

SUMMARY ACTION MINUTES

APPROVED: 11-08-12

FIRST 5 LA

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Commission Meeting
October 11, 2012

COMMISSIONERS PRESENT:

Commissioners:

Nancy Au
Jane Boeckmann
Suzanne Bostwick (Alternate)
Philip Browning
Sandra Figueroa-Villa
Neal Kaufman
Christopher Thompson (Alternate)
Zev Yaroslavsky (Chair)

Ex-Officio Commissioners:

Patricia Curry
Duane Dennis

COMMISSIONERS PRESENT:

Commissioners:

Jonathan Fielding (Vice Chair) [Excused]
Marv Southard [Excused]
Antronette Yancey [Excused]

Ex-Officio Commissioners:

Arturo Delgado [Excused]
Deanne Tilton [Excused]

STAFF PRESENT:

Craig Steele, Interim Chief Executive Officer
Antonio Gallardo, Chief Program Officer
Elizabeth Iida, Director of Program Development
Armando Jimenez, Director of Research & Evaluation
Raoul Ortega, Interim Finance Director
Maria Romero, Executive Assistant

LEGAL COUNSEL:

Nancy Takade, County Counsel

CALL TO ORDER / ROLL CALL:

1. Chair Yaroslavsky called the meeting to order at 1:33 pm. Quorum was present.

CONSENT CALENDAR: (Items 2 – 4)

2. Approval of Commission Meeting Minutes – Wednesday, August 29, 2012

**M/S (Nancy Au / Philip Browning)
WITH NO DISCUSSION OR OBJECTION,
THE ITEM WAS APPROVED**

Approval of Commission Meeting Minutes – Friday, September 7, 2012

**M/S (Nancy Au / Philip Browning)
WITH NO DISCUSSION OR OBJECTION,
THE ITEM WAS APPROVED**

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Approval of Commission Meeting Minutes – Thursday, September 13, 2012

**M/S (Nancy Au / Philip Browning)
WITH NO DISCUSSION OR OBJECTION,
THE ITEM WAS APPROVED**

3. Approval of the Monthly Financial Statements for the Month Ending August 31, 2012

Interim Finance Director Ortega presented the monthly financial statements for the month ending August 31, 2012. He reported the financial statements represented a soft close and are unaudited.

**M/S (Philip Browning / Jane Boeckmann)
WITH NO DISCUSSION OR OBJECTION,
THE ITEM WAS APPROVED**

4. Approve One Amendment and Renewal and Authorize Staff to Complete Final Contract Execution Upon Approval From the Board

CPO Gallardo reported that as part of the monthly practice, approval was being requested for one amendment and one renewal. He further reported that the scope of work and budget documents for the two items were available on the website.

**M/S (Neal Kaufman / Sandra Figueroa-Villa)
WITH NO DISCUSSION OR OBJECTION,
THE ITEM WAS APPROVED**

COMMISSION: (Items 5 – 13)

5. Announcements by the Commission Chair

- Chair Yaroslavsky recognized Commissioner Cynthia Harding for her service on the Commission. She has been appointed as the Interim Deputy Director of the Los Angeles County Department of Public Health. During Commissioner Harding's six-year tenure on the First 5 LA Commission, she made a significant impact in improving the lives of children pre-natal to age five by giving generously of her time, substantive expertise, and passion. With her guidance and support, First 5 LA created programs that truly ensured that children received the very best possible start in life. Programs like Healthy Births, Welcome Baby, Home Visitation Programs, County-wide Peer Support Groups for Parents, Healthy Kids and obesity prevention are all examples of allocations made during her time with our Commission.
- Chair Yaroslavsky introduced and welcomed Suzanne Bostwick as the Director of Public Health's alternate on the Commission. Commissioner Bostwick is the Department of Public Health's newly-appointed interim director of Maternal, Child and Adolescent Programs. She has worked in the public health field for over 30 years, and started her work for Los Angeles County in 1991. She most recently served as Director Children's Health Outreach Initiatives for DPH & Children's Health Initiatives.

