SUMMARY ACTION MINUTES

APPROVED: 11-10-11

FIRST 5 LA

SUMMARY ACTION MINUTES
Commission Meeting
October 13, 2011

COMMISSIONERS PRESENT:

Commissioners:
Michael Antonovich [Chair]
Nancy Au
Jane Boeckmann
Jonathan Fielding [Vice Chair]
Neal Kaufman
Alma Martinez
Marvin (Marv) Southard
Evangelina (Angie) Stockwell
Antronette Yancey

Ex-Officio Commissioners:
Duane Dennis
Deanne Tilton
Harriette Williams

STAFF PRESENT:
Yolanda Bosch, Chief Administrative Officer
Antonio Gallardo, Chief Program Officer
Tracey Hause, Director of Finance
Armando Jimenez, Director of Research & Evaluation
Elizabeth Iida, Director of Program Development
Maria Romero, Executive Assistant

LEGAL COUNSEL:
Craig Steele, Attorney-at-Law

CALL TO ORDER / ROLL CALL:

1. As Mayor Antonovich was going to be arriving late to the meeting, Vice Chair Fielding called the meeting to order at 1:44 pm. Quorum was present.

COMMISSION: (Items 2 – 15)

NOTE: The agenda items were discussed out of order. The following represents the order in which items were discussed during the meeting.

2. Approval of Commission Meeting Minutes – Thursday September 8, 2011

Commissioner Au commented that there were some nuances with the way in which comments stated by her were captured in the minutes. Commissioner Au mentioned that she would be writing a clarification and emailing it to have it incorporated in the minutes. She just wanted to be clear that there would be no misunderstanding regarding her comments.

CEO Martinez asked if the nuances needed to be brought back to the Commission for approval.
Vice Chair Fielding responded that if the nuances did not significantly change the minutes, then he saw no need for the Commission to have to approve the minutes again.

Commissioner Au stated that her comments were in the context of the budget requirements in terms of the structure of the budget as it was being constructed by the department. For her, there was a contradiction in terms of the community investment operations. The Commission really needed to take a better look in terms of how the Commission goes about constructing that particular area or that particular department’s budget. From an administrative perspective, when staff is being directed to construct a budget, a general requirement needs to come about how this will be done.

Commissioner Au felt that because of the unique nature of the community investment area, she had concerns that particular requirement was going to restrict this area from actually doing the work. Toward the end of that conversation, the Commission did refer this issue to the Executive Committee, who was looking at the whole budgeting process. This was conversation that she recalled.

Vice Chair Fielding stated that if there was any disagreement after Commissioner Au submitted her change, then that particular issue could be brought back to the Commission for further discussion at the next meeting.

M/S (Marv Southard / Jane Boeckmann)
APPROVED AS MODIFIED

5. Chief Executive Officer’s Report

In addition to the written report, the following items were highlighted:

- **Panel Discussion on Health Care Reform & Childhood Obesity**: On September 30, First 5 LA’s Policy Department held a successful panel discussion on health care reform and childhood obesity which drew a crowd of close to 80 people and featured a number of expert speakers. Two Assemblymembers joined the discussion as panelists—Felipe Fuentes of Pacoima, Chair of the Appropriations Committee, and Roger Hernández of Baldwin Park, Assistant Majority Whip. Both spoke about their bills, which aimed to improve children’s health.

- **Legislative Update**: Governor Brown signed a number of bills last week that First 5 LA has been tracking, including three of the four bills that had been discussed by the legislators on our panel. One of the bills described at the event and supported by our advocacy efforts was AB 185 by Assemblyman Roger Hernández. This new law accelerates one of the provisions of the Affordable Care Act requiring that insurance companies provide maternity coverage on individual plans. Insurance companies can no longer deny women maternity care coverage, which will mean healthier birth outcomes for women who lack employer based insurance plans.

- **Sweetened Beverages Policy Brief**: The new policy brief on sugar sweetened beverages was released at the panel discussion. The report is the product of a collaboration with the California Center for Public Health Advocacy. It illustrates the dramatic increase in children's consumption of sugary beverages over the decades and how this directly impacts childhood obesity.
• **State Budget:** With regard to the state budget, the news continues to be somber. Everyone is patiently waiting to see what is going to happen with AB 99. The judge is set to make a decision by the end of November.

Commissioner Stockwell referenced the update on Best Start Communities that was reported in the CEO Report. She requested that percentages be provided for parent and community agency participation for each of the meetings held in the Best Start Communities. Her wish is that there be more parent participation at the community meetings than agencies.

CEO Martinez commented that she would ensure that the reporting be consistent. She also reported that she had just completed a series of meetings with the Best Start Communities staff. They are all making a very concerted effort to make sure that a majority of the people at the meetings are parents. Staff is very excited because they have been doing training with parents to make them feel welcome and assuring them and empowering them that they have an equal voice at the table. From experience, once parents are more confident, they become the strongest advocates in the groups regardless of how long a CBO has been in a community or regardless of how long they have been providing a particular service. The goal of Best Start Communities is to empower parents and the staff is doing a wonderful job in making sure that the parents’ voice is heard in these communities.

Commissioner Stockwell asked if these meetings were working sessions for parents, not just big functions. CEO Martinez responded that the meetings were working sessions. These working sessions provide an opportunity for staff to meet almost one-on-one with parents. CEO Martinez said that these meetings were trying to explain to the parents exactly what is the intent of Best Start Communities, how parents can play a role in it, and why it is important for parents to be there. These meetings are about staff having an opportunity to meet with parents and for parents also to get to know each other.

Commissioner Au commended the Best Start Communities staff for continuing the work after a significant restructuring. She also commended the leadership for continuing the work and avoiding delays in the process and implementation.

Commissioner Kaufman suggested presenting the information on the community meetings using a table format for easier reading.

Commissioner Tilton asked for a summary sheet to be provided on the outcomes of the bills that First 5 LA is tracking. (NOTE: Commissioner Tilton was provided with this information following the meeting.)

3. **Approval of Monthly Financials – August, 2011**

   
   **M/S**  (Nancy Au / Angie Stockwell)

   **APPROVED AS RECOMMENDED**

9. **Approval of the FY 2011-12 Maximum Administrative Cost Percentage of 2.9%**

   Vice Chair Fielding commented that a policy decision was made by the Commission at the June meeting which placed a five percent cap on administrative funding. This does not
mean that overall spending is capped at five percent for the First 5 LA staff because they are two components: (1) the programmatic component where there are direct expenditures related to approved programs, and (2) the core administrative component which is financial, human resources, research & evaluation, and general administrative support.

Without the policy taken together, the sum of the fixed staffing expenditures for the three categories (programs, research & evaluation, administrative support) is about $15 million or approximately eight percent of the projected $177 million programmatic budget the Commission approved. If not everything is spent that has been projected, this would be unusual if done, then the fixed administrative staffing costs would exceed eight percent of the direct costs in relation to a drop in programmatic expenditures. For example, in the 2010-2011 annual report which will be considered under Item 7 on page 63, line 52, Commissioners will note that the administrative expenditures as a percentage of the total programmatic expenditures of that fiscal year was 11 percent, which is quite substantial.

