

**FIRST 5 LA
SUMMARY MEETING NOTES
Executive Committee Meeting
January 15, 2014**

APPROVED: 03/03/14

COMMITTEE MEMBERS PRESENT:

Nancy Au(Chair)
Duane Dennis
Neal Kaufman (Vice-Chair)
Sandra Figueroa-Villa

LEGAL COUNSEL:

Craig Steele

STAFF PRESENT:

Kim Belshé, Executive Director
Genie Chough, Finance Director
Raoul Ortega, Finance Manager
Larry Renick, Assistant Director
Public Affairs
Linda Vo, Executive Assistant
Jennifer Pippard, Interim Director
Community Investments
John Wagner, Chief Operating Officer

RECORDING SECRETARY:

Linda Vo, Executive Assistant

1. Call to Order/Roll Call

The meeting was called to order by Committee Chair Au at 3:05 pm. Committee Chair Au welcomed everyone in attendance. Roll call is completed.

2. Review of Executive Committee Meeting Notes – November 4, 2013

THE ITEM WAS RECEIVED AND FILED

3. Standing Updates

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

There is no discussion on the above items. Discussion moves on to the next item.

4. Policy Update

- a. Revision to Conference Funding Protocols
- b. Revision to Procurement Policy

Mr. Wagner gives a brief presentation on the proposed changes to the Conference sponsorship policy, as well as an update on proposed changes to the procurement policy.

He explains that staff has internally put together a group called 3M (Mission. Method. Mobilize.) that is an integrated collaborative workgroup. This group is charged with updating First 5 LA's internal policies and drafting recommendations related to these policies to the Commission.

Mr. Wagner informs the Committee that previous to this Conference funding protocol, the original conference funding protocols were approved back in 2002, and were amended a couple of times thereafter.

He then gives a recap of last year, indicating that there was a decision made, while updating the bylaws, to eliminate the Public Affairs liaisons. Mr. Wagner explains that one of the roles of the Public Affairs Liaisons was to make decisions around Conference sponsorship. In an effort to be more transparent and making sure that we are moving this process forward, Mr. Wagner informs the Committee that staff is bringing before the Committee today, and then to the Commission next month, the recommended policies.

Mr. Wagner reminds the Committee that the recommended revisions being presented today were brought before the Commission on Monday. The proposed revisions are as follows:

1. Eliminate the restriction of Conference's having to take place in LA County, given discussions at the Board level around policy and advocacy that, there may be times where First 5 LA may want to partner with another organization and/or state level advocates on a conference that may take place somewhere outside LA, such as in Sacramento. First 5 LA would not want to preclude itself from being able to partner on something like this if it is an event that would impact the children of LA County as well.
2. Delegates implementation of this policy, and funding decisions governed by this policy, to First 5 LA PA staff and the Executive Director;
3. Creates two distinct funding timeframes for the allocation of any resources the Board makes for this purpose so that we don't run out of money. Funds that are unspent in the first half of the year will be rolled in to the second half of the year;
4. Creates two specific windows during which requests for funding can be made (April and October);
5. Ties allocations and funding decisions to the priorities and goals of First 5 LA, including the Building Stronger Families framework where appropriate.
6. There was a change made from funding 25% to 50% of conferences.
7. Incorporating into the funding policy the Building Stronger Families Framework
8. Previously there was a cap on Conference's not being able to get funding if they were funded three out of five years, and now the new wording indicates that new conferences will be given priority, but that the conferences that had been funded 3 out of the years will not be prohibited from applying

Mr. Wagner concludes his presentation by informing the Committee that per Commissioners questions from the Monday Commission meeting, staff was able to pull together a list of how much has been funded in the past and whom has received this funding.

He also informs the Committee that typically \$150,000 has been set aside for conference sponsorships.

Committee Chair Au would like to know what percentage of applicants received funding for conference sponsorship.