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- Chair Yaroslavsky announced that after an exhaustive process, Kim Belshé was selected as the new Executive Director for First 5 LA with a unanimous vote from the Commission. She will start on November 12, 2012.

Prior to taking her position with PPIC, Ms. Belshé served as Secretary of California's Health and Human Services Agency throughout Governor Schwarzenegger's tenure, and previously held a number of leadership positions in state government, including Director of the Department of Health Services and Deputy Secretary of the then-Health and Welfare Agency during the administration of Governor Pete Wilson. She has also served in leadership positions in California philanthropy, including Program Director for the James Irvine Foundation. Ms. Belshé is an expert on health policy, and currently serves as one of five members of California's Health Benefit Exchange, a centerpiece of federal health reform which will create a new marketplace for consumers and small businesses to shop for health insurance, starting in 2014.

Chair Yaroslavsky thanked Craig Steele, Interim Chief Executive Officer, for the incredible job he has done during the past year, which has been full of challenges, obligations, and opportunities.

Chair Yaroslavsky also acknowledged Lisa Mandel for all of her help in the search process.

Chair Yaroslavsky commented the First 5 LA search process had been the best process he has been involved with. The engagement of the Commissioners was admirable and he thanked each of the Commissioners.

6. Interim CEO Report

The written report was received and filed as submitted. In addition to the written report, the following items were highlighted:

- **Executive Director** – On behalf of the First 5 LA staff, Interim CEO Steele welcome Kim Belshé to the organization. He acknowledged staff for their work over the course of the past year, while the search process was taking place.
- **Electronic Agenda Packet** – The Commission is moving toward an electronic agenda packet. Electronic agenda packets will be available beginning in November.
- **Appreciation** – Executive Department staff (Maria Romero, Judy Gomez) was thanked for their work during the search process and for ongoing support.

Commissioner Kaufman announced that he attended the ECE Works Conference in partnership with the UCLA Anderson School of Business. Representing the Commission, he moderated a panel on social impact investment.

Commissioner Kaufman also provided an update on the capacity building presentation made at the Program & Planning Committee on September 27. Some of the key takeaways from the presentation were that as funders, the Commission needed to make

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sure that it helped the people being funded, longer term funding, unrealistic expectations of grantees, full coverage of the cost of a program to the best possible extent, committing to providing core operating support, and increasing the percentage of administrative costs. Commissioner Kaufman asked that staff review the administrative cost structure and the unwritten policy that grantees can get 10 percent of their personnel costs as indirect costs, and bring back their findings and recommendations to another Program & Planning Committee for further discussion.

7. Approval to Establish a Strategic Partnership with the Los Angeles County Community Development Commission (“CDC”) for a Total Not-to-Exceed \$2.3 Million out of the Previously Approved Allocation of \$25 Million for Permanent Supportive Housing

Interim CEO Steele reported that this item was a request that the Commission approve entering into a strategic partnership with the Los Angeles Community Development Commission (CDC) for the management and monitoring of the upcoming permanent supportive housing allocation.

Interim CEO Steele reported that a few months back, the Commission made a decision to allocate \$25 million to a project to provide permanent supportive housing for homeless children and their families, along with an extensive array of services. At the time, it was agreed that a level of expertise in substantive areas was required that was not available within current First 5 LA staff. Staff worked with Supervisor Yaroslavsky’s office to identify experts to help develop the NOFA. This level of expertise needed to be available to First 5 LA as grants are awarded and resulting contracts are administered. Due to the nature of the types of activities that are proposed to be funded, expertise that is needed includes real estate, non-profit housing, and various service areas not available on staff at First 5 LA but which are available at the Community Development Commission. The CDC services as the County’s housing authority and administers different kinds of grants similar to the NOFA throughout the County, both in the unincorporated area as well as 37 other cities within Los Angeles County.

The CDC is uniquely qualified to help First 5 LA administer the NOFA funds in the long-term that are going to be granted as a part of the allocation. The project is also consistent with the adopted Strategic Plan.