Vice Chair Fielding further commented that these figures need to be kept in mind. He also added that projected revenue is estimated between $90 and $95 million in the future. If the same level of administrative core support is maintained, the Commission would be over the five percent, taking away the programmatic piece because the projected revenue is roughly half of this year's approved budget. Over time, attention will need to be given to making sure that the Commission remains within the five percent cap and that it is consistent in the categories that are placed within this five percent as opposed to those categories that are placed in the programmatic side of the budget.

Commissioner Dennis asked if there was an administrative threshold that was decided by the Commission. He said that he did not understand the basis of the conversation.

Vice Chair Fielding stated that the Commission has adopted a five percent cap for core administrative expenses. What was problematic was the differentiation between central expenditures from those that were specifically related to a program. For example, the Best Start Communities staff should not be considered a core administrative expense. This should really be under the Best Start Communities budget. Commissioners are only trying to make this clear. But, also in thinking ahead, a maximum administrative cost percentage of 2.9 is below five percent. However, in looking at what is projected to be spent this year, the administrative costs would exceed five percent.

Director Hause commented that the recommended maximum administrative cost percentage of 2.9 is based on budgeted numbers for operations and programmatic costs for FY 2011-12. The maximum administrative cost percentage was a policy that adopted by the Commission in June 2006 and does lay out how the calculation of this percentage is to be done. The administrative cost percentage being recommended was calculated per the adopted policy. Historically, the Commission has adopted the administrative cost percentage during the June Commission meeting when the operations budget is adopted. However, this year, with not adopting a programmatic budget until September, the calculation was not possible until now. As a result, the approval of the maximum cost percentage is now being presented with the details of the calculation included in the staff report. The Ad Hoc Executive Committee has reviewed the calculation and recommends approval to the full Board of Commissioners.
Commissioner Au asked if this administrative cost percentage was a reflection of this year’s budget. Vice Chair Fielding said that was correct.

**M/S (Nancy Au / Marv Southard)**
**APPROVED AS RECOMMENDED**


Vice Chair Fielding stated this comprehensive financial report is an annual report and requires Commission approval prior to the filing the annual report with the State of California and First 5 California. A comparative review of First 5 LA’s annual reports since 2004 reveal that the findings in the report were significantly impacted by the Government Accounting Standards Board Statement 54 Policy, which the Commission adopted in June to come into conformance with general accepted accounting standards and principles.

Vice Chair Fielding called the Commissioners’ attention to the independent auditor’s recommendation on page 123 of the packet. Vice Chair Fielding stated that after the staff presentation, he was to direct the Ad Hoc Executive Committee to report back during the November Commission meeting on developing policies and procedures to operationalize those recommended procedures on page 123.

Director Hause reported that staff was seeking approval of the final draft of the comprehensive annual financial report including the auditors’ opinion for the fiscal year ended June 30, 2011. She introduced Roger Alfaro, Partner with Vavrinek, Trine, Day & Company LLP, who would be providing a brief update on the documents provided to the Commissioners. Director Hause also reported that the Ad Hoc Executive Committee reviewed the report and recommended approval.

Mr. Alfaro reported that there were four deliverables, in draft, that were intended to be issued upon the Commission’s approval.

- **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. The Commission did not have any significant findings for the fiscal year ending June 30, 2010.

- **Comprehensive Annual Financial Report** – Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants, have issued an unqualified (“clean”) opinion on First 5 LA’s financial statements for the year ended June 30, 2011.

- **Management Letter** – During the course of an audit, certain matters involving internal control and other operational matters are observed by the independent auditors and recommendations are made in the Management Letter. Staff has reviewed all recommendations and will follow-up during the next fiscal year and addresses the issues as indicated in the responses.

- **Single Audit Report** – A single audit is required for all entities who receive more than $500,000 in funding for Federal programs. The Commission receives Federal funding
for Medi-Cal Administrative Activities. The Auditors’ Reports on Internal Control and Compliance with Federal requirements are included in the report. The findings, housekeeping in nature, are also included.

Mr. Alfaro commented that the financial statements for the Commission do reflect the new accounting pronouncement, so the fund balance presentation has been changed for the current year presentation. In addition, the financial statements also identify the liability associated with AB 99, which is considered an extraordinary item in the financial statements this year.

The role of the external auditors is to plan and perform the audit; and to obtain reasonable assurance that the financial statements are fairly presented. As part of that process, the external auditors also consider internal controls in order to develop the testing of the year-end financial statement balances. As part of the Commission’s financial statement audit, the auditors also perform testing of compliance with the guidelines that are established by the State Controller’s Office, applicable to First 5 Commissions. Lastly, the auditors also perform testing as it relates to federal programs under the Single Audit Act.

Regarding the comprehensive financial annual report (CAFR), the external auditors intend on issuing an unqualified opinion indicating that the financial statements are free of material misstatement. An unqualified opinion is also referred to as a clean opinion and is the highest level of assurance that can be provided on the financial statements.

Included within the packet is an internal control report. The internal control report identifies any material weaknesses or significant deficiencies and it will be noted that no material weaknesses were identified during the course of auditors’ field work. A management letter has been issued and it provides observations over two areas in the financial statement process that have been communicated to the Commission. On the single audit report and state compliance report, the external auditors have issued an unqualified or clean opinion on the Commission’s compliance with State guidelines applicable to First 5 Commissions. The external auditors have also issued an unqualified opinion on the single audit as it relates to the Commission’s compliance with federal requirements. The external auditors did note two findings, which are contained within the reports.

Commissioner Au wanted clarification in terms of the recommendations that spoke to the situation that the Commission found itself in when the State was looking at the unspent portion of the Commission’s funding. When the Commission would make decisions about initiatives or projects or other program commitments, the Commission would usually allocate a portion of its funds to support that project over a period of time, and it is not just first year, usually extended over the period of the strategic plan, which is up to five years.

Commissioner Au stated that recommendation requested that the Commission have a clearly delineating and formal action to commit resources. She assumed that the Commission’s past practice was doing this; but, apparently, this was not the case. Commissioner Au asked what was the difference and what was it that the Commission needed to do differently. Furthermore, Commissioner Au asked that by doing things
differently, were the dollars originally allocated for a project protected so that it would no longer be viewed as so-called unspent, open to fair game, dollars.

Mr. Alfaro responded that for financial statement purposes, the perspective is that there are certain constraints and various clauses of constraints on the resources. The recommendation is identifying that during the course of the audit, the external auditors were testing those balances and looking at the actions that created those constraints. The reason for identifying these recommendations is to clearly delineate for financial statement purposes ensuring the accuracy of that presentation.

Commissioner Au asked how this would look like in terms of the Commission’s decision-making process. She also asked that when this determination was made by the Commission, what should it look like.

Director Hause responded that she would be bringing forth recommendations to the Ad Hoc Executive Committee to include that when allocations are made, there is more specificity in the motions. For example, if an allocation is made, the source of revenue needs to be identified as far as current year revenue, current fund balance, or was the Commission allocating funds for a purpose that was anticipated to be funded by future revenues. This is an important distinction that will be helpful in classifying all actions in accordance with the fund balance. Allocations will be more specific and the documentation of these actions will be done more clearly. From this point on, it is going to be very important to be very clear on all the actions that are taken when it comes to allocating and spending money so that staff can ensure that those actions are classified on a level in the fund balance that truly constrains or commits those funds so that when the State, Governor or whoever looks at the financial statements, they are strongly committed and constrained to the utmost level.

