

**SUMMARY MEETING NOTES**

**FIRST 5 LA**

**SUMMARY MEETING NOTES  
Executive Committee Meeting  
August 5, 2013**

**COMMITTEE MEMBERS PRESENT:**

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

**COMMITTEE MEMBERS ABSENT:**

Sandra Figueroa-Villa [Excused]

**STAFF PRESENT:**

Kim Belshé, Executive Director  
Yolanda Bosch, Chief Administrative Officer  
Genie Chough, Finance Director  
Tony Luu, Staff Accountant  
John Wagner, Chief Operating Officer

**LEGAL COUNSEL:**

Craig Steele

**RECORDING SECRETARY:**

Linda Vo, Executive Assistant

**1. Call to Order**

The meeting was called to order by Commissioner Kaufman.

Commissioner Kaufman welcomed everyone in attendance.

**2. Review of Executive Committee Meeting Notes – July 8, 2013**

**THE ITEM WAS RECEIVED AND FILED**

**3. Standing Updates**

Per Chair Kaufman, all items that are within the purview of the Executive Committee will be standing agenda items for every meeting. Chair Kaufman felt that by making these items standing, it would make it easier on staff and the Executive Committee in having an agenda prepared in time for each meeting, even if there is in fact no update on any of these items.

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
9. Personnel and Compensation

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Given that "Standing Updates" on the agenda may or may not have an actual update, Ms. Belshé recommended that instead of calling these items "Standing Updates", they should be titled "Standing Issues." In addition, she suggested that for those items that do have an update, they should be underlined with a bullet or distinguished somehow, so that the public and others viewing the agenda will be able to decipher which "Standing items" actually have an update.

Both Chair Kaufman and Mr. Steele agreed to this suggestion. The change will be reflected on the next Executive Committee meeting agenda.

Commissioner Dennis wants clarification on Items 1, 2, and 4 in regards to how the Executive Committees roles are different from that of the Budget and Finance Committee with respect to these three items when they all fall within the purview of both Committees.

Mr. Steele explains that the difference is as follows:

Item 1 – Review of the Annual Operating Budget: Executive Committee is responsible for the operational aspect of the operations budget. i.e. how many staff persons you will have, what are you spending on the building and all items that are within the operating budget because it is the duty and responsibility of the Executive Committee to oversee the operation aspect of the budget. On the other hand, the Budget and Finance Committee is responsible for the dollar and format parts of it.

Item 2- Annual Audit: The Executive Committee is responsible for ensuring that the annual audit occurs. The Budget and Finance Committee is responsible for looking at any financial findings that come out of the audit, such as deficiencies.

Item 4 – Fiscal: Both the Executive and Budget and Finance Committee, last year, looked at the Long Range Financial Projections because there are both operational and programmatic aspects to the report. And anything other Fiscal issues that the Executive Director feels needs the input of the Executive Committee.

Commissioner Dennis is pleased with Mr. Steele's explanation and the discussion proceeds back to Item 3.

Commissioner Dennis wants to know if the Commission would like to know how the money in the First 5 LA pool should be invested, which Committee would this go before? Ms. Belshé indicates that questions like these would be handled as they come in since they are one-off's.

Ms. Belshé notes that there will be some items brought up for discussion involving some proposed changes to the bylaws when Item 4 is discussed.

Mr. Wagner indicates that there is one update on Item 3 -Standing Updates, Annual Audit. The goal today would be to cue up the time frame that would be involved with the annual audit. Ms. Chough says that they are currently closing out all the outstanding invoices that were due through FY 2012-13. Today is the last day for closing out these outstanding invoices and the Finance Department will be spending the next couple of weeks analyzing/identifying any variances between the prior FY 2011-12 and then prepare the reports for the Independent Auditors: Vavrinek, Trine, Day & Co., LLP

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(VTD). VTD will be coming on Monday, August 19, for two weeks reviewing First 5 LA's financial records and developing its audit reports that will eventually turn into its Comprehensive Annual Financial Report (CAFR). They will conclude the onsite audit early September and will do an exit interview and share their preliminary draft of findings. At this time, Raoul Ortega, First 5 LA's Finance Manager, will also be working on the Management's Discussion and Analysis (MDA) Report, which calls out anything that has been consistent in prior fiscal years and what the trend has been, as well as any outliers in excess of 10% or \$100,000 from previous fiscal years. VTD will finalize their report by late September and this final draft report will be shared with the Board at the October 10, 2013 Commission meeting and First 5 LA's CAFR will be submitted by November 1, 2013, as required by the Prop 10 statutes, to the State Controller's Office.

