

SUMMARY MEETING NOTES

FIRST 5 LA

APPROVED: 11/04/2013

SUMMARY MEETING NOTES
Executive Committee Meeting
September 5, 2013

COMMITTEE MEMBERS PRESENT:

Neal Kaufman (Chair)
Duane Dennis (Vice-Chair)
Sandra Figueroa-Villa
Supervisor Mark Ridley-Thomas

STAFF PRESENT:

Kim Belshé, Executive Director
Genie Chough, Finance Director
Raoul Ortega, Finance Manager
John Wagner, Chief Operating Officer

LEGAL COUNSEL:

Craig Steele

RECORDING SECRETARY:

Linda Vo, Executive Assistant

1. Call to Order/Roll Call

The meeting was called to order by Commissioner Kaufman. Roll call is done.

Commissioner Kaufman welcomed everyone in attendance.

2. Review of Executive Committee Meeting Notes – August 5, 2013

THE ITEM WAS RECEIVED AND FILED

Chair Kaufman would like to know whether or not the meeting minutes from the Executive Committee are reviewed by the full Commission once they are approved by the Committee. Mr. Steele responds by indicating that per First 5 LA Bylaws, the approved meeting minutes are, indeed, to be circulated to the full Commission. It is agreed that any approved Executive Committee meeting minutes that have not been circulated to the full Commission be placed in the FYI folder at the next Commission meeting.

3. Standing Updates

These standing Updates include:

1. Review of the Annual Operating Budget
2. **Annual Audit**
3. Review of the Annual Report to the State Commission
4. Fiscal
5. Contract Compliance
6. Quality Assurance
7. Evaluation
8. Policy and Advocacy

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9. Personnel and Compensation

Ms. Chough gives a quick verbal update on the annual audit (Standing Update #2), indicating that the audit was completed by Vavrinek, Trine, Day & Co., LLP (VTD) the previous week. There was a preliminary exit interview conducted as well, and so far, VTD has led First 5 LA staff to believe that there should not be any significant findings that will result from this audit.

Chair Kaufman would like to know when the audit will be finalized. Ms. Chough informs the Committee that the audit is expected to be finalized at the end of September and will be ready to be presented to the full Commission at its October Commission meeting.

Commissioner Dennis would like to know to what extent do the auditors look at our grantees in connection with the annual audit? Mr. Ortega responds by saying that the auditors do test First 5 LA's accounts payables that it makes to grantees, with all supporting documents. Mr. Ortega goes on to state that the audit only occurs internally.

Commissioner Dennis would also like to know that if there are any findings that are to arise from the audit, would there ever be a situation where the auditors would go the grantees, since a large part of First 5 LA's business is grant giving.

Mr. Ortega responds by stating that the audit process would end would with First 5 LA, and not continue on to the grantees.

Commissioner Dennis would like to know to what degree does First 5 LA audit its own grantees.

Mr. Ortega says that First 5 LA has an internal process, where each grantee has a staff accountant assigned to them and if there are any red flags or discrepancies, the staff accountant would go out to the grantee and complete a site visit. And if there are additional findings that come out of this site visit, then First 5 LA would bring in an appropriate third party for further engagement.

Mr. Steele elaborates on the topic of discussion by stating that the annual audit that VTD is currently conducting with First 5 LA is something that is required by the State Controller and State First 5 Commission. There are a specific set of tasks that the auditors are assigned to complete in order for them to comply with the State Controller and State First 5 Commission.

Chair Kaufman would like to know if the audit would go before any other Committee or before the Commission, before it is submitted to the state.

Ms. Chough responds by telling Chair Kaufman that the audit will be presented at the next Budget and Finance Committee, and then would go to the full Commission in October. Mr. Steele furthers Ms. Chough's response by indicating that if there are any management findings, the findings would come to the Executive Committee for its review.

Before moving on to the next item, Chair Kaufman would like to know the timing of the compensation study.

Mr. Wagner indicates that the Compensation study, done by the Hay Group, is expected to be completed by the end of December 2013. The hope is that the compensation study would then be brought before the Executive Committee for further direction.

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Chair Kaufman would like the findings from the compensation study to be reviewed in closed session. Ms. Belshé indicates that staff will take into consideration this recommendation and will come back to the Committee with how they would like to proceed once the compensation study is completed.