Commissioner Au asked if this meant that, as an example, there was an earlier decision to commit $680 million to universal preschool; but at the time that Sacramento was looking at the Commission’s budget, there seemed to be no consideration in terms of that level of commitment that existed, and at this juncture, the Commission may want to go back and actually put forth clarifying motions so when Sacramento struggles with balancing the budget next year, that the Commission has within its purview the authority to say that those dollars are firmly committed.

Director Hause commented that the concept being discussed by Commissioner Au was the fourth bullet point of the recommendation where a re-affirmation of the committed amounts is done on an annual basis to provide a better year-end audit trail.

Director Hause stated that the Commission needs to reassess how it allocates money. It needs to be clearly documented with motions being extremely clear. An annual re-affirmation would secure this on an annual basis.

Commissioner Au requested of staff to actually do a retrospective of all of the Commission’s previous commitments and to have a staff recommendation that will meet the requirements for a firm commitment. In the future, when motions are presented to allocate funds for projects or initiatives, there should be some kind of guideline for all the motions requesting funding so the Commission is not caught off guard again.
Director Hause commented that Commissioner Au had made excellent points and staff would be coming forward firmly supporting her requests.

MOTION #1:

Vice Chair Fielding made the following motion with regard to the recommendations made in the comprehensive annual financial report.

Direct the Ad Hoc Executive Committee to report back at the November Commission meeting as the first step in the process on the development of policies and procedures to operationalize the recommended procedures on page 123 of the Board packet.

M/S (Jonathan Fielding / Nancy Au)
APPROVED AS RECOMMENDED

MOTION #2:


M/S (Nancy Au / Angie Stockwell)
APPROVED AS RECOMMENDED

7. Approval of the 2010-11 Annual Report to First 5 California (State Commission)

Director Jimenez reported that the process for gathering data begins at the end of summer. He thanked staff and grantees for their hard work.

Director Jimenez reported that the report is a submission of all revenue, expenditure and program data for the Commission. The State Commission has moved toward a web-based reporting process. What is before the Commissioners are examples of two specific forms that are completed in the process: (1) AR-1, which is the financial summary, and (2) AR-3, which is the evaluation summary. Director Jimenez noted that the AR-3 did not represent all of the evaluation activities that First 5 LA conducts during the fiscal year but they are examples that staff are asked to provide. The one limitation of the web-based system is that it restricts the number of characters that can actually be placed in the form. Staff has to be very careful of the amount of narrative that is provided. Staff does not want to slight any program that is not included and also stresses that the AR-3 does not include all the evaluation activities.

Commissioner Stockwell commented the recommendations listed on page 68 relate to all three projects listed and described, not just Family Literacy.

Director Hause commented that First 5 California provides the format in which the financial information is to be reported. This is done to ensure consistent financial reporting across all Counties. The format is very general and might not truly reflect some of the spending categories that First 5 LA adopts per the policy on administrative costs.
Director Jimenez stated that over the course of the fiscal year, First 5 LA has served approximately 114,400 children. In addition, there were approximately 94,200 providers, parents and other family members that were served by the Commission. This is also a reflection of the amazing effort by the partners and grantees that have been connected with the Commission.

Commissioner Kaufman said he was slightly confused. In looking at Item 9, the approval of the administrative budget for next year, it listed operations at $8.1 million and research at $1.6 million. On page 63, it lists administrative expenditures of $14 million and evaluation at $5.2 million. He said he was not sure if the definition of administrative expenditures versus operations was correctly applied.

Director Hause stated that administrative expenditures as captured in this report basically represented all of the Commission’s operations. On page 140, the operation budgets for programs, research & evaluation staffing, and administration total approximately $14 million. The evaluation expenditures deal with the consultants and contracts that are in place for evaluation activities which are approximately $5 million.

Commissioner Kaufman then stated that the State Commission uses the $14 million figure in their reporting. Director Hause said that she was not sure how the State specifically does this calculation.

Commissioner Kaufman commented that he thought that in the original proposition language, there was a five percent cap on administrative costs. Director Hause stated that the Commissions follow the financial management guide that was developed in accordance with First 5 California, where administrative costs are clearly broken down as reported on page 140. Director Hause commented that she believes the State does not have a specific threshold; however, this Commission, by policy back in June 2006, adopted a five percent administrative cost rate. What the State looks for is whether a policy has been adopted and if the County Commission is in conformance with the policy. There is no threshold that states that it needs to be five percent.

Legal Counsel Steele commented that there is a requirement that a policy and threshold be in place but Proposition 10 does set the threshold.

Commissioner Kaufman stated that the Commission was not obligated to any particular threshold. Legal Counsel Steele agreed and reiterated that in the mid-2000s, the State Commission came up with a recommended set of guidelines that included a threshold. However, the five percent threshold is a policy of the Commission.

Commissioner Kaufman said that to be clear, that on page 140, the Commission just approved a 2.9 percent for administrative costs but this does not match the numbers submitted to the State Commission.

Vice Chair Fielding referred to page 140 and stated that operations and programs are combined. This has a different definition from the Commission’s policy on administrative costs. The information submitted is in the format that the State Commission requires it.

Commissioner Kaufman stated that he just wanted to see if the Commission was within its five percent threshold and what number was being used.
Director Hause commented that the administrative cost percentage was based on the policy adopted by the Commission but it could also be readdressed. Commissioner Kaufman said that he was not suggesting this but wanted to understand the information being presented. He also said that he would take this issue up offline.

Commissioner Kaufman asked why an overall Commission evaluation was not presented to the State Commission. Director Jimenez stated that the Commission can only provide what the State Commission asks for. From the State Commission’s perspective, when overall evaluations were requested, there were so many different types of evaluations that the individual County Commissions would submit that it was very difficult for the State Commission to aggregate them in any meaningful way. This is why the State Commission moved toward a web-based system where they can extract the narrative pieces that they want, the program pieces are all in the same format, and the financial pieces are also in the same format.

Director Jimenez commented that in the future, the Commission will be in a better position to do an overall County-wide evaluation report given the current direction of projects.

Commissioner Kaufman asked if there was a yearly overall evaluation report of projects compared to the goals and objectives even though the science is not all there. Director Jimenez responded that at this time, the Commission does not have such a report.

M/S (Angie Stockwell / Marv Southard)
APPROVED AS RECOMMENDED

4. Announcements by the Commission Chair
None.

6. Motion to Continue Discussion and Action on the Allocations of the Remaining Commission Funds Within Each of the Five Approved Funding Strategies
As there is nothing to report regarding the pending lawsuit, Vice Chair Fielding made a motion to continue this item to the November Commission meeting. If the lawsuit is successful for the County Commissions, then this item will be withdrawn.