Mr. Renick responds to Committee Chair Au by indicating that 95% has been approved for funding, although they may not have received the full asking amount. He also says that the reason for the high percentage of conferences receiving funding is due to First 5 LA not receiving a large amount of applicants.

Commissioner Dennis reminds the Committee that this is exactly why he posed the question to the Commission on Monday about what the uptake is on these conference sponsorships. He also asks the following questions:

1. What is the criteria in order to be eligible to apply for the conference funds? ie. need to be a 501(c)(3)?
2. Feels that funding only 50% of a conference is not enough and that there should be a threshold where a 50% match would not be required. Accordingly, First 5 LA would fund the entire conference since most people who attend these conferences would not be able to pay for the second half of the conference fees themselves.

Committee Chair Au says that she disagrees a bit with Commissioner Dennis. She says that there should be some way to empower these organizations to raise their own funds to hold these conferences so that they are not so dependent on First 5 LA for funding. She thinks that there should be some type of strategy in order to encourage these organizations to sustain their own conferences. She also thinks, in regards to criteria for eligibility, that we are bound by AB109 to always fund organizations that are 501(c)(3).

Mr. Steele and Commissioner Dennis respond by saying that AB109 does not state that only 501(c)(3) be able to apply.

Commissioner Dennis clarifies that he is not proposing that only 501(c)(3)s be able to apply. He is merely proposing to staff to think about whether or not the conference funding policy should be more specific in regards to eligibility requirements. He wants staff to be able to market this funding opportunity to more people and wants to explore different ways of doing this.

Ms. Belshé states that First 5 LA will start with where it is in regards to its conference funding process and receive input to see if changes need to be made. She reminds Commissioner Dennis that one of the strong principles with relation to Best Start is about resource mobilization. It's not all about First 5 LA's dollars. Ms. Belshé also states that one of staff's goals is to highlight the learning by doing projects. The first set of question after results and target population is "who else out there is already doing what?" Staff now is trying to reinforce this idea within other investments.

Commissioner Au says that it would be important for organizations to consider in kind donations of facilities. In addition, she wants to ensure that staff tries to encourage new applicants on an ongoing basis so that First 5 LA is not getting the same applicants.

Ms. Belshé goes on to inform the Committee, relative to governance guidelines, John did not provide an overview and intent on this item. He is presenting the item today, and with the support of the Executive Committee, the item will be presented as a consent item at the February Commission. And if any Commissioners have any questions, the item can be pulled off of consent as a Commission item for further discussion. The goal is to streamline the Commission meetings.

Committee Vice Chair Kaufman asks if the public has the right to pull an item off of consent for further discussion.

Mr. Steele says that the Public does have the same ability as a Commissioner to pull an item off of consent for further discussion.

Given this, Committee Vice Chair Kaufman says that there needs to be some way of presenting the item so that the public is aware that they have the ability to pull an item off of consent for further discussion. He says that a good governance entity would make the public aware of the item of interest that would be on the agenda for a vote.

Ms. Belshé says that the agenda will be explicit about the item and that there will be a discussion about how to present the public comment on the agenda so that the public can pull an item off for discussion if they so choose to do so.

Mr. Wagner now goes on to present on the changes that are being proposed on the procurement policy that would reflect changes that would align with First 5 LA Commission practice.

He briefly goes over the following proposed changes:
(Note: Deletions are in strikethrough and additions are underlined.)

Page 1
In Footnotes:

¹ Responsible entity is one that has responded appropriately and has the capability to comply with all aspects of the solicitation. Current and former contractors,/grantees and vendors must not be ~~placed~~ out-of-compliance with any existing and past Commission contracts in order to be eligible to apply.