4. Review of First 5 LA Bylaws and Policies

As directed by the Executive Committee at the August 5 Committee meeting, Mr. Steele presents a set of proposed amendments to the Board’s bylaws. The intent of the proposed amendments, as Mr. Steele states, is to help clarify various areas of the bylaws to be reflective of current operations and to better align the Bylaws with the controlling Los Angeles County ordinance. He also says that the goal of these proposed amendments will be to better define the role of the Budget and Finance Committee.

Proposed Amendment #1: To update and specify those Commission decisions that require a vote of an absolute majority of the entire Commission, rather than just a majority of a quorum present at a particular meeting and to increase the dollar threshold in which an item would have to be brought before the Commission for action:

ARTICLE IV

Operating Procedures

Section III. Voting

- A. Each voting member of the Commission shall be entitled to one vote.
- B. All votes are to be recorded and reported in the minutes.
- C. Members may not vote by proxy; alternate members may vote in the absence of their principal.
- D. Ex-officio members may not vote at the Commission meetings. However, ex-officio members may vote on procedural issues, such as referrals to staff, scheduling matters or requests for reports, and as part of Committee assignments.
- E. Approval of ~~an~~ a routine action requires an affirmative vote by a majority of Commission members present at a business meeting of the Commission, unless these bylaws specify otherwise, provided there is a quorum present.

~~F.~~ Approval of more significant items requires an affirmative vote of an absolute majority of the entire membership of the Commission at a business meeting of the Commission. The items requiring this absolute majority vote for approval are:

- Expenditure recommendations in excess of \$100,000 ~~\$50,000~~;
- Final adoption or amendment of the Strategic Plan, and
- Election or removal of Commission officers.

~~requires an affirmative vote of an absolute majority of all the members of the Commission.~~

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Supervisor Ridley-Thomas had suggested, at the last meeting, to separate out the items and for them to have more justification. Accordingly, Mr. Steele's proposed changes have separated routine actions and more significant actions from each other.

Mr. Steele also wants to bring the Committee's attention to the \$100,000 amount that is part of the proposed amendment. This is meant to only be a placeholder and is not a definitive recommendation for this dollar amount. However, Mr. Steele and First 5 LA staff have looked into what dollar amount would make sense and this was the amount that seemed most appropriate.

Chair Kaufman goes back to the second and third bullet of this Article and reemphasizes why he feels it is important to have a five person vote on items that are not "routine". He says that this shows that there is a majority of voting members who agree with the item and shows where the Commission stands on particular items. Would like to have language to distinguish which items are non-routine and routine since he feels that bullet two only captures votes on items that are amendments or related to the Strategic Plan.

Ms. Belshé indicates that it would be very difficult to capture every single scenario within the bylaws, so her question to the Committee is whether or not the proposed amendment captures the bulk of scenarios that would be anticipated for the Commission to place a vote.

In response to Chair Kaufman's concern, Commissioner Dennis suggests that if there are items that are to go to vote before the Commission, and super majority is not present, then the item could be tabled, and this of course, would be at the discretion of the Chair.

Mr. Steele informs Chair Kaufman that there have not been many divided votes in the past that would warrant a supermajority vote to show where the Commission stands on a particular item. He furthers his comments by indicating that though Chair Kaufman's concerns are valid, he doesn't think that it would be an issue to have a majority vote versus a supermajority.

Chair Kaufman says that he will think about his concerns, and if need be, will bring it to the full Commission if the concerns still remain.

Mr. Steele continues to the next proposed amendment,

Proposed Amendment #2: To fully align the bylaws with more recent amendments to the Los Angeles County Ordinance:

ARTICLE VI ***Duties of the Commission***

The Commission shall:

- A. *Implement the goals and objectives of the Children and Families Act and other applicable laws;*

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- B. Prepare and adopt an adequate and complete Strategic Plan in accordance with Section 3.72.080 of the County Code;
- C. Periodically review the Plan on at least an annual basis, and revise the Plan as may be necessary or appropriate in accordance with Section 3.72.080 of the County Code;
- D. Measure the outcomes of County funded programs through the use of applicable, reliable indicators and review that information on a periodic basis as part of the public review of the Strategic Plan;
- E. Submit its adopted County Strategic Plan, and any subsequent revisions, to the State Children and Families Commission (“State Commission”);
- F. Prepare and adopt an annual audit and report and conduct at least one public hearing prior to adopting the annual audit and report;
- G. Conduct at least one public hearing on each annual report by the State Commission;
- H. Provide quarterly reports to the County Board of Supervisors on issues including: contracts, program implementation, accounting and budgeting, outcome measures and any other issues the Board of Supervisors deems appropriate;
- I. Establish such ad hoc or standing committees or working groups as are necessary to fulfill the functions of the Commission and accomplish the purposes of the Children and Families Act;
- J. Establish such technical advisory committees as the Commission deems necessary to provide technical and professional expertise and support for any purposes that will be beneficial in accomplishing the purposes of the Children and Families Act, ~~and,~~
- K. Adopt policies and procedures that are family-friendly and inclusive to encourage broad participation at Commission meetings; and
- L. Comply with all applicable requirements of Health and Safety Code Section 130140, or any successor statute, as such statutes may be amended from time to time.