M/S (Jonathan Fielding / Neal Kaufman)
APPROVED AS RECOMMENDED

12. Approval of First 5 LA Commission Activity Break Policy Motion
Commissioner Yancey commented that at last month’s Commission meeting, an opportunity became available to incorporate instant recess or brief bouts of physical activity. This was an intervention initially developed when she worked as the Director of Chronic Disease Prevention and Health Promotion for Los Angeles County. Commissioner Yancey stated that this Commission needed to catch up with the Orange County Health Agency in being able to better integrate and really represent for the grantees and the County, as a whole, the desire, the commitment to childhood obesity prevention and preventing sedentariness and promoting health and well-being. This was not just about
obesity but overall cognitive improvements. Children actually need physical activity to fully develop bones, brains, muscles and organ systems. As adults, benefits can be gained in cognitive processing, especially executive function. In terms of the entire move, the only major commitment that has been announced is the Partnership for a Healthy American that involves physical activity with a preschool commitment.

The motion before the Commission is the formalizing of what Commissioners informally agreed to at the last meeting in September. Some of the elements for introducing the motion was that there is a major problem in that one in four California children are overweight or obese. This amounts to over 10 percent of the population of zero to five year olds in Los Angeles County. Children are being diagnosed with diseases linked to overweight and obesity that were previously only seen in adults. In most instances, this has not gotten to the zero to five population; but, in serving on the Institute of Medicine Standing Committee on Childhood Obesity Prevention, seven and eight year olds on some of the American Indian Reservations develop diabetes.

Prolonged sitting is found to be associated with poor health. Not only not getting the 30 minutes a day, five or more days a week is a problem but prolonged sitting is also a problem. Commissioner Yancey commented that she was approached by the Superintendent of Public Instruction to co-chair an initiative called Team California for Healthy Kids that will be launched a week from today in Santa Clara County with a launch in Southern California at a later time.

A centerpiece of this campaign will be physical activity and particularly activity breaks just because it is one of the doable things for people in a variety of settings. The Superintendent is encouraging the preschool population to have 10-minute bursts of movement, moderate to vigorous physical activity whenever seat time exceeds 30 minutes.

First 5 LA has from its inception recognized that obesity is a serious public health problem and that individual effort alone is not sufficient. First 5 LA needs to change society, social norms and make prolonged sitting as socially unacceptable as smoking or drinking and driving or riding in cars unrestrained. Obviously, the Commission has had tremendous public health successes in many areas, especially tobacco control. Commissioner Yancey stated that the Commission can have similar successes if the Commission takes the kinds of actions like incorporating activity breaks into the regular function to schools, work places, churches and other religious institutions and certainly civic meetings and other functions.

Commissioner Yancey introduced her motion that the First 5 LA Commission will set an example for other businesses and agencies by implementing the following policies:

1. Establish a 5-10 minute physical activity break in every public Commission meeting;
2. Establish at least one 10-minute physical activity break in meetings lasting more than one hour in length;
3. Encourage other County agencies and other organizations in Los Angeles County to adopt similar activity break integration policies;
4. Encourage First 5 LA grantees to adopt similar activity break integration policies for conferences, meetings, events, functions, and other convenings sponsored by First 5 LA; and
5. Identify opportunities for collaboration with similar initiatives such as the TEAM California for Healthy Kids campaign to promote increased physical activity among
children ages 0-5 and their families.

FRIENDLY AMENDMENT:

Vice Chair Fielding proposed the following friendly amendment:

Establish at least one, 5-10 minute physical activity break in meetings lasting more than one hour in length.

The friendly amendment was accepted by Commissioner Yancey.

Commissioner Kaufman commented that he was quite intrigued, actually thought it was silly at first, and then realized that symbolism does matter. Certainly, the extra 10 minutes of walking or movement in the next hour is not going to help the Commission prevent diabetes but Commissioners do know that symbolism matters and being able to show people that the Commission “walks the walk” and “talks the talk” by improving the food and nutrition environment. It really does make a huge difference and there is great evidence that sitting down is not good for blood circulation to the brain.

Commissioner Au said that this motion brings back fond memories of growing up in a Japanese American home. Her parents enrolled her in Japanese language school which she attended after school every day. One of the things that always started the class was to stand up and stretch and do a bit of calisthenics. It is really interesting for her, when she talks about cultural competency and the movement towards all cultures becoming integrated; and taking it a step further, is really also cultures being able to share. What really is quite wonderful and in talking about symbolism, is that this might be a real opportunity for the Commission to take a look at the various cultures that make up Los Angeles County and begin to open up hearts and minds to some of the wonderful practices that are based on wonderful traditions and history that truly grounded the thousands of years of civilizations that many of these cultures come from. Commissioner Au applauded the proposed motion because it brought her back to her childhood and when she had to start her classes with standing up, breathing, stretching and acknowledging the fact that people are more than just their minds. People are also about their bodies.

Commissioner Yancey said that one of the underpinnings of instant recess is the idea that it is built upon cultural assets, namely those in Asia—Japan and China. In Beijing, instant recess has just been re instituted city-wide at a certain time of day. That is exactly what the Commission should do. There are over 35 DVDs and CDs with a variety of music from different cultures.

Vice Chair Fielding commented that Commissioner Yancey is a national leader in this field. She has promoted the idea of instant recess and it is really taking hold in a lot of different places around the country and around the world. Vice Chair Fielding said the Commission was very fortunate to have her here and to push Commissioners to do this but also understanding how to make it work.
Vice Chair Fielding offered the following three comments regarding the motion.

1. Regarding bouts of exercise, the last time he heard bouts, it referenced illness.
2. Anybody who has to deal with the Commission will be very happy to know that these exercises improve cognitive function.
3. This is the first motion that has talked about “motion.”

Commissioner Yancey announced that an Instant Recess Toolkit was available free of charge for download. It is targeting workplaces including all schools and preschool programs.

**AMENDED MOTION:**

The First 5 LA Commission will set an example for other businesses and agencies by implementing the following policies:

1. Establish a 5-10 minute physical activity break in every public Commission meeting;
2. Establish at least one, 5-10 minute physical activity break in meetings lasting more than one hour in length.
3. Encourage other County agencies and other organizations in Los Angeles County to adopt similar activity break integration policies;
4. Encourage First 5 LA grantees to adopt similar activity break integration policies for conferences, meetings, events, functions, and other convenings sponsored by First 5 LA; and
5. Identify opportunities for collaboration with similar initiatives such as the TEAM California for Healthy Kids campaign to promote increased physical activity among children ages 0-5 and their families.

M/S (Antronette Yancey / Neal Kaufman)

APPROVED AS AMENDED

(A short 10-minute physical activity break was taken.)

**NOTE:** Mayor Antonovich arrives and assumes leadership of the meeting.

10. Request for Clarification on Action Item 8 of the September 8, 2011 Commission Meeting, “Approval of Motion Extending Timelines for Best Start Communities Ramp Up and Potential Extension of Grantee Funding to Coincide with the Best Start Planning Process”

Mayor Antonovich stated that the motion seeks staff clarification with the recommendation for the Program & Planning Committee to determine whether five specific contracts on the list of 54 contracts with a December 31, 2011 termination dates should also be extended through June 30, 2012 along with the 48 other contracts.