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No Changes

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- b. The Executive Director (or designee) has determined in writing that exigent or emergency circumstances require the immediate purchase of specific supplies, services or equipment, which determination shall be maintained in the Commission's files;

- d.i. The Strategic Partnership can provide specific resources needed by First 5 LA to implement an approved program or initiative in a manner or on a scale that makes the Strategic Partnership more cost-effective than resources provided through a competitive solicitation; or

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- 5. All Commission contracts to contractors,/grantees or vendors of \$75,000 or more in the aggregate in any fiscal year shall be presented to the Commission on a consent calendar for approval prior to execution on behalf of the Commission. ~~All Board-approved contracts of \$75,000 or more may provide delegated authority to the~~

~~Executive Director to amend the contract up to 10 percent of the contracted amount within a fiscal year.~~ The Executive Director (or designee) may approve any contract less than \$75,000 in the aggregate in a fiscal year, and will establish appropriate internal policies and controls for those awards. Copies of contracts executed in the amount of \$25,000 or more and up to \$75,000 within a fiscal year will be provided to the Commission during the course of its normal business and be provided as informational items. In addition, the Executive Director has authority to amend any contract by up to \$75,000 or up to 10% of the total contract amount within a fiscal year, whichever is greater. The Executive Director (or designee) also has authority

Committee Vice Chair Kaufman has concerns over the language that is being added on page four. He gives an example and says that if there is an existing contract that is \$2 million dollars, then this contract can get amended without the Board having to approve it up to \$200,000.

Mr. Wagner says that the intent of this new language was to help clarify how much a contract can get amended by in one give year without having to go back and forth to the Board.

Committee Chair Au says that she didn't have any concerns over the new language because it seemed like an efficient manner to deal with these amendments until she heard Committee Vice Chair Kaufman's example of the \$2 million contract and being able to amend up to 10%, which would be \$200,000, without having to go to the Board for approval.

Ms. Belshé reminds the Committee that there shouldn't be too much concern over any of the amendments that could arise, given the new language. All amendments would have to be within the existing budget that has been allocated for that initiative/program. She goes on to say that First 5 LA cannot spend money that it doesn't have.

Committee Vice Chair understands this explanation but feels that he needs to think about it some more.

Commissioner Au is concerned about the serial increases.

Ms. Chough indicates that the policy indicates that the amendment can only be done in one fiscal year.

Committee Chair Au says that given this clarification, she is comfortable with the language.

Commissioner Dennis says that he has no problem with the language in this provision. He says that his organization has a contract with the County and if the County didn't have the authority to use this same provision that First 5 LA is proposing today, and would have to go to the Board every time for amendments to the Contract, then nothing would get done in a timely manner.

Commissioner Dennis says that he is concerned about whether or not we will have the money to supplement these amendment requests.

Committee Chair Kaufman wants to know how staff came up with the amount of 10% for total contract increases. Since the initial issue was trying to make the contract amendment

increase up to \$75,000 but now it can be much more than that. He feels that this is not the intent of the original procurement policy.

Mr. Wagner clarifies that the 10% policy has already been approved and that staff was just cleaning up the language so that it would be clearer.

Given this explanation, Committee Vice Chair is fine with the change.

There is no further discussion on this item.

5. Update on Proposed Bylaws Amendments

Mr. Steele goes over two additional minor “clean-up” issues that were identified for consideration by the Executive Committee but were never taken before the Board for action. He informs that Committee that staff is seeking the Committee’s recommendation to present the additional changes to the full Board.

Mr. Steele goes over the first issue that the Board raised back at previous Executive Committee meetings regarding the continued existence of a provision in the Bylaws that allows the Chair to appoint two Public Affairs Liaisons. Given that Supervisor Ridley-Thomas declined to appoint those positions back when he was the Chair of the Commission and Supervisor Knabe has indicated he would follow suit, executive Staff have indicated that these advisory positions are not needed in the current operation of the Commission. Mr. Steele says that Staff recommends that the section providing for Public Affairs Liaisons be deleted.

Mr. Steele goes on to cover the second proposal which would be to delete from the Bylaws the specific time and date for regular monthly meetings of the Program and Planning Committee. He indicates that traditionally, this standing committee has met on the fourth Thursday of the month. However, this formal monthly schedule poses some scheduling conflicts and administrative challenges when meetings need to be changed. Mr. Steele says that for scheduling purposes and for complete compliance with the Brown Act, staff recommends that the Board delete the Bylaw provision that establishes the regular monthly meeting date of the Program and Planning Committee.