The Committee does not object to any of the proposed amendments for this Article so there is no discussion and Mr. Steele proceeds to his next proposed amendment.

Proposed Amendment #3: To update and conform the bylaws to reflect current organizational practice and best practices in local government.

ARTICLE VII
Duties of the Chairperson (“Chair”) and Vice Chairperson (“Vice Chair”)

Section IV. Administration

- A. The Commission vests in the Chair, through the Executive Director, shall the responsibility to supervise and direct the work of the Commission staff, including assignment of special projects to the Executive Director. The Chair and Members of the Commission shall communicate with the Executive Director or his/her designee as to the administration, work

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and finances of the Commission. The Executive Director shall report to the Chair and the Commission.

- B. *At the direction of the Commission or upon independent decision, the Chair may request Commission members, committees of the Commission or Commission staff to review pending legislation or proposed actions of the State Commission for presentation to the Commission for consideration.*
- C. *In accordance with the Los Angeles County Ordinance and these bylaws, the Chair shall approve all Commission matters, including all correspondence on behalf of the Commission, other than matters decided by the Commission as a whole.*
- ~~D. *The Chair shall approve in advance All travel on Commission business by Commission members, ex-officio representatives and any expenses Commission staff, for which they may seek reimbursement shall be brought to the attention of the Chair by the Executive Director, and shall be subject to approval by the Executive Director. The Chair, or his or her designee, shall review and approve all requests for reimbursement of expenses by the Executive Director, or may delegate such approval to the Executive Director.*~~
- E. *The Chair shall meet with individual Commission members as appropriate, concerning personal conduct which is in conflict with Commission bylaws, policies or procedures, including excessive absences, late arrivals or early departures which disrupt meetings.*
- F. *The Secretary or his/her designee shall, as necessary, take minutes of meetings and closed sessions of the Commission, communicate closed session actions and direction to the public or staff, as appropriate or required by law, and review and approve the draft minutes of Commission meetings prior to their consideration by the full Commission.*

Mr. Steele says in this proposed amendment he took in consideration what Supervisor Ridley-Thomas commented at the previous Executive Committee meeting; that the language in this section was intentional for staff to report to the Chair of the Commission.

In regards to who shall approve travel expenses of the Commissioners, Supervisor Ridley-Thomas raised a point, at the last Executive Committee meeting, that these expenses should be raised to the attention of the Chair, but subject to the approval of the Executive Director. In addition, all business expenses incurred by the Executive Director would be approved by the Chair of the Commission, or his or her designee. Mr. Steele made sure to reflect all of the Supervisor’s suggestions in his proposed amendments of this section.

Using Commissioner Dennis as an example of how reimbursements are given to Commissioners, Ms. Belshé asks Commissioner Dennis if First 5 LA had reimbursed him when he had traveled on behalf of First 5 LA to Sacramento.

Commissioner Dennis says that he did not seek reimbursement from First 5 LA for his trip to Sacramento. Chair Kaufman says that Commissioner Dennis should seek reimbursement since the trip was for official First 5 LA business. Commissioner Dennis says he will work with First 5 LA to take care of this reimbursement.

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Chair Kaufman says that he does not have a problem with the proposed amendment of the Executive Director designating another person as the Secretary to the Commission. For example, Ms. Belshé has designated Linda Vo, her Executive Assistant, to be the Secretary to the Commission.

Commissioner Dennis comments on the proposed amendments of this section and says that it is in line with basic non-profit ideology, where the Executive Director oversees the staff of the organization and he or she would be accountable to the Commission.

Mr. Steele says that language of this section was intentional and reflected the organization as it was during that time. However, he notes that the new proposed amendments would reflect the management infrastructure that is present within First 5 LA today.

Chair Kaufman asks that this item be tabled until Supervisor Ridley-Thomas is present for the meeting, since he was the one who had a lot of concern over changing the language in this section. Chair Kaufman would like to hear what the Supervisor has to say about the proposed amendments for this section.

Note: Item is tabled until Supervisor Ridley-Thomas arrives.