Commissioner Dennis asked if the CDC would have responsibility of sole grantsmanship or would it make recommendations to First LA with regard to grant-making and decisions would be made within First 5 LA. Interim CEO Steele responded that the grant-making decisions would be made by the Commission. The CDC and an independent panel would help to score the proposals received.

Commissioner Dennis asked if the proposed strategic partnership prohibited the CDC from applying for grant funding. Staff responded in the affirmative.

Commissioner Figueroa-Villa asked if consideration was given to hiring staff to possibly do this work versus subcontracting the work. She also asked what services were going to be provided by the CDC. Interim CEO Steele responded that consideration was given to possibly hiring First 5 LA staff but this was not a good option because (1) due to the serious nature of the problem identified, the Commission directed staff to get money out the door by the end of year; and it was not physically possible to hire staff and go through the process in a timely manner to award funding; (2) there were too many

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different skill sets required because of the three areas of funding that have been established; and, (3) past the construction point in the project, the level of service that is required is much lower and the work is then basically monitoring.

Commissioner Kaufman asked why there was no time period attached to the contract. Interim CEO Steele responded that long-term monitoring of First 5 LA interests by the CDC could span over 55 years because of property covenants. Commissioner Kaufman then asked if yearly allocations from the proposed \$2.3 million would be part of the programmatic annual budget approval process. Interim CEO Steele responded in the affirmative.

Commissioner Au commented that she agreed with the decision to enter into a strategic partnership with an organization that had the expertise to do the work. She asked if there was a mechanism in the agreement that would allow the Commission to have periodic reporting as to the status of the project and for how long. Interim CEO Steele responded there would be two sets of reporting requirements within the agreement: (1) a reporting requirement from the grantee on individual aspects of the full \$25 million; and (2) on a macro-level CDC would be required to be reporting as to the full compliance of the entire initiative and their activities in that regard. The reporting period was unknown as of yet since proposals have not been received detailing activities.

Commissioner Figueroa-Villa asked how the \$2.3 million allocation request was determined without knowing the work to be done based on the forthcoming proposal submissions. Interim CEO Steele responded that the initial allocation of \$25 million had a \$2 million allocation for administrative expenses. The \$2.3 million allocation is comprised of a five percent administrative fee of CDC as well as staff and evaluation costs.

**M/S (Nancy Au / Philip Browning)
WITH NO DISCUSSION OR OBJECTION,
THE ITEM WAS APPROVED**

8. Approve Resolution 2012-11 Increasing the FY 2012-13 Program Budget by \$18,094 for the Resource Mobilization-Challenge Grant/Social Enterprise Grants Countywide Strategy Line Item

Interim Finance Director Ortega reported staff was requesting approval of Resolution 2012-11. The Commission adopted, within the programmatic budget in June 2012, the Resource Mobilization-Challenge Grant/Social Enterprise Grants Countywide Strategy. The line item increase accounts for both the higher than anticipated grant applications received and for the estimated costs of addressing technical assistance needs of grantees. The approval of the resolution will have two levels of impact within the organization— (1) at the fund balance level, there would be a decrease of unrestricted fund balance in the amount of \$18,000; and, (2) at the program budget level for FY2012-13, there would be an increase of \$18,000.

Commissioner Dennis asked how many grantees would benefit from the Challenge Grants. Staff responded that there were 11 projected grantees. Over 100 applicants submitted applications for consideration. The grants are each for \$100,000 and require a match.

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Commissioner Dennis said that this was far too little money as only 10 percent of the applicants could receive funding and suggested that staff come back with recommendations to increase available funding for grants.

Interim CEO Steele commented that staff would take Commissioner Dennis' recommendation and would consider incorporating it into the FY 2013-14 budget process of the Community Investments Department.

Commissioner Au commented that these grants were a good start, allowing the Commission to determine if the internal capacity existed to support this kind of grant-making.