There is no objection and Mr. Steele informs that he will give the Board a 21 day notice so that action will be taken at the February Commission meeting.

6. First 5 LA Proposed Governance Guidelines

Ms. Belshé goes over the draft governance guidelines that were presented to the Board at the January 13 Special Commission meeting. She proposes that staff will go through the draft with some comments about context relative to some of the practices because staff is looking at the Board to adopt these formally so that they can be some type of approved policy.

The goal to provide to Committee members context and objections and to hear from Board members in terms of questions, clarifications, refinements, and any additional information that may be necessary in order to present a final document to the Commission for a formal adoption. She indicates the Jennifer Pippard, whom is the interim Director of Community Investments has been invited to join the meeting in order to give some historical context as it relates to sustainability and leveraging.

Ms. Belshé informs the Committee that this draft was just reviewed by the Budget and Finance Committee today and will now come to the Executive Committee for input.

Ms. Belshé goes over the first two items in the draft governance guidelines.

1. ***Sequencing of action items. Any agenda items requiring Commission action will be considered first as an informational item at a full Commission meeting. Staff presentations will be provided and public comment received in one meeting, with public comment and action taken at a subsequent Commission meeting. When appropriate, the item may be referred to the relevant committee for further discussion prior to being brought to full the Commission for action.***
2. ***Staff presentations. Staff presentations on Commission agenda items will precede public comment.***

She indicates that though staff will need to clarify the sequencing of items, the goal here is to ensure that the Commission is not hearing the same presentation over and over again and so that the Commission can have the benefit of hearing the issue, having it go back to the appropriate Committee for discussion and vetting, and then come back to the Commission for action. Ms. Belshe says that this guideline is also to prevent an item from coming to the board for the first time and there being action taken on it when the appropriate discussion had not yet taken place in order for the Commission to make an informed decision.

Committee Chair Kaufman wants to ensure that there is an ability to act on emergencies in regard to sequencing of items on the agenda per the Brown Act.

Ms. Belshé notes this concern and comment and reminds the Committee that the last bullet is in alignment with the Brown Act and is in fact more strict than the guideline of the Brown Act as it pertains to sequencing of items in the event of emergencies.

Committee Vice Chair Kaufman wants there to be some type of policy established that would enable the Commission to overturn this guideline, but that it should be some high percentage to ensure that we remain in compliance of our policy.

Ms. Belshé says that we will come back to this item and moves on to the next item on the governance guidelines.

3. ***Long-term financial forecast. At least annually, the Board will review and adopt the next five-year financial projection that represents estimated 5-year trends of expenditures and revenues.***

Ms. Belshé reminds the Committee that the LTFP is something that First 5 LA will formally ask the Commission to adopt so that there is an acknowledgement of the financial context in which the Board makes its decisions.

There are no questions on this item so Ms. Belshé goes on to the next item.

4. ***“Paygo”. Board decisions that have a fiscal impact will require identification of the funding source – e.g., “assigned” funding (per the current Strategic Plan), “committed” (per previous Board-approved***

allocations) or “unassigned” or “uncommitted” funds. Staff will present to the Board a 5-year spending projection for all proposals with a fiscal impact, prior to action being taken.

The idea behind this item, states Ms. Belshé, is that for anyone who makes a recommendation before the Commission that involves money, then that person would be responsible for identifying what pot of money it would come from. In regards to staff presenting a 5-year projection, Ms. Belshé states that they want to ensure that staff time is being used wisely so this idea will be explored a bit more to provide further clarification to the Commission. She says that this is one area that would benefit from Commission input given there are several different budget platforms for funding:

- Multi-year allocation for legacy investments
- Zero Based platform for Place-based investments, county wide strategies, Home Visitation that are all done on an annual basis.

Ms. Belshé says that the goal here is to try and make a distinction between a services investment versus a discreet project/long term support.