Director Hause commented that funding for these additional contracts was not incorporated into the programmatic budget. As a result if the motion is approved, she will need to bring back at the next meeting with an amendment to the programmatic budget for these five contracts.
Commissioner Yancey thought that these five contracts were part of the 54 contract extensions that the Commission approved. Apparently, there was some uncertainty as to whether these contracts were included with the other contracts. She asked if these five contracts were originally part of the 54 contracts approved for a funding extension.

CPO Gallardo responded that these five contracts were included in the list of 54 contracts; however, no formal motion was made at the time when the Commission agreed to extend the grantees through June 2012 and there was no clarification on these five contracts. What staff is seeking is clarification at the Program & Planning Committee.

CEO Martinez commented that there is a distinction between grantees and contractors. Contractors are hired to do a specific task with a time certain end date. Contractors are normally used by staff as consultants or resources to do tasks that staff does not have the internal resources. This is the distinction between a grant and a contract. This is a very important distinction in this particular case.

Commissioner Stockwell asked staff what was the specific timeline and if the scope of the contract had been completed. CPO Gallardo responded that in the case of the five contracts that are the subject of the clarification motion, all of them, with the exception of one, are scheduled to end on December 31, 2011. All of the contracts are on track and are complying with the requirements of their respective contracts. They are scheduled by project design to end on December 31, 2011. The only contract that by design is scheduled to run through December 31, 2012 is contract 07531 with the Children’s Dental Foundation because the project period was until December 31, 2012.

Commissioner Stockwell again asked if the scope of the contract was completed. She also asked how the other contracts were doing with regard to their scope. CPO Gallardo responded that the contracts are on track and moving along according to schedule and ending on December 31, 2011.

Commissioner Au stated that part of the confusion with last month’s action was that in some ways the motion that was presented really came with almost two different actions—one action was to extend the existing grantees as well as contracts to the end of the fiscal year; and the second piece was the request that the Commission come up with criteria in terms of what projects or grantees were going to be extended beyond the fiscal year because they would still continue to be consistent with Best Start or strategic plans. For clarity sake, she asked if a do-over could be done making it very clear that one action is to extend the contracts as well as the grantees through the end of the fiscal year and the second piece is that the Commission convene an ad hoc committee that is going to look at determining the criteria that would be utilized to determine what contracts and grantees are going to continue beyond June 30, 2012.

Commissioner Kaufman said that although the motion was specific to the various grantees—School Readiness, Family Literacy, Family Friends & Neighbors, Healthy Births—in that they were going to be extended until the end of the fiscal year. On the same list of programs were five additional contractors who were also ending their contracts December 31, 2011 but the language of the entire motion did not mention those five contracts at all. To him, the issue was whether the grantees were going to be extended and if a process was going to be set up through the Program & Planning Committee to look at this. The contractors were never discussed. Commissioner Kaufman recommended that
the Commission not approve the five contracts and continue them to next month when more information can be available.

Commissioner Au commented that at the time the original motion was presented, she did not have the distinction between grantees and contractors. This was not made clear and she did not have that understanding. When she voted in support of the motion, it was assuming that it reflected all of the 54 contracts that were listed on the addendum sheet. When each of projects and contracts are counted, they add up to 54. The motion does state 54 and she assumed it referred to both.

Commissioner Dennis asked what would be the additional allocation needed to cover these contracts through the end of the fiscal year and what would then be the program budget total. Director Hause responded that the allocation was estimated to be $2.5 million for six months bringing the total programmatic budget to $180 million.

Commissioner Dennis commented that the whole of idea of continuation was to transition these programs into the Best Start areas. He asked how do these particular contracts interject with the goals around Best Start. He also asked if there was any connection between these five contracts and what the Commission was doing in the Best Start Communities and also what it was trying to do about the transitioning into the Best Start Communities.

CEO Martinez said that each contract would need to be taken on a case-by-case basis. For example, there would be no reason to extend the contract for Park Water Company because it is a contract for construction related to the fluoridation project. Extending their contract and giving them more money does not make any sense because this contractor already told the Commission what it would cost to do the capital improvement.

Commissioner Dennis stated that CEO Martinez was speaking to his point. He does not know if it is even prudent to look at these five contractors collectively and perhaps there needs to be some kind of consideration individually. Commissioner Dennis said that he did not know if this decision could be made today. He felt this issue should go back either to the Program & Planning Committee or the Ad Hoc Executive Committee.

Commissioner Au stated that the Park Water Company was a pretty clear situation in terms of it being a contract for building capacity to do fluoridation. When talking about the goals of oral health that are embedded in the Best Start work, then it becomes a question mark as to the dental health piece, the children dental piece, and so on. Her assumption was that was why the conversation of what criteria would be utilized would also applied to these contracts and grantees was going to be delegated to the Program & Planning Committee for them to convene an ad hoc committee to make that determination. Commissioner Au said this was her understanding.

Commissioner Dennis said that he agreed with Commissioner Au. He said that he did not think the Commission had the capacity to deal with this motion today knowing that a couple of these contracts have nothing to do with Best Start. He recommended that this issue be tabled until next month.

Commissioner Au commented that the Program & Planning Committee did meet on October 15 and there were two ad hoc committees that had been delegated the task of
making that determination. From her vantage point, the confusion as to whether or not the extension and the work was going to include all 54 that were listed on the addendum sheet. The Commission only made a decision to move the school readiness grantees to the ad hoc committee that was dealing with pre-kindergarten issues. The other ad hoc committee that was convened was to deal with the Healthy Births grantees. At that time, she raised the question about The Children’s Council work, which is the relationship based organizing work that they have been actively involved in within the Best Start implementation process. Commissioner Au stated that she had not been clear about dental health and children health. She further stated that she assumed this was the other part of the conversation that was going to be dealt with through the ad hoc committee work.

Commissioner Dennis said that he was in agreement with Commissioner Au. However, he did not think it was a five contract bucket. Furthermore, Commissioner Dennis said that he did not know if the Commission had the analysis to make a determination as to those contractors that should move forward versus those that should not move forward.

Commissioner Au said that the other reality is the Commission is into October and the next time this question comes up will be in November and these five contracts are scheduled to end at the end of December. There is only one Commission meeting after today because the Commission usually does not meet in December. Commissioner Au stressed that she was concerned about the time constrain.

Commissioner Dennis said that he understood the time restraints. Nonetheless, this is coming across as a five contract motion.

Mayor Antonovich clarified that Commissioner Au was asking staff to come back with a recommendation on whether those five contracts should be included for an extension through June 30, 2012. The review would be done through the Program & Planning Committee.

Commissioner Kaufman was in agreement and stated that the discussion could take place in a public meeting followed by a vote of the voting members of the Program & Planning Committee.

Commissioner Kaufman asked if any of the contractors had unspent funding that could be continued to be spent through a no-cost extension.

CAO Bosch said that the contractors, with the exception of the Children’s Dental Foundation since it has one more year of funding, are aware that the end date is December 31, 2011. Some of the contractors are already initiating the close-out process.

Commissioner Au proposed the following motion:

Given the time constraints, at least for the four contracts listed, that the Commission continue their contract until the Program & Planning Committee gets to work on the criteria. Contracts 07186, 07441 and 07534 are to be extended to the end of the fiscal year and the Program & Planning Committee will work on the criteria as to whether these contracts will continue beyond the fiscal year.
Commissioner Kaufman said that he was not clear on the motion. He asked Commissioner Au if the intent of her proposed motion was to give these contractors six more months of funding. Commissioner Au responded in the affirmative.