Mr. Steele proceeds to the next proposed amendment at the request of Chair Kaufman.

Proposed Amendment #4: Clarify the defined responsibilities of the Executive and Budget and Finance Committees to eliminate overlap.

Article X, Section II. Committee Structure/Authority

A. Executive Committee

The Executive Committee shall be a standing Committee of the Commission. Membership of the Executive Committee shall be comprised of the Chair of the Planning Committee, two other voting members of the Commission appointed each year by the Chair and the Vice Chair of the Commission. The Vice Chair shall serve as the Chair of the Executive Committee. The Executive Committee shall meet in open and public sessions in compliance with the Brown Act except where a closed session is warranted and called according to applicable law. The duties of the Executive Committee shall include the review of the draft annual operating budget, supervising and providing oversight of the annual audit of the Commission, review of the draft annual report to the State Commission, advice and feedback to the Executive Director regarding operational issues including, but not limited to:

- ~~—fiscal~~
- contract compliance
- quality assurance
- evaluation
- policy advocacy
- personnel and compensation issues

In addition, the Executive Committee shall draft the annual evaluation of the Executive Director for consideration and action by the full Commission, supervise any Commission self-assessment process initiated by the full-Commission and perform any other function delegated to it by the full Commission. The term of office on the Executive Committee shall be for one (1) calendar year. No person shall serve as Chair of the Executive Committee for more than two (2) consecutive terms,

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although this limit shall apply only to consecutive terms on the Committee, and shall not limit subsequent, non-consecutive terms.

The Executive Committee shall not make binding decisions that are decisions of the Commission under applicable law and shall periodically report its activities to the full Commission. Minutes of Executive Committee meetings shall be kept and distributed to all members of the Commission.

B. Program and Planning Committee [no changes proposed].

C. Budget and Finance Committee

The Budget and Finance Committee shall be a standing Committee of the Commission. The Commission Chair shall appoint a member each year to serve as the Committee Chair, and three other voting members of the Commission to serve as members of the Committee. The Budget and Finance Committee shall oversee the effectiveness of the annual audit process and assist in maintaining the integrity of internal control and financial reporting, ~~and shall review the draft annual business plan and proposed budgets prior to Commission action.~~ The Commission Chair shall appoint a member each year to serve as the Committee Chair, and three other voting members of the Commission to serve as members of the Committee. The Budget and Finance Committee shall provide feedback and advice to the Executive Director regarding the following budget and fiscal tasks:

- Review draft annual business plan and proposed budgets.
- Review proposed fiscal policies and procedures.
- Review proposed scopes of work for annual audits.
- Ensure that required annual audits occur and review audit reports.
- Review audited financial statements.
- Other tasks delegated to the Committee by the full Commission, the Executive Committee, or as requested by the Executive Director.

The term of office on the Budget and Finance Committee shall be for one (1) calendar year. The Budget and Finance Committee shall meet in open and public sessions in compliance with the Brown Act except where a closed session is warranted and called according to applicable law. The Budget and Finance Committee shall not make binding decisions that are decisions of the Commission under applicable law and shall periodically report its activities to the full Commission. Minutes of the Budget and Finance Committee meetings shall be kept and distributed to all members of the Commission.

Mr. Steele says that the proposed amendments of this section were done in response to the request of Chair Kaufman, asking that there be specific bullets of roles/duties that the Budget and Finance Committee would be responsible for, showing a distinction between this Committee from the Executive Committee. He also notes that the proposed amendments, pertaining to the Budget and Finance Committee, were already reviewed by the Budget and Finance Committee and recommended for approval.

The goal here was for there to be a clear distinction between the roles of the Budget and Finance Committee and the roles of the Executive Committee, since the roles seem to overlap.

Chair Kaufman asks Mr. Steele if other Committees have a Vice Chair sitting on the Committee. Mr. Steele responds by saying that they do and that the Chair of the Commission appoints the Vice Chairs of the various Committees. Chair Kaufman would also like language

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to be included in each section of the Committees within the bylaws to specifically call out how the Vice Chair is appointed to each of the Committees.

Ms. Belshé agrees with this suggestion.

Mr. Steele indicates that he will include this language for all Committees to show that the Chair of the Commission has the authority to appoint the Vice Chairs of the various Committees, or delegate to the Committees, to appoint its own Vice Chair.

Ms. Belshé would also like for there to be consideration that Public Affair Liaisons be removed from the structure of the Committees so that the focus be on the Committees itself. In addition, any work that is to be done, as it relates to policy, would be the responsibility of First 5 LA staff.