Committee Chair Au says that this is important and wonders whether or not in order to be clear with the Commission, given what had happened at the last Commission and that there were a number of proposals that were asked to take action on that had never come before the Board prior to that for a proper discussion. She feels that the Commission was not given the opportunity to see what type of impact it would have on First 5's fiscal picture and feels that staff should move intentionally in this direction so that the fiscal impact can be clear and understood.

Deputy Ippolito would like to know if staff should even take it further. He refers to how the Board of Supervisors conduct its funding process. He says that the Supervisors do not make any funding motions onto themselves and would refer the budget questions to another person in order for there to be additional research done prior to action being taken. Their process is more rigid. So if there is a project that they really like, there would still need an evaluation of the fiscal impact it would have if the program were to be approved.

Ms. Belshé says that First 5 LA has a budget development process already in place and would like to pend discussion of this to a later date. The discussion moves on to the next item and asks Jennifer Pippard to join the discussion by giving some historical context on

5. ***Financial sustainability. Recommendations to the Commission will include a section addressing the sustainability of any proposed programmatic investment. Staff will provide to the Commission a semi-annual sustainability status report for all First 5 LA investments.***
6. ***Leveraging. Grantees and contractors must demonstrate how First 5 LA investments will be leveraged; where unable, grantees/contractors will be provided training and technical assistance.***

Ms. Belshé says that First5 LA would like to incorporate a sustainability provision to the grant making process in order to support the infrastructure of a program or initiative. Because First 5 LA has not ever requested a sustainability provision at the front end of investment decisions, it wants to ensure that there is some type of exit strategy executed when the grant funding period ends.

Ms. Pippard explains that First 5 LA has always struggled with the idea of sustainability and leveraging given the way the community and the public viewed First 5 LA as a BIG funder.

She says that the way this was dealt with in the past was to ensure that there had to be a relationship with a local agency so that the grantee would not be left on its own once the funding ended.

Ms. Pippard explains that First 5 LA has always focused on resource mobilization as part of its sustainability process with organizations, carried out through its Community Investments department. There are four goals and three approaches associated with this:

Goals:

1. Support and enhance the impact of the total portfolio of First 5 LA investments through establishing effective partnerships
2. Leverage social and financial capital
3. Strengthen the capacity of organizations and communities
4. Policy change

Approaches:

1. Grant making (strategic partnerships, matching funds, earned income/social enterprise strategies, technical assistance)
2. Building relationships (partnerships, networks, collaboratives to advocate for/secure resources)
3. Sharing information (F5LA work, best practices, partnership opportunities, policy/advocacy)

Ms. Belshé asks Ms. Pippard if she has any thoughts about applying some of these guidelines to funding more broadly outside of the grants funded by Community Investments.

Ms. Pippard says that CI learned that there needed to be a lot of capacity building in order for grantees to meet the guidelines of matching set forth by the Community Investments department.

Committee Chair Au says that her learning from CBO's is that they had a difficult time matching the funding that was received from First 5 LA given that First 5 LA was so generous with its funding.

Ms. Pippard says that through this resource mobilization approach they were able to bring other partners to work with its grantees that would not have otherwise partnered with these particular organizations.

Ms. Belshé says that as part of leveraging, what First 5 LA is trying to figure out is if it is leaving money on the table. We want to know if we are supporting services/activities that could potentially be funded by other dollars. In addition, First 5 LA is trying to determine if it is investing in programs that could potentially be supported in part by other dollars.

Ms. Belshé informs the Committee that one of the things that First 5 LA is considering as next steps is to identify an organization that specializes in Medicaid funding and partnering with them, such as an HMA, that would help First 5 LA do a scan of its current portfolio where there could be potential matching opportunities and where we are duplicating other public resources that exist.

Committee Vice Chair Kaufman says that the fundamental challenge with what we do is the services that we fund. He uses LAUP as an example. He feels that we have an ill-defined and poorly implemented policy around funding services.