CEO Martinez thought that the intent of the motion was to refer the potential funding extension of these contractors to the Program & Planning Committee.

Commissioner Au said that her motion was for six more months of funding beyond the end of December and then for continuing beyond the fiscal year, while the Program & Planning Committee was able to come up with criteria to determine that.

CEO Martinez said this was really confusing for staff because the question then comes up of how other contractors will be treated.

Mayor Antonovich asked if every contract was going to be continued.

Commissioner Au said that she was trying to be congruent with what she assumed was the spirit of the original motion which was to extend the existing grantees and contractors that were listed on that addendum sheet to go through at least the end of the fiscal year. She turned to Helen Berberian and Mayor Antonovich as the originators of the first motion and asked what was the intention of their motion.

Ms. Berberian responded that Best Start was the intention of the motion. The Best Start planning process was not ready to turn in strategic plans by December. The list of contracts was submitted to the Mayor's Office by First 5 LA staff. The intent was not to break services and when the list was submitted, all were to be addressed uniformly.

Commissioner Au said that she was trying to honor the original motion.

CAO Bosch stated that her understanding was that a request was made of staff to provide a list of all grants and contracts that had an end date of December 31, 2011. The list that was provided was strictly with relationship to Best Start. The list included any grant or contract that was going to end December 31, 2011. The contracts that were listed at the end were contracts that were to end by December 31, 2011. There was no connection necessarily with Best Start. The memo that was produced by staff last month was specific to the grants that were going to end by December 31, 2011. These five contracts could have been taken off the list because they were not relevant to Best Start but they were not and hence the issue being discussed.

Commissioner Au said that what she is hearing from Mayor Antonovich and Helen Berberian was that the intent of the original motion was to really capture all 54 contracts listed on the addendum sheet.

Commissioner Kaufman commented, that in his opinion, the language of the motion described the need for the grantees in School Readiness, Family Literacy, Family Friends & Neighbors and Healthy Births to be extended for six months. He realized that the other contracts were listed but the entire motion was about extending the grantees. It seems to him that each contract needs to be evaluated independently and prefers the motion to say that no later than next month's meeting, a decision will be made to extend the contracts for six months or end the contracts through the Program & Planning Committee with a formal
recommendation to the Board in November. Commissioner Kaufman said he understood why the other contracts were extended but was unsure about extending these five contracts as he was not familiar with them. For example, he is unaware of the work that is being done by The Children’s Council.

Commissioner Au said that she was aware of the work that was being done by The Children’s Council because she has been getting feedback from the Best Start staff that The Children’s Council is actively involved in Best Start. Commissioner Au stressed that she wanted to be congruent with the original intent of the motion.

Commissioner Williams commented that she was concerned about the oral health thrust. This would be her first reason for waking up to deal with this issue. Commissioner Williams asked that in extending the contract, did it mean more money or just more time.

CEO Martinez responded that it was both—money and time.

Commissioner Williams said that if it was a time issue, this did not bother her. However, if this was a money issue, she believed the issue needed to be referred to the Program & Planning Committee to find out about the specifics.

CEO Martinez stated that there was a definite financial impact.

CAO Bosch stated that these contracts were set to end and with an extension, staff would need to figure out something for these contractors to do with the extra money that was not anticipated because the contracts were for a specific period of time with specific scopes of work. If these contracts do not end, then the scopes of work would need to be revised.

Vice Chair Fielding stated that some Commissioners may have some individual knowledge about the contractors like Commissioner Au but felt that not everybody did. He thought it would be helpful to go through the usual process so that all Commissioners have the background and understand the pros and cons of extending them. If this could be done, then a decision can be made at the November meeting. He argued that this issue come back in November with the analysis having gone through the Commission’s usual process. Although he was not present at the last Commission meeting, there was a clear rational for extending all of the grantees which was to synchronize them with the Best Start development. The same clarity does not exist with these contracts.

RESTATEMENT OF MOTION:

Commissioner Au restated the motion that she had made earlier in the discussion as follows:

The Commission continue contract 07186, 07441, 07534 to the end of the fiscal year, June 30, 2012. The criteria for continuing those contracts beyond June 30, 2012 be delegated to the Program & Planning Committee based on the Best Start or the new strategic plans.

Commissioner Au said that the spirit of the original motion in September was to ensure that the planning process that the communities were engaged in get the additional six months to submit their plans and the Commission wanted to retain the community capacity
for them to possibly incorporate into their community plans. The thinking was that if the Commission dismantled this capacity prematurely, then it would cost the Commission more and the communities would have to start from scratch if they wanted to retain those programs and services.

Commissioner Southard reminded Commissioner Au that Vice Chair Fielding had made the friendly amendment of this action taking place after a review by the Program & Planning Committee with any action by the Commission to take place in November.

Commissioner Au said that she was back at the point where she wanted to honor the intent of the original motion presented in September when she assumed the Commission authorized all 54 of contracts.

Commissioner Southard said that there were some errors; one of the 54 contracts being the infrastructure for fluoridation.

Commissioner Au said that staff did not acknowledge this at that time. So the Commission made its decision based on what was presented by staff.

Commissioner Southard said that information included some errors. The additional time would be to sort those were errors from those that are truly consistent with the intention of the previous motion.

Commissioner Au reiterated that she wanted to honor the original motion.

CEO Martinez said that staff also wanted to honor the intent of the original motion. What staff provided to the Board Office was, at their request, a list of all grantees and contractors that were ending at the end of this calendar year, which is the information that was submitted. As Commissioner Kaufman said, the discussion at last month’s meeting centered around grantees whose grants were going to end in December and extended them through June 2012 to coincide with the community plans that will be received from the place-based communities. She wanted to make sure that there is no error, per se, but staff submitted what was requested of them. Now, staff is trying to get clarification on what seems to be a logical contract to extend; and, perhaps The Children’s Council Foundation is one of those that could possibly be recommended for continued funding. Staff knows that other contractors like the Dental Health Foundation, in spite of all the good work that is being done with WICs, are already closing down. If a decision is going to be made to fund them for another six months, then they will need to ramp back up. She felt that this issue really needed to be referred to the Program & Planning Committee for further discussion and understanding of what each of these contracts represent to see whether, in fact, they merit that extra six months of funding.

CEO Martinez said that she would not be talking about funding beyond six months because they are contracts and the Commission could get itself into legal hot water by extending contracts indefinitely without going through a competitive bid process for the work to be done. CEO Martinez also commented that the Commission needed to be thoughtful about how contracts are extended versus grants.
ROLL CALL VOTE FOR MOTION MADE BY COMMISSIONER AU:

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<tr>
<th>Commissioner</th>
<th>Vote</th>
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<tr>
<td>Michael Antonovich</td>
<td>Yes</td>
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<td>Nancy Au</td>
<td>Yes</td>
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<tr>
<td>Jane Boeckmann</td>
<td>Yes</td>
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<tr>
<td>Jonathan Fielding</td>
<td>No</td>
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<td>Neal Kaufman</td>
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<td>Alma Martinez</td>
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<td>Marv Southard</td>
<td>No</td>
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<td>Angie Stockwell</td>
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<td>Antronette Yancey</td>
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MOTION FAILS
(3-5-1)

Vice Chair Fielding made the following substitute motion:

Direct staff to work with the Program & Planning Committee and come back with specific recommendations on these contracts no later the November Commission meeting for definitive action by the Commission.