This is the same time line that the Commission of First 5 LA has followed in previous years.

Commissioner Kaufman wants to know which Committee this final audit report will go to before it goes before the full Commission.

Mr. Steele responds by saying that it will determine on the outcome of the audit. If there are suggestions made by VTD that are made on items that are more operational issues, the standard process would be to take it to the Executive Committee. And if there are significant financial variances, then it would go to the Budget and Finance Committee.

Ms. Chough completes her report on the annual audit.

Supervisor Ridley-Thomas would like to know what the process is of how First 5 LA retains its auditors. Ms. Bosch indicates that it's a competitive bidding process where once retained, they are on a 5-year contract that is renewed annually.

Supervisor Ridley-Thomas expresses concern with regards to the process to which auditors are chosen by First 5 LA. He wants to make sure that Ms. Belshé is comfortable with the auditor since she is the new Executive Director, especially since she had no part in choosing VTD as First 5 LA's auditors. He goes on to say that he does not want the same thing to happen to First 5 LA that happened with Bell County, where there was such a complete reliance on the auditors to do what they are retained to do, when in fact there should be more oversight by the leadership to ensure that the audit is done properly.

Mr. Steele and Ms. Bosch assure Supervisor Ridley-Thomas that VTD's credentials are respectable and that they have a long standing working history with the LA County. Mr. Steele goes on further to describe that VTD was very thorough at least year's audit of First 5 LA's financials and is very pleased and comfortable with VTD's auditing process. Chair Kaufman concurs to this sentiment.

The meeting proceeds to Item 4.

#### **4. Review of First 5 LA Bylaws and Policies**

##### **Bylaws:**

Mr. Steele proceeds with covering the existing bylaws and proposed changes that he would like to bring up for discussion with the committee. The copy of Bylaws handed out

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are color-coded in Blue and yellow to highlight those things that are mandated by State Law and those things that are mandated by County Ordinance, respectively. Those items that are not highlighted indicate those areas to which are at the discretion of the Commission.

Mr. Steele explains the difference between Bylaws and Policies and Procedures of First 5 LA. He explains that the Bylaws are basically a governance document and describe how the Board works and what its responsibilities are and Policies and Procedures are the internal operating mandate for the organization in regards to the day to day business.

In response to Commissioner Ridley-Thomas' suggestion at the 7/8/2013, Executive Committee meeting, Mr. Steele conducted a complete review of First 5 LA's Bylaws to see if there were any deficiencies that needed to be "modernized." Accordingly, Mr. Steele came up with the following three considerations he would like to present to the full Commission:

1. *Alignment with State law and the Ordinance.*
  - a. *Three relatively minor additions to the Bylaws are necessary to more completely align the Bylaws with the most recent version of the Ordinance as amended by the Board of Supervisors, and another related but general provision of the County Code. We note that First 5 LA already complies with these items, although they have not yet been incorporated into the Bylaws. Those amendments would be:*
    - i. *Add a requirement that programs be evaluated through the use of accurate and reliable indicators, and that evaluations be reviewed as part of the Strategic Plan review. Los Angeles County Code ("LACC") Section 3.72.080(D).*
    - ii. *Add a requirement that First 5 LA provide quarterly reports of activities to the Board of Supervisors on various operational topics, as well as any other information requested by the Board of Supervisors. LACC Section 3.72.080(H).*
    - iii. *Add a requirement that First 5 LA comply with all provisions of Proposition 10 that are applicable to county commissions. LACC Section 3.72.080(J).*

**Note: Mr. Steele states that the three proposed amendments above are already being practiced by First 5 LA. The only reason he is proposing that the Bylaws but that there is no formal language within the Bylaws that has been incorporated.**

Chair Kaufman poses the question of why it is necessary to align First 5 LA's bylaws with State law and the County Ordinance. Mr. Steele responds by saying that there are already some requirements in County Ordinance in the Bylaws so it just makes sense to align completely. This will not change the way First 5 LA operates but will instead take the language that is currently in the Ordinance and align with the language in the Bylaws.

