximately \$110K of restricted funds incorporates a media plan, dinner meetings and other ideas discussed at previous meetings, and possibly \$10,000-\$20,000 of it being unrestricted. We should have a response by the end of February. Jerry will send everyone the proposal along with the four recommendations from previous meetings including at least one FSC event. J. Lopez stated that he can assist with the LA County Fire event and that about 500,000 people attend the fair every year. Jerry added that Farmers had at least 10,000 claims from fires alone this past year.

Jerry reported that the Farmers Insurance Float at the Rose Parade was a great success! Riding in the procession this year were Trudy Mahoney, now retired from the Forest Service, Nick Shuler from CAL FIRE, partner of the fallen firefighter in the Thomas Fire.

State Farm-Possible Projects

Stephen Gort reported on work towards founding of a new fire safe council in Glen Ellen. The new Mayacamas FSC has had one meeting and about 30 people attended. With our help they are planning an HIZ workshop for the community, and then an assist on developing a CWPP later. The local Chief of the VFD was at the meeting, and is supporting the FSC development. Two other organizations are also interested and Stephen has sent out flyer and application to them. The goal is to do up to five total.

Jerry said that there is a lawsuit pending against State Farm in Montecito because of the recent fires and mudslides that came after. One man asking for millions of dollars. If successful, it could set a precedent. After all the problems this season, insurers are allowing owners to submit claims without detailed home inventories. Recently, eight new bills have been introduced into legislation regarding these types of claims. Insurance companies will be fighting these bills as discussed at the trade association symposium last week. This is going to be a real issue for all of our FSC's in fire-prone areas similar to what happened during the last big earthquake.

Stephen said we would talk a bit about how these recent events might relate to the strategic planning discussion this afternoon.

J. Lopez asked about insurance ratings. Due to the insurance review in LA, his policy is being changed and his premium increased about \$1500. This will also be an issue with a lot of our FSC's. J. added that the Fireline rating is different than CAL FIRE rating. Stephen said that the Fire Hazard Severity Zone, The Condition Class, and the Fire Regime are all included in the applications for new FSCs. J. stated that his is a 9 out of 10 in his community. One is Hazard – one is Risk. They are different.

USAA--Vandenberg and Camp Pendleton

Jerry stated that he has had three meetings with USAA. They want to be involved with us and to help put on events. They are open to the program and they will fund it if approved for implementation. They especially want to help in Montecito. Santa Barbara County has sustained a \$135 million dollar loss because of the fires and mudslides and the final numbers aren't in yet.

PCI

CFSC will be asking PCI for an additional \$10K this year sometime in April of 2018.

Southern CA. Pest Infestation Research Group

Julie Deblasio is working on pest infestation in SoCal which is currently in San Bernadino, Riverside and San Diego and is moving north. They are trying to keep it from spreading. They wants us to get the word out to our FSC's and asked if we would be willing to put something about it on our website. J. Lopez said that there are about three pests that are doing damage. He added that the UC Cooperative Extension in Riverside has put out a lot of information on the pests and that it might be best to keep the information coming from a single source. J. volunteered to help to coordinate with Jerry on this item as Julie is getting ready to send out her report.

Liberty Mutual Contact

Kathy Killeen and her assistant Mr. Cecil are interested in doing events with CFSC. Jerry will work on setting up a luncheon at the company's San Francisco office. To Be Scheduled.

AAA Contact

John Ingersol from AAA wants to work with us in conjunction with Napa wineries.

CFSC Media Plan--Third release; Quarterly Newsletter; Annual Report Joint plan with Farmers

There are some upcoming events that increase CFSC's visibility, one being the IAFC meeting in Reno at the end of February. Trinity will be an award recipient there and that could generate some positive publicity. Kate is planning on attending the meeting and suggested that perhaps Stephen might also attend. Pat Frost said that Trinity will not be attending conference but instead will have a local award presentation in Trinity County. CFSC is looking to increase grants from all the insurance agencies. Jerry is attending a related webinar in mid- February and will provide an update afterwards. Jerry reported on Insurance Commissioner Dave Jones's remarks at the insurance conference he attended. Jones said that before insurance companies can raise rates, they will have to take three years' averages of losses and then determine if increases for providing insurance is necessary.