M/S (Jonathan Fielding / Neal Kaufman)

WITHOUT ANY OBJECTION, THE MOTION WAS SO ORDERED


Mayor Antonovich reported that back in September, Commissioner Kaufman had a motion directing the return of early learning endowment fund in the amount of $87.2 million to LAUP's current and future operations in accordance with the current contract and modified as follows: setting up LAUP maximum annual payments of $54.75 million to the end of 2016; mandating that LAUP maintain 10,760 preschool spaces; instructing LAUP to create an LAUP sustainability fund derived from operational savings realized over the term of the contract; unrestricted fundraising, revenue generating ventures or earned interest; requiring LAUP by May 2012 to begin reporting to First 5 LA every six months on the development of a sustainability approach for services beyond 2016. Also included in the motion was a directive to extend the time to expand the supervisorial demonstration project allocations in the amount of $15 million across all five supervisorial districts to June 30, 2016. The Commission unanimously adopted the last directive in September and continued the first three directives to the November meeting. Based on the decision to continue those three directives from Commissioner Kaufman’s originals motion, LAUP Commissioner Liaisons Boeckmann, Martinez and Stockwell met on September 14 and September 26, and following are recommendations from those discussions.

Commissioner Martinez reported that at the September 26 meeting with the Board and staff of LAUP, it was agreed that the aspects of the sustainability plan that was presented to the Commission on May 20, 2011 needed to be revised. It was agreed that the money should move forward in concept and go back to the sustainability plan for revisions. In that sustainability plan, one of the goals and requirements for LAUP was to do some fundraising
targets and milestones. Part of this was to request 10 percent on the part of the providers. This could be anything from fundraising to parent fees, depending on what the structure was for that particular provider. Since then, there is new information that suggests that in these economic times, it is difficult to make that requirement of the providers. As a result, the opinion is now that consideration should be given to using the endowment to help with bridging that gap. As a committee, everyone feels that some time is needed to go back and realign that new $87 million being put forward to LAUP with the existing performance-based contract. The committee wants to make sure that the $87 million that are moving forward have the same regulations and deliverables as the original money that was given to LAUP. The endowment is a loan. She believes it is this Commission’s intent to move more towards a grant. Given this, the language of the endowment also needs to be changed. A renegotiation of this new money needs to take place between First 5 LA and LAUP. It is the intent of the committee for services not to be cut and there is some thinking of moving the initiative to 2016. As a result, the sustainability plan needs to be reviewed and adjustments made based on the new information.

Commissioner Stockwell said that in the written report provided to Commissioners, staff listed suggestions and examples of things that need to be reviewed in the contract. As the committee continues to meet with LAUP, every piece of the contract needs to be reviewed carefully and independently so that the spirit of what LAUP was envision to do is maintained. For instance, if the initiative passes, the Commission may want LAUP to reimburse some of the endowment fund.

Commissioner Martinez said that if there was another way of creating another endowment or a reserve for a rainy day that the Commission should try to do this through the return of some dollars when the organization might have other resources.

Commissioner Dennis was one who suggested that if parent fees prohibited young children from getting into LAUP, then the fees should be disregarded. At the same time, fees are common in childcare. He does not want LAUP to believe that parent fees should not be charged but at the same time, LAUP should make sure that parent fees do not prohibit a child from getting into an LAUP space.

Commissioner Dennis also stated that the endowment was contingent on being successful on the lawsuit. If the Commission does not get the $424 million, then it needs to go back to the drawing board.

Commissioner Stockwell stated that in looking at grantees, although there are hard economic times, this is when grantees and foundations should be more aggressively looking for money. As an example, even under bad economic times, the Community Investments Department generated $8 million and will hopefully continue that strong effort. There is no reason why LAUP should not continue to fundraise and take a more progressive stand.

Commissioner Boeckmann reported that the committee agreed that LAUP should do all that they possibly can to help sustain themselves.

Vice Chair Fielding stated that this was a big ask on behalf of LAUP to change this money which was intended as a loan to basically a grant. There is a good partnership that has evolved in terms of developing a performance-based contract, monitoring it and modifying it as necessary. It would be a shame not to continue this and to understand how providing
this money would, in fact, modify the performance criteria. This is something that the Commission should do alone but in close collaboration and negotiation with LAUP. He does not know about fundraising, what is realistic, how much can be paid—but it is something that is worth looking at.

Vice Chair Fielding said that he was concerned long term that if LAUP is not successful in its fundraising efforts whether its through the political process or more traditional ways, this Commission is going to be in a very difficult situation and end up being just the LAUP Commission and not the First 5 LA Commission. This was his concern initially when the Commission decided to give $580 million to LAUP. This is not LAUP’s fault. It is the fault of the Commission but it is something of concern.

Vice Chair Fielding said that whatever was done, it has to be contingent on First 5 LA being successful in its lawsuit. If $424 million is to be given to the State, the Commission will need to prioritize everything it has because everything will be on table. He does not think that it would be fair or appropriate to have LAUP exempt from this process because every other aspect of what the Commission does (Best Start, county-wide initiatives) would be called into question.

Commissioner Kaufman said that he was trying to understand the difference between a motion and approval of a contract. Many of the things in the recommendations from the Liaisons have to do with negotiating a contract. It seems to him that the Commission could tie hands by having a very specific motion approved. Conceptually, there are only a few big pieces. One is the Commission agreeing that the money that was going to be loaned and paid back would become a grant. This is a big policy. Assuming that there is a vote for that, and that there is an expectation that LAUP come back and show a sustainability plan, the other things such as the performance incentive plan and targets are things within the new contract. The Commission is safer not putting those things into the motion because maybe it is decided that this does not make the best sense and then have to come back and revise what the Commission had already done.

Commissioner Kaufman said that if the Commission took the motion that he had, hold off on AB 99, see if there is anything that does not make sense, and then go through contract negotiations for final Commission approval.

Vice Chair Fielding asked why there would not be a motion to grant approval in concept and ask staff working with the LAUP Commissioner Liaisons to go back and work with LAUP in a collaborative fashion and return with a very specific proposal, which would be the terms of the contract.

Commissioner Kaufman that there was a natural contract renewal phase that takes place in May or June of each year that includes progress reports. There is a normal performance-based contract review which is going to happen in five or six months. The only reason he thought it made sense to give them the future planning of this being a grant and not a loan is that this way LAUP can do better future planning. This was the key purpose. Given this, a lot things being discussed may stay in the contract and there may be other things to be added. If there is agreement to tell LAUP that this money is going to be there then terms be defined as part of the contract negotiations.
Vice Chair Fielding asked what would be the incentive for LAUP if the Commission simply approved the grant. What would be the incentive for LAUP to come to the table and collaborate and negotiate.