Chair Kaufman would like for staff to come back with suggestions on how Public Affairs Liaisons would be removed before proposing it to the full Commission.

Ms. Belshé agrees with Chair Kaufman and indicates that staff will come back with some recommendations.

Ms. Belshé proceeds with asking Mr. Steele if there is a reason to why there is a specific day indicated in the bylaws for when Program and Planning meetings should be held. Mr. Steele responds and says that it is due to the Brown Act and that it is to ensure that all Committees hold one meeting per month.

Mr. Steele also indicates that there is no reason why the day of the meeting has to be specific the way it is for Commission meetings.

Ms. Belshé informs that Committee that only the Program and Planning Committee has language within the Bylaws that designates a specific day for a meeting to be held. She asks that there be consideration to remove the specificity of a day for the meeting to be held since it does not apply to the other Committees.

The Committee is fine with this recommendation and asks that Mr. Steele come back with proposed language for this request by Ms. Belshé.

There is no further discussion on the proposed amendments and the meeting proceeds to the next topic on this item.

Ms. Wagner begins his presentation on Policies and Procedures by informing the Committee that First 5 LA now has identified 129 policies and procedures, with a wish list of 35 that have been identified as needing to be developed because they currently do not exist.

Mr. Wagner reminds the Committee that there are currently 15 policies and procedures that have risen to Board level for consideration in the past. These policies are listed on a handout that was given out at the last Executive Committee meeting and are highlighted. Mr. Wagner also acknowledges Chair Kaufman's recommendation that the policy regarding consultants rise to Board level for consideration as well.

Mr. Wagner responds to the last Executive Committee meetings direction regarding how staff will prioritize the different policies and procedures. He goes over a chart of priorities to explain how they will prioritize these.

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In addition, Mr. Wagner says that Staff will ensure that the latest language be reflected in the policies to reflect the current times. He reminds the Committee that First 5 LA has engaged with GFOA to review its current business processes to see where it can seek improvement.

Mr. Wagner indicates that there are some policies that would require more time to revise. For example, there are currently four different policies regarding the budget and the goal would be to consolidate all four into one policy. However, this would not be a near term

And if staff is headed in the right direction with these priorities, then Mr. Wagner informs the Committee that staff will come back to the Executive Committee meeting in the future with an update to the policies and procedures that it is putting together and where there are at.

Commissioner Dennis agrees that having good policies and procedures in place is important for First 5 LA to have since he feels that it leads to the effectiveness of the Commission and staff. He is not sure if Mr. Wagner captured this concept in his priorities that he just covered.

Mr. Wagner responds to Commissioner Dennis and says that although there is not a separate policy that governs staff and Commission relations, ensuring that there is a complete list of policies and procedures will in essence lead to a more effective organization, thus lead to an effective relationship with the Commission.

Ms. Belshé adds to Mr. Wagner's response by saying that one of the goals of the policies and procedures process that Mr. Wagner is endeavoring, will be to add greater clarity to the existing policies and procedures that would also call out those policies that should rise to Board level for consideration. In addition, Ms. Belshé also says that this process is part of maintaining a healthy organization where the existing policies and procedures would be reviewed every 4-6 years, to ensure maximum effectiveness.

Chair Kaufman asks if there needs to be a formal policy to address that there be a review of the policies and procedures every so often to ensure effectiveness of the organization.

Mr. Steele says that there are many well run organizations that do not have this policy regarding staff and Commission relations and instead are self-governed.

Ms. Belshe goes over the timing of how the proposed Amendments would be presented before the full Commission. She states that the goal would be to use the September Commission meeting as level setting where the history of the bylaws could be discussed, given that many Board members are new to the Commission. Then the proposed amendments would be presented to the full Commission at the October meeting and then action to be taken at the November Commission meeting.

Note: Supervisor Ridley-Thomas arrives

Chair Kaufman asks that the Committee refer back to the proposed amendment regarding the duties of the Chairperson. The Supervisor says that he and Mr. Steele had already had their discussion offline and that he is fine with the proposed amendments.

There is no further discussion on this item and the Committee goes into closed session.

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ADJOURNMENT:

The open session was adjourned at 3:30 pm.

NEXT MEETING:

The next regularly scheduled meeting will be taking place as follows.

November 4, 2013
10:00 am – 12:00 pm

First 5 LA
Conference Room B
750 N. Alameda Street
Los Angeles, CA 90012

Meeting minutes were recorded by Linda Vo, Secretary to the Board of Commissioners.