**M/S (Nancy Au / Jane Boeckmann)
WITH NO FURTHER DISCUSSION OR OBJECTION,
THE ITEM WAS APPROVED**

9. Approval to Negotiate Contracts with Two (2) Organizations to Implement the Tot Parks & Trails Investment in an Amount-Not-Exceed \$1.92 Million Distributed in Los Angeles County Fifth District

Director Iida reported that staff was seeking approval to negotiate contracts with two organizations in an amount not-to-exceed \$1.92 million over a three-year period to implement the Tot Parks & Trails Project in the Fifth Supervisorial District. The request was based on staff receiving proposals from four qualified applicants who responded to an RFP that sought eligible non-profit agencies with demonstrated private/public partnership experiences to lead and manage the development of place-bases for young children in the Fifth Supervisorial District.

The Commission approved this investment on November 18, 2010 with an allocation of \$10 million to create opportunities for non-profit, community-based organizations to develop, upgrade or improve playgrounds, place-bases or stroller trails for toddlers. To this end, First 5 LA staff developed and issued an RFP last Fall to seek proposals from qualified non-profit agencies in each of the five supervisorial districts with funding of up to \$2 million per district, for a total of \$10 million approved allocation from the Commission over three years.

Last fall's RFP did not yield a qualified non-profit agency in the Fifth District. Therefore, staff released the same RFP in the Fifth District in May 2012. The applicant eligibility criteria, proposal review and selection processes were included in the meeting packet. The applicant scores were also included in the materials. The scores represent an average score of three independent reviewers from First 5 LA external reviewers' pool. The reviewers evaluated each proposal independently using a reviewer tool created by staff that corresponded to the qualifications and criteria posted in the RFP. The reviewer tool was also included in the RFP.

Staff recommends dividing the \$2 million allocation between the top two-scoring applicants who are the Los Angeles Parks Foundation and North East Trees to support the development of two parks projects per applicant. Staff's recommendation to fund fewer projects proposed by each applicant is based on each applicant's budget to complete projects and the total to be contracted amount to be within the approved \$2 million allocation for the Fifth District. Funding both of these organizations at their full

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request would exceed the \$2 million district allocation. Funding more than one organization is also consistent with the \$2 million per district allocation distributed in District One when there were tie scores among applicants.

The proximity of the Tot Parks & Trials project to the Best Start communities was also considered as part of staff's recommendation. Upon the Board of Commissioners approval, staff will proceed with issuing award letters, and negotiating contracts with Los Angeles Parks Foundation and North East Trees. Staff will return to the Commission prior to the execution of the contracts to request approval for both the authority to contract for Year 1 of the proposed projects and to formally augment the FY 2012-13 Program Budget.

**M/S (Jane Boeckmann / Jane Boeckmann)
WITH NO FURTHER DISCUSSION OR OBJECTION,
THE ITEM WAS APPROVED**

10. Approval of the 2011-2012 Annual Report to First 5 California (State Commission)

Director Jimenez reported that approval was being requested of the 2011-12 annual report to First 5 California. Director Jimenez thanked staff for their work in coordinating data collection efforts for this report.

Each year, First 5 LA is required to submit basic financial and program data to First 5 California as part of the annual report process. In addition, First 5 LA is required to get Commission approval prior to submitting the information.

For the past several years, First 5 LA has provided the information via a web-based system. Most of the program data is submitted in that form. The packet materials include Form AR-1 (County Revenue and Expenditures) and Form AR-3 (County Evaluation Summary). It is important to note that the evaluation summary does not include all the evaluation work that is done by the Commission.

In 2011-12, the Commission served over 98,000 children, served 105,000 parents, and provided support services to 5,500 providers. All of these numbers are unduplicated counts. Since the beginning of the Commission, over \$1.2 billion have been invested for services for children and families. Since the year 2000, the Commission has served over \$1.1 million children. Significant inroads in many areas have been made but improvements are still necessary in reading and childhood obesity.

Commissioner Dennis asked if the tobacco revenue has declined in alignment with anecdotal information provided to the Commission. Interim Finance Director Ortega reported that annual revenue is diminishing an average of 4.5 percent annual since the Commission was created.