Pat Frost stated that he would like to see the costs of any planned CFSC events which are run with private grant funding (like the insurance grants) be included in the budget, or at a minimum simple spreadsheet accounting of them. He asked if our capacity is growing and if CFSC would be able to hire an Outreach person. He added he would like to see breakout of event costs from 2017 and what it will cost this year. Jerry said he would do that and send it to Stephen. Jerry stated that both the USDA and Forest Service would be subject to budget cuts this year and next year we may have to fight harder for our grants. On the positive note, Stephen said that we have already been awarded three of the 2018 grants and he has already submitted an application for 2019 grants (another \$3,100,000).

Allstate in Illinois has been contacted by Jerry D. on behalf of CFSC. Jerry is to come and talk to them about our work and possible funding. They have large foundation with many resources and could be a good ally for CFSC.

Treasurer Topics – D. Horne

• Third Quarter Financial Statements

David Horne reviewed the third quarter and year- end statements. He noted that in comparing this year to last, we have far less funds and that we have correspondingly cut back expenses to economize. Bethany, Stephen, Norm and David have been working together on a strategy to mitigate the cash flow problem. We have no cushion in our accounts like we used to in the past and our savings is low. Kate said she didn't have the year-end statement yet. David replied that Norm had just sent them out he would forward them on to the Board for review and the Board will approve at the next meeting.

Stephen stated that in 2015-2016 our IDC rate was a low 27%. Our ability to recover our expenses from the FS is regulated by this rate and when it's low, our ability to recover costs are low. Hence the cash flow problem. We begged and pleaded with the Forest Service for a 45% IDC for 2018 which we got. Now that 2017 has been closed, we need to get the actual IDC rate ...which will be quite high, this will allow us to get bigger/better reimbursements, helping ease our cash flow. Therefore, one of the strategies already in the works is to get money reimbursed from the Forest Service sooner by having our annual audit moved up from September to February (which has been done). Both Norm and Werbelow agreed to the accelerated schedule and our 2017 financials were completed early, allowing for audit. When completed, we will submit our 2018 IDC rate to the Forest Service for approval.

David Horne reminded the Board of the existing line of credit of \$100K that was designated for emergency use only. He noted that we could increase the line of credit to \$200K.

This would put CFSC under more scrutiny and there is an annual fee of \$1000. After some discussion, the Finance Committee was undecided if they should pursue it. Someone stated that if the cash flow issue is fixed by July/August we may not need the extra line of credit. David replied that our monthly expenditures are close to \$100K and that most of those are very fixed. This extra line of credit would allow us to hedge our bets. If we did have to tap it, the interest is a non-allowable expense. However, it is still probably prudent to spend the \$1000 in case we need it. Stephen added that he is hopeful that by April or May the cash flow will be straightened out. David and Stephen would have to draft a statement for application explaining the need for the increase. Dave Bischel asked how long could we put it off? David replied that banks like current data – 30 to 60 days old at the most. He added that we also need to factor in processing time. Kate stated that she changed banks to a regional bank and got a lower fee. David said we are different because we are a non-profit but that it doesn't hurt to shop around. J. Lopez said he will ask his credit union what deals are available for agencies like CFSC. It was suggested that perhaps we could apply for a second line of credit from a credit union but keep all our current accounts with Wells Fargo. Pat Kidder added the next six months for CFSC is a critical time. David agreed and stated that we need to make decision with Wells pretty soon and he would like permission to move forward with the application.

Pat Frost made a motion to authorize the Treasurer and the Finance Committee to apply for additional \$100K line of credit. Kate seconded the motion. The motion carried unanimously.

Cash Flow Actions & Status

Kate made a suggestion that we set a time this fall for a finance workshop to cover topics such as budget basics, IDC, etc. and added that maybe Norm could attend. Stephen proposed that next time the Board meets in the Ontario office, Norm could come and we could block out 2-3 hours on the agenda for a finance refresher course. Stephen will coordinate with Norm for this item.