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2. *Gaps and opportunities for improvement.*
  - a. *There are four existing sections of the Bylaws where there may be opportunities to clarify or update existing procedures. These amendments are not legally necessary, but would improve the utility of the document.*
    - i. *Article VII, Section IV A of the Bylaws could be read to assign the Chair of the Commission a role in supervising Commission staff. That section currently reads: "The Chair, through the Executive Director, shall direct the work of the Commission staff, including assignment of special projects to the Executive Director." This provision, read literally, is not consistent with current practices of First 5 LA, where the Executive Director is a direct report to the full Commission and all staff report to the Executive Director. Further, such a structure is not consistent with best practices in local government agency management. To clarify the existing relationship and to shield the Chair from any undeserved liability in employment matters, I recommend changing this provision to reflect current practice.*

Mr. Steele states that the way the above section reads, is not consistent with the way business is conducted at First 5 LA. If the Committee is comfortable with previous proposed changes, then First 5 LA staff will draft new language to be presented before the Executive Committee at the next scheduled meeting in September for further consideration.

Supervisor Ridley-Thomas states that he interprets Article VII, Section IV A of the Bylaws differently from Mr. Steele. He doesn't feel that the language used was done inadvertently and instead, was deliberate. He advises Mr. Steele and First 5 LA staff to carefully consider the changes that they are proposing because it could be problematic in the future if an issue arises and the Executive Director decides to fight the sentiment of the Chair on it, and the language for Article VII, Section IV A has been changed. Supervisor Ridley-Thomas furthers his statement by saying that the way this Article reads, has always been the way First 5 LA has been the way it operates. And that if we were to change this language, then we are essentially saying goodbye to the way things were operated before.

Mr. Steele notes that he will highlight the comments Supervisor Ridley-Thomas has just made in the memo to the full Commission in regards to his concern over the consideration of these changes that he and First 5 LA are asking to be considered in regards to Article VII, Section IV A.

- ii. *Article VII, Section IV D currently provides that the Chair would approve travel expenses for commissioners and staff. This is not consistent with current practices, under which the Executive Director or her designees perform that function. I recommend updating this section to reflect current practice.*

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Commissioner Dennis comments that he would like to ensure that any proposed changes explicitly show that the Executive Director's expenses, including travel, be approved by the Chair since he/she cannot approve his or her own expenses. Supervisor Ridley-Thomas agrees to this sentiment. Mr. Wagner indicates that this concern will be addressed when the meeting moves on to the policies and procedures section of Item 4.

There is a consensus that any consideration of changes to Article VII, Section IV D would be presented to the full Commission as follows:

- Any travel expenses made by Commissioners and Ex-Officio's would be reviewed and approved by the Chair of the Commission after first going to the Executive Director for review.
  - Any travel expenses made by First 5 LA staff would be reviewed and approved by the Executive Director.
- iii. *Article X, Section II C establishes the Budget and Finance Committee and describes the duties of that Committee in relatively general terms. The assigned duties of the Executive and Program and Planning Committees are more specific. This is because the Budget and Finance Committee was newly established in 2011 following the Rose audit, and the Board had little experience upon which to base a more specific description of the Committee's duties. Now that the Committee has been in existence for some time, it may be advisable to be more specific about the delegation of duties to the Committee.*

Because the Budget and Finance Committee was created after the drafting of the Bylaws, Mr. Steele would like the Committee to consider a more defined and specific list of its roles and duties. Chair Kaufman would like to know what the timeline looks like for something like this in relation to it being presented before the full Commission for its review and consideration.

Ms. Belshé suggests that there could be a list of defined duties/roles and responsibilities created by First 5 LA staff and presented to the Executive Committee. The plan would then be to use the September Board meeting for level setting around the Bylaws to give some history of the bylaws and shed some light on some of the issues that are currently being raised around them (since many of Board members are relatively new), then present at the October Board meeting some of the proposed/clarified changes that First 5 LA would like considered and then to take a vote at the November, 2013 Commission meeting.