Commissioner Kaufman said that it would be the same incentive that currently exists because the Commission still has control over whether LAUP gets its money and whether the contract obligations are met and accepted by the Commission. The fact that approximately $30-$40 million is added over a couple of years does not change anything.

Vice Chair Fielding asked when would LAUP start using these funds if approval was granted. Commissioner Martinez said LAUP would begin to use the funds in fiscal year 2013-2014.

Commissioner Martinez said that the recommendation is asking for a three month period to go back and negotiate the contract with LAUP. Some of the tenets of the sustainability plan may need to be revisited. This is why there is a need to further discuss the contingencies around the reallocation.

Vice Chair Fielding asked Celia Ayala, LAUP CEO, when the money would be needed for operational purposes. Dr. Ayala responded the way LAUP is currently organized as a network and it continues to serve 10,760 children, LAUP would need to get some of the endowment funding the coming fiscal year. The LAUP providers need to be notified in December or not later than January if change will take place to the way things have been done. In particular, school districts that cannot commit to a 10 percent match, need to let their teachers know by March. The issue for LAUP is that if there is going to be a change on how it was planned to begin reducing children starting July 1, 2012, LAUP would like to know now if the endowment will be available next year.

Dr. Ayala stated that LAUP was going to continue to fundraise. The issue for LAUP to assure a better success rate for its initiative is to be able to go out to the public with something that is working and is whole, not something that is coming apart. LAUP is pursuing 2014 as the year to go forward with an initiative because if LAUP waits until 2016, these dollars will end in 2016. The sooner LAUP moves forward with the initiative, the better.

Dr. Ayala assured the Commission that LAUP was only going to use from the endowment what is needed to maintain 10,760 slots. Whatever is not used stays in the endowment to ensure longer life for more children.

Commissioner Martinez stated that specific fundraising goals for the parents, schools and providers would be written into the contract terms.

Vice Chair Fielding asked Dr. Ayala that if the Commission approves the endowment contingent upon the successful contract negotiations and AB 99 lawsuit, would it be enough time for staff to come back for final approval in January 2012. Dr. Ayala said this would not upset the timeline. The issue is the approval in concept which LAUP will then pursue successful contract negotiations with mutually agreed upon terms.

Dr. Ayala further stated that the urgency was knowing that LAUP could continue with the existing providers serving 10,700 children.
Commissioner Kaufman asked what would happen when a provider went away, how would the 10,760 slots continue to be filled. Dr. Ayala said that LAUP would continue to actively recruit providers.

Commissioner Martinez asked what has been the past operating procedures for LAUP in notifying providers of potential closures. The practice has been for LAUP to come to the Commission in March with a general plan of what would be the level of funding and the strategies. These would be key issues in the performance-based contract including the level of enrollment that was targeted for next fiscal year. LAUP would then return to the Commission in May with a budget and performance matrix.

Commissioner Martinez stated that approving this motion in concept would be much more generous than the Commission has typically been with respect to notifying providers on funding status.

Commissioner Stockwell asked when LAUP has notified school districts of potential cuts. Dr. Ayala responded that LAUP has been very fortunate to date in that it has not had a reduction in terms of school districts. School districts require that any changes in funding be communicated as soon as possible but no later that early January because they have to prepare their Board agendas for the February meeting if there will be reductions in force as it pertains to teachers given that teachers must be notified by March 15. This is the time issue for LAUP. There are 30 school districts that participate in LAUP that cannot come up with the 10 percent match and will not charge parent fees. This may result in losing partnerships and a reduction in LAUP’s network.

RESTATEMENT OF MOTION:

Vice Chair Fielding restated the following motion prior to the vote:

The Commission approves, in concept, the reallocation of the $87.2 million endowment as a grant for LAUP contingent upon successful negotiation of the performance-based contract and contingent upon the Commission’s successful result of the AB 99 lawsuit.

WITH NO OBJECTION, THIS MOTION WAS SO ORDERD

13. INFORMATION: Program & Planning Committee

Commissioner Kaufman reported that at the last Program & Planning Committee meeting, even with the confusion of over what was going to be continued, the idea was that for those grantees, ad hoc committees would be formed. The group present at the meeting—Commissioners, staff and general public—felt that it made more sense to have the existing SRI, Family Literacy and Family Friends & Neighborhoods in the Kindergarten Readiness Ad Hoc Committee rather than in the other committee.

In November, the Kindergarten Ad Hoc Committee will be presenting to the Program & Planning Committee followed by a formal recommendation to the Commission in January 2012.
Commissioner Dennis reminded Commissioner Kaufman that workforce development was also part of the Kindergarten Readiness Ad Hoc Committee.

A small ad hoc committee was formed for Healthy Births. Commissioners Au and Harding are members of this committee. In January, the Healthy Births Ad Hoc Committee will be presenting to the Program & Planning Committee followed by a formal recommendation to the Commission no later than March 2012 to see what happens beyond June 30, 2012 for these grantees.

Commissioner Stockwell expressed her concern over the tight timeline for the Kindergarten Readiness Ad Hoc Committee given its expanded charge. Perhaps the committee may not be ready to bring a recommendation forward to the Commission in January.

Commissioner Kaufman reminded everyone that the next Program & Planning Committee meeting was scheduled for October 27. As of yet, the only agenda item was the review to five contracts discussed earlier for a possible funding extension through June 30, 2012.

As a follow-up to the discussion that took place at the September Program & Planning Committee meeting regarding community investments, Commissioner Stockwell asked for more information on the recommendations made by Commissioner Au.

Commissioner Au commented that the Community Investment Department did a detailed presentation regarding the work that is being done. It became very clear that there needed to be a separation between the administrative costs of supporting that activity and another budget category that community investments could use as leveraging because opportunities requiring matching dollars cannot be predicted that would, in turn, attract additional dollars to Los Angeles County. Commissioner Au suggested that the Commission think about creating a line item of dollars that would be available to the community investment team to be able to tap into.

Commissioner Stockwell mentioned that she recalled a policy decision made by the Commission as to the approval levels for community investment opportunities. She asked for clarification.

Commissioner Kaufman suggested placing this issue back on the agenda for the Program & Planning Committee. The Program & Planning Committee could possibly come back at the November Commission meeting with a recommendation looking at the amount of money for community investments, looking at procedures, looking at whether there should be a dedicated line item or not.

Commissioner Au said her expectation was that the Ad Hoc Executive Committee was looking at the whole budgeting process and part of that conversation was going to include the community investment piece. Her recommendation was that a line item of dedicated dollars for fund matches be considered.

Commissioner Stockwell concurred with Commissioner Au’s recommendation and asked what was the process for moving that recommendation forward.
14. Public Comment

None.

15. Adjourned to a Closed Session of the Board of Commissioners for a Public Employee Performance Evaluation

The Commission adjourned to a Closed Session at 4:23 pm. Legal Counsel announced that pursuant to Government Code Section 54957, the evaluation of the Chief Executive Officer was to take place in Closed Session.

ADJOURNMENT

The next regularly scheduled Commission meeting will be on:

November 10, 2011 at 1:30 pm
First 5 LA Multi-Purpose Room
750 N. Alameda Street
Los Angeles, CA 90012

Meeting minutes were recorded by Maria Romero.