**M/S (Neal Kaufman / Zev Yaroslavsky)
WITH NO FURTHER DISCUSSION OR OBJECTION,
THE ITEM WAS APPROVED**

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11. Approve the 2012 Biennial Update to First 5 LA's Local Conflict of Interest Code; Direct Staff to File the Updated Code with the County of Los Angeles

Interim CEO Steele reported that every two years, the State Fair Political Practices Commission requires that the Commission update its local Conflict of Interest Code. No changes are required or proposed to the body of the Commission's local conflict of interest code. However, since the last update, changes have occurred in the organizational structure of First 5 LA and LAUP, with some positions being added, others eliminated, and other titles being changed.

**M/S (Philip Browning / Jane Boeckmann)
WITH NO FURTHER DISCUSSION OR OBJECTION,
THE ITEM WAS APPROVED**

12. Review and Approve the Final Draft of the Comprehensive Annual Financial Report (CAFR) Including the Independent Auditor's Report for the Fiscal Year Ended June 30, 2012

Interim Finance Director Ortega acknowledged the leadership of Interim CEO Steele, the Budget & Finance Committee, and Finance Department staff.

Staff is requesting approval of the final draft of the Comprehensive Annual Financial Report (CAFR). Under California Health & Safety Code, Section 13050, on or before October 15 of the year, each County Commission shall conduct an audit and issue a written report. The auditors have issued an unqualified, clean opinion, on First 5 LA's financial statements for the year ended June 30, 2012.

There were four documents provided as part of the CAFR:

- **SAS 114 Letter** – This correspondence outlines the Auditor's Responsibility under U.S. Generally Accepted Auditing Standards and OMB Circular A-133. Significant audit findings, if any are discussed in this letter.
- **Comprehensive Annual Financial Report** – The auditors have issued an unqualified ("clean") opinion on First 5 LA's financial statements for the year ended June 30, 2012. The independent auditor's report included basic financial statements as well as internal control and State compliance reports.
- **Management Letter** – The letter identifies certain matters involving internal control and other operational matters are observed by the independent auditors and recommendations are made.
- **Single Audit Report** – A single audit is required for all entities who receive more than \$500,000 in funding for Federal programs. The Commission did not receive over \$500,000 in Federal funding for Medi-Cal Administrative Activities. No Auditors' Reports on Internal Control and Compliance with Federal requirements is required.

Commissioner Dennis commented the report suggested that the Commission review its strategic plan on an annual basis. He asked if there was something the Commission

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would be doing to institutionalize the annual review of the strategic plan as it was noted as a finding in the audit report.

Interim CEO Steele commented that the finding was based on the minutes not documenting a review, not that a review had not taken place. When the new budget process was implemented, the workplan was an extensive review of the strategic plan because each page of the workplan lists the strategic plan tasks. This is how the review was done, which was different than what had been done in the past. There was no a minutes entry stating that the Commission had reviewed the strategic plan as part of the budget process. Next year, there will be a specific agenda item and specific minutes entry to reflect the review of the strategic plan. This question has also been resolved with the State Commission and they are satisfied with the documents reviewed.

Interim CEO Steele also reported that the two items that came up in the management letter regarding the accounting for tangible assets and deposit dates of checks into the Commission's revenue account have been addressed and corrected.

**M/S (Neal Kaufman / Nancy Au)
WITH NO FURTHER DISCUSSION OR OBJECTION,
THE ITEM WAS APPROVED**

13. Public Comment for Items Not on the Agenda

None

ADJOURNMENT:

With the conclusion of the agenda, Chair Yaroslavsky asked for a motion to adjourn the meeting.

**M/S (Neal Kaufman / Philip Browning)
WITH NO FURTHER DISCUSSION OR OBJECTION,
THE MEETING WAS ADJOURNED**

The Commission adjourned at 2:42 pm.

NEXT MEETING:

The next regularly scheduled Commission meeting will take place on November 8, 2012 at 1:30 pm.

First 5 LA
Multi-Purpose Room, First Floor
750 N. Alameda Street
Los Angeles, CA 90012

Meeting minutes were recorded by Maria Romero, Secretary to the Board of Commissioners.