- iv. *Article IV, Section III F provides an increased minimum vote required to pass certain items. Expenditure recommendations in excess of \$50,000, the election or removal of officers and the final adoption of a Strategic Plan require the affirmative vote of a majority of the entire Commission, not just a majority of a quorum present and voting. This provision has rarely come into play, but it is an unusual vote requirement that could*

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*hinder actions in some circumstances. The Committee may wish to consider a change to this Bylaw, such as increasing the triggering dollar threshold which is only \$25,000 above the minimum contract amount that is required to be approved by Board vote.*

Supervisor Mark Ridley-Thomas suggests that Mr. Steele break into separate parts the above proposed changes to Article IV, Section III F that First 5 LA would like considered by the full Commission. He is concerned that there is too much going on in one paragraph and that breaking it into separate parts would help to clarify the changes that First 5 LA would like considered by the full Commission.

Chair Kaufman likes the idea of a 5 -vote for expenditure items from the full Commission. It shows a significant support for that particular item and would like to have it remain the same. Since the above proposed change is also intertwined with First 5 LA policies, Mr. Steele says that this item will be discussed more in depth once Mr. Wagner covers the policies and procedures section of Item 4.

3. *Issues raised in the Listening, Learning and Leading review of First 5 LA (“L3”).*
  - a. *We understand that certain governance-related issues were raised by stakeholders during the L3 review of First 5 LA. The following two items are raised here solely for the Executive Committee’s consideration.*
    - i. *Some stakeholders indicated that the current practice of rotating in a new Chair of First 5 LA each year from the Board of Supervisors each year sacrifices continuity and can lead to shifting priorities for the organization. This is a matter of Board of Supervisors policy and County Ordinance. A change to the Bylaws would have no legal effect.*
    - ii. *Some stakeholders asserted that the role of ex officio members should be clarified. The Ordinance provides that ex officio members serve in an advisory and non-voting capacity, the law would not prohibit the Board from providing further clarification within that framework, if Commissioners believe further clarity is needed.*

Currently, in our Bylaws, Mr. Steele states that it does not indicate that a member of the Board of Supervisor is required to serve on the Board of First 5 LA as the Chair. It has only been done this way because of tradition and because of Prop 10 law.

Note: As stated in Proposition 10, the Board can only be comprised of 5-9 members. As a result, ex officio members could not be added to the Board to become voting members (a question that has been asked in the past).

Supervisor Ridley-Thomas feels that it is “nonsensical” that ex officio members do not have voting power since when these members are sitting at the table during a meeting, they do have the opportunity to give their inputs and opinions on various items that are set on the agenda. But when the item goes to vote, these ex officio members do not get the opportunity to vote.

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Ms. Belshé suggests that Supervisor Ridley-Thomas' concerns, regarding the roles of ex officio members, be addressed before the full Commission to more explicitly outline what exactly are the contributions of ex officio members; possibly a consideration to change the Bylaws in regards to the role of an ex officio member.

### **Policies and Procedures:**

Mr. Wagner goes over the existing list of policies and procedures that he and his team have compiled thus far. All items highlighted in red are those policies and procedures that have risen to Board level for approval one time or another in the past. In pursuant to the last Executive Committee meeting, there was a request for the list of First 5 LA's policies. Currently, there are 129 policies compiled in this list and most are internal policies related to human resources.

This list is still a work in progress. However, as the Chief Operating Officer, under the direction of Ms. Belshé, Mr. Wagner is making it a priority for he and his team to build the internal systems and structures to accommodate the business needs of the organization and the direction of the Board.

In achieving this, Mr. Wagner has created a workgroup that includes working with the 13 different Departments within First 5 LA to ensure that all internal policies and procedures are captured by the different departments.

### **Next Steps:**

By the next meeting, there will be some recommendations made by First 5 LA for some possible suggestions to updates as it relates to the internal list of policies and procedures.

### **ADJOURNMENT:**

The open session was adjourned at 3:30 pm.

### **NEXT MEETING:**

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

September 5, 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.