He also feels that we should spend more time on what are the financial guiding principles in which we will invest in a service and if there are additional guiding principles that would increase the likelihood of it being high quality, etc.

He gives the following examples:

1. Set a level of service and enforce this level where if the grantee cannot meet this level of service, then we will not continue to provide funding
2. Prior to our dollars covering the deficit, , we would require that the grantee would have to show that they have secured other funding or First 5 would no longer provide any additional funding.
3. Require grantees to show its return on investments are going to be and how this will help them to get funding from another place
4. You have to create an endowment of X amount of dollars that will be dedicated to maintaining services as our dollars go away

Committee Chair Au says that all these strategies have already been utilized.

Vice Committee Chair says that the idea is to make it a policy and monitor them. You start out small and do not give them their entire operating budget and says that each year that a grantee does not meet its financial requirements, based on the policy that has been established, then the grantee would not continue to receive the funding that was originally or the funding will be reduced in some manner.

Commissioner Dennis says that one of the things he hopes to come out of this is something done re: strategies around this. He hopes that some of the suggestions that Committee Vice Chair Kaufman just made will come out in the strategies given that most people, including governmental agencies and some Commissioners, believe that First 5 LA is the sustainer of services. This mentality then goes down to the Community. For example, if First 5 LA is spending 95% of its money in services, like in LAUP, then this is how First 5 LA will be viewed and it will be difficult to break this mentality.

Ms. Belshé does feel that strategies is a big part of the focus but also feels that the decision making guidelines that are in the draft governance guidelines is what is needed

first to ensure that there is discipline and conditions at the front end of the grant making process.

Committee Chair Au agrees that it will be important to get the governance guidelines in place before getting into strategies. She feels that First 5 LA will need to revamp of how and in whom it invests so that it doesn't get saddled with these issues of how the programs will sustain themselves in the future where First 5 LA is expected to be the sustainer. She feels that First 5 LA has to take the responsibility to ensure that these programs are able to sustain themselves after First 5 funding ends.

Commissioner Dennis says that he disagrees a bit with Ms. Belshé and Committee Chair Au to a certain degree. For instance, he thinks that we can make the numbers work by just decreasing services. So, for example instead of having 10,800 slots for preschool, you can have less where you would be able to sustain this many in the long run. But Commissioner Dennis feels that it is much more than just decreasing the number of services in order to sustain the program.

Committee Chair Au says that she does not agree because she also thought universal preschool was never sustainable. She felt that in regards to universal preschool, there should have been some type of scholarship program in place so that the providers of the preschool would have to meet a certain standard in quality in order for them to receive the funding.

Commissioner Dennis feels that there is a larger issue around strategies. For example, policy framing around preschool in LA County might be one strategy so that we can look at the work that we do in a different way.

Committee Vice Chair Kaufman tries to articulate Commissioner Dennis' methodology in a different way. He says the following:

There is a new WIC program that is going to deliver developmental materials and other things at a WIC site. First 5 LA has tested the program and would like to bring it to scale. We then ask them if they have money to fund it but they say no. So, we decide to fully fund the next 500 kits for one to two years, or some other finite term. We also tell them that they will never get more than 500 kits from us unless they can show us that they are able to supplement the other of kits themselves. If they are unable to do this, then they will no longer continue to receive any additional kits from us.

Committee Vice Chair says that this is an example of a front end strategy.

Commissioner Dennis agrees with Committee Vice Chair but doesn't feel like this has been done in the past.

Committee Vice Chair says that this is something the Commission should have a discussion on in the future because they are guiding principles.

Ms. Belshé gives closing remarks that the discussion around the draft governance guidelines has not only informed the past but where First 5 LA is today, and how it is in a different fiscal context from where it was before, given the decline in revenue.

There is no further discussion on this item.

ADJOURNMENT:

The meeting was adjourned at 4:50 pm.

NEXT MEETING:

The next scheduled meeting will take place as follows.

Monday, March 6, 2014
10:00 am – 12:00 pm

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

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