Stephen stated that we have been watching expenses, we are moving the audit up, and Bethany has been doing a good job of keeping on top of the ACH payments to the subgrantees and getting monies requested from the Forest Service. We have been requesting expense reimbursements with many of the quarterly subgrantee payment requests. However, there is nothing to prevent us from requesting advances and reimbursements every month for operational expenses. We need to look at the mechanics to determine how much and how to process more frequently.

David stated that we have been living off the cushion that we no longer have and not really looking at operating expenses so he didn't realize the extent of the problem. Stephen said that most people don't understand the IDC and how efficient we actually are. He added that his goal to get Forest Service funding below 51% of our annual revenue. This would relieve us from having to use the convoluted federal IDC rules & regulations.

Executive Director – S. Gort:

Audit Recommendations Status:

Results from the last single audit yielded suggestions but no findings. One of the suggestions was related to grant process documentation and Amber Gardner has been assigned the project of developing a Grant Management Procedures Manual. The first draft of the manual is due today. After we have the current process documented, the team will begin working on process improvements. The next draft of the manual will be done by end of February.

We will be using activity logging in ZoomGrants. The goal is to keep a hard log of our activities, and calls between the subgrantees and the grant specialists to include such things as the date, issue, resolution and so on.

Another suggestion from the audit is in regards to Disaster Recovery & password management. Dalonna has those items and will have a first draft by 2/15/18.

General Discussion (All)

Stephen informed the Board about Ron Wells' condition and treatment. In light of this development, we are in the process with Ron, Diane and Dalonna of creating an RFP for an IT Consultant replacement. We are also looking for a system replacement for our EAR (Employee Activity Report) aka timesheet. The current software and process is time-consuming and not user-friendly. Dalonna is working on this and should have a proposal draft ready by 3/15/18.

If time permits, we will have two new educational videos on CFSC website – (1) Required Grant Documentation and (2) Grant Payment Request Processing by early February which we can also share with auditors.

J. Lopez asked if we could do something for Ron. Kate suggested something that would make life easier for Diane as a caregiver. Stephen replied that we will pull something nice together and send on behalf of the CFSC.

Jerry gave an update about Bruce Tuberville and urged any that wanted to reach him should do so quickly as his condition is worsening. His wife Rosalee posted a video with Bruce boxing as part of his Parkinson's therapy.

Annual Election of Officers – J. Lopez

After some discussion, all of the present officers were asked if they were willing to continue in their respective positions for another year. All answered in the affirmative.

David Bischel made a motion to reappoint all the present Officers to an additional term. Pat Kidder seconded the motion. The motion carried unanimously. The following Officers were elected to another term:

Jerry Davies, Chairman
J. Lopez – Vice-Chair
David Horne- Treasurer
Troy Whitman- Secretary

The current terms for Dave Bischel and Pat Frost expired at year end 2017. They were asked if they were willing to serve another term. They both answered in the affirmative. **Pat Kidder made a motion to reappoint Dave Bischel and Pat Frost to serve another three-year term. David Horne seconded the motion. The motion carried unanimously. The following Board members were elected to another term:**

Dave Bischel
Pat Frost

Next year, four members will have terms that expire and will need to be voted on. Pat Frost stated that we really need some new board members. J. said he will send recommendations to the nomination committee. Also we should discuss how to continue when J and Troy called away for fires.

Adjourn to Closed session and Working Lunch

Pat Frost made a motion to adjourn to closed session. Troy Whitman seconded the motion. The motion carried and the meeting was adjourned to closed session at 12:15pm.

Return to Open Session – 3:40

The topics discussed in closed session included:

- Status of the Nominating Committee's search for new Directors, and a schedule for future activities.
- Review of the Executive Director Position description, and an assignment to review by the Personnel Committee, and a schedule for next steps.
- A discussion with FS Director Bob Baird
- Additional work on additions & enhancements to the CFSC Strategic Plan

Dave Bischel made a motion to adjourn the Open Session, seconded by Pat Frost, all in favor unanimous. The meeting adjourned a 3:45.